III. DETAILS OF THE ISSUES

1. INTRODUCTION

This Prospectus is dated 3 December 2003.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Application Form has also been lodged with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed CAB as a Prescribed Security. In consequence thereof, the Offer/Public Issue Shares offered or issued through this Prospectus will be deposited directly with the MCD and any dealings in these Offer/Public Issue Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of MCD.

An application has been made to the KLSE for admission to the Official List of the Second Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and fully paid-up ordinary shares of RM0.50 each of the Company, including the Offer/Public Issue Shares, which are the subject of this Prospectus, on the Second Board of the KLSE. These ordinary shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and an undertaking from the issuing house that the notices of allotment will be despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and for the listing of and quotation for the entire enlarged issued and fully paid-up ordinary shares of RM0.50 each of the Company, on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing and quotation is not granted within 6 weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

Pursuant to the Listing Requirements of the KLSE, at least 25% of the enlarged issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 CAB Shares each upon completion of the Issues and at the point of Listing. In the event that the above requirement is not met pursuant to the Issues, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission for listing and quotation is not granted.

Applicants of the Offer/Public Issue Shares must have a CDS account. In the case of an application by way of Application Form, an applicant must state his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised MCD to disclose information pertaining to his/her CDS account to the issuing house/Company for the purpose of crediting the Offer/Public Issue Shares, allotted to him/her to his/her CDS account. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Offer/Public Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Issues and if given or made, such information or representation must not be relied upon as having been authorised by the Company and/or the Offerors. Neither the delivery of this Prospectus nor any Issues made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company or the Group since the date hereof.

The distribution of this Prospectus and the sale of the Offer/Public Issue Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of this Prospectus and/or sale of the Offer/Public Issue Shares outside Malaysia. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to apply for any Offer/Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser immediately.

2. DETAILS OF THE ISSUES

The Issues shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Offer/Public Issue Shares will be allocated in the following manner:

(i) Bumiputera investors and institutions approved by the MITI

14,800,000 Offer Shares and 4,732,000 of the Public Issue Shares will be reserved for the Bumiputera investors and institutions approved by the MITI.

(ii) Eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries

4,000,000 of the Public Issue Shares have been reserved for the eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries. These shares have been allocated to the respective parties based on the following criteria:

(a) Eligible Directors and employees are based on their seniority, position, length of service and contribution to the growth of the Group. As at 15 October 2003, there are 238 Directors and employees of CAB and its subsidiaries eligible to subscribe for the reserved Public Issue Shares. However, the Directors of the Company will not participate in this allocation of reserved Public Issue Shares;

(b) Customers are based on their total purchases from the Group for the 9 months ended 30 June 2003. There are 95 customers eligible to subscribe for the reserved Public Issue Shares;

(c) Franchisees are based on the type of franchisees in Malaysia (master, multiple or unit franchisees) and number of outlets opened. As at 15 October 2003, there are 29 franchisees eligible to subscribe for the reserved Public Issue Shares; and

(d) Farmers are based on the type of farmers (contract farmers or company farmers). As at 15 October 2003, there are 79 farmers eligible to subscribe for the reserved Public Issue Shares.

In the event the eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries do not take up the CAB Shares allocated to them, the Public Issue Shares will be reallocated to the other eligible Directors and employees of CAB and its subsidiaries prior to making it available for application by the Malaysian public. The reallocation of the Public Issue Shares not taken up by the eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries will be made on a fair and equitable manner.

(iii) Private Placement

2,228,000 of the Public Issue Shares have been reserved for application by identified investors by way of private placement, of which at least 30% is to be set aside, to the extent possible, to Bumiputera investors.

(iv) Malaysian public

6,000,000 of the Public Issue Shares will be available for application by the Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

In the event the 6,000,000 Public Issue Shares available for application by the Malaysian citizens, companies, co-operatives, societies and institutions, are under-subscribed, the under-subscribed Public Issue Shares may be clawed-back for application by the identified investors by way of private placement. The amount to be clawed-back for application by the identified investors by way of private placement will be restricted to the under-subscribed number of Public Issue Shares.

6,000,000 of the Public Issue Shares available for application by the Malaysian citizens, companies, co-operatives, societies and institutions, as set out in Section 2(iv) above have been fully underwritten by the Underwriter. Details of the brokerage and underwriting commission relating to the 6,000,000 Public Issue Shares in respect of Section 2(iv) above are set out in Section 8 of this Part of this Prospectus.

The 2,228,000 Public Issue Shares to be issued by way of private placement as set out in Section 2(iii) above need not and will not be underwritten. The 4,000,000 Public Issue Shares available for application by the eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries as set out in Section 2(ii) above will not be underwritten.

3. SHARE CAPITAL AND RIGHTS ATTACHING TO THE OFFER/PUBLIC ISSUE SHARES

	RM
Authorised	
200,000,000 ordinary shares of RM0.50 each in CAB	100,000,000
Issued and fully paid-up as at the date of this Prospectus	
63,040,000 ordinary shares of RM0.50 each in CAB	31,520,000
To be issued pursuant to the Public Issue	
16,960,0000 new ordinary shares of RM0.50 each in CAB	8,480,000
Enlarged issued and fully paid-up share capital	40,000,000
To be offered pursuant to the Offer for Sale	
14,800,000 ordinary shares of RM0.50 each in CAB	7,400,000

The offer/issue price of RM0.88 per Offer/Public Issue Share is payable in full upon application.

Class of shares and ranking

There is only one class of shares in the Company, namely ordinary shares of RM0.50 each. The Offer Shares and Public Issue Shares shall rank pari passu in all respects with the other existing issued and paid-up ordinary shares of RM0.50 each of the Company including voting rights and will be entitled to all rights and dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or proxy or attorney of a shareholder or other duly authorised representative shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

4. OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 3 December 2003 and will close at 5.00 p.m. on 10 December 2003 or for such other later date or dates as the Directors of the Company, Offerors and the Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

In the event the closing date for the applications is extended, investors will be notified of the change in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

The indicative timing of events leading up to the Listing is set out below:

Event	**Date**
Opening of the applications for the Offer/Public Issue Shares	3 December 2003
Closing of the applications for the Offer/Public Issue Shares	10 December 2003
Tentative balloting date of applications for the Public Issue Shares	12 December 2003
Tentative despatch date of notice of allotment to successful applicants	20 December 2003
Tentative listing date	22 December 2003

5. BASIS OF ARRIVING AT THE ISSUE PRICE

The offer/issue price of RM0.88 per Offer/Public Issue Share, was determined and agreed upon by the Company and CIMB, as the Adviser, Placement Agent and Underwriter, after taking into consideration the following factors:

(i) the Group's financial and operating history and conditions;

(ii) the prospects of the industry in which the Group operates as outlined in Section 2 of Part VII of this Prospectus;

(iii) the estimated net PE multiple of 7.09 times based on the number of 63,040,000 CAB Shares, for the financial year ended 30 September 2003;

(iv) the proforma consolidated NTA per CAB Share of RM0.67 as at 30 June 2003; and

(v) the prevailing market conditions.

However, investors should also note that the market prices of the Offer/Public Issue Shares, upon and subsequent to the listing on the Second Board of the KLSE are subject to the vagaries of market forces and other uncertainties, which may affect the price of the said shares. Investors should bear in mind that the risk factors as set out in Part IV of this Prospectus before deciding on whether or not to invest in the Offer/Public Issue Shares.

6. PURPOSES OF THE ISSUES

The purposes of the Issues are as follows:

(i) To provide an opportunity for the Malaysian public, identified investors, eligible Directors and employees, customers, franchisees in Malaysia and farmers of CAB and its subsidiaries to participate in the continuing growth of the Group;

(ii) To enable the Company to comply with the National Development Policy by providing an opportunity for Bumiputera investors and institutions approved by the MITI to participate in the equity of CAB;

(iii) To provide the Company with the access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the Group;

(iv) To provide additional funds to meet the present and future working capital requirements of the Group; and

(v) To obtain the listing of and quotation for the entire issued and paid-up share capital of CAB on the Second Board of the KLSE.

7. PROCEEDS FROM THE PUBLIC ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by CAB from the Public Issue of RM14,924,800 will be fully utilised for the core business of the CAB Group by January 2006 in the following manner:

	Note	RM 000
Construction of a new high-technology slaughter and food processing plant in Sungai Petani, Kedah Darul Aman	(i)	7,400
Purchase of machinery	(ii)	3,320
Working capital	(iii)	2,205
Estimated listing expenses	(iv)	2,000
Total		14,925

Notes:

(i) CAB intends to construct a new 2-storey office and factory building in Sungai Petani, Kedah Darul Aman which will be used as CAB's slaughtering house for chicken and food processing plant. The said construction is expected to commence in June 2004 and complete in December 2005.

The total estimated cost of construction of the office and factory building is approximately RM7,400,000 (excluding the cost of the 2 parcels of adjoining industrial land amounting to RM1,565,000 and RM1,500,000, respectively). The first parcel of industrial land has been fully paid as at March 2003 and the second parcel of industrial land has been fully paid on 3 October 2003. The Group intends to utilise part of the proceeds from the Public Issue to finance the construction of the office and factory building.

Details of the office and factory building to be constructed are as follows:

Location	***Description***	***Approximate land area (square feet)***
H.S.(D) 445/95, P.T. 30397, H.S.(D) 446/95, P.T. 30398, H.S.(D) 447/95, P.T. 30399 and H.S.(D) 448/95, P.T. 30400, Bandar Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman	*2-storey office and factory building with cold storage facilities*	*376,735*

(ii) *An allocated sum of RM3.320 million will be utilised to part finance the purchase of the following machinery:*

Description	***No. of units***	***Total cost RM 000***
Automatic chicken slaughtering machine with maximum slaughtering capacity of 4,000 chicken per hour	*1*	*1,800*
Automatic food processing production line for production of burgers, nuggets, sausages, etc	*1*	*3,500*
Total		*5,300*

The machinery above are proposed to be acquired for utilisation at the slaughtering house for chicken and food processing plant to be constructed in Sungei Petani, Kedah Darul Aman as noted in item (i) above. The remaining sum of approximately RM1.980 million for the purchase of the machinery above will be funded via the Group's internally generated funds/bank borrowings.

(iii) *The working capital is relating to the core business activities of the CAB Group.*

(iv) *The estimated expenses and fees relating to the Public Issue Shares, incidental to the Listing amounting to approximately RM2.0 million as follows will be borne by the Company and is expected to be paid within 3 months from the date of the Listing:*

	RM 000
Professional fees	*800*
Fees payable to the SC including registration of prospectus	*60*
Fees payable to the KLSE including initial and annual listing fees	*50*
Underwriting commission, placement fees and brokerage fees	*350*
Issuing house fees and expenses	*130*
Printing, publicity and advertising fees	*300*
Miscellaneous	*310*
Total	*2,000*

8. BROKERAGE, PLACEMENT FEES AND UNDERWRITING COMMISSION

Brokerage fees relating to the 6,000,000 Public Issue Shares available for application by the Malaysian public will be borne by the Company at the rate of 1.0% of the issue price of RM0.88 per Public Issue Share in respect of successful applications bearing the stamp of CIMB, a member company of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

Placement fees are payable by the Company to the Placement Agent at a rate of 1.0% of the issue price of RM0.88 for each of the 2,228,000 Public Issue Shares to be issued by way of private placement.

Underwriting commission is payable by the Company to the Underwriter at a rate of 2.5% of the issue price of RM0.88 for each of the 6,000,000 Public Issue Shares underwritten.

9. UNDERWRITING AGREEMENT

A conditional underwriting agreement was entered into between the Company and the Underwriter on 28 October 2003 for the underwriting of 6,000,000 Public Issue Shares to be issued pursuant to the Public Issue at an underwriting commission of 2.5% of the issue price of RM0.88 for each Public Issue Share underwritten.

The salient terms of the Underwriting Agreement ("the Agreement") are summarised as follows:

(1) The obligations of the Underwriter to underwrite the 6,000,000 Public Issue Shares ("Underwritten Shares") under the Agreement are conditional on the performance by the Company of its obligations under the Agreement and on:

(i) The Underwriter being provided with such reports or confirmations and being satisfied at the last date for acceptance, application for and payment of the subscription or purchase monies as adopted in this Prospectus or any later date as the Company and the Underwriter may mutually agree ("Closing Date") that:

(a) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that subsequent to the date of the Agreement; or

(b) there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 11 (Representations, Warranties and Undertakings) of the Agreement materially untrue or inaccurate or result in a material breach of the Agreement by the Company;

(ii) The Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 1 (Certificate) of the Agreement dated the date of this Prospectus signed by the duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 11 (Representations, Warranties and Undertakings) of the Agreement;

(iii) The issue of this Prospectus not later than 3 months from the date of the Agreement or such later date as the Underwriter and the Company may from time to time agree;

(iv) The registration of this Prospectus with the SC and its lodgement with the ROC at least 3 days on which the KLSE is open for securities trading ("Market Days") prior to the date of this Prospectus;

(v) All the approvals of the SC, FIC and MITI referred to in Clause 2.3 (Approvals) of the Agreement remain in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Issues have been completed) have been complied with;

(vi) The approval-in-principle of the KLSE for the admission of the Company to the Official List of the KLSE and the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the KLSE being obtained on terms acceptable to the Underwriter and remaining in full force and effect and that all conditions precedent (except for any which can only be complied with after the Issues have been completed) have been complied with;

(vii) The Underwriter being satisfied that the Company will, following completion of the Issues be admitted to the Official List of the KLSE and its entire issued and paid-up share capital listed and quoted on the Second Board of the KLSE without undue delay;

(viii) The Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 10 (Fees and Commission) of the Agreement;

(ix) The Underwriter receiving a copy certified by an authorised officer of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors of the Company:

(a) approving this Prospectus, the Agreement and the transactions contemplated by it;

(b) authorising the issuance of this Prospectus; and

(c) authorising a person to sign and deliver the Agreement on behalf of the Company;

(x) The Agreement being signed by all parties and stamped;

(xi) The Issues are not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Issues and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

(xii) The Underwriter being satisfied that the Company has complied with and that the Issues are in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements to it; and

(xiii) The Issues being approved by the shareholders of the Company in an Extraordinary General Meeting.

(2) If any of the conditions in Clauses 6.1.3 (Details of Conditions), 6.1.4 (Details of Conditions), 6.1.9 (Details of Conditions), 6.1.10 (Details of Conditions), 6.1.13 (Details of Conditions) or 6.1.14 (Details of Conditions) of the Agreement (to the extent not waived) are not satisfied by the date of this Prospectus or any of the conditions other than those referred to in Clause 6.3.1 (Pre Issue Date) of the Agreement to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with the Company shall be entitled to terminate the Agreement and in such event the provisions of Clause 14 (Termination) of the Agreement shall apply.

(3) Notwithstanding anything contained in the Agreement, the Underwriter shall be entitled after consultation with the Company to give notice in writing in accordance to Clause 17 (Communications) of the Agreement to the Company at any time before the Closing Date, terminate and withdraw its commitment to underwrite the Underwritten Shares under the provisions of the Agreement ("Underwriting Commitment") if:

(i) in the reasonable opinion of the Underwriter there shall have occurred happened or come into effect any of the following circumstances:

(a) any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings) of the Agreement (which, if capable of remedy, is not remedied within 3 Market Days after notice of such breach shall have been given to the Company by the Underwriter or by the Closing Date, whichever is the earlier); or

(b) any change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the abovementioned events or occurrences; or

(c) if in the reasonable opinion of the Underwriter that the success of the Issues is seriously jeopardised by the Kuala Lumpur Composite Index falling below 600 points and remaining below 600 points for 3 consecutive Market Days at any time between the date of the Agreement and up to and including the Closing Date; or

(d) any events or series of events beyond the reasonable control of the Underwriter by reason of *force majeure* which has or is likely to have the effect of making any material part of the Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the Issues or pursuant to the underwriting of the Underwritten Shares; or

(e) there is failure on the part of the Company to perform any of its obligations contained in the Agreement; or

(f) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Agreement; or

(g) non-satisfaction of the conditions contained in Clause 6.1 (Details of Conditions) of the Agreement; or

(h) any material and adverse change or development resulting in a material and adverse change in the financial position of the Company which would severely prejudice the financial position of the Company;

which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group taken as a whole or the success of the Issues and the distribution or sale of the Public Issue Shares and Offer Shares (whether in the primary market or in respect of dealings in the secondary market) or the listing of the Company on the Second Board of the KLSE or market conditions generally or which has or is likely to have the effect of making any material part of the Agreement incapable of performance in accordance with its terms;

(ii) Notwithstanding anything contained in the Agreement, the Underwriter may by notice in writing to the Company given at any time after the Closing Date but prior to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company, terminate and withdraw its Underwriting Commitment if SC issues any order under Section 54 of the Securities Commission Act, 1963 (the "Order"); and

(iii) Upon such notice being given under Clauses 14.1 and 14.1(A) (Termination) of the Agreement, the Underwriter shall be released and discharged of its obligations without prejudice to its rights under the Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment:

(a) pursuant to Clause 14.1 (Termination) of the Agreement, the Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Agreement; or

(b) pursuant to Clause 14.1A (Termination) of the Agreement, the Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Agreement, except that the Company shall as soon as practicable and subject to (where necessary) the approval of the SC, the KLSE and any other relevant authorities and the approval of its shareholders at general meeting and creditors refund all such moneys received from the Underwriter pursuant to Clause 9 (Underwriting Obligations) of the Agreement, if any; and

except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 10 (Fees and Commission), Clause 11 (Representations, Warranties and Undertakings) and under Clause 12 (Costs and Expenses) of the Agreement for the payment of the costs and expenses already incurred by the Underwriter up to the date on which such notice was given and under Clause 8.3.2 (Prospectus and Listing) of the Agreement for the payment of any taxes, duties or levies.

III. DETAILS OF THE ISSUES *(CONT'D)*

(4) The Underwriter shall have the right to terminate the Agreement by notice in writing to the Company in the event that the approval-in-principle of KLSE for the admission of the Company to the Official List of the KLSE and the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE is withdrawn or not procured within 6 weeks from the date of issue of the Prospectus (or such longer period as may be specified by the SC) or procured but subject to conditions not acceptable to the Underwriter and upon such termination the liabilities and obligations of the Company and the Underwriter shall become null and void and none of the parties shall have a claim against each other save that the Underwriter shall be entitled to the return of the payment consideration for those Unsubscribed Underwritten Shares as detailed in Clause 12 (Costs and Expenses) of the Agreement within 2 Market Days from the date of notice given by the Underwriter to the Company and the Company shall, on receipt by the Underwriter of the payment consideration, be entitled to the return of the Underwritten Shares underwritten by the Underwriter.

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IV. RISK FACTORS

Applicants for the Offer/Public Issue Shares should carefully consider the following (which may not be exhaustive) and which may have an impact on the future financial performance of the Group, in addition to all other information contained elsewhere in this Prospectus before applying for the Offer/Public Issue Shares.

1. NO PRIOR MARKET FOR CAB SHARES

Prior to the Issues, there has been no public market for CAB Shares. There can be no assurance that an active market for CAB Shares will develop upon the listing of CAB on the Second Board of the KLSE or, if developed, that such market can be sustained. The offer/issue price of RM0.88 per Offer/Public Issue Share was determined after taking into consideration several factors including, but not limited to, the Group's financial and operating history and conditions as well as the Group's future prospects and the future prospects of the industry in which the Group operates, the management of the Group and the prevailing market conditions prior to the issue of this Prospectus. The price at which CAB Shares would trade on the Second Board of the KLSE after the Issues may be influenced by a number of factors, including the liquidity of the market for CAB shares and the perception of the investors of the Group. There can be no assurance that the offer/issue price will correspond to the price at which the CAB Shares will trade on the Second Board of the KLSE either upon or subsequent to its listing or that an active market for the CAB Shares will develop and continue upon or subsequent to its listing.

2. BUSINESS RISKS

The Group is principally involved in, inter alia, breeding, processing and marketing of broiler chicken, processing and marketing of frozen foods and operation of fast food outlets. As such, the Group is subject to certain risks inherent to the poultry industry, the food processing industry, the fast food and retail industries. These risks include changes in general economic conditions such as, but not limited to, general downturn in the global, regional and Malaysian economy, government regulations, inflation and changes in business conditions such as deterioration in prevailing market conditions, changes in labour, increase in costs of labour and raw materials, dependence on imported supplies and raw materials and technological obsolescence. Although the Group seeks to mitigate these risks through, inter alia, maintaining good business relationships with its customers and suppliers, efficient cost control, introduction of automated broiler farming techniques to increase production and integration or development of other synergistic businesses into or for the Group, there can be no assurance given that any change to these factors will not have a material adverse effect on the Group's business.

3. COMPETITION AND IMPACT OF ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN) FREE TRADE AREA ("AFTA")

The Group faces competition from various competitors, which include private and public listed companies in its businesses. The Directors of the Company believe that at present there are only a few integrated poultry businesses in Malaysia of which the Group is a player. With the implementation of AFTA, the Group may also face competition from import of chicken and other chicken value added products from other ASEAN countries. Despite the competition, the Directors of the Company view AFTA as an opportunity for the Group to widen its market to other ASEAN countries. Moreover, the Directors of the Company believe that the Group is the second integrated poultry breeder and processor in Malaysia with involvement in a significant fast food chain in Malaysia and other countries, after KFC Holdings Berhad and its subsidiaries. Although the Group is constantly improving its operations to remain competitive, there can be no assurance that the Group will be able to maintain its existing market position in the future. The Directors of the Company believe that the following factors, amongst others, may assist the Group in maintaining and/or expanding its market share and competitive advantage in the Group's business such as maintaining good business relationships with customers, establishing brand name and distinguished quality, competitive pricing of the Group's products and franchise fees, strategic business locations, capital investment and production efficiency and maintaining experienced and skilled management. Although the Group seeks to mitigate these risks, there can be no assurance that the Group will be able to maintain and/or expand its market share in its local and overseas operations or proposed export markets.

4. CONTROL BY CERTAIN SUBSTANTIAL SHAREHOLDERS

Upon completion of the Issues, the substantial shareholders of CAB, namely Chuah Ah Bee and Chan Kim Keow, will collectively hold approximately 51.22% of the enlarged issued and paid-up share capital of CAB. It is therefore likely that the aforesaid substantial shareholders, if they collectively vote together, will be able to jointly control the outcome of certain matters requiring the vote of the CAB shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

5. DEPENDENCE ON KEY PERSONNEL

The Group believes that its continuing success depend, to a significant extent, upon the abilities and continuing efforts of its existing Executive Directors and senior management. The loss of any of the key members of the Group's Executive Directors and senior management could adversely affect the Group's performance and continuing ability to compete effectively in the industry. The Directors of the Company also recognise the importance of the Group's ability to attract and retain skilled personnel. In this regard, the Group endeavours to groom the existing staff members to support the senior management and/or to shoulder further responsibilities in preparation for long term expansion and to provide suitable incentives such as bonuses and a conducive working environment. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

6. RISKS ASSOCIATED WITH BANK BORROWINGS

The Group finances its operations using internally generated funds and bank borrowings which are interest bearing. As such, any additional bank borrowings and/or increase in interest rates may result in an increase in interest expense and affect the performance of the Group. There can be no assurance that the interest rates will be maintained in the future and/or that any increase in the Group's bank borrowings will not have a material effect on the performance of the Group. To date, the Group has not defaulted in any of its borrowings.

7. FOREIGN EXCHANGE RISKS

The Group presently purchases its supply of parent stock DOCs from, inter alia, New Zealand, Thailand as well as the supply of chicken feeds from foreign countries via Cargill. It also receives the franchise fees from its foreign franchisees which are directly or indirectly affected by the USD currency exchange rate. At present, there are no fluctuations in the USD currency exchange rate as a result of the pegging of the RM to USD at the official conversion rate of USD1.00 equivalent to RM3.80 ("Peg"). However, there can be no assurance that the Peg will be maintained in the future, and that if the Peg is removed, it will not have a material effect on the performance of the Group. The Directors of the Company intend to mitigate its foreign exchange risks by increasing its downstream activities such as further food processing and retailing to end consumers for export markets. There can be no assurance that implementation of the downstream activities will always be effective and that it will not affect the Group's business.

8. RESTRICTIVE COVENANTS UNDER BORROWING FACILITY AGREEMENTS

The subsidiaries of CAB have entered into various credit facility agreements with banks or financiers to finance their operations and business activities. These agreements contain, inter alia, covenants which may limit the CAB Group's operating and financial flexibility. Any act by the CAB Group falling within the ambit or scope of such covenants will require the consent of the relevant banks or financiers. The Directors of the Company are aware of such covenants and shall take all precautions necessary to obtain such consent. There is no assurance that such consent will be obtained and if the consent is not obtained that it will not have a material effect on the performance of the Group.

9. FLUCTUATION IN SELLING PRICES

The selling price of live chicken, whole-dressed chicken and non-value added chicken are governed by the Control of Supplies Act, 1961. Although there is a ceiling price fixed by the Government for the said products, there is no minimum price set. The Directors of the Company believe that the ceiling price will not affect the financial performance of the Group unless there is a significant decrease in the selling price. In such event, the Group has in place mitigating strategies by further processing the non-value added chicken products into value-added chicken products such as kebabs and other processed food items for sale at the Group's fast food and retail outlets whereby the prices of these processed food items are relatively stable. However, there can be no assurance that the selling price of the value-added chicken products would not decrease and that such decrease will not have a material effect on the financial performance of the Group.

10. SOURCE OF SUPPLIES

The Group's business depends, inter alia, on the supply of its poultry feeds, vaccination and medication for its chicken, imported meat (beef and lamb) for its kebab, spices and special sauce for its kebab. As such, the Group's business depends on the continued supply, cost and reliability of such supplies from their existing suppliers, some of whom might supply most or all of a particular item. The Group sources most of its chicken feeds from Cargill under contract manufacturing arrangements and has its kebab sauce manufactured solely by CPC-Aji. Although the Directors of the Company believe that the Group is able to find substitute local suppliers easily in the event of a disruption in supplies, there can be no assurance that the non-availability of suppliers, disruption of supplies or increase in the cost of such supplies will not have a material effect on the performance of the Group.

11. DEPENDENCE ON KEY CUSTOMERS, PARTICULAR PRODUCTS, MARKETS AND GEOGRAPHICAL LOCATION

The Group has diversified its business into other synergistic businesses and provides a variety of products to a diverse group of customers. As such, the Directors of the Company believe that there is no particular dependency on key customers, particular products, markets and geographical locations. Although the Directors of the Company believe that its continued identification of new locations and businesses as well as its current wide customer and product base and location coverage of its businesses would mitigate the Group's risks, there can be no assurance that it will not have a material effect on the performance of the Group.

12. RISK OF DISEASES, CHANGES IN WEATHER CONDITIONS AND ENVIRONMENT

As chicken are livestock, it is subject to the risk of diseases, changes in weather conditions and the environment. The Directors of the Company seek to mitigate these risks by using quality breeds of broilers such as *Cobb* and *Ross*, which are known for its quality and resilience to diseases and adverse environmental conditions. In addition, the Group administers proper vaccination for its broilers based on the recommendation of veterinarians and vaccine producers, spreads the locations of its farms to mitigate the impact of any outbreak of diseases and adverse weather conditions affecting particular locations, practises good farm management by maintaining a hygienic environment and constantly monitoring the health of the chicken and optimising the condition and environment of its broiler farms. However, there can be no assurance that there will be no outbreak of diseases or no adverse weather and/or environmental conditions and that it will not have a material adverse effect on the Group's operations.

13. RISKS ASSOCIATED WITH TECHNOLOGICAL CHANGE

The technology employed in the poultry industry is less sophisticated and not subjected to rapid technological changes compared to the technology employed in the information system. However, the Group recognises the importance of new technology which could improve the performance of the Group's operations particularly in meeting its future expansion. In this regard, the Group proposes to establish modern and close-house farms by gradually phasing out its current open-house farms. It proposes to upgrade its slaughtering and food processing machinery through investment in new machinery, construction of a new factory and upgrading its existing farms. In the event the Group is unable to upgrade and keep abreast with the changes in the technologies and equipment, the Group's competitiveness in the poultry industry may be affected which may have a material effect on the Group's operations and performance. Although the Directors of the Company constantly keep abreast on the changes in the technology employed through its in-house R&D unit, there can be no assurance that any upgrade of technology employed by the Group would not have a material effect on the Group's financial performance.

14. ADEQUACY OF INSURANCE COVERAGE

The Directors of the Company are aware and recognise the importance of having adequate insurance coverage for the Group's assets and the consequences arising from inadequate insurance coverage which could potentially jeopardise its business operations and financial position. As a measure to mitigate the risk of inadequate insurance coverage, the Group continuously reviews and ensures that there is adequate insurance coverage for its properties and assets. Although the Group has taken the necessary measures to ensure that all its properties and assets are adequately insured, there can be no assurance that the insurance coverage taken by the Group would be adequate to compensate for the replacement cost of the assets or any consequential loss arising thereof, and that the Group will be able to obtain new insurance coverage in the event that a claim has been made on the existing insurance policies.

15. INVESTMENT RISKS

The Group may from time to time invest in new equipment or new ventures which it believes to be beneficial to the business of the Group or is synergistic with the Group's current operations. Although the Group exercises prudence in its decision-making, there is always the potential risk that the returns from these investments may have a longer payback period than expected or the investments may fail. Although the Group will mitigate its investment risks by exercising due care in the evaluation of its investments, there can be no assurance that all its future investments will yield positive returns to the Group and would not have any adverse material effect on the Group's future financial performance.

16. OUTBREAK OF FIRE AND ENERGY CRISIS

The Group faces certain operational risks inherent in the poultry and food industries which includes, amongst others, outbreak of fire, and energy crisis such as shortage of water supply and/or electricity. The Group has taken various steps to reduce the risk associated with fire by having proper fire-fighting systems on its farms, food processing plant and other places of business. In addition, its farms are scattered throughout various locations and the Group also practises fire prevention system in its farm by having fire breaks of at least 15 metres between each chicken house. The Group has also taken insurance coverage to mitigate its financial losses in the event of an outbreak of fire and/or energy crisis.

The Group has also installed backup generators to mitigate the impact on its operations and services to its customers in its plants and hatchery centre. The Group also ensures that its farms and other production facilities are installed with water tanks to store sufficient water reserves to mitigate any disruption in the water supply. Although there has not been any major disruption to the Group's business operations as a result of an outbreak of fire or energy crisis, and the Directors of the Company have taken reasonable steps to mitigate the operational risk, there can be no assurance that there would not be any outbreak of fire or energy crisis at the Group's various places of business and that any outbreak of fire or energy crisis would not have a material effect on the Group's business and financial performance.

17. LICENCES

The Group has been granted various licences, certificates and other clearances from authorities which are subject to periodic renewals. There can be no assurance that the Group will be able to renew such licences, certificates and other clearances from authorities and even if they had been renewed, there can be no assurance that it will not be revoked or suspended prior to its expiration. Although the Directors of the Company do not believe that such events are likely to occur, there can be no assurance that such non-renewal or availability of approval will not occur and that it will not have a material effect on the Group's business.

18. TRADEMARK, COPYRIGHTS AND PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Group currently uses trademarks such as the *Kyros Kebab*, *Al-Usrah*, *Garing Burger* and *Ayam Like's*. At present, the *Kyros Kebab* trademark has been registered in Malaysia and China while an application for registration of the *Kyros Kebab* trademark has been made in Singapore which is still pending approval. An application for the registration of *Ayam Like's* has also been made to the Registrar of Trademarks, Malaysia which is still pending approval. The success of the Group's business is largely dependent on the popularity of its trademarks and its ability to protect the trademark in the countries in which the business is operated. At present, trademark laws provide only limited protection and generally (with some exceptions) have no extraterritorial coverage. As a result, there can be no assurance that the Group will be able to protect its trademark against unauthorised third party use or exploitation which could have a material adverse effect on the Group's reputation, business and performance.

19. BRAND LOYALTY

The brand names of the Group such as *Kyros Kebab's* fast food outlets, *Al-Usrah* lebanese and pita bread, *Garing Burger* and *Ayam Like's* dressed chicken products play an important role for the continued growth of the Group's business. These brand names are dependent on the loyalty and goodwill associated with the brand or trade name of the products or business as consumers would often buy a product of an established brand name due to its taste, quality or pricing. There can be no assurance that the deterioration in the loyalty and goodwill of a particular brand name sold or used by the Group will not have a material effect on the Group's business.

20. FRANCHISE REGULATION

The franchise industry in Malaysia is regulated by the Franchise Act, 1998 ("Franchise Act"). GGSB is registered with the Registrar of Franchises to sell the Kyros Kebab franchises in Malaysia and is subject to the provisions of the Franchise Act. The Group is also subject to foreign laws and regulations governing the franchise granted to its foreign operations. Although the Group seeks to mitigate the risk by ensuring that GGSB does not breach the regulations imposed in the Franchise Act, there can be no assurance that GGSB will not inadvertently breach the provisions of the Franchise Act in the future which may result in the suspension, termination, prohibition or denial of the sale or registration of Kyros Kebab franchises. There can also be no assurance that the inadvertent breach by GGSB (if any) will not have a material effect on the Group's business and financial performance.

21. CHANGE OF EXPRESS CONDITION

There is an express condition imposed on some lands owned by the Group that the lands should be used for rubber plantation. The Group is currently using some of these lands for poultry farming. However, the Group has applied to the relevant authorities for the change of express condition. As at the date of this Prospectus, the approval for the change of the express condition from the relevant authorities for certain landed properties of the Group is still pending. There is no assurance that the Group will be able to obtain the relevant authorities' approvals. In the event that the relevant authorities' approvals are not obtained, the Group plans to shift the poultry farming to other vacant lands owned by them.

22. RISKS ASSOCIATED WITH FUTURE PLANS

The Group will conduct feasibility studies in undertaking new projects and ventures for its future plans. The successful implementation of the Group's future plans is dependent on the approval from the relevant authorities and its ability to meet other barriers or issues required for the said projects and ventures. Although the Group exercises prudence and conducts feasibility studies prior to making any decision on its future plans, there can be no assurance that such future plans would always be successful and profitable and that its implementation might not be delayed and it will not have a material adverse effect on the performance of the Group.

23. POLITICAL, ECONOMIC AND REGULATORY CONSIDERATIONS

Given the nature of the industry in which the Group operates, its operations are closely linked to the political, economic and regulatory conditions in Malaysia, China, Singapore, Pakistan, Indonesia and USA where it presently has operations and other countries where the Group has interests or intends to set up operations or become interested in the future. Any adverse developments or uncertainties in the political, and/or international events, economic and regulatory conditions in Malaysia, China, Singapore, Pakistan, Indonesia and USA and other countries may materially and adversely affect the performance of the Group. These include, but are not limited to, risk of war, riots, expropriation, nationalisation, renegotiation or nullification of existing contracts and arrangements, global economic downturn and unfavourable changes in governmental policy such as changes in interest rates, inflation rate and methods of taxation, currency exchange controls and changes in regulations or other legal, administrative, political, economic or social developments. There can be no assurance that any change to these factors will not have a material adverse effect on the Group's business and performance.

24. PROFIT ESTIMATE AND FORECAST

This Prospectus contains the consolidated profit estimate and forecast of the Group for the financial years ended/ending 30 September 2003 and 2004 that have been based on assumptions that are subject to uncertainties and contingencies which the Directors of the Company believe to be reasonable. Owing to the inherent uncertainties underlying the consolidated profit estimate and forecast and given that events and circumstances do not occur as expected, there can be no assurance that the consolidated profit estimate and forecast contained in this Prospectus will be realised and actual results may be materially different from the consolidated profit estimate and forecast. Investors are deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit estimate and forecast contained herein.

25. FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Directors of the Company and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded that the plans and objectives of the Group will be achieved.

26. DELAY IN OR FAILURE OF THE LISTING

The Listing exercise is exposed to the risk that it may be delayed or failed should the following events occur:

(i) the identified investors fail to subscribe for the portion of the Public Issue Shares to be placed to them despite having given irrevocable undertakings to subscribe;

(ii) the Underwriter exercising its rights pursuant to the Underwriting Agreement discharge itself from its obligations thereunder; or

(iii) the Company is unable to meet the public spread requirement, that is, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, upon completion of the Issues and at the point of Listing.