

3. PARTICULARS OF THE IPO

A copy of this Prospectus has been registered with the Securities Commission. A copy of this Prospectus together with the form of application has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue and Offer for Sale, and that investors should rely on their own evaluation to assess the merits and risks of the Public Issue and Offer for Sale.

Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of TPC on the Second Board of the KLSE. These Shares will be admitted to the Official List on the Second Board of the KLSE and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Offer for Sale and Public Issue Shares will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of TPC on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue and Offer For Sale will be returned in full without interest if the said permission for listing is not granted within six (6) weeks from the date of issue 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. Admission to listing is not being sought on any other stock exchange.

Pursuant to Section 14 (1) of the Securities Industry (Central Depositories) Act, 1991, KLSE has prescribed the ordinary shares of the Company as securities, which are required to be deposited into the CDS. In consequence thereof, the shares issued/offered through this Prospectus will be deposited directly with the MCD and dealings in these shares will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules of the MCD.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications must have a CDS Account. In the case of an applicant by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In the case of an applicant 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 CDS Account number to the Participating Financial Institution by way of keying his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of the Company or of its Shares. No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by TPC. Neither the delivery of this Prospectus nor any Public Issue and Offer for Sale 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 TPC since the date hereof.

The distribution of this Prospectus and the making of the Public Issue and Offer for Sale in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions.

3. PARTICULARS OF THE IPO (Cont'd)

This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue shares or to buy any Offer for Sale 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.

Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3.1 Timing of Events

The indicative timing of events leading to the listing of and quotation for the entire issued and paid-up share capital of TPC on the Second Board of the KLSE is set out below:-

Events	Tentative Date
Opening of application for the Public Issue and Offer for Sale	1 December 2003
Closing of application for the Public Issue and Offer for Sale	8 December 2003
Balloting of Applications	10 December 2003
Despatch of Notice of Allotment of the ordinary shares to successful applicants	17 December 2003
Listing of the Company's entire issued and paid-up share capital on the Second Board of the KLSE	18 December 2003

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The application for the issue shares will close at the date as stated above or later date as the Directors and/or Promoters of TPC together with the Managing Underwriter in their absolute discretion may decide. Should there be an extension of the closing date, the date of Listing will be extended.

When the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated Bahasa Malaysia and English newspapers, not less than one(1) market day before the original closing date.

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3.2 Share Capital

	Number of ordinary share of RM0.50 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	100,000,000	50,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
<ul style="list-style-type: none"> • Existing Shares • New ordinary shares to be issued pursuant to Public Issue 	60,300,000 19,700,000	30,150,000 9,850,000
ENLARGED SHARE CAPITAL	80,000,000	40,000,000
<ul style="list-style-type: none"> • Existing ordinary shares to be offered pursuant to the Offer For Sale 	10,800,000	5,400,000

The Public Issue/Offer For Sale Price is RM0.90 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus. There is only one class of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all respect with the existing Shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid up on the shares held by them, be entitled to share the whole of the profits paid out by the Company as dividend and other distributions and in respect of the whole of any surplus in the event of the liquidation of the Company, such surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with its Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of the Company, in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder 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.

3.3 Basis of Arriving at the Public Issue / Offer For Sale Price

The Public Issue/Offer For Sale price of RM0.90 per Share was determined and agreed upon by AmMerchant Bank as Adviser and Managing Underwriter, the Offerors and TPC and after taking into account, inter-alia the following: -

- i) the forecast net PE multiple of approximately 8 times based on the forecast consolidated net EPS of 11.07 sen (based on the enlarged share capital of 80,000,000 Shares) for the financial year ending 31 December 2004 and the Public Issue/ Offer For Sale price of RM0.90 per Share;
- ii) the forecast gross dividend yield of 3.33% for financial year ending 31 December 2004;

3. PARTICULARS OF THE IPO (Cont'd)

- iii) the future plans and prospects of the TPC Group as outlined in Section 5.9 of this Prospectus; and
- iv) the proforma consolidated NTA per Share of TPC based on their audited financial statements as at 30 September 2003 after incorporating the Proposed Public Issue of RM0.59. The Public Issue/ Offer price of RM0.90 per Share represents a premium of RM0.31 or 52.5% to the proforma consolidated NTA per Share.

The Directors of the Group and AmMerchant Bank are of the opinion that the Public Issue/Offer for Sale price is fair and reasonable after careful consideration of the abovementioned factors.

However, shareholders should also note that the market price of TPC shares upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the price of TPC shares being traded.

3.4 Details of the Public Issue and Offer For Sale

The Public Issue of 19,700,000 new ordinary shares of RM0.50 each at an issue price of RM0.90 per Share, and the Offer for Sale of 10,800,000 ordinary shares of RM0.50 each at an offer price of RM0.90 per Share, are payable in full on application and shall be subject to the terms and conditions of this Prospectus. The 30,500,000 Shares arising from the Public Issue and Offer For Sale will be allocated in the following manner:-

- (i) 6,000,000 Shares representing 7.5% of the enlarged share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions;
- (ii) 2,500,000 Shares representing 3.125% of the enlarged share capital will be placed out to the public investors by the Placement Agent;
- (iii) 4,000,000 Shares representing 5.00% of the enlarged share capital have been reserved for eligible employees, Directors and business associates of the TPC Group; and

2.147 million Shares representing approximately 53% of the above-mentioned shares have been allocated to 38 eligible employees and Directors of the Group based on the following criteria as approved by the Company's Board of Directors: -

- (a) At least eighteen (18) years old;
- (b) Job position;
- (c) Length of service; and
- (d) Non- Malaysian citizens are not eligible.

Category	Number	Pink Form Allocation No of Shares
Directors	9	500,000
Managers	3	350,000
Executives	4	393,000
Technical and Supervisory	2	10,000
Senior Workers	5	232,000
Workers with < 5 years service	15	662,000
Subcontractors	2	250,000
Suppliers	12	885,000
Customers	25	718,000
Total	77	4,000,000

3. PARTICULARS OF THE IPO (Cont'd)

Details of the Directors' pink form allocation are as follows: -

Name of Directors	Designation	Pink Form Allocation No of Shares
Yee Tiam Teck	Group Chairman and Executive Director	100,000
Jimmy E Pian	Managing Director	50,000
Yee Tien Wei	Executive Director	50,000
Jee Chin	Non-Executive Director	50,000
Liang Ah Lit @ Nyah Chung Mun	Executive Director	50,000
Yee Yeaw Khim	Executive Director	50,000
Lim Chong Hock	Independent Non-Executive Director	50,000
Loke Foon Keng	Independent Non-Executive Director	50,000
Razalee Bin Amin	Independent Non-Executive Director	50,000
Total		500,000

- (iv) 18,000,000 Shares representing 22.50% of the enlarged share capital have been reserved for Bumiputra investors approved by MITI;

The Shares in respect of paragraph (i) and (iii) are fully underwritten at an underwriting commission of 2% of the Public Issue/Offer price of RM0.90 per Share. Any Shares in respect of paragraph (iii) not subscribed for by the eligible employees, Directors, and business associates of the TPC Group will be made available for application by the Malaysian Public. The Shares in respect of paragraph (ii) and (iv) are not underwritten.

3.5 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) The listing of TPC Shares on the Second Board of the KLSE is expected to further enhance the Group's corporate reputation and assist the Group in expanding its customer base in Malaysia;
- (ii) To provide an opportunity for eligible employees, Directors and business associates of the TPC Group to participate in the equity and continuing growth of the TPC Group;
- (iii) To enable the TPC Group to gain access to the capital markets for funds for its future expansion and growth;
- (iv) To obtain a listing of and quotation for TPC's entire issued and paid-up share capital of TPC Shares on the Second Board of the KLSE; and
- (v) To facilitate its expansion purposes as proceeds to be raised from the Public Issue will be utilised towards re-financing the Group's borrowings as well as for future expansion of its capital expenditure.

3.6 Proceeds of the Public Issue, Offer For Sale and Their Utilisation

The Offer for Sale will raise gross proceeds of RM9.72 million. This amount shall accrue to the Offerors and no part of the proceeds is receivable by TPC. The Offerors shall bear all expenses, such as, underwriting commission, placement fees, management fees, brokerage, registration and share transfer fee relating to the Offer

3. PARTICULARS OF THE IPO (Cont'd)

Shares.

All proceeds of the Public Issue after deducting the relevant listing expenses will accrue to TPC. The estimated total gross proceeds of the Public Issue are approximately RM17.73 million. TPC will bear all other expenses incidental to the listing and quotation of TPC's Shares on the Second Board of the KLSE which include underwriting commission, brokerage, registration fee, professional fees, SC fees, advertising, share issue expenses and other fees the aggregate of which is estimated to be approximately RM2.1 million. The proceeds from the Public Issue will be utilised as follows:-

	Note	Total Proceeds RM'000	Within six (6) months * RM'000
Repayment of bank borrowings	(i)	7,106	7,106
Working Capital	(ii)	8,524	8,524
Estimated share issue expenses	(iii)	2,100	2,100
Total proceeds		17,730	17,730

* from the date of listing of TPC's Shares on the KLSE

There is no minimum subscription to be raised from the Public Issue as the Public Issue Shares are fully underwritten. Brief details on the utilisation of proceeds are as follows:-

(i) Repayment of Bank Borrowings

Approximately RM7.106 million from the proceeds will be set aside to repay term loans undertaken by the Group. Details of the term loans to be repaid are as follows: -

Company	Financial Institution	Type of facility	Interest %	Amount outstanding as at 30 April 2003 RM	Amount outstanding as at 30 Sept 2003 RM
TPCA	Affin Bank Berhad	Term Loan I	BLR + 1.25	626,224	542,922
TPCA	Affin Bank Berhad	Term Loan III	BLR + 1.25	2,131,270	2,011,349
TPC (1976)	Affin Bank Berhad	Term Loan	BLR + 1.25	488,237	421,198
		Hire Purchase			
TPCA	Am Finance Bhd	Cages	5.4	287,595	198,304
		Cages	5.53	185,102	46,080
		Cages	5.53	427,590	191,258
		Cages	5.53	583,073	338,691
		Cages	5.53	438,382	284,506
TPCA	Orix Credit (M) Sdn Bhd	Genset	4.9015	152,812	104,590
		Cages	4.9003	151,762	113,236
		Cages	4.9003	163,436	123,090
		Cages	4.011	206,976	157,695
		Cages	4.9008	1,209,153	922,885
TPCA	Sime Credit (M) Sdn Bhd	Holland Tractor	4.4378	54,625	-
				7,106,237	5,455,804

From the total amount outstanding as at 30 April 2003, RM1,650,433 has been repaid as at 30 September 2003 (being the last practicable date prior to the printing of the Prospectus) in accordance to its scheduled repayment from the Group's internally generated funds. Thus, RM1,650,433 of the proceeds allocated for the repayment of borrowings will be used to replenish the internally generated funds of the Group.

3. PARTICULARS OF THE IPO (Cont'd)**(ii) Working Capital**

In view of the increased market share and sales of the Group, additional funds will be required to be utilised for working capital purpose.

(iii) Estimated share issue expenses

Details of the share issue expenses of RM2.1 million are as follows:

Major Cost Items	Total estimated cost (RM)
Initial Listing Fee	5,000
Annual Listing Fee	2,000
Advertising of Prospectus	50,000
Professional Fees	1,320,000*
Securities Commission fee	51,250
Issuing House fee	150,000
Registration of Prospectus	5,500
Printing of Prospectus and Application forms and envelopes	170,000
Underwriting commission	270,000
Brokerage (assumed at 1 % on 6,500,000 shares at RM0.90 per share)	58,500
Miscellaneous**	17,750
TOTAL	2,100,000

* Includes fee from Advisors, Lawyers, Auditors, Experts, Valuers and others. It must be noted that the above figure is only an indicative amount.

** Any unutilised amount shall be used for working capital.

The utilisation of the proceeds by the Group is expected to give a financial impact as follows:-

Estimate Financial Year Ending 31 December 2003	Without Listing Proceeds (RM'000)	With Listing Proceeds (RM'000)
PBT	7,900	7,900
PAT	6,194	6,194
Cashflow @ 31 December 2003	(5,306)	4,868

Forecast Financial Year Ending 31 December 2004	Without Listing Proceeds (RM'000)	With Listing Proceeds (RM'000)
PBT	9,900	10,374
PAT	8,379	8,853
Cashflow @ 31 December 2004	(3,625)	7,023

The repayment of borrowings in forecast year 2004 will reduce the Group's gearing level from approximately 115.17% to 64.12%. At the prevailing interest rate of 6.67%, TPC Group would be able to save interest cost totalling RM474,000 per annum.

3. PARTICULARS OF THE IPO (Cont'd)

3.7 Brokerage and Underwriting Commission

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite up to 10,000,000 of the Public Issue/Offer For Sale shares to be issued/offered to the Malaysian Public and the eligible employees, directors, and business associates of the Group. Underwriting commission is payable by TPC and the Offerors at the rate of 2% of the Public Issue/Offer for Sale price of RM0.90 per ordinary share.

Brokerage is payable by TPC and the Offerors at the rate of 1.0% of the Public Issue/Offer for Sale price of RM0.90 per ordinary share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

3.8 Salient terms of the Underwriting Agreement

The following are some of the extract Clauses of the Underwriting Agreement dated 29 October 2003 between the Company, the Offerors and the Underwriters stating the events that may affect the Underwriting of TPC Shares:-

Clause 2 – Agreement to Underwrite

- 2.1 In consideration of the payment by the Company of the Underwriting Commission, and the Managing Underwriter's Commission and relying upon each of the representations, warranties and undertakings by the Company set out in Clause 3, the Managing Underwriter hereby agrees to act as the Managing Underwriter and the Underwriters severally agree to underwrite the number and proportion of the Underwritten Shares as set out opposite their respective names in the Second Column of the FIRST SCHEDULE upon the terms and conditions hereinafter contained.
- 2.2 The obligations of each Underwriter hereunder are several and no Underwriter shall be responsible for any failure by any other Underwriter to meet their respective obligations hereunder nor shall such failure relieve the Company or the remaining Underwriters of their respective obligations hereunder and nothing in this Agreement shall be construed as constituting or evidencing a partnership between any of the Underwriters.
- 2.3 The obligations of each of the Underwriters and the Managing Underwriter under this Agreement are conditional upon:-
- 2.3.1 there having been on or prior to the Closing Date, neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Company or Subsidiary companies, which is material in the context of the Public Issue from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Managing Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;
- 2.3.2 the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus of:-

3. PARTICULARS OF THE IPO (Cont'd)

- 2.3.2.1 a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue, the Offer For Sale and authorising the execution of this Agreement and the issuance of the Prospectus; and
- 2.3.2.2 a certificate, in the form or substantially in the form contained in the Second Schedule, dated the date of the Prospectus signed by duly authorised officers 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 is referred to in Clause 2.3.1.
- 2.3.3 the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiary companies;
- 2.3.4 the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15;
- 2.3.5 the Public Issue and the Offer For Sale not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- 2.3.6 the Company having complied and that the Public Issue and the Offer For Sale is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;
- 2.3.7 the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act on or before their release under the Public Issue and the Offer For Sale; and
- 2.3.8 an application being made to the KLSE within 3 Market Days from the date of issue of the Prospectus for admission to the official list of the KLSE and approval being granted before the expiration of the 6 weeks from the date of issue of the Prospectus or such longer period as may be specified by the SC.
- 2.4 If any of the conditions set out in Clause 2.3 is not satisfied by the Closing Date, the Underwriters shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 15 incurred prior to or in connection with such termination there shall be no further claims by the Underwriters against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriters may at its discretion with respect to its own obligations waive compliance with any of the provisions of Clause 2.3.

3. PARTICULARS OF THE IPO (Cont'd)

Clause 3 – Representations, Warranties and Undertakings

- 3.1 In consideration of the Underwriters agreeing at the request of the Company to underwrite the Underwritten Shares, the Company hereby represents, warrants and undertakes as follows:
- 3.1.1 that the Prospectus shall be in form and substance satisfactory and acceptable to the SC, and other relevant authorities and shall not contain any untrue statement or omit to state any material fact required or necessary to be stated therein or to make the statements therein misleading and that the directors of the Company shall make all reasonable enquiries to ascertain all facts material for the Prospectus and verify the accuracy of all such information and shall if required by the Managing Underwriter supply the Managing Underwriter with evidence as to the accuracy thereof and where such information relates to opinions or expectations, the basis of such opinions or expectations;
- 3.1.2 that the Company will apply for and obtain the approval-in-principle of the KLSE for admission of the Company to the Official List of the KLSE and for dealing in and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the KLSE and shall comply with all requirements and provisions of the SC Act and other applicable legislation, the Listing Requirements of the KLSE and the requirements of all other relevant authorities;
- 3.1.3 that the Company shall comply with all the conditions, if any, imposed by the KLSE for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the KLSE;
- 3.1.4 that the making of the Public Issue and the Offer For Sale will not result in a default in, or breach of, any of the covenants, terms, conditions or provisions of the Memorandum and Articles of Association of the Company and/or its Subsidiaries or any trust deed or material agreement or other instrument or obligations to which the Company is a party or by which it is bound;
- 3.1.5 that the issue of the Prospectus will not result in a breach of any of the covenants, terms, conditions or provisions of the Memorandum and Articles of Association of the Company or any trust deed or material agreement or other instrument or obligations to which the Company is a party or by which it is bound;
- 3.1.6 that, save as disclosed in the Prospectus, the Company or its Subsidiary companies is not a party to any litigation, arbitration or any other legal proceedings of a material nature pending, threatened or otherwise in Malaysia or elsewhere which is likely to materially and adversely affect the application for the Underwritten Shares and the Company, after due and careful enquiry, is not aware of any evidence, information or facts have given rise or likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its Subsidiary companies and that it does not and will not infringe the terms of or constitute a default under any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or the Subsidiaries is a party or by which the Company or the Subsidiaries or any part of the

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- undertakings, assets, properties or of the Company or the Subsidiaries is bound or affected;
- 3.1.7 that no circumstances or situations have arisen which is or are likely to materially and adversely affect the financial condition or business of the Company or the success of the Public Issue and that no material information has been withheld from the Underwriters which may in any way affect their decision to underwrite the Underwritten Shares;
- 3.1.8 save as disclosed in the Prospectus and as has been disclosed in writing to the Underwriters prior to the date of this Agreement, that the Company or its Subsidiary companies has not entered into any contracts or commitments of an unusual and onerous nature which in the context of the Public Issue might be material for disclosure;
- 3.1.9 that the Company will promptly and without any delay whatsoever notify the Underwriter of any facts information situations or circumstances which the Company believes may materially and adversely affect the success of the Public Issue and in particular and without prejudice to the generality of the foregoing representations, warranties or agreements at any time prior to the Closing Date take such steps as may be reasonably requested by the Underwriters to remedy and/or publicise the same;
- 3.1.10 that the Company will give to the Underwriters any or all information which the Underwriters may require in respect of the accounts or affairs of the Company or in connection with the Public Issue and the Offer For Sale;
- 3.1.11 that the Company together with the Managing Underwriter will fix the Closing Date and thereafter notify the Underwriters within two (2) Market Days;
- 3.1.12 that all consents, approvals, authorisations or other orders required by the Company under the laws of Malaysia for or in connection with the Public Issue and the Offer For Sale will (if not already obtained as at the date hereof) be obtained and remain in force and effect and all other actions will be taken by the Company to comply with all legal and regulatory requirements necessary to ensure that the Public Issue and Offer For Sale will not infringe any existing laws or the terms of any such consent, approvals or authorisations and if granted subject to conditions, such conditions will be fulfilled to the Underwriters' satisfaction by the due date therefor;
- 3.1.13 that all information supplied or to be supplied to the Underwriters for the purpose of or in connection with the Prospectus is true, complete and accurate in all respects and where such information relates to opinions or expectations, the basis of such opinions, expectations or intention (including any profit or other forecast) are considered by the directors of the Company to be reasonable based on relevant considerations and facts as at the date of the Prospectus and the directors of the Company has approved the same and nothing has been omitted from such information which would make any of the information untrue, incomplete, inaccurate or misleading or which would affect the Underwriters' willingness to underwrite the Underwritten Shares; and

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- 3.1.14 that the execution and issue or delivery by the Company of this Agreement and performance of the obligations to be assumed respectively hereunder and in respect of the Public Issue and the Offer For Sale have been duly authorised by the Company insofar as such authorisation is necessary including but not limited to the approval of the Company's shareholders in a general meeting (if and to the extent it is required) so that upon due execution the same will constitute valid and legally binding obligations of the Company respectively.
- 3.1.15 that the Public Issue Shares shall when allotted be free from all encumbrances with all attached or accrued rights and that they shall rank in all respects *pari passu* with the existing ordinary shares in the Company except that they will not rank for any dividends, rights, allotments, distributions and/or other issues, entitlement date of which falls before the date of allotment of the Public Issue Shares;
- 3.1.16 that there is no outstanding indebtedness of the Company and its subsidiaries which have become payable by reason of default by the Company and its subsidiaries in so far as the Company is or has become aware of;
- 3.1.17 that all taxes (whether income tax, property tax or otherwise) of the Company and its Subsidiaries, in particular but not limited to all taxes, all returns, notices or information which are required to be made or given by the Company and its Subsidiaries for taxation, have been so made, are up-to-date, correct and on a proper basis and are not subject to any dispute with any relevant or appropriate authorities and there are no recent circumstances (of which the Company is or ought reasonable to be aware) which are likely to give rise to any such dispute which are material in the context of the Public Issue and the Offer For Sale, for which the Company and its Subsidiaries is liable or ought to have paid for, have been duly paid and/or settled;
- 3.1.18 that all the assets of the Company and its Subsidiaries which are of insurable nature have at all times been and are as the date hereof adequately insured against fire or other risks normally insured against by companies carrying on similar business or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to-date and all policies are in force and are not voidable on account of any fact, omission, non-compliance of any terms by the insured party;
- 3.1.19 that the Company shall register the Prospectus with the SC and lodged the same with the CCM (and a certificate of registration obtained) in accordance with the SC's Guidelines;
- 3.1.20 that there will be no variation between the Prospectus in the form attached and the prospectus registered with the SC without the prior written consent of the Underwriters;
- 3.1.21 neither the Company nor any of its Subsidiaries is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including the KLSE and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole; and

3. PARTICULARS OF THE IPO (Cont'd)

3.1.22 each of the Company and its Subsidiaries will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices.

- 3.3 Upon any material breach of the said representations or warranties or any material failure to perform any of the said agreements or undertakings or any change rendering any of the said warranties, representations or agreements inaccurate in a material respect coming to the notice of the Underwriters prior to the Closing Date, the Underwriters or any of them shall be entitled by notice to the Company to elect to treat such breach, failure or change as releasing or discharging the Underwriters from its obligations hereunder PROVIDED THAT the Company shall remain liable for the payment of their respective costs and expenses referred to in Clause 15 which are incurred prior to and in connection with such release and discharge AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the rights of the Underwriters to claim for any loss or damage suffered as a result of such breach, failure or change and to treat any further or other breach, failure or change as releasing and discharging the Underwriters from their respective obligations as aforesaid.

Clause 5 – Underwriting and Managing Underwriter's Commission

- 5.1 The Company shall pay:-
- (i) to the Underwriters an Underwriting Commission of two per centum (2%) of the Issue Price or Offer Price of RM0.90 for each of the Underwritten Shares; and
 - (ii) to the Managing Underwriter, a Managing Underwriter's commission of one per centum (1%) of the Issue Price or Offer Price of RM0.90 for each of the Underwritten Shares as set out in Fifth Column of the FIRST SCHEDULE.

The Underwriting Commission and Managing Underwriter's commission payable to each Underwriter and the Managing Underwriter are set out against its name in the Fourth Column of the FIRST SCHEDULE.

Clause 8 – Events Affecting the Public Issue and the Offer For Sale

- 8.1 Subject to prior consultation, any of the Underwriters (who have agreed herein to underwrite at least 50% of the Underwritten Shares as indicated in the Third Column of the First Schedule) or any one of them acting through the Managing Underwriter shall be entitled to terminate this Agreement by notice in writing delivered to the Company prior to the Closing Date if the success of the Public Issue and Offer For Sale is, in the opinion of such Underwriter(s) (who have agreed herein to underwrite at least 50% of the Underwritten Shares as indicated in the Third Column of the First Schedule) or any one of them acting through the Managing Underwriter giving the aforesaid notice, seriously jeopardised by:-
- 8.1.1 the coming into force of any laws or Governmental regulations or directives which seriously affects or will seriously affect the business of the Company; or
 - 8.1.2 any material breach by the Company of any of its representations, warranties, obligations or undertakings under this Agreement;

3. PARTICULARS OF THE IPO (Cont'd)

- 8.1.3 any material and adverse change in the condition (financial or otherwise) of the Company from that described in the Prospectus;
- 8.1.4 any material and adverse changes in the markets of its products;
- 8.1.5 any change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency;
- 8.2 On delivery of such a notice, the Underwriter(s) concerned and the Company shall be released and discharged from their respective obligations hereunder this Agreement shall become void and each Party's rights and obligations hereunder shall cease and none of the Parties (except for the liability of the Company in respect of payments of costs and expenses referred to in Clause 15 incurred prior to or in connection with such termination) shall have any claim against each other. Thereafter the Underwriters and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company or the Underwriters shall not be under any obligation to enter into such new agreement.

Clause 10 – Force Majeure

- 10.1 It will be an event of force majeure if in the reasonable opinion of any Underwriter that the success of the IPO is seriously jeopardised by the Kuala Lumpur Composite Index falling below 500 points and remaining below 500 points for 3 consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date.
- 10.2 In the event of a force majeure pursuant to Clause 10.1 above, any Underwriter may, subject to prior consultation with the Company, at any time prior to the Closing Date:-
- (i) terminate this Agreement by giving notice to the Company in the manner as set out in Clause 16; or
 - (ii) request for the Closing Date to be extended to such reasonable date as the Underwriters may decide.
- 10.3 Upon delivery of the notice of termination pursuant to Clause 10.2(i) above, this Agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other.
- 10.4 In the event of a delivery of a request under Clause 10.2(ii) above, the Company shall consent to such request for the extension of the Closing Date.
- 10.5 The delivery of a request under Clause 10.2(ii) above shall not preclude any Underwriter from giving a further request for extension pursuant to Clause 10.2(ii) or the giving of a notice to terminate pursuant to Clause 10.2(i) above.

3. PARTICULARS OF THE IPO (Cont'd)**Clause 11 – Cancellation/Lapse of Agreement**

11.1 Notwithstanding anything herein contained but subject to Clause 11.3, the Underwriters may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its Underwriting Commitment:-

11.1.1 in the reasonable opinion of the Underwriters 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 3 (which, if capable of remedy, is not remedied within three (3) Market Days after notice of such breach shall have been given to the Company by the Underwriters or the Managing Underwriter, or by the Closing Date, whichever is the earlier);
- (b) any material 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 foregoing; or
- (c) any material change in any law, regulation, directive, policy or ruling in any jurisdiction;

which, in the reasonable opinion of the Underwriters, would have or can reasonably expected to have, a material adverse effect on the business or operations of the Group taken as a whole, or on the Group, the success of the proposed Public Issue, or the Offer For Sale; or

11.1.2 in the reasonable opinion of the Underwriters there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or its Subsidiaries.

11.2 Upon such notice being given, the Underwriters shall be released and discharged of its obligations without prejudice to its rights, and where the Underwriters have terminated or cancelled or withdrawn its Underwriting Commitment pursuant to Clause 11.1, this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of any of its obligations and liabilities under Clause 3 and under Clause 15 for the payment of the costs and expenses already incurred up to the date on which such notice was given.

11.3 The obligations of the Underwriters herein shall lapse after the expiry of three (3) months from the date of this Agreement unless the Underwriter(s) has consented to an extension of time beyond such period.

3. PARTICULARS OF THE IPO (Cont'd)**Clause 15 – Cost and Expenses**

- 15.1 The Company shall bear and pay all costs, charges and expenses of and incidental to the listing of and quotation of the entire issued and paid-up share capital of the Company on the Second Board of the KLSE including the costs, charges and expenses relating to the Public Issue (including the Underwriting Commission), the issue and allotment of the Issue Shares to the successful applicants thereof (including, if applicable, the Underwritten Shares or any part thereof to the Underwriters or their nominee(s) including but without limitation, to (i) the costs, charges and expenses incurred in the transfer of the Issue Shares, (ii) the charges payable to the MCD, and (iii) the stamp costs, if any, incurred thereof) and the costs, charges and expenses that may be incurred in connection with the negotiation and execution of this Agreement and the stamping hereof and the costs, charges and expenses that may be incurred by the Underwriters in splitting the share certificates in respect of the shares applied for by them hereunder into such denominations as may be required by the Underwriters.
- 15.2 Pursuant to Clause 15.1 above, all payments, whether of the Underwriting Commission and Managing Underwriter's Commission, costs, expenses or whatsoever, to the Underwriters by the Company, shall be made without deduction or withholding for or on account of any taxes, duties or other levies. If the Company is required by law to deduct or withhold any such taxes, duties or levies, the Company shall pay such additional amounts as shall be necessary in order that the net amounts received by the Underwriters shall equal the amounts which would have been received by the Underwriters had no such deduction or withholding been required or made.

Clause 16 – Notice

Save as provided in Clause 4.2 any notice required to be given by any Party to the Underwriter shall be in writing and shall be valid, and sufficient and deemed if when sent by hand delivery, or by registered mail or by telex or facsimile (in the case of facsimile transmission, to be confirmed by a copy forthwith sent by prepaid registered mail or by telex), to the address of the Underwriter as set out in the First Column of the FIRST SCHEDULE to this Agreement or in the case of the Company, to the address of the Company hereinbefore stated. Any party hereto may change its address by a notice given to the other party hereto in the manner set forth above. Notices given as herein provided shall be considered and deemed to have been given two (2) days after despatch thereof as aforesaid, and any notice delivered personally shall be deemed to be received when delivered. Any notice sent by telex shall be deemed to have been received on receipt by the sender of the correct "answerback" and any notice sent by facsimile shall be deemed to have been received on receipt thereof by the recipient subject to the confirmation as aforesaid.

3.9 Moratorium on Shares

The SC, in approving the flotation of TPC, has imposed a moratorium on the disposal of Shares held by Jimmy E Pian, Yee Tiam Teck, Yee Tien Wei and Jee Chin, the promoters and substantial shareholders of TPC.

Accordingly, Jimmy E Pian, Yee Tiam Teck, Yee Tien Wei and Jee Chin will not be allowed to sell, transfer or assign their shares in TPC amounting to 36,000,000 ordinary shares of RM0.50 each representing 45% of the total issued and paid up share capital within one(1) year from the date of admission of TPC on the Official List of Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or

3. PARTICULARS OF THE IPO (Cont'd)

assign their shares in TPC.

The shareholdings of Jimmy E Pian, Yee Tiam Teck, Yee Tien Wei and Jee Chin after the Public Issue and Offer for Sale, which are under moratorium as imposed by the SC, are set out below:-

	Shareholding after Public Issue	% of the enlarged issued and paid-up share capital	No of ordinary shares under moratorium	% of the enlarged issued and paid-up share capital
Jimmy E Pian	10,256,249	12.82	9,000,000	11.25
Yee Tiam Teck	10,306,249	12.88	9,000,000	11.25
Yee Tien Wei	10,256,193	12.82	9,000,000	11.25
Jee Chin	10,256,193	12.82	9,000,000	11.25
	41,074,884	51.34	36,000,000	45.00

The restriction, which is fully accepted by Jimmy E Pian, Yee Tiam Teck, Yee Tien Wei and Jee Chin, is endorsed specifically on the share certificate representing their shareholdings that are under moratorium to ensure that TPC's registrars do not register any transfer not in compliance with the restriction imposed by the SC.

The remarks to be endorsed on the share certificate of the shares placed under moratorium are as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission (the "**Moratorium Period**"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

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3. PARTICULARS OF THE IPO (Cont'd)

3.10 Approvals from Authorities

The Acquisitions, Public Issue and the Listing were approved by the following authorities as follows:-

Authorities		Date
<input type="checkbox"/> SC	<input type="checkbox"/>	<i>29 September 2003 and 21 October 2003</i>
<input type="checkbox"/> MITI	<input type="checkbox"/>	<i>23 July 2003 and 8 November 2003</i>

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3. PARTICULARS OF THE IPO (Cont'd)

The details of the conditions of the authorities' approvals and status of compliance are set out as below:-

Conditions Imposed By SC via its letter dated 29 September 2003	Status																								
<p>1. Moratorium is to be imposed on 36,000,000 ordinary shares of TPC held by the Promoters/the substantial shareholders of TPC, representing 45% of the enlarged issued and paid up share capital, where he is not allowed to sell, transfer or assign for a period of one (1) year from the date of listing of TPC on the KLSE. Thereafter, they are allowed to sell, transfer or assign their Shares in TPC. Details are as follows:-</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><i>Promoters/ shareholders</i></th> <th style="text-align: left;"><i>substantial</i></th> <th style="text-align: left;"><i>Number of Shares</i></th> <th style="text-align: left;"><i>% of enlarged share capital</i></th> </tr> </thead> <tbody> <tr> <td>Jimmy E Pian</td> <td></td> <td style="text-align: right;">9,000,000</td> <td style="text-align: right;">11.25</td> </tr> <tr> <td>Yee Tiam Teck</td> <td></td> <td style="text-align: right;">9,000,000</td> <td style="text-align: right;">11.25</td> </tr> <tr> <td>Yee Tien Wei</td> <td></td> <td style="text-align: right;">9,000,000</td> <td style="text-align: right;">11.25</td> </tr> <tr> <td>Jee Chin</td> <td></td> <td style="text-align: right;">9,000,000</td> <td style="text-align: right;">11.25</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">36,000,000</td> <td style="text-align: right; border-top: 1px solid black;">45.00</td> </tr> </tbody> </table>	<i>Promoters/ shareholders</i>	<i>substantial</i>	<i>Number of Shares</i>	<i>% of enlarged share capital</i>	Jimmy E Pian		9,000,000	11.25	Yee Tiam Teck		9,000,000	11.25	Yee Tien Wei		9,000,000	11.25	Jee Chin		9,000,000	11.25			36,000,000	45.00	<p>Will be complied, the restriction is endorsed on the share certificates as per section 3.9 of the Prospectus</p>
<i>Promoters/ shareholders</i>	<i>substantial</i>	<i>Number of Shares</i>	<i>% of enlarged share capital</i>																						
Jimmy E Pian		9,000,000	11.25																						
Yee Tiam Teck		9,000,000	11.25																						
Yee Tien Wei		9,000,000	11.25																						
Jee Chin		9,000,000	11.25																						
		36,000,000	45.00																						
<p>2. The Promoters and Directors of TPC should not be involved in businesses that will give rise to a conflict of interest with TPC Group's business. They are required to disclose, if any, in full in the Prospectus their involvement and interest in companies and businesses that may give rise to a conflict or competing with TPC's business. In respect of this, they are also required to furnish explanation in detailed in the Prospectus as to how the conflict of interest between the TPC Group with other companies can be overcome.</p>	<p>Complied. Disclosed in section 7.2 of the Prospectus</p>																								
<p>3. TPC is not allowed to be involved in activities or new businesses that are not related to its core business within three (3) years upon its listing on the KLSE.</p>	<p>Will be complied</p>																								
<p>4. TPC is required to disclose in the Prospectus, all transactions between TPC and its related companies with the shareholders and directors of TPC. All future transactions between TPC and its related companies with its shareholders and directors of TPC must be at "arms-length" and not based on terms that are disadvantageous to the TPC Group. In respect of this, the Audit Committee of TPC has to monitor such transactions, if any, in the Annual Report of TPC Group each year.</p>	<p>Complied as disclosed in section 7 of the Prospectus and will be complied for any future transactions</p>																								
<p>5. Full provision is required for the Group's trade debts which are of the following category:-</p> <p>(a) Disputed trade debts</p> <p>(b) Where legal actions are taken/ commenced on any trade debts</p> <p>(c) Trade debts which are exceeding six (6) months period</p>	<p>Complied. A letter from TPC confirming this, was furnished to the SC on 15 October 2003</p>																								

3. PARTICULARS OF THE IPO (Cont'd)

Conditions Imposed By SC via its letter dated 29 September 2003		Status
In relation to the above, the Directors of TPC are required to furnish SC in writing trade debts which exceed its credit period are recoverable and that doubtful debts are provided for in the Group's estimated financial statements before the issuance of the Prospectus		
6.	TPC is required to disclose in the Prospectus, plans to manage and overcome TPC Group's main operational risks, including risks related to fire breakout and other emergency risks	Complied as disclosed in section 4(xix) of the Prospectus
7.	TPC is required to fully comply with requirements in relation to the listing of company as stated in the Policies and Guidelines on Issue/Offer of Securities in particular Chapter 6 of the Guidelines	Complied

Conditions Imposed By MITI via its letter dated 23 July 2003		Status
1.	MITI will decide on the allocation of 18,000,000 special issue of Shares representing 22.5% of the enlarged share capital	Complied
2.	TPC is to obtain approvals from the FIC and SC	Complied. Approval was obtained from the SC on 29 September 2003

Conditions Imposed By MITI via its letter dated 8 November 2003		Status
1.	The entire 18,000,000 Shares at RM0.90 per Share are allocated to the following approved bumiputra investors:-	
(a)	Lembaga Tabung Angkatan Tentera	
(b)	Lembaga Tabung Haji	
(c)	Pelaburan Johor Berhad (for Amanah Saham Johor and Dana Johor)	
(d)	Pengurusan KUMIPA Berhad	
(e)	Perbadanan Usahawan Johor Sdn Bhd	
(f)	Permodalan BSN Berhad	
(g)	Dato' Nik Ismail bin Dato' Nik Yusoff	
(h)	DPIM Dagang Sdn Bhd	
(i)	Dato' Mohd Haniff Abd Aziz	
(j)	Dato' Johar bin Hj. Murad	
(k)	Hamzah Mohd Salleh	
(l)	Ahmad Zaini bin A. Jamil	
(m)	Megat Mizan Nicholas Denney	
Except for the 1 st priority investors as identified by the MITI, all the above Shares allocation are subject to the condition that 30% of the Shares are allowed for sale within 3 months after TPC is listed and approval from the MITI must be obtained prior to any sale of the remaining 70% which will be in stages		Will be complied. All approved bumiputra investors will provide undertaking letters to MITI that they will comply with this condition

4. THE RISK FACTORS

Applicants for the Public Issue and Offer For Sale should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following risk factors: -

i) No Prior Market for TPC's Shares

Prior to this Public Issue and Offer For Sale, there has been no public market for TPC Shares. There can be no assurance that an active market for TPC Shares will develop upon its listing on the Second Board of the KLSE or, if developed, that such a market will be sustained. The issue price of RM0.90 for the Public Issue and Offer For Sale Shares has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and condition, its prospects and the prospects of the industry in which the Company operates, the management of the Company, the market prices for shares of companies engaged in business similar to that of the Company and the prevailing market conditions at the time the application for TPC's listing was submitted to the SC. There can be no assurance that the issue/offer price will correspond to the price at which TPC's Shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for TPC Shares will develop and continue to develop upon or subsequent to its listing.

ii) Competition

The Group faces competition from various local competitors that include private and publicly listed companies. To maintain its position, the Group intends to leverage on its long-standing relationships with existing customers that have produced a strong rapport and bond between them. The Group has also invested in technological innovations like the closed-house system, where the feed and water given to the layer-hens are less likely to be contaminated by pollution and viruses, thus enhancing the bio-security of the hen population. The closed-house system is also semi-automated, resulting in labour cost savings. Finally, the Group has focused on producing and marketing its own brand of "Branded Premium Lower Cholesterol Eggs". The Group is the leading producer of lower cholesterol eggs in Malaysia with a 24% market share in 2002 (source: Infocredit D&B (Malaysia) Sdn Bhd's report dated 2 June 2003). The automation, higher bio-security and the marketing of "Branded Premium Lower Cholesterol Eggs" place the Group in a stronger competitive position compared to its industry rivals. While the Group is constantly improving its operations to remain competitive, no assurance can be given that the Group will be able to maintain its existing market position in the future.

Barriers to entry to the quality egg industry are relatively high, consisting of high capital investment, bio-technical expertise, farm management knowledge, skilled manpower, access to reliable and sources of raw materials, effective distribution channels and strict demand conditions imposed by buyers, all of which must be considered before venturing into the quality egg industry.

iii) Political, Social and Economic Considerations

Changes in political and economic conditions in Malaysia could materially and adversely affect the financial and business prospects of the Group and the markets of its products. Political and economic uncertainties include (but are not limited to) risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts and methods of taxation and currency exchange controls.

4. THE RISKS FACTORS (Cont'd)

iv) Business Risks

The business activities of the Group consist of investment holding, manufacturing animal feed, and the operation of a poultry farm for the production and sale of chicken eggs. Hence, the Group is subject to certain risks inherent in the livestock industry. These include, inter-alia, raw material shortages, increases in labour and material costs, decreases in the selling price, changes in general economic, business, credit and interest rate conditions and changes in the legal and environmental framework within which the industry operates. Nevertheless, the poultry industry is not sensitive to economic downturn as eggs are regarded as a necessity rather than a luxury food. Furthermore, the demand for eggs is envisaged to increase during an economic recession because they are regarded as a cheap source of protein. Although the Group seeks to limit these risks through, inter-alia, continued investment in closed-house technology and further increasing automation in the production process, no assurance can be given that any changes to these factors will not have a material effect on the Groups business.

v) Dependency on Particular Products

The Group is largely dependent on the sale of eggs and end-of-lay hens for the majority of its turnover. As eggs and poultry meat are relatively insensitive to demand, such dependence on a narrow product range should not be seen as a hindrance, especially since the Group has promoted itself as the supplier of "Branded Premium Lower Cholesterol Eggs", giving it a competitive edge in the market place.

vi) Substitute Products

Ordinary table eggs are the main substitute products for TPC. The Group has sought to counter this through positioning itself as a producer of high quality eggs, marketing its own "Branded Premium Lower Cholesterol Eggs" and stating the expiry date on its eggs cartons.

vii) Cyclical or Seasonal Sales Cycles

As eggs are a commodity item, the Group sales do not experience any distinguishable sales cycle. Eggs are consumed by various races in Malaysia and therefore are subject to seasonal peaks during festivities such as Chinese New Year, Hari Raya and Deepavali celebrations. During the festive periods, egg producers commonly increase their production in anticipation of large orders. Indirectly, this will only bode well for TPC, as the increased consumption of eggs will result in a greater demand for its products.

viii) Supply of Raw Materials

TPC's business involves the local purchase of raw materials such as soya bean meal and maize for its feed mill. These suppliers import the raw material, thus subjecting the Group to foreign exchange fluctuation risks. The Group has taken steps to minimize its exposure to any fluctuations by substituting imported feed ingredients with local feed ingredients such as pollard and wheat barn. Although these measures may limit its exposure to world commodity prices, no assurance can be given that any further fluctuation in commodity prices and exchange rates will not have an adverse impact on the Group's business.

ix) Control by Substantial Shareholders

Following the Public Issue, Yee Tiam Teck, Jimmy E Pian, Yee Tien Wei and Jee Chin would collectively own 51.04% of the Company's issued and paid-up share

4. THE RISKS FACTORS (Cont'd)

capital. As a result, they would be able to effectively control the outcome of certain matters requiring the vote of the Company's shareholders, unless Yee Tiam Teck, Jimmy E Pian, Yee Tien Wei and Jee Chin are required to abstain from voting by law and/or the relevant authorities.

x) Dependency on Particular Suppliers or Customers

▪ *Dependency on particular suppliers*

The Group's supplier base is extensive. The Group's top 10 suppliers in terms of sales value accounted for approximately 80% and 89% of the Group's purchases based on the audited accounts for financial year and/or period ended 31/12/02 and 30/09/03 respectively. Two (2) of the Group's suppliers individually contribute more than 10% of the Group's purchases. Approximately 39% and 33% of the Group's suppliers individually contribute less than 10% of the Group's purchases in year 2002 and the 9-month period of 2003. Hence, the Group is not dependent on one single supplier. For details of the Group's suppliers, refer to Section 5.8 of this Prospectus. TPC consistently undertakes to maintain good relationships with all its' existing suppliers and to increase its suppliers' base to lessen the Group's dependence on any one supplier.

▪ *Dependency on particular customers*

The Group's customer base is extensive. The Group's top 10 customers in terms of sales value accounted for approximately 36% and 43% of the Group's turnover based on the audited accounts for financial year and/or period ended 31/12/02 and 30/09/03 respectively. Except for Perniagaan Wah Sing who contributed approximately 11% of the Group's sales in the 9-month period of 2003, none of the Group's customers individually contribute more than 10% of the Group's turnover. Hence, the Group is not dependent on one single customer. For details on the Group's customers, refer to Section 5.7 of this Prospectus. TPC Group has a well-diversified customer base that currently includes wholesale and retail distributors, supermarkets, hotels, restaurants, fast food chain outlets as well as FELDA. In order to further diversify its customer base, TPC is actively looking to contracts with the public sector i.e. the armed forces, hospitals and other public bodies.

xi) Exchange Rate Risk

In the poultry industry, a very high percentage of the feed contents such as maize and soya bean meal are imported. As these commodities are quoted in USD in the world market, any fluctuation in the currency will have an impact on the cost of procurement of these raw materials. Although the Company seeks to limit these risks, no assurance can be given that any fluctuation in the currency will not have a material impact on the Company's business. The Group makes its purchases and sales in RM, and is thereby indirectly exposed to foreign exchange risk. The risk of foreign exchange fluctuation on USD has been limited since the imposition of capital control vis-a-vis a fixed exchange rate of Ringgit against USD (RM3.80 to USD1.00) in September 1998. However, no assurance can be given that the lifting of the aforesaid capital control or a change in the aforesaid fixed exchange rate will not have material adverse effect on the Company's business

xii) Dependence on Key Personnel

The success of the Group could be attributed to the strong leadership and skilful stewardship of its experienced Directors and senior management. A team of well-trained and knowledgeable technical staff and workers provide technical support to

4. THE RISKS FACTORS (Cont'd)

the Group. The loss of any members of the Group's directors and key management could adversely affect the Group's competitive advantage in the industry. Hence, the Group is keeping up-to-date with incentives to retain key management personnel for its continued and future performance. On-going efforts are being made by the Group to groom the younger members of the management team to assume more responsibilities, hence ensuring a smooth transition, should changes occurs.

xiii) Continuity of Management

The TPC Group is headed by an experienced, committed, and dynamic management team. Most of its key personnel having been in the industry for more than 20 years. They are trained with sharp business acumen for the right business opportunities, which can provide synergy and growth to the Group. Combined with their technical expertise, the Group is confident of being equipped with the technical 'know-how' in the poultry farming and feed mill industry. Any risk associated with the loss of key personnel is mitigated by the presence of, Mr Yee Yeaw Khim, TPC's operations manager since 1982 and the son of Mr Yee Tiam Teck, Group Chairman.

Most of the key personnel have been with the Group since the commencement of the business in 1976. The continuing profitability as well as the high growth in its asset base is testimony that its management is industrious and committed to the Group.

xiv) Achievability of Forecast

The Prospectus contains certain forecast for the Group that are based on certain assumptions made by the Directors of TPC, but nevertheless are subject to uncertainties and contingencies. Due to the inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecast contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the description of the basis, assumptions and uncertainties underlying the forecast that are contained herein.

xv) Capital Market Risk

The performance of the KLSE bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow and outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on KLSE, thus adding risk to the market price of the listed shares of TPC Group. Nevertheless, the profitability of the Group is not dependent on the performance of the KLSE.

xvi) Financial Risk

Saved as disclosed in Section 8.6 of the Prospectus, the Group has no other borrowings and indebtedness. The Group's working capital requirements are met mainly by borrowings and partly by internally generated funds. Given that the Group has borrowings and the payment of the loan interest is dependent on the interest rate, any fluctuations of the future interest rate may have material impact to the Group's interest and principal repayment. This will affect the Groups gearing and as well as its exposure to any financial risk resulting from any future interest rate fluctuations. Excessive bank borrowings may result in an increase in interest expense that may subsequently erode the profitability of the Group. In addition, excessive bank borrowings may result in the assets of the Group being pledged to the financial institutions for the loans obtained. Pursuant to the credit facility agreements entered into between the Group with the banks or financiers, the Group is bound to certain

4. THE RISKS FACTORS (Cont'd)

positive and negative covenants, which may limit the Group's operating and financial flexibility. The aforesaid covenants are of a nature, which are commonly contained in any credit facility agreements in Malaysia. Any act by the Group failing within the ambit or scope of such covenants will require the consent of the relevant bank/financier. Breach of such covenants will give rise to a right of the bank/financier to terminate the relevant credit facility and/or to enforce any security granted in relation to that credit facility. TPC is aware of such covenants and shall take all necessary precautions to prevent any such breach. The Group plans to utilise RM7.1 million of the proceeds of the Public Issue and Offer For Sale to pay its loans.

xvii) Diseases and Changes in Weather Condition

The poultry industry is also subject to risk of diseases outbreak and adverse changes in weather conditions. In anticipation of these risks, TPC implements proper and timely vaccination of its birds so as to keep resistance levels high in its flock. In addition, the spatial distribution of its poultry sheds ("closed-house" & "open-house") and stringent flock health policy also reduces the possibility of any major disease outbreak. A team of well-qualified and experienced personnel who are well versed in disease prevention and control supervise the vaccination programme. TPC is confident that it is able to minimise the risk of diseases outbreak. However, there is no assurance that any adverse change in these factors will not have a material and significant impact on the Group's performance.

xviii) Eggs as Perishable Goods

Being perishable goods, eggs have a limited shelf life. TPC is one of the few egg producers to state the expiry date on its egg cartons. On average, the Group packages the eggs into cartons the day they are laid. It is a consistent effort for the Group to ensure speedy and efficient distribution of their products to its distributors and retailers. This will minimize the period the eggs spend at the poultry farm, thus increasing the period consumers can enjoy their eggs.

xix) Risks Associated with Breakout of Fire, Energy Crisis and other Emergencies

The Group's farm has water wells located at different sections on the farm to mitigate any disruption in water supply. Power generators are located on the farm programmed to automatically start after 3 seconds in the event of any disruption in power supply. Many of the farm workers and management reside on the farm, adding to farm security in case of any emergency like break-in or fire. The Group's farm houses are located far apart, further minimizing any risk associated with fire spreading from one farmhouse to another.

xx) Risks Associated with Security and Systems Disruptions

The Group's farm operations located in Simpang Ampat, Alor Gajah are fenced and equipped with 24-hour security. There is also only one entrance/exit to the farm. Many of the farm workers and management reside in on the farm, adding to farm security in case of any emergency such as break-in or fire.

The Group has three (3) power generators located on the farm that are programmed to automatically start 3 seconds after any power failure, ensuring the smooth flow of operations. The Group's closed layer houses have built-in systems that will alert the management of any disruptions. The Group also has personnel trained to maintain the advanced machinery used in its production process.

4. THE RISKS FACTORS (Cont'd)

xxi) Risks Associated with Technology

The Group uses automated equipment as well as state-of-the-art technology in its production facilities. These include chain feeders and the controlled environment closed houses for its layer cage system with automated egg-collection conveyors and high-speed computerised egg-graders from the USA and Holland. The risks associated with such state-of-the-art production facilities are the occasional disruption of electrical supply from Tenaga Nasional Berhad ("TNB") as well as the occasional breakdown.

To mitigate these risks the Group has three (3) power generators on standby. Each closed house has two switchboards, wired to separate generators. Consequently, each switchboard controls only half of the number of fans used to ventilate the closed house. If there is any disruption of electrical supply from TNB, the alarm and standby generators will automatically be activated within three seconds. An immediate inquiry will be made to TNB on the estimated duration of the disruption. If the duration is deemed too long, the group has a prior arrangement with TNB to send their movable generator to the farm for immediate supply. The Group also has monthly preventive maintenance on all its equipment as well as maintaining an ample stock of spare parts. There are also two full time mechanics at the farm, trained by the equipment supplier to trouble-shoot and maintain the equipment. The equipment suppliers are also available to go to the farm to assist in maintenance and repair should the need arise.

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