

Company No.: 550212-U

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF BRITE-TECH BERHAD (550212-U) (“BTB” OR “THE COMPANY”) AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE AND/OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE AND/OR MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD (“ASEAMBANKERS”), BEING THE ADVISER AND UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PLACEMENT OF 30,100,000 NEW ORDINARY SHARES OF RM0.10 EACH AND PUBLIC ISSUE OF 7,400,000 NEW ORDINARY SHARES OF RM0.10 EACH IN BTB.

THE SECURITIES COMMISSION (“SC”) AND THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) HAVE APPROVED THE PLACEMENT AND THE PUBLIC ISSUE IN RELATION TO THE INITIAL PUBLIC OFFERING. THE KUALA LUMPUR STOCK EXCHANGE (“KLSE”) HAS APPROVED THE ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF THE KLSE AND FOR PERMISSION TO DEAL IN AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY INCLUDING THE PLACEMENT AND PUBLIC ISSUE SHARES WHICH ARE THE SUBJECT OF THIS PROSPECTUS. THE APPROVAL OF KLSE AND THE SC SHALL NOT BE TAKEN TO INDICATE THAT KLSE OR THE SC RECOMMENDS THE PLACEMENT AND PUBLIC ISSUE WHICH ARE THE SUBJECT OF THIS PROSPECTUS.

KLSE AND SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUME NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD THEREFORE RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE COMPANIES COMMISSION OF MALAYSIA, WHO TAKE NO RESPONSIBILITY FOR ITS CONTENTS.

THE PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM KLSE’S WEBSITE AT [www.klse.com.my](http://www.klse.com.my).

Company No.: 550212-U

**INDICATIVE TIMETABLE**

<b>MILESTONES</b>		<b>DATE</b>
OPENING OF THE ISSUE	:	28 June 2002
CLOSING OF THE ISSUE	:	11 July 2002
TENTATIVE BALLOTING DATE	:	15 July 2002
TENTATIVE ALLOTMENT DATE	:	25 July 2002
TENTATIVE LISTING DATE	:	30 July 2002

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## DEFINITIONS

In this Prospectus, except where the context requires otherwise, the following abbreviations shall apply throughout:

- “ACNielsen” or “Independent Market Researcher” : ACNielsen (Malaysia) Sdn Bhd (10909-V)
- “Act” : The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
- “Acquisitions” or “BTB Acquisitions” : Acquisition by BTB of the following :-
1. 686,628 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of BCSB for a total purchase consideration of RM4,381,267 satisfied by the issuance of 42,574,226 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
  2. 330,900 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HCSB for a total purchase consideration of RM2,817,206 satisfied by the issuance of 27,375,728 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
  3. 547,506 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RCSB for a total purchase consideration of RM1,425,724 satisfied by the issuance of 13,854,232 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
  4. 300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of SLSB for a total purchase consideration of RM1,876,599 satisfied by the issuance of 18,235,532 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
  5. 233,100 ordinary shares of RM1.00 each representing approximately 70.64% of the issued and paid-up share capital of SLJSB for a total purchase consideration of RM668,324 satisfied by the issuance of 6,494,318 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share; and
  6. 188,800 ordinary shares of RM1.00 each representing approximately 70.24% of the issued and paid-up share capital of SLPSB for a total purchase consideration of RM408,131 satisfied by the issuance of 3,965,944 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share.
- “ADA” : Authorised Depository Agent
- “ADA Code” : ADA (Broker) Code
- “Approved Market Place” : A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No. 2) Order 1998
- “Aseambankers” : Aseambankers Malaysia Berhad (15938-H)

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**DEFINITIONS** (*Cont'd*)

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“BTB Group” or “the Group”	:	BTB and its subsidiary companies
“BTB” or “the Company”	:	Brite-Tech Berhad (550212-U)
“BCSB”	:	Brite-Tech Corporation Sdn Berhad (63980-K), a wholly-owned subsidiary company of BTB
“CCM”	:	Companies Commission of Malaysia
“CCSB”	:	Cybond Chemical Sdn Berhad (197591-M), a wholly owned subsidiary company of BCSB
“Central Depository” or “MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE, or its successors in title
“Central Depositories Act”	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
“CDS”	:	Central Depository System
“Depositor”	:	A holder of a Securities Account
“Deposited Security”	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and the Rules.
“DOE”	:	Department of Environment
“Eligible Directors and Employees”	:	Eligible directors and employees who are in service as at 18 June 2002, excluding contract staff of BTB and its subsidiaries
“EPS”	:	Earnings Per Share
“FIC”	:	Foreign Investment Committee
“FYE”	:	Financial Year End
“HCSB”	:	Hooker Chemical Sdn Bhd (155245-H), a wholly-owned subsidiary company of BTB
“KLSE” or “the Exchange”	:	The Kuala Lumpur Stock Exchange (30632-P)
“Listing Requirements”	:	The listing requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market
“Malaysian Public”	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
“Market days”	:	Any day between Mondays and Fridays which is not a market holiday or Public holiday
“Maysec”	:	Mayban Securities Sendirian Berhad (165630-M)
“Member Company”	:	Member company as defined in the Rules of the KLSE
“MI”	:	Minority Interest

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**DEFINITIONS** (*Cont'd*)

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“MIH”	:	Malaysian Issuing House Sdn Bhd (258345-X)
“MITI”	:	Ministry of International Trade and Industry
“NTA”	:	Net Tangible Assets
“PE Multiple”	:	Price Earnings Multiple
“Placement”	:	Placement of 30,100,000 new ordinary shares of RM0.10 each in BTB at a Placement Price of RM0.35 per share to the Placees
“Placement Agent” or “K & N Kenanga”	:	K & N Kenanga Bhd (15678-H)
“Placement Agreement”	:	The Placement Agreement entered into between BTB with K & N Kenanga on 24 June 2002 for the placement and underwriting of 30,100,000 ordinary shares of RM0.10 each in BTB under the Placement Issue pursuant to its flotation and listing exercise of BTB on the MESDAQ Market of the KLSE.
“Placement Shares”	:	The 30,100,000 new ordinary shares of RM0.10 each in BTB, which are the subject of the Placement
“Placees”	:	Investors identified by Placement Agent
“Public Issue”	:	Public issue of 7,400,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.35 per share to Eligible Directors and Employees and the public, subject to the terms and conditions of this Prospectus
“Public Issue/Placement Price”	:	The Public Issue/Placement price of RM0.35 per ordinary share for the Public Issue Shares and Placement Shares respectively
“Public Issue Shares”	:	The 7,400,000 new ordinary shares of RM0.10 each in BTB, which are the subject of the Public Issue
“Proposed Utilisation”	:	Proposed utilisation of proceeds as set out in Section 2.7 of this Prospectus
“RCSB”	:	Rank Chemical Sdn Berhad (112729-A), a wholly-owned subsidiary company of BTB
“Record of Depositors”	:	A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules
“Rules”	:	The Rules of the Central Depository
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Securities Account”	:	An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
“SC”	:	Securities Commission

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**DEFINITIONS** (*Cont'd*)

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“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities of the SC or any statutory modification, amendment or re-enactment thereof for the time being in force
“SLJSB”	:	Spectrum Laboratories (Johore) Sdn Berhad (276331-W), a subsidiary company of BTB
“SLPSB”	:	Spectrum Laboratories (Penang) Sdn Berhad (290941-X), a subsidiary company of BTB
“SLSB”	:	Spectrum Laboratories Sdn Berhad (167225-U), a wholly-owned subsidiary company of BTB
“Underwriting Agreement”	:	The Underwriting Agreement entered into between BTB and with the Underwriters on 24 June 2002 to underwrite the public issue of 2,000,000 ordinary shares of RM0.10 each in BTB under the Public Issue pursuant to its flotation and listing exercise of BTB on the MESDAQ Market of the KLSE.
“USD”	:	United States Dollar

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**CORPORATE INFORMATION**


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**BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>	<b>Occupation</b>
Pang Wee See	Executive Chairman	Malaysian	No 2, Jalan SS3/2A 47300 Petaling Jaya Selangor Darul Ehsan	Company Director
Tan Boon Kok	Executive Director	Malaysian	48, Jalan Jaya Taman Kerjasama 86000 Kluang Johor	Company Director
Chan Ah Kien	Executive Director	Malaysian	57, Jalan SS2/66 47300 Petaling Jaya Selangor Darul Ehsan	Company Director
Kan King Choy	Executive Director	Malaysian	No 6, Jalan SS14/5B 47500 Subang Jaya Selangor Darul Ehsan	Company Director
Ir. Koh Thong How	Engineering Director	Malaysian	No 8, Jalan Dedap 31 Taman Johor Jaya 81100, Johor Baru Johor	Company Director
Dr. Seow Pin Kwong	Independent Non- Executive Director	Malaysian	19, Jalan 17/21 46400, Petaling Jaya Selangor Darul Ehsan	Senior Technical Manager
Cheng Sim Meng	Independent Non- Executive Director	Malaysian	2, Jalan 17/21 46400, Petaling Jaya Selangor Darul Ehsan	Senior Manager (Training)
Yee Oii Pah @ Yee Ooi Wah	Alternate Director to Pang Wee See	Malaysian	No 2, Jalan SS3/2A 47300 Petaling Jaya Selangor Darul Ehsan	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr. Seow Pin Kwong	Chairman	Independent Non-Executive Director
Cheng Sim Meng	Member	Independent Non-Executive Director
Kan King Choy	Member	Executive Director

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**CORPORATE INFORMATION (Cont'd)**

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- COMPANY SECRETARIES** : Ms Yip Siew Yoong (MAICSA 0736484)  
No 23, Jalan Serai Wangi  
Taman Cheras  
56100 Kuala Lumpur
- Mr Leong Siew Kit (MACS 01215)  
No 16, Jalan 11  
Taman Len Seng, Cheras  
56000 Kuala Lumpur
- REGISTERED OFFICE** : 2<sup>nd</sup> Floor, No 17 & 19,  
Jalan Brunei Barat, Pudu,  
55100 Kuala Lumpur
- HEAD OFFICE** : Lot 14 (PT 5015)  
Jalan Pendamar 27/90  
Seksyen 27  
40000 Shah Alam
- E-MAILS** : britech@po.jaring.my  
hooker@tm.net.my  
spectlab@tm.net.my
- TELEPHONE NUMBER** : 03-5192 8188 / 03-5192 8288
- PRINCIPAL BANKERS** : OCBC Bank (Malaysia) Berhad (295400-W)  
22,24,26 Jalan USJ 9/5N  
47620 UEP, Subang Jaya
- United Overseas Bank (Malaysia) Berhad (271809-K)  
2108, Jalan Meru  
41050 Klang  
Selangor Darul Ehsan
- Malayan Banking Berhad (3813-K)  
No 19&21, Jalan Singa C 20/C  
Seksyen 20  
40000 Shah Alam  
Selangor Darul Ehsan
- AUDITORS** : S.F. Yap & Co  
17 & 19, Jalan Brunei Barat  
Off Jalan Pudu  
55100 Kuala Lumpur
- REPORTING ACCOUNTANTS** : Yap Yeo & Co  
17 & 19, Jalan Brunei Barat  
Off Jalan Pudu  
55100 Kuala Lumpur
- PLACEMENT AGENT** : K & N Kenanga Bhd (15678-H)  
8<sup>th</sup> Floor, Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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**CORPORATE INFORMATION (Cont'd)**

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<b>VALUERS</b>	: Colliers, Jordan Lee & Jaafar Sdn Bhd (59901-U) Colliers, Jordan Lee & Jaafar (S) Sdn Bhd (128318-M) Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd (136818-D) Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd (136779-K) C/O No.31 Jalan Kapar 41400 Klang Selangor Darul Ehsan
<b>INDEPENDENT MARKET RESEARCH CONSULTANTS</b>	: ACNielsen (Malaysia) Sdn Bhd (10909-V) 19/F Menara MPPJ Jalan Tengah 46200 Petaling Jaya Selangor Darul Ehsan
<b>SOLICITORS FOR THE PLACEMENT AND PUBLIC ISSUE</b>	: Nik Saghir & Ismail Advocates & Solicitors 28 <sup>th</sup> Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur
<b>ISSUING HOUSE</b>	: Malaysian Issuing House Sdn Bhd (258345-X) 27 <sup>th</sup> Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah PO Box 13269, 50804 Kuala Lumpur
<b>SHARE REGISTRAR</b>	: Bina Management (M) Sdn Bhd (50164-V) Lot 10, The Highway Centre Jalan 51/205, Petaling Jaya
<b>ADVISER AND UNDERWRITER</b>	: Aseambankers Malaysia Berhad (15938-H) 33 <sup>rd</sup> Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
<b>UNDERWRITERS</b>	: Mayban Securities Sendirian Berhad (165630-M) Level 7, MaybanLife Tower, Dataran Maybank No. 1 Jalan Maarof 59000 Kuala Lumpur  : OSK Securities Berhad (14152-V) 10 <sup>th</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur  : K & N Kenanga Bhd (15678-H) 8 <sup>th</sup> Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur
<b>SPONSOR</b>	: Aseambankers Malaysia Berhad (15938-H) 33 <sup>rd</sup> Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
<b>LISTING SOUGHT</b>	: MESDAQ Market of the KLSE

## 1. SUMMARY INFORMATION

*“The Summary Information is only a summary of the salient information about the Group and investors should read and understand the whole Prospectus prior to deciding whether or not to invest in the shares of the Company”*

### 1.1 History and Principal Activities

BTB was incorporated in Malaysia under the Companies Act, 1965 on 14 June 2001 as an investment holding company. The subsidiary companies of BTB, all of which are incorporated in Malaysia, are as follows:

Subsidiary Company	Date/(Place) of Incorporation	Effective Equity Interest (%)	Issued and Paid-Up Share Capital RM	Principal Activities
BCSB	3.11.1980 (Malaysia)	100	686,628	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system
HCSB	12.8.1986 (Malaysia)	100	330,900	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems
RCSB	9.1.1984 (Malaysia)	100	547,506	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities
SLSB	26.12.1987 (Malaysia)	100	300,000	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis, and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies
SLJSB	16.9.1993 (Malaysia)	100 <sup>1</sup>	330,000	Same as SLSB.
SLPSB	28.2.1994 (Malaysia)	100 <sup>2</sup>	268,800	Same as SLSB.
CCSB	15.5.1990 (Malaysia)	100 (Wholly owned subsidiary company of BCSB)	2,002	To produce water treatment chemicals and provide other related services

BTB has no associated companies as at the date of this Prospectus.

Notes: 1 Deemed a wholly owned subsidiary of BTB as the remaining shares in SLJSB are held indirectly through BCSB (14.68%) and HCSB (14.68%).

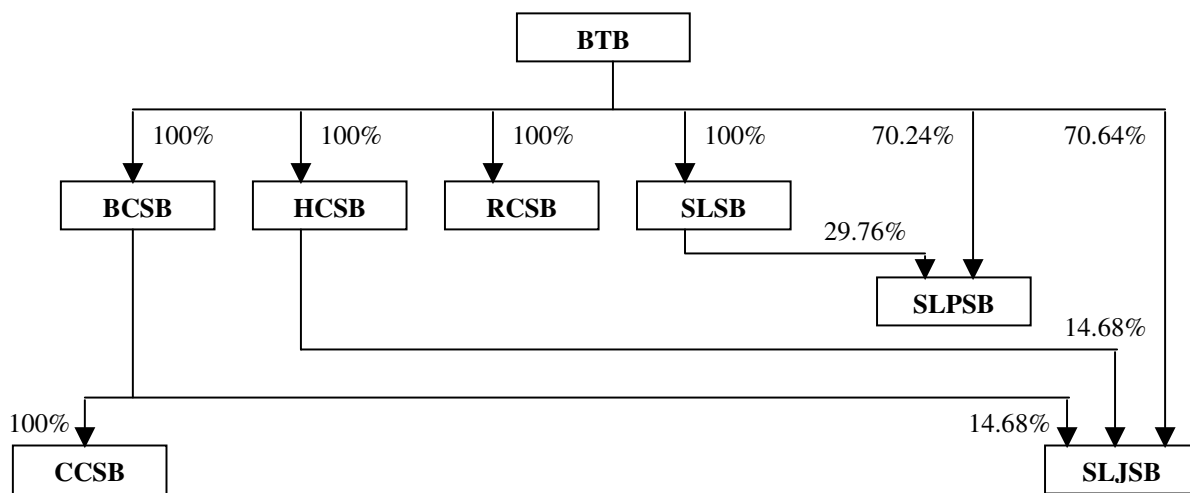
2. Deemed a wholly owned subsidiary of BTB as the remaining shares in SLPSB are held indirectly through SLSB (29.76%)

**1. SUMMARY INFORMATION (Cont'd)**

**1.1 History and Principal Activities (Cont'd)**

Detailed information on the history and principal activities of the BTB Group are further set out in Section 4 of this Prospectus.

The corporate structure of the Group after the Acquisitions is as follows:



Some of the technologies used by the BTB Group are as follows:

Technology	Products
Utility Innovation relating to the preparation of certain chemical solutions in relation to: a) coagulation, composition and preparation thereof; and b) polyaluminium salts solution and preparation thereof.	Water and wastewater treatment chemicals
a) Ion Exchange system b) EPOC Microfiltration system c) High Efficiency Reverse Osmosis (HERO) system d) Filtration system	Water recycling system

Please refer to Section 4.4.2 and 4.4.11 of this Prospectus for further information

**1. SUMMARY INFORMATION (Cont'd)****1.2 Promoters/Major Shareholders, Directors and Key Management****Promoters/Major Shareholders**

The relevant details of the Promoters/Major Shareholders are as follows:

Name	Nationality	Designation	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
			Direct	%	Indirect	%
Pang Wee See	Malaysian	Executive Chairman	71,852,894	47.90	580,000*	0.39
Tan Boon Kok	Malaysian	Executive Director	16,222,978	10.82	-	-
Chan Ah Kien	Malaysian	Executive Director	16,481,826	10.99	-	-
Kan King Choy	Malaysian	Executive Director	6,658,858	4.44	-	-

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his wife, Madam Yee Oii Pah@Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

**Directors**

The relevant details of the Directors of BTB are as follows:

Name	Nationality	Designation	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
			Direct	%	Indirect	%
Pang Wee See	Malaysian	Executive Chairman	71,852,894	47.90	580,000*	0.39
Tan Boon Kok	Malaysian	Executive Director	16,222,978	10.82	-	-
Chan Ah Kien	Malaysian	Executive Director	16,481,826	10.99	-	-
Kan King Choy	Malaysian	Executive Director	6,658,858	4.44	-	-
Ir. Koh Thong How	Malaysian	Engineering Director	290,000	0.19	71,852,894 <sup>+</sup>	47.90
Dr. Seow Pin Kwong	Malaysian	Independent Non Executive Director	260,000	0.17	-	-
Cheng Sim Meng	Malaysian	Independent Non Executive Director	260,000	0.17	-	-
Yee Oii Pah @ Yee Ooi Wah	Malaysian	Alternate Director to Pang Wee See	290,000	0.19	71,852,894 <sup>^</sup>	47.90

<sup>^</sup> Deemed interested by virtue of the shareholdings of her husband, Mr. Pang Wee See

<sup>+</sup> Deemed interested by virtue of the shareholdings of his brother-in-law, Mr. Pang Wee See

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his wife, Madam Yee Oii Pah@Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

**1. SUMMARY INFORMATION (Cont'd)****Key Management of the Group**

BTB was incorporated as an investment holding company with key management being under the direct employment of each respective subsidiary. The relevant details of the key management of the BTB Group are as follows:

Name	Designation	Nationality	No. of BTB Ordinary Shares Held After the Public Issue			
			Direct	%	Indirect	%
Liang G-E	Manager, SLJSB	Malaysian	1,986,433	1.32	-	-
Lim Suat Lean	Manager, SLPSB	Malaysian	721,091	0.48	-	-
Foo Say Jin	Manager, HCSB	Malaysian	115,350	0.08	-	-
Lee Lay Eng	Accounts Manager, BCSB	Malaysian	127,050	0.08	-	-
Niew Lean Heng	Branch Manager, BCSB	Malaysian	117,450	0.08	-	-
Gan Ang Hock	Technical Manager, RCSB	Malaysian	110,250	0.07	-	-
Tan Boon Sang	Sales Manager, RCSB	Malaysian	114,150	0.08	16,222,978	10.82 <sup>^</sup>

<sup>^</sup> Deemed interested by virtue of the shareholdings of his brother, Mr. Tan Boon Kok

Detailed information on the Promoters/Major Shareholders, Directors, as well as the Key Management is set out in Section 6 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)****1.3 Table of Income Statement**

The following table sets out a summary of the audited proforma BTB Group's financial performance for the past five (5) financial years ended 31 December 2001 on the assumption that the Group structure has been in existence throughout the period under review.

	<b>Financial Year Ended 31 December</b>				
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Turnover	9,414	10,176	13,209	20,063	15,553
Consolidated profit before depreciation, interest, research and development expenditure and taxation	1,586	1,452	2,895	6,059	6,598
Depreciation	(386)	(364)	(362)	(397)	(459)
Consolidated profit before interest, research and development expenditure and taxation	1,200	1,088	2,533	5,662	6,139
Interest	(217)	(157)	(85)	(42)	(67)
Research and development expenditure*	-	-	-	-	(34)
Consolidated profit before taxation	983	931	2,448	5,620	6,038
Taxation	(268)	(214)	(54)	(1,663)	(1,831)
Consolidated profit after taxation	715	717	2,394	3,957	4,207
No. of ordinary shares <sup>1</sup> ('000)	112,500	112,500	112,500	112,500	112,500
Gross EPS (sen)	0.87	0.83	2.18	5.00	5.37
Net EPS (sen)	0.64	0.64	2.13	3.52	3.74

*Notes:*

\* *Research and development expenditures prior to the financial year ended 31 December 2001 was not segregated, these expenses have been absorbed into cost of production and other operating expenses.*

(1) *The number of ordinary shares in issue refers to the number of ordinary shares issued after the Acquisitions but before the completion of the Placement and Public Issue and assuming that the Group has been in existence since January 1997.*

(2) *BTB was incorporated on 14 June 2001. Accordingly, the financial results of BTB was included in the proforma consolidated results for the financial years ended 31 December 2001.*

(3) *There were no exceptional items, extraordinary items or MI throughout the period under review.*

Please refer to Section 10.1 for a summarised explanation on the BTB Group's financial performance throughout the period under review.

**1. SUMMARY INFORMATION (Cont'd)****1.4 Proforma Consolidated Balance Sheet as at 31 December 2001, Adjusted for the Financial Effects**

The Proforma Consolidated Balance Sheet as set out below are extracted from the Proforma Consolidated Balance Sheet as at 31 December 2001, as disclosed in Section 10.7. The Proforma Consolidated Balance Sheet is provided for illustrative purposes only to show the effects on the audited balance sheet of BTB as at 31 December 2001 after taking into account BTB Acquisitions, Placement, Public Issue and estimated listing expenses and proceeds utilisation, had these proposals been effected on that date.

	(1)	(2)	(3)	(4)
Company Audited as at 31 December 2001	After Acquisitions	After (1) and Placement	After (2) and Public Issue	After (3) and Utilisation of Proceeds
RM'000	RM'000	RM'000	RM'000	RM'000
<b>CURRENT ASSET</b>				
Cash and Bank Balances	*	652	11,187	11,977
Deposits with Licensed Banks	-	2,601	2,601	2,601
Trade Debtors	-	4,374	4,374	4,374
Amount due from associated company	-	3	3	3
Other Debtors and Prepayments	-	653	653	653
Gross amount due from customers	-	39	39	39
Inventories	-	1,017	1,017	1,017
	*	9,339	19,874	20,664
<b>CURRENT LIABILITIES</b>				
Bank Overdrafts	-	487	487	487
Short Term Borrowings	-	88	88	88
Trade Creditors	-	898	898	898
Other Creditors and Accruals <sup>+</sup>	394	804	804	436
Amount Owing to Directors	-	3,378	3,378	3,378
Hire Purchase Creditors	-	129	129	129
Taxation	-	341	341	341
	394	6,125	6,125	5,757
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	(394)	3,214	13,749	14,907
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	-	10,261	10,261	10,261
<b>INVESTMENTS</b>	-	31	31	31
<b>DEFERRED EXPENDITURE</b>	368 <sup>^</sup>	368 <sup>^</sup>	368 <sup>^</sup>	-
<b>HIRE PURCHASE CREDITORS</b>	-	(89)	(89)	(89)
<b>TERM LOANS</b>	-	(1,187)	(1,187)	(1,187)
<b>DEFERRED TAXATION</b>	-	(86)	(86)	(86)
	(26)	12,512	23,047	23,837
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	*	11,250	14,260	15,000
Share Premium	-	327	7,852	7,902
Reserve on consolidation	-	49	49	49
Retained Profits	(26)	886	886	886
	(26)	12,512	23,047	23,837
Number of Shares	20	112,500	142,600	150,000
Net Tangible Asset per share (RM)	(1,323)	0.11	0.16	0.16

\* Being RM2 share capital

<sup>^</sup> Being listing expenses incurred to 31 December 2001.

<sup>+</sup> Being amount due from Hooker Chemical (Johore) Sdn Bhd

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**1. SUMMARY INFORMATION (Cont'd)**

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**1.5 Audit Qualifications in the Audited Accounts for the Past Five (5) Financial Years**

The Reporting Accountants are not the auditors of BTB and its subsidiary companies since the date of the respective companies' incorporation. The accounts of BTB and its subsidiary companies were audited by other firm of auditors, and were reported on without qualification throughout the relevant periods under review.

**1.6 Summary of Material Risk Factors**

An investment in the shares listed/to be listed on the MESDAQ Market of the KLSE involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the Group.

The investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the Placement/Public Issue Shares, which are the subject of this Prospectus. The investment considerations that should be considered include, but are not limited to, the following:

- (i) Risk related to marketability of BTB shares;
- (ii) Risk related to ownership and control by the substantial shareholder;
- (iii) Risk related to dependence on business;
- (iv) Financial risks relating to borrowings, covenants on borrowings and vulnerability to imports/foreign exchange exposure;
- (v) Risk related to competition;
- (vi) Risk related to dependence on key personnel;
- (vii) Risk related to government control and regulation;
- (viii) Risk of dependence on certain customers/suppliers, maintaining contracts/agreements and failure of on-going relationships;
- (ix) Risk related to political and economic consideration;
- (x) Risk related to rapid changes in technology;
- (xi) Risk related to forward-looking statements included in this Prospectus;
- (xii) Risk of dependence on protection of intellectual properties;
- (xiii) Risk related to future growth;
- (xiv) Risk related to acquisitions and joint ventures; and
- (xv) Risk related to future capital injections.

**1. SUMMARY INFORMATION (Cont'd)**

Please refer to Section 3 "Risk Factors", of this Prospectus for further information concerning the abovesaid risk factors, which should be considered by prospective investors. Investors are advised to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the ordinary shares, which are the subject of this Prospectus.

**1.7 Dividend Forecast**

	<b>Financial Year Ending 31 December Forecast (2002)</b>
Gross Dividend per ordinary share (sen)	1.11
Net Dividend per ordinary share (after 28% tax) (sen)	0.80
Gross Dividend Yield based on the Placement/Public Issue Price of RM0.35 per ordinary share of RM0.10 each (%)	3.17
Net Dividend Yield based on the Placement/Public Issue Price of RM0.35 per ordinary share of RM0.10 each (%)	2.29

**1.8 Proforma Group NTA as at 31 December 2001**

	<b>Proforma Group NTA RM'000</b>	<b>NTA per Ordinary Share RM</b>
After adjusting for the Acquisitions, Placement, Public Issue and Proposed Utilisation <sup>(1)</sup>	23,837	0.16

(1) After deducting estimated listing expenses of RM1.8 million. Please refer to Section 2.11 for details on the estimated listing expenses.

The above Proforma Consolidated NTA is based on the share capital of 150,000,000 ordinary shares of RM0.10 each. Detailed calculations of the Proforma Consolidated NTA are set out in Section 10 of this Prospectus.

**1.9 Principal Statistics Relating to the Placement / Public Issue****1.9.1 Share Capital**

<b>Authorised</b>	<b>RM</b>
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<b>Issued and Fully paid-up</b>	
Existing 20 ordinary shares of RM0.10 each	2
112,499,980 new ordinary shares of RM0.10 each issued for the share swap pursuant to the BTB Acquisitions	<u>11,249,998</u>
	<u>11,250,000</u>
<b>To be issued pursuant to the:</b>	
Placement of 30,100,000 new ordinary shares of RM0.10 each	3,010,000

**1. SUMMARY INFORMATION (Cont'd)**

	RM
Public Issue of 7,400,000 new ordinary shares of RM0.10 each	<u>740,000</u>
Enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each	<u>15,000,000</u>
<b>Placement/Public Issue Price per ordinary share</b>	<u>0.35</u>

**1.9.2 Class of Shares**

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Placement Shares and Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions 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 ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary 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.

**1.10 Proposed Utilisation of Proceeds**

The total gross proceeds of RM13,125,000 arising from the Placement and Public Issue shall accrue entirely to BTB and will be utilised as follows:-

	<b>RM '000</b>
1. Expansion in Johore	2,150.00
2. Expansion in Klang Valley	1,150.00
3. Purchase of Equipment	575.00
4. Estimated Listing Expenses	1,800.00
5. Working Capital	<u>7,450.00</u>
<b>Total</b>	<u><b>13,125.00</b></u>

The Company shall bear all expenses such as brokerage, placement fees and underwriting commission and registration fee relating to the Placement and Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of BTB on the MESDAQ Market of the KLSE estimated at RM1.8 million.

Details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)**

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**1.11 Material Litigation/Arbitration, Material Capital Commitments and Contingent Liabilities**

**Material Litigation/Arbitration**

As at 18 June 2002, the BTB Group is presently not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the BTB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of BTB and its subsidiaries.

**Contingent Liabilities**

As at 18 June 2002 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material contingent liabilities incurred by the Company or its subsidiary companies.

**Material Capital Commitments**

As at 18 June 2002 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by BTB or its subsidiary companies, which may have a substantial impact on the result or the financial position of the Company.

**1.12 Future Financial Information**

Due to the uncertain nature and inherent risks in the business of the Group, no future financials are included in this Prospectus. Please refer to Section 3 – Risk Factors for further details, particularly on Section 3.12 – Future Growth.

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## 2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE

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This Prospectus is dated 28 June 2002. A copy of this Prospectus has been registered with the SC and lodged with the CCM, both of whom take no responsibility for its contents.

Approvals have been obtained from the SC and the KLSE in respect of the flotation of BTB on the MESDAQ Market of the KLSE. The approval of the SC and the KLSE shall not be taken to indicate that the SC and/or the KLSE recommend the placement/initial public offering and/or the flotation of BTB on the MESDAQ Market of the KLSE. Investors should rely on their own evaluation to assess the merits and risks of any investments in the Company.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, KLSE has prescribed BTB shares as a prescribed security. In consequence thereof, all the ordinary shares including the shares issued through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Act and the Rules of MCD.**

These ordinary shares will be admitted to the Official List of the MESDAQ Market of the KLSE and official quotation will commence after the receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

Pursuant to the MESDAQ Market of the KLSE's Listing Rules, the Company needs to have at least 25% of the issued and paid-up share capital in the hands of public shareholders and a minimum of 200 shareholders. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the Placement and Public Issue, the Company may not be allowed to proceed with its listing plan. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

In the case of an application by way of Application Form, an applicant should state his CDS accounts number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS account, he should state in the Application Form his preferred ADA Code. Where an applicant has a CDS account, he should not complete the preferred ADA Code. In the case of electronic applications at ATMs, only an applicant with a CDS account is eligible to utilise such a facility.

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

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**2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**

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The distribution of this Prospectus and the issuance of the Placement Shares and Public Issue Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia and the Company and its Adviser take no responsibility for the distribution of this Prospectus and the sale of the Placement Shares and Public Issue Shares outside of Malaysia. This Prospectus does not constitute and may not be used for purpose of an invitation to subscribe for the Placement Shares and Public Issue Shares in any jurisdiction in which such invitation is not authorised or lawful or to any person to whom it is unlawful to make such an invitation. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions.

SC and the KLSE assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the MESDAQ Market of the KLSE is not to be taken as an indication of the merits of BTB or any of its subsidiaries or of its ordinary shares.

**The Prospectus can also be viewed or downloaded from KLSE's website at [www.klse.com.my](http://www.klse.com.my).**

**If you are in doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.**

**2.1 Opening and Closing Dates of the Application**

The Application Lists will open at 10.00 am on 11 July 2002 and will remain open until 8.00 pm on the same day or for such further period or periods as the Directors of BTB in their absolute discretion may decide.

**2.2 Dates of Special Events**

Opening Date	:	28 June 2002
Closing Date	:	11 July 2002
Tentative Balloting Date	:	15 July 2002
Tentative Allotment Date	:	25 July 2002
Tentative Listing Date	:	30 July 2002

**2.3 Purposes of the Placement and Public Issue**

The purposes of the Placement and Public Issue are as follows:

- (i) to grant BTB access to the capital markets to source funds to finance the future expansion and continued growth of the BTB Group;
- (ii) to provide an opportunity for the Eligible Employees and Malaysian investing public to participate in the continuing growth of the Company;
- (iii) to provide additional funds to meet the present and future working capital requirements of BTB Group; and
- (iv) to obtain listing of and quotation for the entire enlarged issued and paid-up share capital of BTB on the MESDAQ Market of the KLSE.



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**2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**


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**2.4 Number and class of securities to be issued**

<i>Authorised</i>	<b>RM</b>
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and Fully paid-up</i>	
Existing 20 ordinary shares of RM0.10 each	2
112,499,980 new ordinary shares of RM0.10 each issued for the share swap pursuant to the BTB Acquisitions	11,249,998
	<u>11,250,000</u>
<b>To be issued pursuant to the:</b>	
Placement of 30,100,000 new ordinary shares of RM0.10 each	3,010,000
Public Issue of 7,400,000 new ordinary shares of RM0.10 each	<u>740,000</u>
Enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each	15,000,000
	<u>0.35</u>

The Placement/Public Issue Price of RM0.35 per ordinary share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Placement Shares and Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions 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 ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary 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.

**2.5 Details of the Placement and Public Issue**

The 30,100,000 Placement Shares and 7,400,000 Public Issue Shares shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Placement Shares and Public Issue Shares will be allocated in the following manner:

**(i) Eligible Directors and Employees**

5,400,000 ordinary shares of the Public Issue Shares will be made available for application by Eligible Directors and Employees of the BTB Group.

## 2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)

The criteria for allocation of the Public Issue Shares to be made available for application by the 88 Eligible Directors and Employees of the BTB Group is based on job position and length of service.

The Eligible Directors will be allocated shares as follows:

<u>Name</u>	<u>Number of shares allocated</u>
Pang Wee See	290,000
Tan Boon Kok	290,000
Chan Ah Kien	290,000
Kan King Choy	290,000
Ir. Koh Thong How	290,000
Dr. Seow Pin Kwong	260,000
Cheng Sim Meng	260,000
Yee Oii Pah @ Yee Ooi Wah	290,000

### (ii) Malaysian Public

2,000,000 ordinary shares of the Public Issue Shares 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 Bumiputera individuals, companies, societies, co-operatives and institutions.

### (iii) Places Identified by the Placement Agent

30,100,000 Placement Shares will be reserved for Places to be identified by the Placement Agent.

All the Placement Shares and Public Issue Shares reserved for the Malaysian Public are fully underwritten.

Mr. Liang G-E and Ms. Lim Suat Lean have given their irrevocable undertaking to subscribe for any remaining shares not subscribed by Eligible Directors and Employees and the number of remaining shares not subscribed will be divided equally between Mr. Liang and Ms. Lim.

### 2.6 Basis of Arriving at the Placement/Public Issue Price

The Placement/Public Issue Price of RM0.35 per ordinary share was determined and agreed upon by the Company and Aseambankers as the Adviser and Underwriter based on various factors after taking into account the following:-

- The Group's financial and operating history and conditions as outlined in Section 10 of this Prospectus;
- The proforma consolidated NTA per share of BTB as at 31 December 2001 (after adjusting for the Placement and Public Issue) of RM0.16 per share;
- The forecast net dividend yield of approximately 2.29% based on the Placement/Public Issue Price of RM0.35 per ordinary share; and

**2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**

- (d) The future plans and prospects of the BTB Group as outlined in Section 4 of this Prospectus.

**2.7 Proposed Utilisation of Proceeds**

The total gross proceeds of RM13,125,000 arising from the Placement and Public Issue shall accrue entirely to the Company and will be utilised as follows :-

Details of Utilisation	Note	Amount of Proceeds RM'000	Time frame for utilisation	
			Financial Year Ending 31 December 2002 RM'000	Financial Year Ending 31 December 2003 RM'000
Expansion in Johore	a	2,150.0	2,150.0	-
Expansion in Klang Valley	b	1,150.0	1,150.0	-
Purchase of Equipment	c	575.0	442.0	133.0
Estimated Listing Expenses	d	1,800.0	1,800.0	-
Working Capital	e	7,450.0	7,450.0	-
<b>Total Proceeds</b>		<b>13,125.0</b>	<b>12,992.0</b>	<b>133.0</b>

- (a) The Group intends to expand its business in Johor by purchasing a factory via HCSB to serve as office and factory and also to house the marketing office of RCSB and the laboratory of SLJSB. This expansion is expected to enhance BTB Group's presence in the southern region.
- (b) The expansion in Klang Valley has been completed with the acquisition of land together with a one-and-a-half storey semi-detached light industrial factory in Klang on 8 June 2001 utilising bank borrowings consisting of term loan from Overseas Chinese Bank Corporation Bhd amounting to RM920,000 and overdraft from United Overseas Bank Bhd amounting to RM230,000. The Group intends to redeem these bank borrowings from the proceeds.
- (c) The Group intends to purchase the following equipments

	Approximate Cost in FYE 2002 (RM)	Approximate Cost in FYE 2003 (RM)	Total Cost (RM)
Set-up a new Ion-exchange regeneration plant	150,000	-	150,000
Powder blender (500kg)	100,000	-	100,000
Laboratory equipment	192,000	118,000	310,000
Upgrading of Drinking System	-	15,000	15,000
<b>Total</b>	<b>442,000</b>	<b>133,000</b>	<b>575,000</b>

**2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**

- (d) The Company shall bear all expenses such as brokerage, placement fees, underwriting commission and registration fee relating to the Placement Shares and Public Issue Shares together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of BTB on MESDAQ Market of the KLSE estimated at RM1.8 million.

Details of the listing expenses are provided in Section 2.11 of this Prospectus.

- (e) The balance of RM7,450,000 will be utilised by BTB as its working capital to meet liquidity requirements and to fund operating expenses. Any excess from the proposed utilisation of proceeds from (a) to (d), due to the timing difference of the abovementioned proposed utilisation would also be utilised as BTB's working capital

There is no minimum subscription to be raised from the Placement and Public Issue as the Placement Shares and Public Issue Shares are fully underwritten.

**2.8 Financial Impact from Utilisation of Proceeds**

<b>Cashflow for Financial Year Ending 31 December</b>	<b>2002 RM'000</b>	<b>2003 RM'000</b>	<b>Total RM'000</b>
<b><u>Inflow</u></b>			
Proceeds from the listing	13,125.0	-	13,125.0
<b><u>Outflow</u></b>			
Expansion in Johore	(2,150.0)	-	(2,150.0)
Expansion in Klang Valley	(1,150.0)	-	(1,150.0)
Purchase of Equipment	(442.0)	(133.0)	(575.0)
Estimated Listing Expenses	(1,800.0)	-	(1,800.0)
Working Capital	(7,450.0)	-	(7,450.0)
<b>Net Cash Flow</b>	<b>133.0</b>	<b>(133.0)</b>	<b>0.0</b>

*Note: Assuming that the Company will be listed midyear of 2002, the total interest savings arising from the repayment of the bank borrowings is approximately RM420,000.*

The impact on the consolidated balance sheet of the BTB Group is reflected in the Proforma Consolidated Balance Sheets in Section 10.7 of this Prospectus.

**2.9 Underwriting Commission and Placement Fees****(i) Brokerage and Underwriting Commission**

Brokerage is payable by the Company in respect of the Public Issue Shares at the rate of 1% of the Public Issue of RM0.35 per ordinary share in respect of successful applicants bearing the stamps of Aseambankers, ADAs which are member companies of KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Underwriters as stated below and mentioned earlier in this Prospectus have agreed to underwrite the 2,000,000 Public Issue Shares to be subscribed by the Malaysian Public. The Placement Agent has agreed to underwrite 30,100,000 Placement Shares to be subscribed by Placees to be identified. Underwriting Commission relating to the Public Issue and Placement Shares to be underwritten is payable by the Company at the rate of 2.5% of the Public Issue/Placement Price of RM0.35 per ordinary share.

## 2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)

Any portion of the balance of 5,400,000 Public Issue Shares to be subscribed by Eligible Directors and Employees not taken up will be fully undertaken by Mr. Liang G-E and Ms. Lim Suat Lean and the shares will be divided equally between Mr. Liang and Ms. Lim

### (ii) Placement Fees

K & N Kenanga will arrange for the placement of 30,100,000 new ordinary shares in BTB at the rate of 2.0% of the Placement Price of RM0.35 per ordinary share for BTB shares successfully placed out by K & N Kenanga.

### 2.10 Underwriters

The underwriters for the Public Issue are as follows:

Underwriters	:	Aseambankers Malaysia Berhad
	:	Mayban Securities Sendirian Berhad
	:	OSK Securities Berhad

The underwriter for the Placement Shares is as follows:

Underwriter	:	K&N Kenanga
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For details on Force Majeure Clauses, please refer to Section 2.12 below.

### 2.11 Details of Estimated Listing Expenses

The details of estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 150,000,000 ordinary shares of RM0.10 each in BTB on the MESDAQ Market of the KLSE are as follows:-

	<b>RM</b>
Professional Advisory Fees	750,000
KLSE Initial Listing Fee	30,000
Perusal, Registration and Other Fees	35,500
Issuing House & Registrar Fee and Disbursement	60,000
Advertisement, Promotions and Printing of Prospectus	250,000
Underwriting Commission, Placement Fee and Brokerage Fee	550,000
Contingencies	<u>124,500</u>
<b>Total</b>	<b><u>1,800,000</u></b>

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## **2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**

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### **2.12 Force Majeure Clauses and Salient Points in the Underwriting Agreement and the Placement Agreement (in relation to the underwriting only)**

2.12.1 Notwithstanding anything contained in this Agreement, any of the Underwriters or the Placement Agent may be notice in writing to the Company given at any time before the Listing Date, terminate cancel and withdraw its commitment to underwrite the Public Issue or Placement Shares and pursuant thereto terminate this Agreement if :-

- a. there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 1 and 2 of the Underwriting Agreement and Clauses 2 and 3 of the Placement Agreement which is adverse, and being capable of remedy, is not remedied within Thirty (30) days or such number of days (being not less than Thirty (30) days) as stipulated in the notice of such breach given to the Company;
- b. the Company withholds any information of a material nature from the Underwriters or the Placement Agent, which, in the reasonable opinion of any Underwriter or the Placement Agent, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue or Placement, or the distribution or sale of the Public Issue or Placement Shares; or
- c. there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters or the Placement Agent by reason of force majeure which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Group or the success of the Public Issue or Placement or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the parties claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including:-
  - i. war, acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy;
  - ii. riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, civil war, industrial action;
  - iii. flood, fire, storm, lightning tempest, accident or other Acts of God; or
  - iv. epidemic, explosion, disease, earthquake, hijacking, sabotage or crime
- d. any government requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial and operational condition of the Company;
- e. any change or any development material and adverse in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Underwriters or the Placement Agent materially and adversely affect the success of the Public Issue or Placement and their distribution or sale;
- f. if the composite index of the KLSE falls below 500 points.

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## 2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)

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2.12.2 The Closing Date means the last day for acceptance of and payment for, the provisional allotments of Public Issue or Placement.

2.12.3 The other salient terms of the Underwriting Agreement and the Placement Agreement (in relation to the underwriting of the Placement Shares) are as follows:-

The obligation of the Underwriters and the Placement Agent shall be conditional upon the followings:-

- (i) 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 or Placement have been obtained and in force and all other actions will be taken by the Company or on its behalf to comply with all legal and other requirements necessary to ensure that the Public Issue or the Placement will not infringe any existing laws or the terms of any such consent, approval or authorisation;
- (ii) that the Public Issue or the Placement and the compliance by the Company of its terms do not, and up to and on the date on which the application lists will be closed but in any event shall not exceed three (3) months period from the date of issuance of the Prospectus (the "Closing Date") will not, infringe the terms of, or constitute a default under any trust deeds, agreements or other instruments or obligations to which the Company is a party or by which the Company is bound and the execution and issue or delivery by the Company of this Agreement and performance of the obligations to be assumed hereunder and in respect of the Public Issue or the Placement have been duly authorised by the Company so that upon due execution the same will constitute valid and legally binding obligations of the Company;
- (iii) that the Public Issue or the Placement on terms and conditions of the Prospectus and the issue of the Prospectus and the compliance by the Company with its terms and the terms of this Agreement:
  - (a) are in accordance with the Memorandum and Articles of Association of the Company; and
  - (b) do not, and up to and on the Closing Date will not, infringe the terms of, or constitute a default under any trust deed, agreement or other instrument or obligation to which the Company is a party or by which it is bound;

and the execution and issue by the Company of this Agreement and the Prospectus and performance of the obligations to be assumed hereunder and thereunder have been duly authorised by the Company so that upon due execution or issue the same will constitute valid and legally binding obligations of the Company in accordance with their respective terms;

- (iv) that save and except those disclosed in the Prospectus, the Company is not in default under any agreement to which it is bound and that the Company is not engaged in any litigation, arbitration or administrative proceedings are presently current or pending or to the knowledge of the Company threatened, which default, litigation, arbitration or administrative proceedings, as the case may be, might materially and adversely affect the condition of the Company, financial or otherwise; and

(For avoidance of doubt, the sentence "...materially and adversely affect the condition of the Company..." denotes those litigation, arbitration or administrative proceedings which would result in more than five per centum (5%) of the net tangible assets of the Company;

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**2. DETAILS OF THE PLACEMENT AND PUBLIC ISSUE (Cont'd)**

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- (v) that save as disclosed in the Prospectus no other circumstances or situations have arisen which is or are likely to adversely affect the condition of the Company financial or otherwise, or the earnings, affairs or business prospects of the Company or to so affect the success of the Public Issue or the Placement and that no material information has been withheld from the Underwriters or the Placement Agent by the Company which may in any way affect its decision to underwrite the Underwritten Shares or to place out the Placement Shares;

If any of the foregoing conditions set out in Clauses 4.1 of the Underwriting Agreement and Clause 5.7 of the Placement Agreement is not satisfied on or before the Closing Date the Underwriters or the Placement Agent shall thereupon be entitled to terminate the Agreement by notice in writing delivered to the Company and in that event (except for the liability of the Company for the payment of costs and expenses as provided in Clause 7.1 of the Underwriting Agreement and the Placement Agreement thereof incurred prior to or in connection with such termination) the parties hereto shall be released and discharged from their obligations hereunder PROVIDED THAT the Underwriters or the Placement Agent may at its discretion and subject to such conditions as the Underwriters or the Placement Agent may impose waive compliance with any of the provisions of Clause 4.1 of the Underwriting Agreement and Clause 5.7 of the Placement Agreement.

Notwithstanding anything therein contained, the Underwriters or the Placement Agent may terminate the Underwriting or Placement Agreement if upon the expiration of three (3) months from the date hereof, the application made by the Company to the KLSE on the listing and quotation for the Underwritten Shares or the Placement Shares on the MESDAQ Market of the KLSE shall have not been approved or shall have been rejected as the case may be. Upon such termination, the Company shall return such monies as may have been paid by the Underwriters or the Placement Agent under this Agreement within forty-eight (48) hours of the receipt of the notice of termination.

If in the reasonable and justified opinion of the Underwriters or the Placement Agent, the success of the Public Issue or Placement is likely to be materially and adversely affected by any of the following occurrences:-

- (a) any government requisition or other occurrence of a similar nature; or
- (b) any change in the national or international monetary, financial (including stockmarket conditions and interest rates) political or economic conditions or exchange control or currency exchange rates,

the Underwriters or the Placement Agent may request the Company to amend any of the terms in the Prospectus including the number of the Public Issue Shares comprised in the Public Issue or the number of the Placement Shares comprised in the Placement, the number of the Underwritten Shares or the Placement Shares, the Issue or Placement Price, the par value of the Public Issue or the Placement Shares, the Closing Date or to amend the amount of the Underwriting Commission or the Placement Fees (as defined in Clause 5.1 of the Underwriting Agreement and Clauses 6.1 and 6.2 of the Placement Agreement) or to take such other reasonable measures, subject to any approval required from the authorities.



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### **3. RISK FACTORS**

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Prior to making an investment decision, potential investors should carefully consider the following investment considerations in addition to all other relevant information contained elsewhere in this Prospectus, before making an application.

#### **3.1 Marketability of BTB's Shares**

Prior to the Placement and Public Issue, there has been no public market for BTB's shares and there can be no assurance regarding the future development of the market for the shares. The Placement/Public Issue Price of RM0.35 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the net tangible assets of the Group, and the prevailing market conditions at the time of application to the MESDAQ Market of the KLSE and the SC for the listing.

There is no assurance that the Placement/Public Issue Price will correspond to the price at which BTB's shares will trade on the MESDAQ Market of the KLSE upon or subsequent to its listing or that an active market for BTB's shares will develop and continue upon or subsequent to its listing.

#### **3.2 Ownership and Control by the Substantial Shareholders**

Upon completion of the Placement/Public Issue the substantial shareholders who are also the directors of BTB namely Pang Wee See, Tan Boon Kok, Chan Ah Kien and Kan King Choy will collectively control approximately 74.15% of the enlarged issued and paid up share capital of BTB after Placement and Public Issue (please refer to Section 6.2 of this Prospectus). As such, these controlling shareholders of BTB will be able to control the outcome of certain matters requiring the votes of the Company's shareholders unless they are required to abstain from voting and deliberating by law and/or the relevant authorities.

#### **3.3 Business Risk**

The BTB Group is involved in an integrated and comprehensive water purification and wastewater treatment solution provider, and is subjected to certain business risks inherent in these industries. These include but not limited to scarcity of trained and experienced technical and supporting personnel, unforeseen requirements or weaknesses in design due to human errors, limitations of computer software, information or technology availability, and changes in the general economy and business conditions. The same risks are also applicable to all other players in the same industry. Some of the factors that may have a material effect on the Group are:-

##### **(i) Availability of Resources**

The Group's main resources for the work are technical manpower. A high level of training and close supervision while on the job is necessary to maintain competency at the highest level meeting industry standards at the very least. The Group's success in having secured numerous major and technically demanding projects is testimony of a dynamic and strong organisation, which appeals to many job seekers in the market. The Group has not encountered any problems in staff turnover as evidenced by support received from several key personnel who have been with the Group since its early days as well as the growing number of employees recruited.

However, no assurance can be given that any changes to the availability of resources will not have a material impact on the Group's business.

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### **3. RISK FACTORS (cont'd)**

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#### **(ii) Market Risk**

BTB Group will certainly be subjected to the inherent risks within the water and wastewater treatment industry. These include dependency on imported raw materials, increase in capital investment requirement, as well as the general economic and business fluctuations.

BTB Group has taken steps to minimise these risks by amongst others, sourcing alternative local raw materials and funding its future increase in capital investment through cash flow from operations, debt and deferred payment schemes whilst expanding its current business activities.

However, no assurance can be given that market risk will not have a material impact on the Group's business.

#### **(iii) Continual Relationship with Business Counterparts**

The ability of the Group to retain its continual relationship with its business counterpart is integral and important to the Group's competitive edge in the wastewater treatment industry.

To address this issue, BTB has been working closely with foreign business counterparts which enhance the Group's exposure towards advanced foreign technologies and expertise. The technological support from foreign business counterparts is vital as it would enable the Group to offer more cost effective and efficient services and be the leading specialist in wastewater management. In view of this, HCSB had on, 1 January 2001, entered into an Original Equipment Manufacturer, Sales and Royalty Agreement with Kinetico Incorporated whereby HCSB has been appointed as its exclusive authorised original equipment manufacturer for the sale, lease, rental and services of Kinetico products in Malaysia.

However, no assurance can be given that any changes in the continual relationship with business counterparts will not have a material impact on the Group's business.

### **3.4 Financial Risk**

BTB Group finances its operations using internally generated funds and bank borrowings. Excessive bank borrowings may result in an increase in interest expense which may subsequently erode the profitability of the Group. In addition, excessive bank borrowings may result in the assets of the Group being pledged with financial institutions for loans obtained. In the event the Group is not able to service its financial commitment, the financial institutions may force the Group to dispose the pledged assets to repay the outstanding loans.

As at 18 June 2002, being the latest practicable date prior to the printing of this Prospectus, the total bank facilities of the Group amounted to approximately RM6.20 million, of which approximately RM2.06 million comprising term loans, overdraft and hire purchase commitments have been utilised. As at 31 December 2001, the hire purchase commitment of the Group amounted to RM0.25 million.

Save as disclosed above, BTB Group does not have any other bank borrowings, hire purchase or commitments on guarantees.

To mitigate these risks, the Group continuously evaluates new market instruments that are capable of hedging the Group position against adverse movements in the financial markets.

#### **(i) Borrowings**

Save as disclosed in Section 10.5 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments or guarantees.

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### 3. RISK FACTORS *(cont'd)*

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#### (ii) Covenants on Borrowings

- (a) During the tenor of the facilities, BTB Group shall undertake that all obligations and liabilities under the letter of offer rank at least pari passu with all indebtedness to other bankers.
- (b) Without the prior written consent of the Bank (which will not be unreasonably withheld) BTB Group will not incur or assume additional indebtedness or guarantee any indebtedness except in the ordinary course of business.
- (c) BTB Group shall not without the Bank's prior written consent (which will not be unreasonably withheld) undertake or permit any re-organisation, amalgamation, reconstruction, take-over, substantial changes of shareholders or any other schemes or compromise or arrangement affecting your present constitution or amend or alter any of the provisions in your Memorandum and Articles of Association relating to their borrowing powers and principal business activities.

In view of the restrictive covenants mentioned above, BTB has obtained written consent from the respective bankers that the covenants will not be enforced with regards to the listing scheme.

#### (iii) Vulnerability to Imports / Foreign Exchange Exposure

To ensure high standards of quality, the Group imports certain raw material, components and equipment from reputable universal manufacturers and hence will have direct impact on the costs of production and profit margin as foreign currency fluctuates.

However, the foreign currency fluctuation risk has been principally mitigated by the implementation of currency exchange controls on 1 September 1998 which was pegged at RM3.80 to USD1.00.

In the event that the peg is removed, the company will enter into hedging arrangements to minimise its exposure to the foreign exchange rate fluctuation,

However, no assurance can be given that any removal or adjustment to the peg will not have a material impact on the Group's business.

### 3.5 Competition

The BTB Group faces competition from the existing players in the domestic wastewater treatment industry. Currently, there are approximately 213 players in the domestic wastewater treatment industry in Peninsular Malaysia, some of which hail from foreign companies with many years of experience.

*(Source : ACNielsen Report, as disclosed in Section 13)*

In order to mitigate this risk, the Group has been constantly seeking ways to expand and enhance the range of products and services to meet the changing trends of demand. Innovation through research & development ("R&D") activities is an essential aspect of the industry and therefore the Group will continue to focus its R&D activities on the study and development of advanced treatment systems and chemicals. The Group has managed to come up with innovative and cost effective sludge reducing treatment chemicals, cleaning chemicals for stainless steel tanks as well as designed an oxidation process for the treatment of phenolic wastewater.

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### **3. RISK FACTORS (cont'd)**

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The competitive advantage of the Group lies in its ability to provide a complete range of services to its clients, starting from the analysis of a customer's water purification and wastewater treatment requirements to the application of the company's test results, formulated chemical products, system and equipment to provide a cost effective solution i.e. to act as one-stop centre for water and wastewater treatment.

Generally, there is no legislation to bar new entrants into the industry. However, competition from new players can be deemed as moderate as a result of certain level of capital outlay (such as set up and R&D costs) and the need for adequate expertise and skills. The industry can be said to be one that is highly specialised and requires players to possess the relevant advanced technological know-how in order to keep ahead of competition and survive.

Whilst BTB will continue to take effective measures to remain competitive and maintain the Company's existing market position, no assurance can be given that the Group will be able to maintain its existing market share in the future.

#### **3.6 Dependence on Key Personnel**

BTB Group believes that its continued success will depend on the skills, abilities, experience, competency and continued efforts of its existing Directors and management team. The loss of any member of the Group's Board of Directors and senior management would certainly be a loss of a source of great experience, knowledge and impetus to the Group.

However, the BTB Group has a large pool of expertise and a succession plan. The Group's future success will also depend on its ability to continually attract and retain experienced personnel with the necessary technical know-how and expertise which is essential towards providing the required functions for the successful operations of the Group.

#### **3.7 Government Control or Regulation**

Stringent rules and regulations as stipulated by the Environmental Quality Act and the DOE govern the environmental management industry. Any player who intend to venture into the wastewater treatment industry must ensure that their treatment system conform to these rules to be able to thrive.

To be able to operate as a water and wastewater treatment company, a license issued by the Ministry of Health ("MOH") is required to authorise the use of certain hazardous chemicals. In addition, a business license must also be obtained from the town council.

In addition, the laboratories of strong players offering analytical and environmental monitoring services are accredited under Skim Akreditasi Makmal Malaysia (SAMM) which is administered by the Department of Standards Malaysia. These laboratories meet the requirements of ISO/IEC Guide 25, EN45001 (which is currently in the process of being changed to ISO/IEC 17025) and the relevant requirements of ISO 9001/2 standards when producing tests and calibration results.

BTB's laboratories has also been accredited by SAMM, and also utilise the approved standard methods sourced from local and international bodies such as Standard Methods for the Examination of Water & Wastewater (APHA), Malaysia Standard (MS), American Society for Testing and Materials (ASTM), Association of Official Analytical Chemists (AOAC) and United States Environmental Protection Agency (US EPA), just to name a few.

Change in government control or regulation might require additional capital expenditures by BTB Group to fulfil the new government regulations. On the other hand, stringent rules and regulations in relation to environmental management may bring increased business to BTB.

*(Source : ACNielsen Report, as disclosed in Section 13)*

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### **3. RISK FACTORS (cont'd)**

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However, no assurance can be given that any future regulations or introduction of new regulations will not have a material impact on the Group's business.

#### **3.8 Dependence on Certain Customers/Suppliers, Maintaining Contracts/Agreements and Failure of On-going Relationships**

The Group's clientele base is derived from a vast spectrum of industries including metal finishing, electronics, semiconductor, paper mill, palm oil mill, printing, hotel, chemical production, rubber gloves, paint, automotive, aviation and galvanizing. The Group's clients also include EIA consultants, private water treatment consultants, air pollution control consultants and other waste treatment companies.

The Group has secured a wide customer base and is not dependent on a single customer. In addition, many suppliers have maintained their business relationship with the Group since incorporation and the Group is not dependent on a particular supplier.

However, no assurance can be given that any future changes in the relationship between customers/suppliers will not have a material impact on the Group's business.

#### **3.9 Political and Economic Considerations**

Adverse developments in the political and economic conditions in Malaysia could unfavourably affect the financial prospects of the Group. Other political and economic uncertainties that could unfavourably affect the Group include war, expropriation, nationalisation, global economic downturn as well as changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties. Whilst BTB Group will continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect the Group.

#### **3.10 Rapid Changes in Technology**

The wastewater treatment industry is characterised by rapid changes in wastewater treatment technology and system, customer demands and evolving industry standards. The Company's survival is very much dependent on its ability to address these factors promptly. These risks are mitigated by the development of technical expertise through the Company's R&D efforts.

In addition to dependence on in-house research, BTB Group keeps abreast with the latest technology through sending its management staff abroad to attend international trade fairs and meetings with leading specialists in order to remain at the forefront of technology and local competition.

There can however, be no assurance that any rapid change in technology in the future will not have a material impact on the Group's business.

#### **3.11 Disclosure Regarding Forward-Looking Statements**

This Prospectus contains several forward-looking statements, that is, those other than statements of historical facts. Although the Group believes that the expectations reflected in such statements are reasonable at the time this Prospectus is issued, there can be no assurance that such expectations will prove to have been correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

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### **3. RISK FACTORS (cont'd)**

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#### **3.12 Dependence on protection of intellectual property**

Currently, the Group has licence rights to two (2) utility innovation patents. There is no assurance that unauthorised parties will not attempt to copy the utility innovation patents and use information which the Group considers as its trade secrets. The Group's systems and equipment are either developed in-house or sourced externally. To mitigate this risk, the group will emphasise on originality of its product in its R&D functions to avoid duplication of ideas and infringing third party proprietary rights/licences.

#### **3.13 Future Growth**

The Group's potential expansion may significantly strain the Group's management, financial, customer support, operational and other resources. In order to achieve the Group's growth targets as set out in the Five-Year Business Plan in Section 5 of this Prospectus, management would need to adopt an aggressive sales and business development plan. However, there can be no assurance that management would be successful in making this change or that the change would not give rise to other problems.

The Group's proposed future plan and prospects will be dependent upon, among other things, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms; hire and retain skilled management, financial, technical and marketing personnel; successfully manage growth including monitoring operations and controlling costs, among other things and obtain adequate financing when needed. There can, however, be no assurance that the Group will be able to successfully implement its business plan or that unanticipated expenses, problems or technical difficulties will not occur which would result in material delays in the implementation of or deviation from the original plans.

#### **3.14 Acquisitions and Joint Ventures**

If appropriate opportunities present themselves, the Group intends to acquire businesses, products or technologies or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders. There can be no assurance that the Group can be successfully identify, negotiate or finance such acquisitions and joint ventures, or to integrate such acquisitions and joint ventures with its current business, or to benefit from such acquisitions and joint ventures. Acquisitions and joint ventures may cause the Group to seek additional capital which may or may not be available on satisfactory terms.

#### **3.15 Future Capital Injections**

It is the management's opinion that the net proceeds of the issue, together with cash flow from operations and other existing sources of liquidity will be sufficient to meet the Group's projected working capital and other cash requirements. However, there is no assurance that future events may not cause the Group to seek additional capital sooner. If additional capital is required, there is no assurance that it will be available or, if available, that it will be on terms satisfactory to the Group. The sale of additional equity or other convertible securities to non-shareholders will result in further dilution of the Group's shareholders.

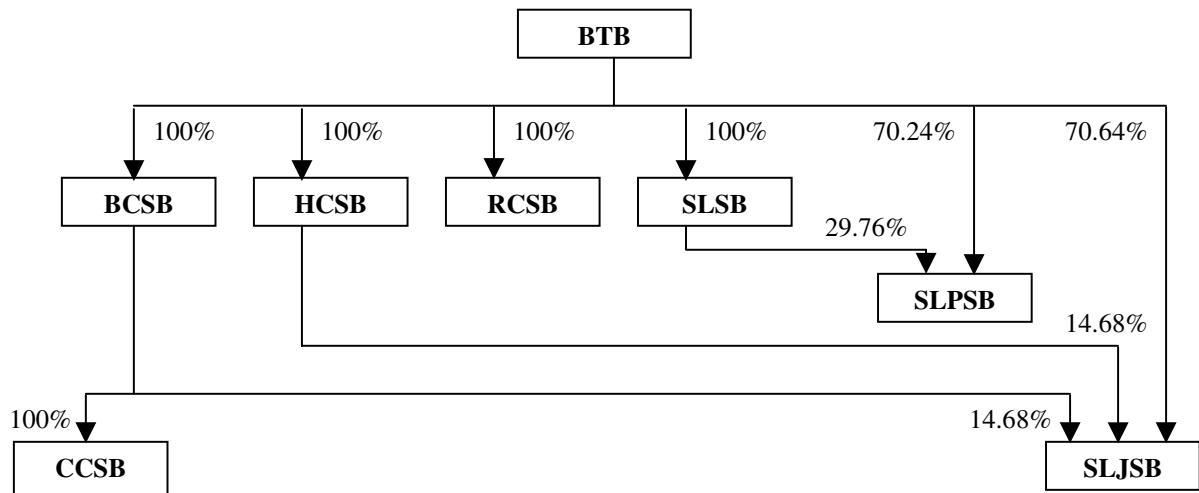
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#### 4. INFORMATION ON THE BTB GROUP

##### 4.1 History and Principal Activities

BTB was incorporated in Malaysia under the Companies Act, 1965 on 14 June 2001 as an investment holding company.

The corporate structure of the Group after the Acquisitions is set out below:-



The Group is an integrated water purification and wastewater treatment solutions provider offering a wide range of formulated treatment chemicals, treatment systems and equipment, analytical testing services for air, noise, water and wastewater as well as consultation engineering studies and the construction and commissioning of wastewater treatment plants. The Group's strength lies in the analysis of a customer's water purification and wastewater treatment requirements and the application of the company's test results, formulated chemical products, systems and equipment to provide a cost effective solution, essentially it is a one-stop center for water and wastewater treatment.

The Group commenced operations in 1981 with the establishment of BCSB as a supplier of products and services in the field of water treatment, pollution control and fuel treatment. Formulated chemical products for water clarification, wastewater treatment systems (minimising sludge), steam generation and water cooling systems were also part of the company's services.

By the late 80s, the public's awareness of the importance of environmental conservation grew in line with stringent enforcement by government authorities on compliance with industrial wastewater discharge. In 1986, taking advantage of the increasing emphasis on the environment, HCSB was formed as a means to venture into water purification and wastewater treatment activities.

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#### **4. INFORMATION ON THE BTB GROUP (*Cont'd*)**

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A notable point is that HCSB acquired the necessary technical knowledge in designing and construction of wastewater treatment plants and designed an unconventional treatment method for phenolic wastewater destruction within two years of its inception. This earned the company two contracts – Malaysian Airline System Berhad (“MAS”) to design and construct a phenolic wastewater treatment plant at Subang International Airport and Epson Precision in Sungei Way Free Trade Zone (Selangor) to design and construct an industrial treatment plant for wastewater containing heavy metals and detergent. These two companies later awarded HCSB renewable contracts to operate and maintain the plants, indicating a high level of satisfaction and confidence towards HCSB’s capabilities. Subsequently, the MAS contract (1998 – 2001) was for the wastewater treatment plant in Kuala Lumpur International Airport following the shifting of the airport and currently HCSB is operating the plant on a month to month basis while waiting for the new tender to be called by MAS.

The design and construction of wastewater treatment system was obtained through HCSB’s own efforts and experience. No consideration was therefore paid.

In 1992, another MAS contract to dispose of phenolic wastewater marked the company’s entry into the field of toxic wastewater disposal. In the following year, HCSB, in collaboration with the Technical Advisory Service Department of Jabatan Alam Sekitar of Universiti Pertanian Malaysia and Universiti Kebangsaan Malaysia, ventured into the business of Environmental Impact Assessment (“EIA”) and Environmental Impact Study (“EIS”). HCSB was appointed as consultant to carry out EIA for Soon Seng Group and EIS for ICI Paints (M) Sdn Bhd.

The principal activities of RCSB is to provide reagent, cleaning and industrial chemicals for various industries such as palm oil mills, Jabatan Bekalan Air and laundrettes among others and later to provide the rental of portable ion-exchange resin columns for industries using ultra-pure water. In addition, products and services for maintenance in hospitality and institutional housekeeping are also supplied by the company.

Another subsidiary, namely SLSB, was set up for analytical testing and environmental monitoring purposes. Recognising the importance of prompt and accurate analytical testing of water and wastewater qualities, the Group further expanded its analytical testing facilities to comprise two more subsidiaries, SLJSB in Johor and SLPSB in Bukit Mertajam. All three laboratories are accredited under the national laboratory accreditation scheme known as Skim Akreditasi Makmal Malaysia (SAMM). This effectively covers the demand from the Central, Southern as well as Northern regions of Peninsular Malaysia.

The Group’s clientele base is derived from a vast spectrum of industries including metal finishing, electronics, semiconductor, paper mill, palm oil mill, printing, hotel, chemical production, rubber gloves, paint, automotive, aviation and galvanizing. The Group’s clients also include EIA consultants, private water treatment consultants, air pollution control consultants and other wastewater treatment companies.

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#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### 4.2 Changes In Share Capital

The authorised share capital of BTB is RM25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each of which 112,500,000 ordinary shares of RM0.10 each have been issued and fully paid-up. Details of the changes in the issued and paid-up share capital of BTB since its incorporation are as follows:-

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued And Paid-Up Share Capital RM
14.06.2001	4	0.50	Subscribers' shares	2
7.07.2001 *	10	0.20	Share Split	2
23.05.2002 ^	20	0.10	Share Split	2
23.05.2002	112,499,980	0.10	Shares issued at an issue price of approximately RM0.10 per share in consideration for the acquisitions of BCSB, HCSB, RCSB, SLSB, SLPSB and SLJSB.	11,250,000
To be allotted	30,100,000	0.10	Shares to be issued pursuant to the Placement at a placement price of RM0.35	14,260,000
To be allotted	7,400,000	0.10	Shares to be issued pursuant to the Public Issue at an issue price of RM0.35	15,000,000

Note:

\* Change in par value from RM0.50 to RM0.20

^ Change in par value from RM0.20 to RM0.10

##### 4.3 Flotation Scheme

As an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market of the KLSE, the Company undertook a flotation scheme that was approved by KLSE on 14 December 2001, 14 March 2002, 23 May 2002, 3 June 2002 and 12 June 2002, SC on 14 December 2001, 20 May 2002 and 25 June 2002, FIC on 18 September 2001, 5 November 2001 and 20 June 2002 and MITI on 23 August 2001 and 12 June 2002.

##### 4.3.1 Revaluation of Landed Properties

The properties of BTB Group have been revalued based on independent valuation report dated 15 May 2001 carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, registered independent firms of professional valuers, where the properties were valued using the comparison, investment and cost methods of valuation.

The market value of the landed properties of BCSB, HCSB and RCSB are RM4,325,000, RM1,990,000 and RM970,000 respectively. The net revaluation surplus resulting from the revaluation of the landed properties owned by BCSB, HCSB and RCSB of RM1,746,959, RM248,479 and RM377,871 respectively have been incorporated in the audited accounts of the respective companies in the financial year ended 31 December 2001.

#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

Further details of the landed properties are enclosed in Section 9.3 in this Prospectus. The Valuation Certificate issued by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd is enclosed in Section 12 of this Prospectus.

##### **4.3.2 BTB Acquisitions**

###### **(a) Terms of the BTB Acquisitions**

BTB had on 27 June 2001 entered into six (6) separate conditional share sale agreements with the respective vendors of the target companies for the acquisition by BTB, on a willing-buyer-willing-seller basis of:-

1. 686,628 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of BCSB for a total purchase consideration of RM4,381,267 satisfied by the issuance of 42,574,226 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
2. 330,900 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HCSB for a total purchase consideration of RM2,817,206 satisfied by the issuance of 27,375,728 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
3. 547,506 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RCSB for a total purchase consideration of RM1,425,724 satisfied by the issuance of 13,854,232 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
4. 300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of SLSB for a total purchase consideration of RM1,876,599 satisfied by the issuance of 18,235,532 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
5. 233,100 ordinary shares of RM1.00 each representing approximately 70.64% of the issued and paid-up share capital of SLJSB for a total purchase consideration of RM668,324 satisfied by the issuance of 6,494,318 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share; and
6. 188,800 ordinary shares of RM1.00 each representing approximately 70.24% of the issued and paid-up share capital of SLPSB for a total purchase consideration of RM408,131 satisfied by the issuance of 3,965,944 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share.

###### **(b) Basis for the Purchase Consideration**

The purchase considerations for the Acquisitions were arrived at on “willing buyer-willing seller” basis after taking into account the respective companies’ audited NTAs as at 31 December 2000 and the revaluation surplus arising from the revaluation of landed properties, as follows:-

**4. INFORMATION ON THE BTB GROUP (Cont'd)**

Name of Company to be Acquired	No. of Ordinary Shares to be Acquired	% of Issued and Paid-Up Share Capital to be Acquired	Audited Net Tangible Assets As At 31.12.2000 RM	Surplus on Revaluation of Land & Building RM	Surplus On Revaluation Of Investment In Associated Companies RM	Adjusted Audited Net Tangible Assets As At 31.12.2000 RM	Purchase Consideration RM	No. of New BTB Shares to be Issued
BCSB Group	686,628	100.00	2,543,847	1,746,959	90,462	4,381,267	4,381,267	42,574,226
RCSB	547,506	100.00	1,047,853	377,871	-	1,425,724	1,425,724	13,854,232
HCSB	330,900	100.00	2,478,266	248,479	90,461	2,817,206	2,817,206	27,375,728
SLSB	300,000	100.00	1,783,662	-	92,937	1,876,599	1,876,599	18,235,532
SLPSB	188,800	70.24	408,131	-	-	408,131	408,131	3,965,944
SLJSB	233,100	70.64	668,324	-	-	668,324	668,324	6,494,318
<b>Total</b>	<b>2,286,934</b>		<b>8,930,083</b>	<b>2,373,309</b>	<b>273,860</b>	<b>11,577,251</b>	<b>11,577,251</b>	<b>112,499,980</b>

The particulars relating to the vendors and for the BTB Acquisitions are as follows:-

Vendors	No. of Ordinary Shares of RM0.10 Each in BTB issued for the purchase of							Total
	BCSB	RCSB	HCSB	SLSB	SLPSB	SLJSB		
Pang Wee See	38,729,774	6,927,116	12,299,914	8,251,578	2,521,062	2,833,450	71,562,894	
Tan Boon Kok	3,844,452	6,927,116	2,775,900	1,402,312	504,214	478,984	15,932,978	
Chan Ah Kien	-	-	12,299,914	3,284,220	-	607,692	16,191,826	
Kan King Choy	-	-	-	5,297,422	335,952	735,484	6,368,858	
Liang G-E	-	-	-	-	-	1,838,708	1,838,708	
Lim Suat Lean	-	-	-	-	604,716	-	604,716	
<b>Total</b>	<b>42,574,226</b>	<b>13,854,232</b>	<b>27,375,728</b>	<b>18,235,532</b>	<b>3,965,944</b>	<b>6,494,318</b>	<b>112,499,980</b>	

**(c) Status of the Shares**

The 112,499,980 new ordinary shares of RM0.10 each in BTB issued pursuant to the Acquisitions by BTB rank pari passu in all respects with the existing issued and paid-up share capital of twenty (20) ordinary shares of RM0.10 each. The acquisitions of the abovementioned shares are free from any encumbrances, liens and charges and with all rights attaching thereto.

Upon completion of the Acquisitions by BTB, the issued and paid-up share capital of BTB was increased from RM2 to RM11,250,000. The BTB Acquisitions were completed on 23 May 2002.

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.3.3 Placement**

The Company, via the Placement Agent, will undertake a Placement of 30,100,000 new ordinary shares of RM0.10 each at a Placement Price of RM0.35 per ordinary share.

The places to be identified by the Placement Agent above are considered part of the public shareholders as each of them are holding less than 5% of enlarged issued paid-up share capital of the Company.

All the Placement Shares are fully underwritten.

##### **4.3.4 Proposed Public Issue**

To facilitate the listing of and quotation for BTB shares on the MESDAQ Market of the KLSE, the Company will make a public issue of 7,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per ordinary share.

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

**(i) Eligible Directors and Employees**

5,400,000 ordinary shares of the Public Issue Shares have been made available for application by Eligible Directors and Employees of the BTB Group. Please refer to Section 2.5 (i) for details in relation to the allocation criteria of shares to Eligible Directors and Employees; and

**(ii) Malaysian Public**

2,000,000 ordinary shares of the Public Issue Shares 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 Bumiputera individuals, companies, societies, co-operatives and institutions.

All the Public Issue Shares reserved for the Malaysian Public are fully underwritten.

Mr. Liang G-E and Ms. Lim Suat Lean have given their irrevocable undertaking to subscribe for any remaining shares not subscribed by Eligible Directors and Employees and the number of remaining shares not subscribed will be divided equally between Mr. Liang and Ms. Lim.

#### **4.4 Business Overview of the BTB Group**

##### **4.4.1 Group Structure**

The Group structure of BTB is as summarised in Section 1.1 of this Prospectus.

##### **4.4.2 Principal Products and Services**

Being an integrated water purification and wastewater treatment solutions provider, the Group's business can be categorised into the following areas under its respective subsidiaries:

#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### (i) Water and Wastewater Treatment Chemicals

The Group, via BCSB, offers a complete range of formulated chemical products and services for boiler water treatment, cooling water treatment, as well as water and wastewater treatment. CCSB, being 100% wholly owned by BCSB, is principally involved in production of water treatment chemicals and providing other related services.

Water and wastewater treatment chemicals are essential in the successful operation of the respective systems. BCSB supplies these chemical products to treatment systems built by both the Group and others. With the motto "Make Water Treatment Part of Productivity", its aim is to assist industries in maintaining and upkeeping expensive equipment from water-related problems.

The following sets out in detail the principal programmes offered by BCSB to customers:

*Boiler Water Treatment* – the treatment programmes prevent corrosion inside boilers, reduce scaling and deposition, eliminate oxygen and acid attacks, halt dangerous metal embrittlement, increase system reliability and maximise energy output of boilers.

*Cooling Water Treatment* – these cost-efficient programmes are designed to reduce unscheduled shutdowns, conserve energy, save manpower costs and reduce operational cost.

*Water and Wastewater Treatment* – through innovative formulated chemical products, the programmes (comprising 3 steps: primary clarification, secondary clarification, dewatering and sludge handling) ensure environmental regulatory compliance of difficult parameters such as oil & grease, Chemical Oxygen Demand (COD) & Biochemical Oxygen Demand (BOD), suspended solids, heavy metals and colours. In the process, sludge generation is also reduced, resulting in cost reductions in disposal and hence, eventual overall cost savings.

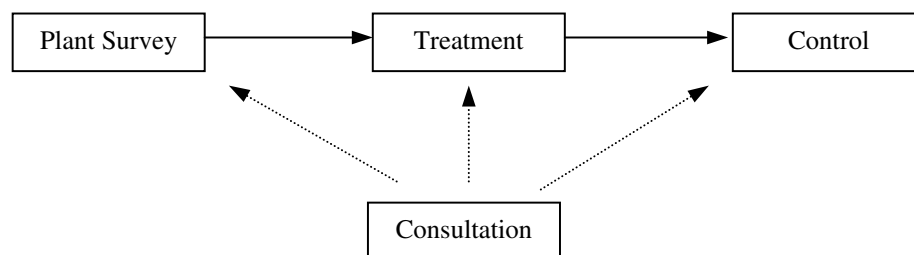
Water treatment chemical products sold by BCSB are marketed under the following brands:

Product Brands	Application
Besfloc	Water and wastewater treatment
Bestrol	Boiler water treatment
Besgard	Cooling water treatment
BT	Maintenance, cleaning and fuel treatment

On 27 June 2001, BCSB entered into a Licence Agreement with Pang Wee See, where Pang Wee See has agreed to grant licences of utility innovation relating to the preparation of certain chemical solutions to BCSB for a nominal sum of RM1.00.

#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

BCSB's engineering approach is illustrated below:



The initial stage of any investigation is to properly identify the problem. To do so, BCSB conducts a complete engineering study which includes water analysis, current plant water system and operating practice, method of chemical feed and control as well as history of the plant. The water samples and data are submitted to the Technical Department for analysis, interpretation and review. Subsequently, based on the findings, BCSB will offer a treatment proposal consisting of recommendations for proper chemical treatment, method and points of chemical feeding, tests and controls required and estimate of cost.

The chemical treatment recommended is specifically designed to provide optimum results of trouble-free operation. In order to accomplish this, the plant personnel are thoroughly instructed in the use of chemicals, making sample water tests, interpreting test results and dosage adjustment according to boiler or cooling water conditions.

BCSB's technical personnel would then make regular visits to the plant to check treatment controls, inspect equipment, make on-the-spot water analysis and submit a report to the plant engineer in which recommendations are also made, if necessary. Following that, BCSB's Technical Department reviews the report, makes periodic and comprehensive water analysis, furnishes technical advice and maintains a record of the treatment programme.

Above all, BCSB's technical personnel and chemists are always available for consultations to assist clients in solving difficult water-related problems.

*(Source : ACNielsen Report, as disclosed in Section 13)*

#### (ii) Analytical Testing

The Group presently operates three testing laboratories, namely SLSB, SLJSB and SLPSB. The laboratories are strategically located respectively in Shah Alam, Johor Bahru and Bukit Mertajam to cater for the central, Southern and Northern regions of Peninsular Malaysia.

The laboratories provide analytical and environmental monitoring services such as:

- Water analysis
- Effluent analysis
- Soil analysis
- Food analysis
- Organic analysis
- Environmental air and noise level monitoring for EIA studies
- Water quality monitoring for EIA studies
- Air emission monitoring
- Isokinetic stack monitoring
- Wastewater characteristic studies
- Treatability studies
- Research and Development (R&D)

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

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The laboratories which utilise internationally recognised standard techniques are equipped with the latest instruments to cater for testing and monitoring services. The laboratories serve not only as independent third parties to provide accurate and prompt services to relevant industries as well as the Group itself, but also undertake R&D activities for the Group.

*(Source : ACNielsen Report, as disclosed in Section 13)*

##### (iii) **Systems and Equipment**

The Group through its subsidiary, HCSB, provides consultation, engineering study, engineering design, construction, installation and commissioning of water purification and wastewater treatment systems. In addition, engineered and custom-built systems are also available for purifying and recycling water.

All these expertise are available to a customer either in a partial or complete package. HCSB's equipment can be provided to a customer either as a separate component of as part of a customised fully engineered water purification or wastewater treatment system or subsystem. HCSB generally does not make significant capital investments in plant and equipment, focusing instead on partnering with vendors which manufacture the components used in the company's system and equipment. HCSB then completes the final assembly of its systems and test its systems prior to final delivery to the customer, thus maintaining quality control.

The management strongly believes that in order to remain competitive and ahead of competitors, besides being able to provide an integrated solution to water and wastewater treatment problems, HCSB should continuously keep abreast of the development of treatment technologies and be able to incorporate suitable and proven technologies into HCSB's existing treatment systems and design. Consequently, HCSB would be able to construct major portions of the treatment systems locally.

Over the years, HCSB has worked closely with several specialised international water and wastewater treatment companies. This has resulted in HCSB learning new treatment systems and technologies which has enhanced its overall water and wastewater treatment capabilities and skills. HCSB has been appointed as an authorised Original Equipment Manufacturer ("OEM") of Kinetico Inc. for the sales, lease, rental and service of Kinetico's products to be used in the treatment of water or wastewater for the metal finishing, printed circuit board and semi conductor industries. Kinetico's products are customised water treatment systems from combination of technologies such as Ion Exchange, Membrane Separation, Filtration/Adsorption, Evaporation, Electrochemical Process, Integrated Controls and EPOC Micro-filtration Systems.

In line with the Group's vision, HCSB is planning to venture into the field of electrolytic treatment systems. These advanced treatment systems make use of electric current through electrodes to clarify various types of wastewater which will result to less sludge generation, reduce or eliminate use of coagulant chemicals, more environmental friendly and incur lower overall costs

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**4. INFORMATION ON THE BTB GROUP (Cont'd)**

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Other products and services offered by HCSB includes:

**a) Contract Operations**

Besides the construction and installation of treatment plants, HCSB also provides services in operating and maintaining the plants under contracts of varying time periods. This service is offered to clients as part of a total solution to wastewater treatment. Responsibilities of the company under the contract cover the provision of labour and all treatment consumable such as chemicals, replacement parts, ion-exchange resins and filter media. The ultimate responsibility of the company lies in ensuring compliance of treated water with the rules and regulations set out by the relevant authorities. The contract operation capability of the Group is often offered to customers as part of a total solution.

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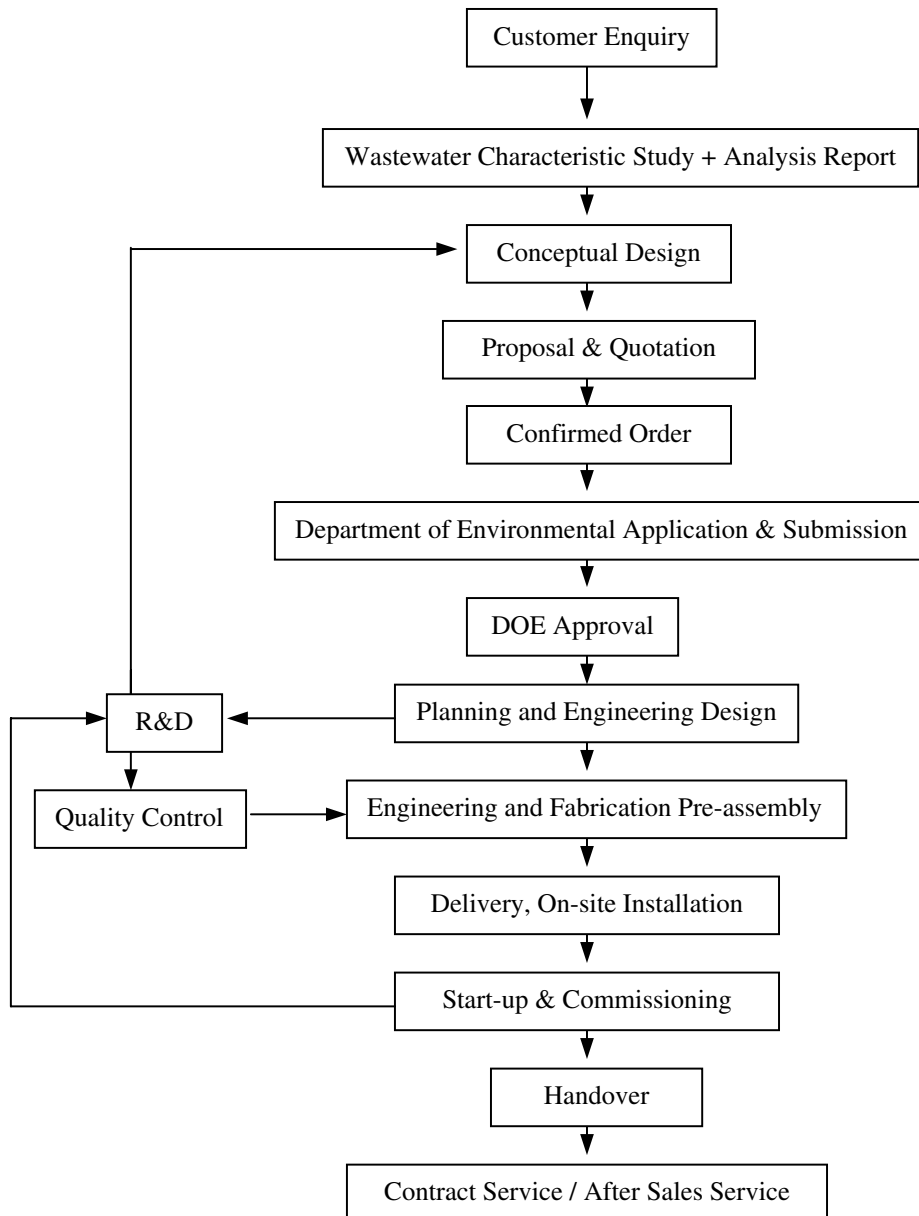


**4. INFORMATION ON THE BTB GROUP (Cont'd)**

**b) Replacement Parts, Repair and Consumables**

Other complementary products sold by HCSB are replacement parts and treatment consumables such as formulated treatment chemicals, membranes, pumps, ion exchange resins, filter media and system components. In addition, the company also provides maintenance and repair services to water treatment systems manufactured by both the company and others.

The following illustrates HCSB's process flow of setting up an industrial wastewater treatment plant:



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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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In order to keep abreast with new technologies in advanced countries, HCSB constantly sends its management team overseas to attend trade fairs and meetings with leading water management companies.

*(Source : ACNielsen Report, as disclosed in Section 13)*

**(iv) Ancillary Products and Services**

The Group operates a facility in Kluang, Johore, under its subsidiary RCSB, to provide solutions to various industries that require ultra-pure deionised water, institutional housekeeping chemicals, industrial maintenance chemicals as well as hotel amenities.

The products and services of RCSB can be outlined as follows:

**a) Ultra-pure Deionised Water**

Ultra-pure deionised water produced by ion-exchange resins is commonly used in electronic-related companies – for rinsing processes, pharmaceutical manufacturing and others demanding high purity water. RCSB operates an ion-exchange resin regeneration facility. With such a facility, RCSB provides rental and/or sale of portable ion-exchange resin columns and after sales technical support.

**b) Institutional Housekeeping Chemicals**

Institutional housekeeping chemicals are vital in maintaining a pleasant environment and can be categorised into laundry, floor care and kitchen hygiene chemicals. RCSB provides back-up technical supports to customers to ensure that the chemicals are used effectively and safely.

**c) Industrial Cleaning and Maintenance Chemicals**

The rapid pace of industrialisation and pollution has prompted increasing demand for products which are cost effective, environmental friendly and biodegradable. RCSB offers a range of such products: traffic film remover for gloss paint surface, oil degreaser for petroleum spillage and bio-drain opener to digest oil deposits in drain pipe.

**d) Hotel Amenities**

RCSB offers a wide range of products to hotels ranging from quality bath soaps, bottled shampoo & conditioner to foam bath. Room amenities are considered essential elements for the comfort of hotel guests in today's hospitality industry.

*(Source : ACNielsen Report, as disclosed in Section 13)*

#### **4.4.3 Principal markets for the BTB Group**

Up to the financial year ended 31 December 2001, the BTB Group concentrated on the Malaysian market, with exports not being of significant value.

#### **4.4.4 Modes of Marketing**

The Group currently uses direct marketing to penetrate the market locally as well as regional. In addition, the Group also worked closely with certain foreign companies to secure local and overseas projects.

#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

##### 4.4.5 Breakdown of Contribution from Principal Products and Services

The following table illustrates the breakdown of contribution from the Group's principal products and services:

General Products and Services Offered (*)		Turnover for the year ended 31 December				
		1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Water Treatment Chemicals System & Equipment	BCSB  HCSB	2,396	2,151	2,592	2,881	2,704
Ancillary Products Laboratories	RCSB  SLSB, SLPSB and SLJSB	1,827	1,991	2,582	3,050	3,080
		2,796	3,617	4,199	4,555	4,549
		9,704	10,393	13,678	20,527	16,609
Less : Proforma consolidation adjustments		(290)	(217)	(469)	(464)	(1,056)
<b>Proforma Consolidated Turnover</b>		<b>9,414</b>	<b>10,176</b>	<b>13,209</b>	<b>20,063</b>	<b>15,553</b>

\* *Due to the nature of the business of the Group, the segregation of the general products and services offered is on a best effort basis*

Between year 1996 to year 2001, construction of system and equipment activities were the main contributor to the Group's turnover. For the financial year ended 31 December 2001, RM6.28 million of the Group's turnover was derived from construction of system and equipment activities.

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**4. INFORMATION ON THE BTB GROUP (Cont'd)****4.4.6 Significant Projects Completed as at 18 June 2002**

<b>Client</b>	<b>Projects</b>	<b>Commencement Date</b>	<b>Installation Completion Date</b>
Malaysian Airline System Bhd	Turnkey Wastewater Treatment Plant	October 1997	January 1998
Tee Yih Jia Food Mfg. Sdn Bhd	Turnkey Wastewater Treatment Plant	December 1997	January 1998
Sri Johani Sdn Bhd	Turnkey Wastewater Treatment Plant	June 1998	June 1998
Super Latex Sdn Bhd	Turnkey Wastewater Treatment Plant	March 1999	May 1999
Superior Gloves Sdn Bhd	Turnkey Wastewater Treatment Plant	March 1999	May 1999
Tan Chong Motor Assemblies Sdn Bhd	Turnkey Water Recycling Treatment System	September 1999	October 1999
Showa Precision Sdn Bhd	Turnkey Water Recycling Treatment System	October 2000	December 2000
Ulisison Electroplating Sdn Bhd	Turnkey Wastewater Treatment Plant	October 2000	December 2000
Asia Pacific Engravers Sdn Bhd	Turnkey Water Recycling Treatment System	August 2000	September 2000
General System Engineering Sdn Bhd	Turnkey Wastewater Treatment Plant	June 2000	June 2000
Dominant Semiconductors Sdn Bhd	Turnkey Wastewater Treatment Plant	June 2001	July 2001
Port Dickson Power Berhad	Turnkey Wastewater Treatment Plant	June 2001	September 2001
Asia Pacific Engravers Sdn Bhd	Turnkey Wastewater Treatment Plant	September 2001	December 2001
Fujitsu Component (M) Sdn Bhd	Turnkey Wastewater Treatment Plant	September 2001	September 2001

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.4.7 Material Financial Arrangements with Suppliers**

BTB Group has been able to maintain good long-term relationships with its suppliers and enjoys credit terms of 30 to 120 days. The Group have no material financial agreement with its suppliers.

##### **4.4.8 Competitive Conditions**

The water and wastewater treatment industry is highly specialised industry due to high barrier to entry such as its knowledge/technical skills intensive nature and the need for a certain level of investment in R & D activities.

Notwithstanding, the competitive advantages of the Group over other existing players are as follows:

- Integrated total solutions provider offering a complete range of services and products to clients. In other words, BTB Group is a one-stop centre for water and wastewater treatment and it has the ability to offer customised services to clients.
- Proven track record in successfully completing significant projects awarded by large companies such as MAS, Epson Precision, Texas Instrument.
- Dedication and strength in R&D activities which has resulted in, among others, the development of high quality cost effective treatment chemicals which are capable of replacing imported ones and the design of an oxidation process for treatment of phenolic wastewater.
- Skilled and experienced senior management team, with average of 8 years each in the company. The Managing Director of the company has over 15 years of hands-on experience.
- Worked closely with reputable foreign business counterparts in the field of water treatment.
- Wide clientele base ranging from metal finishing, electronics, semiconductor, paper mill, palm oil mill, printing, hotel, chemical production, rubber gloves, paint, automotive, aviation to galvanizing. The Group's clients also include EIA consultants, private water treatment consultants and air pollution control consultants.

*(Source : ACNielsen Report, as disclosed in Section 13)*

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

##### 4.4.9 Key Achievements and Milestones

Certification and awards received by the BTB Group are summarised as follows:-

The Group's laboratories have been accredited under the Laboratory Accreditation Scheme of Malaysia (SAMM) which means that the facilities meet the requirements of ISO/IEC Guide 25 (which is currently in the process of being changed to ISO/IEC 17025), EN45001 and the relevant requirements of ISO 9001/2 standards when producing test and calibration results.

Type	Issued By	Issued To	Issue Date	Renewal
Certificate of Accreditation	Department of Standards	SLSB SLJSB SLPSB	23/1/2001 26/4/2002 18/4/2002	Bi-annually Bi-annually Bi-annually

(Source : ACNielsen Report, as disclosed in Section 13)

##### 4.4.10 Quality Management Programmes

The Group provides for an environment that is conducive to continuous improvement in the systems and work processes applied in the execution of projects. Total Quality Management (TQM) principles are used in the work execution and the Group practises strict quality control procedures at various stages of the preparation of the Group's formulated water treatment chemicals and products. To ensure high quality standards and services, the Group outsources raw materials, components and equipment from reputable universal manufacturers that supply to customers throughout the world. Most of these suppliers have met quality standards such as TUV/ISO standards and are expected to ensure their products can satisfy the quality standards set by the Group. Further, the Group's work is conducted in accordance with a comprehensive quality management system, where SLSB, SLJSB and SLPSB are accredited under the Laboratory Accreditation Scheme of Malaysia (SAMM) of which the facilities meet the requirements of ISO/IEC Guide 25 (which is currently in the process of being changed to ISO/IEC 17025), EN45001 and the relevant requirements of ISO 9001/2 standards.

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

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##### 4.4.11 Research and Development

i) Focus of R & D

The group has been putting emphasis on R & D since its inception. The R & D team is mainly centred on chemical products development, and treatment processes/methods improvement. Presently, the R & D team has its focus on:

- Developing formulated water and wastewater chemical products that are capable of replacing imported chemical products or minimizing sludge generation for water and wastewater treatment.
- Studying advanced treatment systems available in developed countries and adapting it to suit the Group's engineered water purification or wastewater treatment systems.
- Adapting and use of electrolytic treatment systems for various kinds of wastewater. This treatment method is a process for treatment of wastewater by applying electric current through electrodes which come in contact with the wastewater. The advantages of this method are eliminating or reducing the use of treatment chemicals, reducing treatment costs and reducing sludge generation. It is environmental friendly.
- Adapting and use of electrolysis membrane system for metal recycling applicable to plating industries. Metal contaminants in the wastewater are being precipitated out by means of electric current. Precipitated metals are of high purity and can be reused. Conventional treatment method of metals removal from wastewater containing metals is by chemical precipitation.

The Group supplied oxidation system for destruction of phenolic wastewater by means of metal salt in the presence of oxidizing agent. Such system is more versatile and efficient as it is capable of destruction of higher content of phenolic compound in the wastewater as compared to normal treatment system.

In addition, the Group has formulated cleaning chemical for stainless steel metal consisting a pickling paste formulation for rapid removal of oxides and burn marks on stainless steel surfaces, has been developed. The product is cost effective compared to similar product which is generally imported.

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#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### ii) R & D Team Member

The Group's R & D team consists of individuals who are experienced in analytical analysis, water purification, water and wastewater treatment processes.

The team members comprise the following;

<b>Name</b>	<b>Designation</b>	<b>Responsibility</b>
Pang Wee See	Executive Chairman	Advisor
Kan King Choy	Executive Director	Analytical Testing / Technical
Chan Ah Kien	Executive Director	Technical / Process
Tan Boon Kok	Executive Director	Technical
Foo Say Jin	Manager	Technical / Process
Samsuddin B Mustahkim	Sales / Project Engineer	Technical
Fitrotulhayat bt Rodzi	Process Engineer	Technical
Ir. Koh Thong How	Engineering Director	Technical

##### iii) R & D Activities

The R & D activities comprise of water and wastewater analysis, evaluation of treatment, chemical product development, treatment process evaluation and development.

The R & D activities are mainly carried out in the Group's laboratory facility belonging to SLSB. SLSB is a SAMM accredited analytical testing laboratory equipped with sophisticated instruments capable of providing complete range of chemical, physical and microbiological analysis.

Some of the usual tests carried out for water and wastewater investigation are :

- Jar Test.

The test is to determine and evaluate the performance of water treatment chemicals for sedimentation and clarification purposes. The data obtained by this test method allow a calculation of the required chemical dosages and sizing of sedimentation units.

- Dewatering Test.

The test is commonly used to evaluate cationic flocculants for dewatering from wastewater treatment plants on a laboratory scale. This is achieved by conditioning the test sludge with flocculant and filtration through a sieve. Dewatering rates are measured in millilitres per minute.

- Flux Rate Test

The test is carried out by passing wastewater at a determined flow rate through a microfiltration system. Flux rate is then the measurement of rate of flow of filtered water through the membrane. Flux rate test is used to determine membrane selection for the configuration of microfiltration system, ultrafiltration or Reverse Osmosis System.



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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

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- Laboratory Simulation Studies  
The test is to study viability of the wastewater treatment system. The processes involved are carried out in laboratory scale to evaluate its performance and also provide valuable information to ascertain the design process before actual treatment system is being put up in the field.
- pH - (APHA 4500 H<sup>+</sup>B)  
The pH meter was calibrated prior to use for measurement. A pH electrode was dipped in the water, with gentle stirring to ensure homogeneity, and the pH reading obtained directly from the pH meter.
- BOD 5 days @ 20 Deg. C - (APHA 5210B)  
The method consists of filling with sample, to overflowing, an airtight bottle of the specified size and incubating it at 20 Deg.C for 5 days. Dissolved oxygen is measured initially and after incubating, and the BOD is computed from the difference between initial and final dissolved oxygen.
- COD - (APHA 5220C)  
Most types of organic matter are oxidised by a boiling mixture of chromic and sulfuric acids. Samples are refluxed in strongly acid solution with a known excess of potassium dichromate (K<sub>2</sub>Cr<sub>2</sub>O<sub>7</sub>). After digestion, the remaining unreduced K<sub>2</sub>Cr<sub>2</sub>O<sub>7</sub> is titrated with ferrous ammonium sulfate to determine the amount of K<sub>2</sub>Cr<sub>2</sub>O<sub>7</sub> consumed and the oxidisable organic matter is calculated in terms of oxygen equivalent.
- Organics (Benzene, Toluene, Xylene, N-Hexane & Methanol)  
The compounds were measured using gas chromatograph and the components detected are compared with internal standards.
- Metals by Inductively Coupled Plasma (ICP) Spectrometry - (APHA 3120 B)  
Samples are nebulised and the resulting aerosol is transported to the plasma torch. Element-specific atomic-line emission spectra are produced by a radio-frequency inductively coupled plasma. The spectra are dispersed by a grating spectrometer, and the intensities of the lines are monitored by detector.
- Cyanide - (OSRMA)  
Cyanides and complex cyanides are distilled from the sample containing acid copper (1) chloride and the distillate collected in a solution of sodium hydroxide. The total cyanide is then determined colorimetrically.

*(Source : ACNielsen Report, as disclosed in Section 13)*

#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### 4.4.12 Employees

As at 18 June 2002, the BTB Group has 85 employees. The employees of the BTB Group do not belong to any union and the employees' relationship with the management of the Group is amicable. The average number of years of service for BTB Group's employees is more than two (2) years. The BTB Group provides ongoing training and development programmes to its employees through "in-house" training and sending relevant employees to attend technical courses and workshops.

Employees structure as at 18 June 2002:-

Category	Bumiputera	Chinese	Indian	Other		Total
				Malaysian	Foreigner	
1. Management and Professional	-	12	-	-	-	12
2. Chemist / Engineer / Executives	4	13	3	-	-	20
3. Supervisory	3	-	4	-	-	7
4. Technician / Laboratory Assistant	14	1	12	-	-	27
5. Clerical	4	-	4	-	-	8
6. General Workers / Despatch	3	-	8	-	-	11
<b>Total</b>	<b>28</b>	<b>26</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>85</b>

##### 4.4.13 Location of Principal Place of Business

The location of principal assets and place of business of the Group are as follows:-

Companies	Address	Function of building
<b>BTB</b>	Lot 14 (PT 5015) Jalan Pendamar 27/90 : Seksyen 27 40000 Shah Alam Selangor Darul Ehsan	Head Office
<b>Subsidiary Companies</b>		
<b>BCSB</b>	: 9 Jalan Meru Indah 20 Persiaran Hamzah Alang Taman Perindustrian Meru Indah 42200 Kapar Selangor Darul Ehsan	Marketing

**4. INFORMATION ON THE BTB GROUP (Cont'd)**

<b>Companies</b>	<b>Address</b>	<b>Function of building</b>
	Lot 14 (PT 5015) First Floor Jalan Pendamar 27/90 Seksyen 27 40000 Shah Alam Selangor Darul Ehsan	Office
	9, Jalan Malinja 5 Batu 5, Jalan Mersing Taman Perindustrian Matahari, 86009 Kluang Johor Darul Takzim	Marketing
<b>RCSB</b>	: 9, Jalan Malinja 5 Batu 5, Jalan Mersing Taman Perindustrian Matahari, 86009 Kluang Johor Darul Takzim	Marketing/warehousing
	18, Jalan Molek 2/5 Taman Molek 81100, Johor Bahru Johor Darul Takzim	Marketing
<b>HCSB</b>	: Lot 14 (PT 5015) Ground Floor Jalan Pendamar 27/90 Seksyen 27 40000 Shah Alam Selangor Darul Ehsan	Marketing/factory
	18, Jalan Molek 2/5 Taman Molek 81100, Johor Bahru Johor Darul Takzim	Marketing
<b>SLSB</b>	: Lot 14 (PT 5015) 2 <sup>nd</sup> Floor, Jalan Pendamar 27/90 Seksyen 27 40000 Shah Alam Selangor Darul Ehsan	Laboratory/Marketing
<b>SLJSB</b>	: 18A, Jalan Molek 2/5 Taman Molek 81100, Johor Bahru Johor Darul Takzim	Laboratory/Marketing
<b>SLPSB</b>	: 1904, Tingkat 1 Jalan Bukit Minyak Taman Sri Mangga 14000 Bukit Mertajam Seberang Perai Tengah Pulau Pinang	Laboratory/Marketing

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**4. INFORMATION ON THE BTB GROUP (Cont'd)**

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<b>Companies</b>	<b>Address</b>	<b>Function of building</b>
<b>CCSB</b>	: 9 Jalan Meru Indah 20 Persiaran Hamzah Alang Taman Perindustrian Meru Indah 42200 Kapar Selangor Darul Ehsan	Production
	9, Jalan Malinja 5 Batu 5, Jalan Mersing Taman Perindustrian Matahari, 86009 Kluang Johor Darul Takzim	Production

**4.4.14 Interruptions to Business Operations**

There have been no interruptions in the business which may have had significant impact on the operations of the Group during the past twelve (12) months.

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**4. INFORMATION ON THE BTB GROUP (Cont'd)****4.5 Subsidiary Companies**

The subsidiary companies of BTB, all of which are incorporated in Malaysia, are as follows:-

<b>Subsidiary Company</b>	<b>Date/(Place) of Incorporation</b>	<b>Effective Equity Interest (%)</b>	<b>Issued and Paid-Up Share Capital RM</b>	<b>Principal Activities</b>
BCSB	3.11.1980 (Malaysia)	100	686,628	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system
HCSB	12.8.1986 (Malaysia)	100	330,900	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems
RCSB	9.1.1984 (Malaysia)	100	547,506	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities
SLSB	26.12.1987 (Malaysia)	100	300,000	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis, and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies
SLJSB	16.9.1993 (Malaysia)	100 <sup>1</sup>	330,000	Same as SLSB.
SLPSB	28.2.1994 (Malaysia)	100 <sup>2</sup>	268,800	Same as SLSB.
CCSB	15.5.1990 (Malaysia)	100 (Wholly owned subsidiary company of BCSB)	2,002	To produce water treatment chemicals and provide other related services

Notes: 1 Deemed a wholly owned subsidiary of BTB as the remaining shares in SLJSB are held indirectly through BCSB (14.68%) and HCSB (14.68%).

2. Deemed a wholly owned subsidiary of BTB as the remaining shares in SLPSB are held indirectly through SLSB (29.76%)

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#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### 4.5.1 BCSB

###### (i) History and Business

BCSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 3 November 1980 and commenced operations on 1 January 1981.

The principal activities of the company are to provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system. The company has a total of 13 employees as at 18 June 2002.

###### (ii) Share Capital

The existing authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM686,628 have been issued and fully paid-up, comprising 686,628 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of BCSB is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
03.11.1980	3	1.00	Cash	3
26.05.1981	99,997	1.00	Cash	100,000
01.03.1982	40,000	1.00	Cash	140,000
12.01.1983	40,000	1.00	Cash	180,000
23.04.1983	37,000	1.00	Cash	217,000
03.10.1983	20,500	1.00	Cash	237,500
27.12.1983	91,024	1.00	Cash	328,524
26.12.1985	35,000	1.00	Cash	363,524
12.11.1986	80,000	1.00	Cash	443,524
27.11.1986	132,000	1.00	Cash	575,524
16.12.1987	111,104	1.00	Cash	686,628

###### (iii) Subsidiary and Associated Companies

BCSB holds 14.68% and 100.00% equity interest in SLJSB and CCSB, respectively, as at the date of this Prospectus.

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**4. INFORMATION ON THE BTB GROUP (Cont'd)**


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**4.5.2 HCSB****(i) History and Business**

HCSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 12 August 1986 and commenced operations on the same date.

The principal activities of the company are to provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems. The company has a total of 12 employees as at 18 June 2002.

**(ii) Share Capital**

The existing authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM330,900 have been issued and fully paid-up, comprising 330,900 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of HCSB is as follows:-

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Allotted</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Total Issued and Paid-up Share Capital RM</b>
12.08.1986	2	1.00	Cash	2
03.08.1987	8,746	1.00	Cash	8,748
29.05.1989	41,252	1.00	Cash	50,000
19.02.1990	100,000	1.00	Cash	150,000
30.06.1992	180,900	1.00	50,000 Bonus Issue shares (i.e. 1 new share for every 3 existing shares) and 130,900 shares for cash	330,900

**(iii) Subsidiary and Associated Companies**

HCSB holds 14.68% equity interest in SLJSB as at the date of this Prospectus.

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#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### 4.5.3 RCSB

###### (i) History and Business

RCSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 9 January 1984 and commenced operations on the same date.

The principal activities of the company are to provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities. The company has a total of 17 employees as at 18 June 2002.

###### (ii) Share Capital

The existing authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM547,506 have been issued and fully paid-up, comprising 547,506 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of RCSB is follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
09.01.1984	2	1.00	Cash	2
03.05.1984	55,000	1.00	Cash	55,002
16.08.1984	55,000	1.00	Cash	110,002
28.02.1991	72,500	1.00	Debts due to Allotees	182,502
14.03.1997	91,251	1.00	Cash	273,753
01.04.2000	273,753	1.00	Cash	547,506

###### (iii) Subsidiary and Associated Companies

RCSB has no subsidiary or associated companies as at the date of this Prospectus.

##### 4.5.4 SLSB

###### (i) History and Business

SLSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 26 December 1987 and commenced operations on the same date.

The principal activities of the Company are to provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis, and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies. The company has a total of 20 employees as at 18 June 2002.



**4. INFORMATION ON THE BTB GROUP (Cont'd)****(ii) Share Capital**

The existing authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM300,000 have been issued and fully paid-up, comprising 300,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of SLSB is as follows:-

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Allotted</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Total Issued and Paid-up Share Capital RM</b>
26.12.1987	2	1.00	Cash	2
12.03.1988	9,998	1.00	Cash	10,000
30.08.1990	140,000	1.00	Cash	150,000
31.12.1994	150,000	1.00	Cash	300,000

**(iii) Subsidiary and Associated Companies**

SLSB holds 29.76% equity interest in SLPSB as at the date of this Prospectus.

**4.5.5 SLJSB****(i) History and Business**

SLJSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 16 September 1993 and commenced its operations on 1 July 1994.

The principal activities of the company are to provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis, and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies. The company has a total of 14 employees as at 18 June 2002.

**(ii) Share Capital**

The existing authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM330,000 have been issued and fully paid-up, comprising 330,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of SLJSB is as follows:-

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Allotted</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Total Issued and Paid-up Share Capital RM</b>
16.09.1993	2	1.00	Cash	2
20.05.1994	87,998	1.00	Cash	88,000
02.07.1997	88,000	1.00	Cash	176,000
08.08.1997	44,000	1.00	Cash	220,000
12.11.1998	110,000	1.00	Cash	330,000

#### 4. INFORMATION ON THE BTB GROUP (Cont'd)

##### (iii) Subsidiary and Associated Companies

SLJSB has no subsidiary or associated companies as at the date of this Prospectus.

#### 4.5.6 SLPSB

##### (i) History and Business

SLPSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 28 February 1994 and only commenced its operations on 1 January 1995.

The principal activities of the company are to provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis, and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies. The company has a total of 9 employees as at 18 June 2002.

##### (ii) Share Capital

The existing authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM268,800 have been issued and fully paid-up, comprising 268,800 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of SLPSB is as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
28.02.1994	2	1.00	Cash	2
05.05.1995	99,998	1.00	Cash	100,000
23.12.1996	50,000	1.00	Cash	150,000
10.09.1999	118,800	1.00	Cash	268,800

##### (iii) Subsidiary and Associated Companies

SLPSB has no subsidiary or associated companies as at the date of this Prospectus.

#### 4.5.7 CCSB

##### (i) History and Business

CCSB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 15 May 1990 and commenced its operations on 1 July 1994.

The principal activities of the company are to produce water treatment chemicals and provide other related services.

**4. INFORMATION ON THE BTB GROUP (Cont'd)****(ii) Share Capital**

The existing authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM2,002 have been issued and fully paid-up, comprising 2,002 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CCSB is as follows:-

<b>Date of Allotment</b>	<b>No. of Ordinary Shares Allotted</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Total Issued and Paid-up Share Capital RM</b>
15.05.1990	2	1.00	Cash	2
23.11.1994	2,000	1.00	Cash	2,002

**(iii) Subsidiary and Associated Companies**

CCSB has no subsidiary or associated companies as at the date of this Prospectus.

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.6 Industry Overview**

###### **4.6.1 General Overview**

In recognising the severity of water pollution problems, the Malaysian Government has been placing greater emphasis on water and wastewater treatment. The Environmental Quality Act, 1974 is the main regulation governing the local industries, especially the manufacturing sector, on effluent discharge. Enforcement on compliance has also been strengthened and economic incentives have been introduced for companies who are environmentally friendly.

Basically, the Government understands that without effective and swift action against water pollution, the situation will definitely get worse, resulting in water scarcity, eventual extinction of certain species of flora and fauna and ultimately, a declined quality of life for future generations.

Clean water is also highly demanded by the manufacturing sector for various production purposes. As such, methods of water purification and wastewater minimisation are in great demand.

In general, business opportunities for environmental services and products grow in tandem with industrial development's increasing demand for better environmental management. As such, in Malaysia there exists opportunities in the field of prevention and pollution control, clean and appropriate technology. The domestic water and wastewater treatment industry will see stronger growth as more companies venture into this area of business as the nation progresses further into industrialisation.

*(Source : ACNielsen Report, as disclosed in Section 13)*

###### **4.6.2 Life-Cycle of Industries Related to BTB's Business**

The management of the environment has been recognised by the Government as one task that is increasingly challenging due to the rapid pace of development. The Government realises that the threat of water, air and land pollution, if not quickly controlled, will be detrimental to the well-being of future generations such that clean water supply will be in severe shortage, air will no longer be clean enough to breathe in and plants and animals will go into extinction etc. Although the Environmental Quality Act 1974 has been in existence for almost three decades, emphasis on the conservation of the environment has only recently been given more importance.

In 2001, an allocation of RM85 million has been provided to the Department of Environment to continue its enforcement, controlling and monitoring efforts as well as the completion of the Environmental Skills and Training Institute (Source: Budget 2001 Speech).

The above clearly reflects good growth potential for companies such as BTB Group which provides services and products relating to wastewater management and water treatment for a cleaner environment. As such, the industry is deemed as still experiencing a growth phase.

*(Source : ACNielsen Report, as disclosed in Section 13)*

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.6.3 Industry Players and Competition**

The water and wastewater treatment industry can be said to be one which is highly specialised, i.e. it is vital that players possess the relevant advanced technological know-how in order to keep ahead of competition and survive.

As a result, the local industry is not saturated, it has much space for growth and competition can be deemed as moderate. However, the industry is bound to become increasingly competitive with the entry of new players as a consequence of the Government's growing emphasis on environmental management. As mentioned in the preceding section, there are approximately 213 players in the domestic wastewater treatment industry, some of which hail from foreign companies with many years of experience. The market value of the industry is estimated at RM2.66 billion to RM2.85 billion.

Although BTB Group has a number of competitors, there are few which offer as comprehensive a range of services to clients as the true Malaysian-born company. In fact, BTB Group is the leading total water management expert in Peninsular Malaysia and this essentially gives the Group a major competitive advantage over its business rivals. Furthermore, once its reliability and reputation is established, a relationship with the client is usually for the long-term.

*(Source : ACNielsen Report, as disclosed in Section 13)*

##### **4.6.4 Laws and Regulations Governing the Industry**

The governing laws and regulations pertaining to water and wastewater treatment industry are as follows:

- a) Environmental Quality Act 1974;
- b) Environmental Quality (Amended) Act 1996;
- c) Environmental Quality (Halon Management) Regulation 1999;
- d) Environmental Quality (Refrigerant Management) Regulation 1999;
- e) Environmental Quality (Delegation of Powers) Order 1999;
- f) Environmental Quality (Compounding Of Offences) (Amendment) Rules 1999;
- g) Environmental Quality (Control Of Emission From Diesel Engines) (Amendment) Regulations 2000;
- h) Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) (Amendment) Order 2000;
- i) Environmental Quality (Delegation Of Powers) (Halon Management) Order 2000;
- j) Langkawi Declaration on the Environment on 21 October 1989; and
- k) License from Ministry of Health on purchase of certain poisonous chemicals.

*(Source : ACNielsen Report, as disclosed in Section 13)*

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.6.5 Vulnerability to Imports / Foreign Exchange Exposure**

To ensure high standards of quality, the Group imports raw material, components and equipment from reputable universal manufacturers and hence will have direct impact on the costs of production and profit margin as foreign currency fluctuates.

However, the foreign currency fluctuation risk has been principally mitigated by the implementation of currency exchange controls on 1 September 1998 which was pegged at RM3.80 to USD1.00.

*(Source : ACNielsen Report, as disclosed in Section 13)*

##### **4.6.6 Summary of Outlook and Areas of Growth for the Industry**

The driving force behind the growth of the water and wastewater treatment industry is the expansion of the manufacturing sector. In other words, the increase in manufacturing entities will lead to an increase in the need for such services and products as the Government imposes stringent rules and regulations on manufacturing firms to be responsible for managing environmental pollution.

A growing population will also lead to a corresponding growth in the consumption of environmental management services. This is because a growing population coupled with rapid advancement in industrialisation creates an increased competition for cleaner air, water and land as part of the human quest for improved and enhance quality of life. Thus, a need to counter pollution.

The growth of the water and wastewater treatment industry is still at an early stage and is expected to continue to flourish over the next few years. In general, business opportunities for environmental services and products grow in tandem with industrial development's increasing demand for better environmental management. As such, in Malaysia there are yet ample business opportunities in the field of prevention and pollution control, clean and appropriate technology.

*(Source : ACNielsen Report as disclosed in Section 13)*

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

##### 4.7 Major Customers

Being in business for the past 20 years, the Group has ventured into all avenues of water and wastewater treatment activities. As a result, the Group has an extensive clientele base both public and private sector enterprises including Government agencies, public-listed companies, multinational corporations and other business conglomerates and thus is not dependent on any single customer. Save as disclosed below, none of the BTB Group customers individually contribute more than 10% of the Group turnover for the past two (2) financial years ended 31 December 2001:

Customer	Contribution to Group turnover for the financial year ended 31 December	
	2000 (%)	2001 (%)
ST Microelectronics Sdn Bhd	35	17

##### 4.8 Major Suppliers

The Group is not dependent on any single supplier for services purchased. The Group has established long term relationships with most of its major suppliers over the past 20 years.

Save as disclosed below, none of the BTB Group suppliers individually contribute more than 10% of the Group purchases for the past two (2) financial years ended 31 December 2001:

Supplier	Contribution to Group purchases for the financial year ended 31 December	
	2000 (%)	2001 (%)
Kinetico Inc (USA)	36	14

##### 4.9 Industry Players

The overall water and wastewater industry is fragmented and complex. The industry is fragmented because of the different services and products available in the market: systems and equipment (design / install / commissioning), formulated chemical products, analytical testing and environmental monitoring services, after sales service etc.

Because of the immense range of water treatment and purification technology available in the market, no single company can monopolize the market. Furthermore, different treatment technologies are used for different manufacturing entities.

Currently, there are approximately 213 players in the domestic wastewater treatment industry in Peninsular Malaysia. However, these are none as comprehensive as BTB Group, which is indeed a total solutions provider.

*(Source : ACNielsen Report as disclosed in Section 13)*

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.10 Prospects, Strategies and Future Plans**

###### **4.10.1 Business Overview**

Industrial effluents, discharge of untreated or partially treated domestic wastewater as well as agricultural and animal wastes were identified as the primary causes of water pollution.

As such, great emphasis has been placed on water and wastewater management. Several measures have been introduced to increase awareness of the threat of water pollution among the private and public sectors. Enforcement on compliance of industrial entities with the Environmental Quality Act 1974 has also been strengthened.

Under the Eighth Malaysia Plan, in order to further reduce and improve the discharge of wastewater, the Government will continue to upgrade existing sewage treatment plants and build 10 new plants and three central sludge treatment facilities to supplement the plants to be constructed by the private sector. *Standards that are more stringent will also be introduced, including the imposition of fees for wastewater discharge, to induce industries to install better wastewater treatment facilities.* This Government initiative, being stated in the 8MP certainly will shed good prospects for BTB Group, as a total comprehensive solution provider in the water and wastewater treatment business.

The growth of the water and wastewater treatment industry is still at an early stage and is expected to continue to flourish over the next few years. In general, business opportunities for environmental services and products grow in tandem with industrial development's increasing demand for better environmental management. As such, in Malaysia there are yet ample business opportunities in the field of prevention and pollution control, clean and appropriate technology.

*(Source : ACNielsen Report as disclosed in Section 13)*

###### **4.10.2 Viability**

The viability of the products and services offered by the Group can be summarised as follows:-

###### **a) Diversity of Products**

The Group is an integrated and comprehensive water purification and wastewater treatment solutions provider. The Group provides a complete spectrum of services and products such as formulated treatment chemicals; design, construction, installation and commissioning of treatment systems and equipment; contract operation of treatment plants; environmental monitoring services; analytical testing for air, noise, water and wastewater; engineering studies; environmental Impact Assessments and studies; consultation and ancillary products such as ultra-pure deionised water, institutional housekeeping chemicals, industrial cleaning and maintenance chemicals, hotel amenities

The capability in providing A to Z services in water management helps position the Group at the forefront of competition since competitors normally specialise only on certain services and do not provide a total package.



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**4. INFORMATION ON THE BTB GROUP (Cont'd)**

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**b) Quality of Products / Services**

To ensure high quality products and services, the Group only purchases raw material, components and equipment from reputable universal vendors / suppliers. These suppliers are established and have customers throughout the world and have met international quality standards such as the TUV, CE and ISO standards. Thus, a certain level of quality assurance exists.

The Group also places great emphasis on R & D activities in search of ever-changing technology and innovative products. This essentially creates continuous improvement in services and products offered by the Group.

**c) Elasticity of Demand**

Environmental management services are gradually being given more and more emphasis as the nation progresses towards advanced industrialisation and the threat of pollution presses. This is because industrialisation involves the growth of the manufacturing sector which produces waste that can cause serious environmental degradation, especially to water sources.

As such, there will always be a demand for services offered by companies to the likes of the Group as long as there is productivity in the manufacturing sector.

At present, Malaysia's economy is indeed driven by the manufacturing sector. In 2000, the sector maintained its lead as the country's biggest contributor to Gross Domestic Product, strengthening its share to 33.4% compared with 30% in 1999. The expansion in the sector's production volume was broad based, with almost all industries recording higher output growth.

Moving into year 2001, the manufacturing sector has experienced the sharpest deterioration than expected. The decline is largely attributable to a depressed global market for electronic products. Given that electronics account for close to half of Malaysian manufactured exports, the output performance of the electronics industry, which has deteriorated to 13.1% during the first seven months of 2001 (January-July 2000: 15.1%) has impacted significantly on the growth of the manufacturing sector. While the export-oriented industries have been adversely affected by weak external demand, the domestic-oriented industries have shown greater resilience, largely due to the expansion of output industries producing construction-related materials, transport equipment and consumer products as well as resource-based industries. The growth in these industries has provided the support to growth and somewhat cushioned the contraction in the manufacturing sector.

As the sector's output growth is expected to surpass growth in GDP, its share to the real GDP is expected to strengthen by 32.6% in 2000 as compared to 30% in 1999. Being a highly open economy, Malaysia was affected by the weak external economic environment, compounded by the effects of September 11, the overall output of the sector is estimated to decelerate to a growth of 0.2% in 2001. This has caused its contribution to GDP to decline sharply to 0.1 percentage point to real GDP growth for the year. Looking forward, the sector is projected to expand by 6.5%, and contribute 2.1 percentage points to real GDP growth for year 2002.

The demand for the Group's products and services can thus be deemed as fairly inelastic.

*(Source : ACNielsen Report, as disclosed in Section 13)*

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

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**d) Market Share**

The overall water and wastewater industry is fragmented and complex. The industry is fragmented because of the different services and products available in the market: systems and equipment (design / install / commissioning), formulated chemical products, analytical testing and environmental monitoring services, after sales service etc. Malaysia's total environmental market in 1997, which has been growing at an average rate of 15% to 20% annually, is estimated at between RM2.66 billion (USD700 million) and RM2.85 billion (USD750 million), with water and wastewater treatment market accounts for two-thirds of it.

Most companies focus on a few specialised services and do not provide a complete range of solutions, unlike BTB Group. For example, some firms only offer laboratory analysis services and do not provide services in the installation and commissioning of treatment plants etc.

Because of the immense range of water treatment and purification technology available in the market, no single company can monopolise the market. Furthermore, different treatment technologies are used for different manufacturing entities.

Currently, there are approximately 213 players in the domestic wastewater treatment industry in Peninsular Malaysia. However, these are none as comprehensive as BTB Group, which is indeed a total solutions provider.

*(Source : ACNielsen Report, as disclosed in Section 13)*

**e) Competitive Advantage**

The competitive advantages of the Group over other existing players are described as per Section 4.4.7 above.

**f) Undertaking of Research and Development**

The Group acknowledges the importance of R & D and places emphasis on:

- Developing formulated water and wastewater chemical products that are capable of replacing imported chemical products or minimizing sludge generation for water and wastewater treatment.
- Studying advanced treatment systems available in developed countries and adapting it to suit the Group's engineered water purification or wastewater treatment systems.
- Adapting and use of electrolytic treatment systems for various kinds of wastewater. This treatment method is a process for treatment of wastewater by applying electric current through electrodes which come in contact with the wastewater. The advantages of this method are eliminating or reducing the use of treatment chemicals, reducing treatment costs and reducing sludge generation. It is environmental friendly.

#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

- Adapting and use of electrolysis membrane system for metal recycling applicable to plating industries. Metal contaminants in the wastewater are being precipitated out by means of electric current. Precipitated metals are of high purity and can be reused. Conventional treatment method of metals removal from wastewater containing metals is by chemical precipitation. The metal precipitated out by this method is not in the pure metal form as it is a metal-complex. Thus, process of recycling metal for reuse from the metal-complex is not uncomplicated.

*(Source : ACNielsen Report as disclosed in Section 13)*

##### 4.10.3 Vulnerability

The Group's future performance is vulnerable to several factors as identified as follows:

##### a) Dependence on Single Customer

The Group does not depend on one customer for business. Its clientele base is vast and diverse.

Please refer to Section 4.7 for a list of Group's major customers.

##### b) Availability of Resources

The Group sources its raw materials, components and equipment mainly from local suppliers and vendors and is not over dependent on any particular supplier.

The Group maintains long-standing relationships with its suppliers,. This is important to ensure top quality raw materials and punctual deliveries. A win-win situation materialises. Please refer to Section 4.8 of this Prospectus for the Group's major supplier base.

Besides raw materials, professionals' expertise is also one of the important resources for the efficient running of the Group's operations. Hence, the Group also emphasizes strongly on recruiting and retaining highly qualified personnel whose professionalism has partly formed the success of the Group and so far staff turnover is low within the Group.

The types and sources of some of the raw materials are as follow:

Raw material	Source
Water and wastewater treatment chemicals ie. aluminium sulphate, liquid alum, caustic soda flake, ferrous sulphate, hydrazine hydrate 80%, Prestol 187K/189K, etc	Local suppliers eg, Orin-Chem Sdn Bhd, Malaya Acid Works Sdn Bhd and Globechem Sdn Bhd, as well as Deggusa (SEA) Pte Ltd from Singapore
Water and wastewater treatment plant components and equipment ie. fittings, pumps, tanks, instruments, evaporators, etc.	Local suppliers as well as foreign suppliers from Singapore, Germany , USA, Sweden, Italy, etc.
Laboratory equipment ie. glassware, instruments, computer, sampling tubes, etc.	Local suppliers as well as foreign suppliers from USA.

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#### 4. INFORMATION ON THE BTB GROUP *(Cont'd)*

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**c) Continual Relationship With Business Counterparts**

BTB has worked closely with foreign business counterparts which enhance the Group's exposure towards advanced foreign technologies and expertise. The technological support from foreign business counterparts is vital as it would enable the Group to offer more cost effective and efficient services and be the leading specialist in water management.

In view of this, HCSB has entered into an Original Equipment Manufacturer, Sales and Royalty Agreement with Kinetico Incorporated whereby HCSB has been appointed as its exclusive authorised original equipment manufacturer for the sale, lease, rental and services of Kinetico products in Malaysia.

**d) Capability to Diversify**

The Group is already offering a diversified yet related range of services and products. Basically, the Group has the available technology to meet their client's needs. In essence, it seldom sub-contract projects to third parties.

**e) Sensitivity to Economic Downturn**

The Group's performance is basically dependent on the performance of the industries in which its clients's operate. These range from metal finishing, electronics, semiconductor, paper mill, palm oil mill, printing, hotel, chemical production, rubber gloves, paint, automotive, aviation and galvanizing. The Group's clients also include EIA consultants, private water treatment consultants and air pollution control consultants. Most of these industries are resilient and demand for products do not fluctuate in a large scale. Furthermore, the diverse clientele base means BTB Group is not focusing on any one particular industry, thus its business risk is "hedged".

Overall, the demand for water and wastewater treatment services and products, which is the Group's main business focus, is not affected by cycles of the economy as protection of the environment is given much emphasis by the Government.

By targeting to expand into the overseas market such as Singapore, Philippines, Thailand, Vietnam, Indonesia and Cambodia, the Group also moves a step towards minimising the threat from any possible future adversities arising from an economic downturn.

**f) Market Access / Barriers to Entry**

The barriers to entry into the industry is moderate and in summary, these barriers are:

- Certain level of initial capital outlay
- Knowledge / technical skill intensive - shortage of qualified staff and technical knowledge
- Need for certain level investment in R&D
- Long period of time required to build reputation
- Competition with foreign treatment products
- Compliance with stringent rules and regulations governing the industry

*(Source : ACNielsen Report as disclosed in Section 13)*

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **4.10.4 Ownership and Management**

###### **a) Ownership Structure**

From the current shareholding structure, the shareholders are actively involved in the day-to-day business operations and decision making processes. All operational problems that may arise are discussed fully with the other management team of dedicated professionals in various fields to ensure efficiency and smooth running of the company.

###### **b) Level of Expertise/ Capability of Management**

The key management team of the Group obtained their professional and tertiary qualifications in their respective fields of expertise both from local and foreign institutions. Collectively, they have extensive experience in the different aspects of the water and wastewater treatment industry with diverse career backgrounds.

Their capabilities are very much reflected in the achievements in product development and innovation of the Group over the years. The substantial contracts and tenders awarded to the Group also prove the high level of expertise offered by the management team.

###### **c) Management Style and Philosophy**

The Group practices participative and team management.

In exercising their responsibilities and delegating their duties effectively, the management ensures efficient and smooth implementation of functions and projects assigned. In addition, the management also developed in-house operating guidelines and procedures to ensure a good system is in place.

Furthermore, the co-operation, dedication and team spirit among all ranks of management contribute significantly towards maintaining and enhancing the reputation and commercial viability of the Group.

*(Source : ACNielsen Report as disclosed in Section 13)*

##### **4.10.5 Contribution to Economic Growth**

The Group's activities can either directly or indirectly contribute positively to the economic growth in the following manner:

###### **a) Value Added**

The Group through its efforts in in-house R&D has in many ways contributed to local intellectual capital. The need for foreign expertise is gradually eliminated.

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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In creating partnerships with reputable companies specialising in the field of water and wastewater treatment, technology transfers occur and allows the Group to tap the expertise and skills of the advanced nations and utilise the technologies in Malaysia. This essentially means that the Group is helping to bring the latest technology know-how into the country. This will in one way or another assist in the progress of the country towards developed nation status.

**b) Government Policies**

The Department of Environment (DOE)'s function is mainly to administer and enforce the Environmental Quality Act, 1974 (Amendments 1985, 1996), and Section IV of the Economic Exclusive Zone Act, 1984. It will also ensure that the uniqueness, diversity and quality of the environment are preserved towards enhancing the quality of life of the present and future generations.

**c) Linkages and Catalysts**

The driving force behind the growth of the water and wastewater treatment industry is the expansion of the manufacturing sector. Growth in the manufacturing sector which began in 1999, accelerated well into 2000 and 2001 with January 2001 marking the 23<sup>rd</sup> consecutive month of positive year-on-year growth since March 1999.

Clean water is highly demanded by the manufacturing sector for various production purposes and as such methods of water purification and waste minimisation are in great demand. There is also the need for environmental management services particularly by the manufacturers involving in electrical and electronics, chemicals and petrochemicals, printing and publishing sectors which are bound to be governed by the Environmental Quality Act.

*(Source : ACNielsen Report as disclosed in Section 13)*

##### **4.10.6 Future Plans of the Group**

**a) Local Expansion**

Currently, the Group's business emphasis is in the central region and has been intensifying its marketing efforts in the Southern region. However, expansion plans to capture a bigger market in the Northern region and in East Malaysia are in the pipeline. In fact, the Group's laboratories are already established in the Northern and Southern regions.

The Group plans to set up a branch office for HCSB in the Northern region. Together with SLPSB in Penang, this branch office will help to improve the sales and marketing network and thus, allows greater market penetration in the region.

The Group also intends to expand its business operations to East Malaysia. At present, the Group does not have any business dealings across the sea, except for selling a small percentage of water treatment chemicals to a water treatment company in Sabah which in turn re-sell the products to end-users.

BTB Group plans to penetrate the Northern region through direct marketing, with new sales staff being recruited at the initial stage of the expansion. In addition, the Group plans to tie-up with an existing company to gain access into the East Malaysian market. These plans are scheduled for 2002.

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#### **4. INFORMATION ON THE BTB GROUP (Cont'd)**

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##### **b) Regional Expansion**

Regional markets targeted by the Company include China, Thailand, Vietnam, Indonesia and Cambodia. The management of BTB sees potential in these markets due to the fact that the countries are in the midst of rapid industrialisation and trending towards megacities. This situation calls for serious environmental management in view of the threat of severe pollution arising from the nations' progress.

Prior to setting up business in these countries, the Group undertakes extensive feasibility and viability studies on each potential market. This is to assess the market readiness of each country for water and wastewater treatment services and products.

On a related note, the Company has already taken a step across boundaries by working closely with Kinetico Inc. of the USA has secured and completed a project to install a recycling system for a Euro-Chinese joint venture company (STS-Microelectronic Co. Ltd) in Shenzen, Southern China.

The Group worked closely with leading international companies in the field have proven to be extremely beneficial in terms of future expansions, be it locally as well as overseas.

The Group also intends to expand across boundaries in three ways:

##### **i. Alone**

When the BTB Group chooses to enter the foreign market by itself, a direct sales visit will be conducted. Subsequently, a sales office will then be established in that country should the market proves viable.

##### **ii. Forming strategic alliances with big foreign companies**

When the Group chooses to form strategic alliances with foreign companies such as Kinetico Inc (USA) or any other suitable foreign companies, both the companies will conduct direct sales marketing in the potential country. A branch office will only be set up when the turnover is sustainable.

##### **iii. Establishing a presence in a regional market and then form partnerships with local companies which are well-versed of local market needs**

When the Group has presence in the regional market, the Group plans to form partnership with local companies in the potential country to gain access into the market. Suitable companies will be those with local market knowledge, in the related business and have qualified sales staff.

##### **c) Product and Technology Diversification**

Frequent visits to American and European machinery suppliers have enabled the Group to enhance exposure towards advanced foreign technologies and expertise. This in turn will be thoroughly studied and tested and subsequently, applied to local market needs if possible.

#### 4. INFORMATION ON THE BTB GROUP (*Cont'd*)

In line with the Group's vision to be the leading specialist in water management, the Group plans to venture into the field of *electrolytic treatment systems*. These advanced systems make use of electric current through electrodes to purify various types of wastewater and are more cost effective and efficient than conventional methods whereby chemicals are used.

HCSB has been appointed as an Original Equipment Manufacturer of Kinetico Inc.. This will aid further technology transfers in terms of new treatment technologies and skills.

Other potential areas are as follows:

- Catalyst recovery – recovery of Ni, Pt, Re, Mo, Co, Cu, Palladium, Tungsten, HDS, HDM, Zinc Oxide,  $AL_2O_3$  and V for petroleum refinery, petro-chemicals, plastic chemicals and pharmaceutical operations.
- Developing formulated water and wastewater chemical products that are capable of replacing imported counterparts as well as chemicals that are highly efficient such that there is a reduction in usage which will ultimately lead to lower costs;
- Adapting and use of electrolysis membrane system for metal recycling applicable to plating industries. Metal contaminants in the wastewater are being precipitated out by means of electric currents. Precipitated metals are of high purity and can be reused. Conventional methods utilise chemicals to cause precipitation and does not produce pure metals.

The Group will also make use of RCSB's existing facilities to produce and supply drinking water dispensers to commercial offices and factories.

In short, the Group intends to improve on the types of services and products offered to clients.

##### d) **Venture into Food Testing**

In view of the Government's increasing emphasis on the quality of food products as part of the progress towards a developed nation, the Group intends to capitalise on this by venturing into food testing and analysis services.

This could be provided as a complementary service to clients who are involved in the production of food items and who are already using the Group's services in water and /or wastewater treatment. Needless to say, the production of food must be carried out under an extremely clean environment and involves stringent quality control.

With regards to this, the techniques and expertise of the Group can indeed be applied in food testing.

*(Source : ACNielsen Report as disclosed in Section 13)*

##### 4.10.7 **Conclusion**

The Group's competitive advantage lies in its ability to provide a complete range of services to its clients, starting from the analysis of a customer's water purification and wastewater treatment requirements to the application of the company's test results, formulated chemical products, systems and equipment to provide a cost effective solution. Essentially it is a one-stop centre for water and wastewater treatment.



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**4. INFORMATION ON THE BTB GROUP (Cont'd)**

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The growth of the water and wastewater treatment industry is still at an early stage and is expected to continue to flourish over the next few years. In general, business opportunities for environmental services and products grow in tandem with industrial development's increasing demand for better environmental management. As such, in Malaysia there are yet ample business opportunities in the field of prevention and pollution control, clean and appropriate technology.

It is suffice to say that outlook for this industry is positive and as long as there is industrial advancement and there is a growth in population, there will exist an enduring need for better environmental management. Hence, demand for services and products offered by the Company will increase in the near future.

With extensive experience and technology know-how coupled with work closely with reputable foreign partners in the United States and Europe, the Group, being an integrated one-stop centre for water management, is well positioned to capitalise on the opportunities and challenges that will arise in the domestic water and wastewater treatment industry.

*(Source : ACNielsen Report as disclosed in Section 13)*

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## 5. SUMMARY OF FIVE-YEAR BUSINESS PLAN

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The turnover of the Group increased significantly from 1997 to 1998 by 8.10% to RM10.176 millions while in 1999, turnover rose by 29.81% to RM13.209 million. In 2000, there was a 51.89% growth to RM20.063 million whereas the turnover in 2001 was RM15.553 million. The Group posted profit after tax figure of RM0.717 million, RM2.394 million, RM3.957 million and RM4.207 million for the financial years end 1998, 1999, 2000 and 2001 respectively. The improvement in profit is mainly attributed to the Group's vision of working closely with leading international water treatment companies in providing water recycling systems, and product diversification such as formulating treatment chemicals for replacing imported counterparts and expansion into related businesses.

The Group's immediate business plan, apart from central region, is to further intensify sales and marketing efforts in areas of water and wastewater treatment with special attention to water recycling systems, to southern and northern regions. This is to be carried out through the setting up of branch offices in the southern and northern regions. In addition, the Group intends to expand its business operation to East Malaysia.

With the rapid industrialisation in regional countries, the Group has targeted countries such as China, Singapore, Thailand, Philipines, Indonesia and Cambodia for its future expansion. Prior to entry to these countries, the Group undertakes extensive feasibility and viability studies on each potential market's readiness for water and wastewater treatment services and products. The Group intends to further expand its overseas market in three ways :

- Alone;
- Forming strategic alliances with leading international companies; and
- Establishing a presence in a regional market and then form partnerships with local treatment companies.

It is the Group's immediate objectives to conduct research into product and technology diversification by bringing in advanced foreign technologies and treatment systems. Detail studies and tests will then be carried on these technologies and subsequently its application to market needs. Efforts are being made by the Group to adapt and use electrolytic treatment system and electrolytic membrane system. Such treatment system is environmentally friendly as compared to conventional treatment methods whereby treatment chemicals are used.

In view of the Government's increasing emphasis on the quality of food products as part of the progress towards a developed nation, the Group plans to venture into food testing and analysis services.

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## 6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

### 6.1 Major Shareholders as at 18 June 2002

#### 6.1.1 Particulars and Shareholdings

Based on the Register of Major Shareholders as at 18 June 2002 (being the latest practicable date prior to the printing of this Prospectus), the major shareholders (with 5% or more shareholding, directly and indirectly) of the Company after the Placement and Public Issue are as follows:

Name	Nationality	Designation	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
			Direct	%	Indirect	%
Pang Wee See	Malaysian	Executive Chairman	71,852,894	47.90	580,000*	0.39
Tan Boon Kok	Malaysian	Executive Director	16,222,978	10.82	-	-
Chan Ah Kien	Malaysian	Executive Director	16,481,826	10.99	-	-

*Note:*

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his wife, Madam Yee Oii Pah@Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

#### 6.1.2 Directorships and Major Shareholdings in All Other Public Companies For the Past Two (2) Years

As at 18 June 2002, none of the major shareholders hold any directorship and/or major shareholdings in other public companies for the past two (2) years.

### 6.2 Promoters

#### 6.2.1 Particulars and Shareholdings

Name	Nationality	Designation	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
			Direct	%	Indirect	%
Pang Wee See	Malaysian	Executive Chairman	71,852,894	47.90	580,000*	0.39
Tan Boon Kok	Malaysian	Executive Director	16,222,978	10.82	-	-
Chan Ah Kien	Malaysian	Executive Director	16,481,826	10.99	-	-
Kan King Choy	Malaysian	Executive Director	6,658,858	4.44	-	-

## 6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

### Note:

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his wife, Madam Yee Ooi Pah@Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

### 6.2.2 Changes in Shareholdings of Major Shareholders/Promoters for the past three (3) years

The following table highlights the changes in the shareholdings of the Major Shareholders/Promoters from 14 June 2001 (being the date of incorporation of BTB) until the date of this Prospectus.

Name	Number of Shares Acquired	Direct Shareholding		Indirect Shareholding	
		No. of Shares	%	No. of Shares	%
Pang Wee See 23 May 2002	71,562,894	71,562,894	47.7	-	-
Tan Boon Kok 23 May 2002	15,932,978	15,932,978	10.62	-	-
Chan Ah Kien 23 May 2002	16,191,826	16,191,826	10.79	-	-
Kan King Choy 23 May 2002	6,368,858	6,368,858	4.44	-	-

### 6.2.3 Directorships and Major Shareholdings in All Other Public Companies For the Past Two (2) Years

As at 18 June 2002, none of the promoters hold any directorship and/or major shareholdings in other public companies for the past two (2) years.

## 6.3 Directors

### 6.3.1 Particulars and Shareholdings

Name	Address	Designation	Nationality	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
				Direct	%	Indirect	%
Pang Wee See	No 2, Jalan SS3/2A 47300 Petaling Jaya Selangor Darul Ehsan	Executive Chairman	Malaysian	71,852,894	47.90	580,000*	0.39
Tan Boon Kok	48, Jalan Jaya Taman Kerjasama 86000 Kluang Johor	Executive Director	Malaysian	16,222,978	10.82	-	-
Chan Ah Kien	57, Jalan SS2/66 47300 Petaling Jaya Selangor Darul Ehsan	Executive Director	Malaysian	16,481,826	10.99	-	-
Kan King Choy	No 6, Jalan SS14/5B 47500 Subang Jaya Selangor Darul Ehsan	Executive Director	Malaysian	6,658,858	4.44	-	-
Ir. Koh Thong How	No 8, Jalan Dedap 31 Taman Johor Jaya 81100, Johor Baru Johor	Engineering Director	Malaysian	290,000	0.19	71,852,894 <sup>+</sup>	47.90

## 6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (*Cont'd*)

Name	Address	Designation	Nationality	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
				Direct	%	Indirect	%
Dr. Seow Pin Kwong	19, Jalan 17/21 46400, Petaling Jaya Selangor Darul Ehsan	Independent Non Executive Director	Malaysian	260,000	0.17	-	-
Cheng Sim Meng	2, Jalan 17/21 46400, Petaling Jaya Selangor Darul Ehsan	Independent Non Executive Director	Malaysian	260,000	0.17	-	-
Yee Ooi Pah @ Yee Ooi Wah	No 2, Jalan SS3/2A 47300 Petaling Jaya Selangor Darul Ehsan	Alternate Director to Pang Wee See	Malaysian	290,000	0.19	71,852,894 <sup>^</sup>	47.90

<sup>^</sup> Deemed interested by virtue of the shareholdings of her husband, Mr. Pang Wee See

<sup>+</sup> Deemed interested by virtue of the shareholdings of his brother-in-law, Mr. Pang Wee See

<sup>\*</sup> Deemed interested by virtue of the shareholdings of 290,000 shares each, of his wife, Madam Yee Ooi Pah@Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

### 6.3.2 Profile of Directors

Further details of the Directors of BTB are as follows :

#### a) Pang Wee See

Pang Wee See, aged 50, is the Executive Chairman of BTB. He was appointed to the Board on 25 May 2002. He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up BCSB in 1980. He left Federal Rubber Products in 1984 to manage BCSB and later expanded to set up HCSB, RCSB, SLSB, SLJSB and SLPSB. As a founder of BTB Group, his excellent entrepreneurial skills and more than 20 years of experience, have steered BTB Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He is also a Director of HCSB, SLSB, SLJSB, SLPSB and RCSB and also sits on the Board of other private companies .

#### b) Tan Boon Kok

Tan Boon Kok, aged 44, was appointed to the Board on 25 May 2002 as an Executive Director. Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined BCSB in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 17 years. Currently, he is responsible for the overall operations of RCSB and is responsible for the Group's diversification into rental of ion exchange resin columns and processed drinking water. He is also a Director of RCSB and SLJSB.

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**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**c) Chan Ah Kien**

Chan Ah Kien, aged 39, was appointed to the Board on 25 May 2002 as an Executive Director. He co-founded HCSB in 1987 and has been with the Group for more than 13 years. He had his education in Temerloh, Pahang and completed his Sijil Pelajaran Malaysia (SPM) in 1981. He built his experience since 1981 and rose through the ranks from technician, operations, marketing and to management level, involving in industrial wastewater treatment and scheduled waste disposal. He has accumulated more than 10 years experience in industrial wastewater treatment and over the years with HCSB, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe. Currently, he is responsible for the overall operations of HCSB. He is also a Director of HCSB.

**d) Kan King Choy**

Kan King Choy, aged 40, was appointed to the Board as an Executive Director on 25 May 2002. He joined SLSB as a Manager of the laboratory in 1990 and has been with the Group for more than 10 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988 and is a member of the Association of Official Analytical Chemists (AOAC). He is responsible for the overall operations of the laboratory division which encompasses SLSB, SLJSB and SLPSB. He is also a Director of SLSB, SLJSB and SLPSB.

**e) Ir. Koh Thong How**

Ir. Koh Thong How, aged 47, was appointed to the Board as Engineering Director on 25 May 2002. He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil & Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil & Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 & 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 & 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advise as the engineering advisor for HCSB.

**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

**f) Dr. Seow Pin Kwong**

Dr. Seow Pin Kwong, aged 61, was appointed to the Board on 25 May 2002. as an Independent Non-Executive Director. He graduated from University of Malaya with a Bachelor of Science degree in Chemistry in 1967. He began his career as a teacher and subsequently pursued his studies in France to obtain a doctorate degree in Macromolecular Sciences. Upon completion of his studies, he served as a lecturer with Mara Institute of Technology in 1974 and then joined the Rubber Research Institute of Malaya (“RRIM”) as Research Officer in 1975. He was seconded to Malaysian Rubber Producers’ Research Association (“MRPRA”) from 1979 to 1981 as Research Scientist and returned to RRIM in 1981. He was promoted to Senior Research Officer in 1984 and retired from RRIM in 1995 to join Thong Fook Plastics Industries as General Manager/Technical Adviser of Research & Development until 1997. Currently he is the Senior Technical Manager of MI Pipes (M) Sdn Bhd.

**g) Cheng Sim Meng**

Cheng Sim Meng, aged 48, was appointed to the Board on 25 May 2002. as an Independent Non-Executive Director. Mr. Cheng is a Chartered Insurer. He is an Associate of the Chartered Insurance Institute (UK), Associate of the Malaysian Insurance Institute, Associate of the India Insurance Institute, Associate of the Chartered Institute of Arbitrators (UK), Associate of the Malaysian Institute of Management, and armed with a Masters degree in Business Administration from Universiti Putra Malaysia and holds various certificates in accounting. He was Associate of the Insurance Brokers Association of Malaysia and Member of the Malaysian Institute of Directors. Mr Cheng has also worked as a Research Associate during his tenure of his Masters in Business Administration studies. He is now pursuing his doctorate degree.

He has been in the insurance industry for more than twenty-nine years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts & statistics, credit control, reinsurance, broking, net-working & distribution, training and leadership roles. He started his career as a clerk in a Life Insurance Company (1972-1974) and thereafter a credit controller in an general insurance company (1974-1975). He joined a local insurance company in 1975 as an accounts assistant. He assumed the position of Manager of an insurance broking company in 1978. Subsequently, he ventured into business of an insurance agency from 1982 and has remained so until 2001. Currently, he is a Senior Manager (Training) with a local insurance company.

Since 1982 he is involved on a part-time basis in education. He lectures and act as course leader with the Malaysian Insurance Institute on various courses & training aspects, public seminars and conferences as well as Lectures in TAR college, private institutes & colleges and financial institutions.

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**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**h) Madam Yee Oii Pah @ Yee Ooi Wah**

Yee Oii Pah @ Yee Ooi Wah, aged 49, was appointed as an alternate Director to Pang Wee See on 25 May 2002. She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupillage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company.

**6.3.3 Directorships and Major Shareholdings in All Other Public Companies For the Past Two (2) Years**

As at 18 June 2002, none of the directors hold any directorship and/or major shareholdings in other public companies for the past two (2) years.

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## 6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

### 6.3.4 Directors' Remuneration and Benefits

For the financial year ending 31 December 2002, the amount to be paid to the Directors for services rendered to the Company and its subsidiaries are forecasted to be RM0.67 million. (audited as at 31 December 2001 : RM0.60 million).

The number of Directors of the Company in the various remuneration bands are as set out below:

	31 December 2001			31 December 2002		
	Executive	Non-executive	Total	Executive	Non-executive	Total
Below RM200,000	3	-	3	3	3	6
RM200,000 to RM300,000	1	-	1	1	-	1

*Note: The Alternate Director, Yee Ooi Pah @ Yee Ooi Wah is not included in this disclosure.*

### 6.4 Audit Committee

The members of the Audit Committee are as follows :-

Name	Designation	Directorship
Dr. Seow Pin Kwong	Chairman	Independent Non-Executive Director
Cheng Sim Meng	Member	Independent Non-Executive Director
Kan King Choy	Member	Executive Director

The main functions of the Audit Committee include the review of the audit plan and audit report with the Auditors, review of the Auditors' evaluation of internal controls, review of the scope of internal audit procedures, review of balance sheet and income statement and nomination of Auditors.

### 6.5 Key Management Team of the BTB Group

#### 6.5.1 Shareholdings of the Key Management Team

Name	Designation	Nationality	No. of BTB Ordinary Shares Held After the Placement and Public Issue			
			Direct	%	Indirect	%
Liang G-E	Manager, SLJSB	Malaysian	1,986,433	1.32	-	-
Lim Suat Lean	Manager, SLPSB	Malaysian	721,091	0.48	-	-
Foo Say Jin	Manager, HCSB	Malaysian	115,350	0.08	-	-
Lee Lay Eng	Accounts Manager, BCSB	Malaysian	127,050	0.08	-	-
Niew Lean Heng	Branch Manager, BCSB	Malaysian	117,450	0.08	-	-
Gan Ang Hock	Technical Manager, RCSB	Malaysian	110,250	0.07	-	-
Tan Boon Sang	Sales Manager, RCSB	Malaysian	114,150	0.08	16,222,978	10.82 <sup>^</sup>

<sup>^</sup> Deemed interested by virtue of the shareholdings of his brother, Mr. Tan Boon Kok

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**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**6.5.2 Profile of the Key Management Team**

Further details of the key management team of BTB Group are as follows:

**a) Liang G-E**

Liang G-E, aged 32, is the Manager of SLJSB. He joined SLSB in 1992 and has been with the Group for more than 8 years. He graduated from Monash University in 1991 with a Bachelor of Science degree in Biochemistry and Pharmacology and upon graduation joined SLSB as Chemist. He then moved to the Sales and Marketing Division in 1993 and was involved in the sales and marketing of the laboratory's services. Subsequently he moved on to assume management responsibility as Manager of SLJSB upon transferring to SLJSB to set up the laboratory in 1994. He is responsible for the overall operations of SLJSB.

**b) Lim Suat Lean**

Lim Suat Lean, aged 34, is the Manager of SLPSB. She joined SLSB in 1993 and has been with the Group for more than 7 years. She graduated from Universiti Pertanian Malaysia in 1993 with a Bachelor of Science (Environment) degree (Honours) and upon graduation joined SLSB as an Environmental Chemist. She sat and passed the LMIC Membership Examination held by Institut Kimia Malaysia in 1994 and was admitted as a Licentiate of the Institut Kimia Malaysia in 1996. She moved to the Sales and Marketing Division in 1994 and subsequently transferred to SLPSB to set up the laboratory in 1995. She is responsible for the overall operations of SLPSB.

**c) Foo Say Jin**

Foo Say Jin, aged 33, is the Manager of HCSB and has been with the Group for more than 7 years. He graduated from Universiti Pertanian Malaysia in 1993 with a Bachelor of Science (Environment) degree (Honours) and upon graduation joined HCSB as a Project/Sales Engineer. He was promoted to Assistant Manager in 1996 and later to the position of Manager in 2000. His responsibilities include obtaining new project sales, maintaining current customers' accounts, submission of documents to relevant government department for approval and supervision in the implementation of projects.

**d) Lee Lay Eng**

Lee Lay Eng, aged 44, is the Accounts Manager of BCSB and has been with the Group for more than 15 years. She graduated from Fu Jen Catholic University, Taiwan in 1982 with a Bachelor of Business Administration degree and upon graduation, joined Abad Dua Puluh Lima Sdn Bhd as a Senior Accounts Clerk. Later she moved to BCSB as Accounts Executive in 1985 and proved her capabilities by undertaking the accounting matters of BCSB as well as HCSB, SLSB and SLPSB.

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**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**e) Niew Lean Heng**

Niew Lean Heng, aged 41, is the Branch Manager of BCSB. He completed his Senior Middle 3 Examinations at the Chung Hwa High School, Kluang in 1980 and has been with the Group for more than 8 years. He joined Coronation Palm Oil Mill in 1982 and was there till 1991. During his tenure and service, he gained in-depth experience and knowledge on raw water and boiler water treatment, palm oil quality control techniques and supervised a team of workers. Upon joining BCSB in 1992, he was trained and assigned to handle technical services for raw, boiler and cooling water treatment and later was promoted to Branch Manager in 1998. His responsibilities include sales development and services on water treatment chemicals, supervision and evaluation on workers performance and spearheading sales functions on products and chemicals related to water treatment.

**f) Gan Ang Hock**

Gan Ang Hock, aged 44, is the Technical Manager of RCSB. He completed his Malaysian Certificate of Education in 1976 and joined Juntai Palm Oil Mill in 1980. He later moved to Higataru Palm Oil Mill in Papua New Guinea in 1980 and was there till 1982. He then joined Kempas Edible Oil Refinery as quality controller supervisor in 1982 before moving to BCSB in 1985 as Sales Executive. He took the position of Technical Manager of RCSB in 1996 and is responsible for trouble-shooting of problems related to water treatment be they chemicals selection or equipment malfunctioning. He also provides strong technical support to water treatment systems for ion exchange regeneration plants and water filtration process.

**g) Tan Boon Sang**

Tan Boon Sang, aged 30, is the Sales Manager of RCSB. He completed his Sijil Tinggi Persekolahan Malaysia in 1992 and joined RCSB as Sales Executive in 1993. He proved his capabilities to open-up sales on laundry range of products, ion-exchange resin regeneration service for deionised water systems, hotel amenities, hospitality & institutional cleaning chemicals for general housekeeping, kitchen hygiene and industrial maintenance chemicals. He was promoted to his present position of Sales Manager in 1995 and is responsible for spearheading sales development of existing and new products and services of RCSB.

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**6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**6.6 Declarations from the Directors and Key Management Team**

No director, key management or person nominated to become a director or key management is or has been involved in any of the following events:

- (i) a petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key management ;
- (ii) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) being the subject of any order, judgement or ruling of any court, tribunal or government body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**6.7 Family Relationship**

Save as disclosed below, there are no family relationship among the major shareholders, promoters, Directors and key management mentioned above:

1. Mr Tan Boon Sang (Sales Manager of RCSB), brother of Tan Boon Kok (Executive Director);
2. Ir. Koh Thong How (Engineering Director), brother-in-law of Mr. Pang Wee See (Executive Chairman).
3. Mdm. Yee Oii Pah @ Yee Ooi Wah (Alternate Director to Pang Wee See), spouse of Pang Wee See (Executive Chairman)

**6.8 Management Service Contract**

As at the date of this Prospectus, none of the directors and key management of the Company has any current or proposed service contracts with the Company or any of its subsidiary companies.

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## 7. MORATORIUM AND OTHER CONDITIONS

### 7.1 Moratorium on Disposal of Shares

KLSE has placed a moratorium on the shareholdings of the promoters of BTB as follows:-

Shareholders	No. of ordinary shares of RM0.10 each held pursuant to the listing	% of enlarged issued and paid-up share capital	No. of ordinary shares of RM0.10 each placed under moratorium	% of enlarged issued and paid-up share capital
Pang Wee See	71,852,894	47.90	43,503,901	29.00
Tan Boon Kok	16,222,978	10.82	9,873,812	6.58
Chan Ah Kien	16,481,826	10.99	10,030,294	6.69
Kan King Choy	6,658,858	4.44	4,091,993	2.73
<b>Total</b>	<b>111,216,556</b>	<b>74.15</b>	<b>67,500,000</b>	<b>45.00</b>

The above shareholders, who collectively own a total of 111,216,556 ordinary shares of RM0.10 each representing 74.15% of the enlarged issued and paid-up share capital of BTB pursuant to the listing, have been imposed with a moratorium on the sale of their shares proportionately according to their respective shareholdings for one (1) year from the date of admission of BTB on the MESDAQ Market of the KLSE.

Thereafter, the above shareholders will be allowed to sell, transfer or assign only up to a maximum of ONE THIRD (on a straight line basis) of their respective shareholding under moratorium, such permission to sell being cumulative so that the restriction on sale shall cease to apply upon expiry of the fourth year after the date of listing of BTB on the MESDAQ Market of the KLSE.

The restriction, which has been fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the aforesaid shareholders which are under moratorium to ensure that BTB's registrar do not register any transfer not in compliance with the restriction imposed by MESDAQ Market of the KLSE.

The remarks to be endorsed on these share certificates are as follows:

*"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the KLSE ("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 or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."*

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## **8. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST**

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### **8.1 Related-Party Transactions**

Save as disclosed below, none of the Directors, key management nor substantial shareholders and /or persons connected to them (as defined under Section 122A of the Act) are engaged in any existing and potential related-party transactions in relation to the corporation and its related parties and conflict of interest in relation to the corporation and its related parties:

- a) Ir. Koh Thong How, the Engineering Director has his own engineering consulting business, KP Perunding (Civil & Structural Engineers); and
- b) On 27 June 2001, BCSB has entered into a Licence Agreement with Pang Wee See whereby Pang Wee See has agreed to grant the licences of utility innovation relating to the preparation of certain chemical solutions to BCSB for a nominal sum of RM1.00.

### **8.2 Interest in Similar Business**

None of the Directors nor substantial shareholders and/or key management are interested, directly or indirectly in any business and company carrying on a similar trade as the Company and its subsidiary companies.

### **8.3 Declaration by the Advisers**

Save as disclosed below, Aseambankers hereby confirms that there is no conflict of interest in its capacity as the Adviser, Sponsor and Underwriter for the Placement and Public Issue of BTB on the MESDAQ Market of the KLSE:

- i) Malayan Banking Berhad, the holding company of Aseambankers, has extended a bank overdraft facility of RM300,000 to SLSB, a wholly owned subsidiary company of BTB.

Messrs Nik Saghir & Ismail has given its confirmation that there is no conflict of interest in its capacity as a legal due diligence adviser for the Placement and Public Issue.

Messrs S.F.Yap & Co has given its confirmation that there is no conflict of interest in its capacity as Auditors for BTB Group and Messrs Yap Yeo & Co has given its confirmation that there is no conflict of interest in its capacity as Reporting Accountants for the Placement and Public Issue.

Messrs AC Nielsen has given its confirmation that there is no conflict of interest in its capacity as Independent Market Researcher for the Placement and Public Issue.

Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd have given their confirmation that there is no conflict of interest in their capacity as Valuers for the Placement and Public Issue.

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## 9. OTHER INFORMATION ON BTB GROUP

### 9.1 Approvals and Conditions

Approval for the Placement and Public Issue has been obtained as follows:

- a. FIC on 18 September 2001, 5 November 2001 and 20 June 2002;
- b. MITI on 23 August 2001 and 12 June 2002;
- c. KLSE on 14 December 2001, 14 March 2002, 23 May 2002, 3 June 2002 and 12 June 2002; and
- d. SC on 14 December 2001, 20 May 2002 and 25 June 2002.

The conditions imposed by all the authorities and the status of compliance are set out as follows:-

	<b>Details of Conditions Imposed</b>	<b>Status of Compliance</b>
<b>FIC</b>	<ul style="list-style-type: none"> <li>• BTB need to have at least 30% Bumiputera equity participation upon listing. This requirement is to be met one year after meeting the profit track record criteria for the Second Board of the KLSE or 5 years after admission to MESDAQ Market of the KLSE, whichever earlier.</li> <li>• To obtain MITI's approval.</li> <li>• To obtain SC's approval.</li> <li>• To obtain KLSE's approval.</li> </ul>	<p>As at 31 December 2001, the Group does not meet the profit track record criteria for the Second Board of the KLSE.</p> <p>Obtained on 23 August 2001 and 12 June 2002.</p> <p>Obtained on 14 December 2001, 20 May 2002 and 25 June 2002.</p> <p>Obtained on 14 December 2001, 14 March 2002, 23 May 2002, 3 June 2002 and 12 June 2002.</p>
<b>MITI</b>	<ul style="list-style-type: none"> <li>• One (1) year after BTB achieves the profit track record criteria for the Second Board of the KLSE or 5 years after admission to KLSE, whichever earlier, BTB must comply with National Development Policy of minimum 30% Bumiputera equity participation.</li> <li>• To obtain FIC's approval.</li> <li>• To obtain SC's approval.</li> <li>• To obtain KLSE's approval.</li> </ul>	<p>As at 31 December 2001, the Group does not meet the profit track record criteria for the Second Board of the KLSE.</p> <p>Obtained on 18 September 2001, 5 November 2001 and 20 June 2002.</p> <p>Obtained on 14 December 2001, 20 May 2002 and 25 June 2002.</p> <p>Obtained on 14 December 2001, 14 March 2002, 23 May 2002, 3 June 2002 and 12 June 2002.</p>

**9. OTHER INFORMATION ON BTB GROUP (Cont'd)**

SC	<ul style="list-style-type: none"> <li>BTB is required to disclose the status of the utilisation of proceeds from the issue of shares in the quarterly and annual reports until the proceeds are fully utilised;</li> </ul>	To be complied.
	<ul style="list-style-type: none"> <li>BTB is required to rectify the illegal extension/renovation made to BTB's factories at:               <ol style="list-style-type: none"> <li>PT 12144, Mukim Kapar, Daerah Kelang, Selangor; and</li> <li>PTD 42295, Mukim and Daerah Keluang, Johor,</li> </ol>               before the prospectus for listing of BTB may be issued;             </li> </ul>	<p>Complied. Waiver from rectification received.</p> <p>Complied.</p>
	<ul style="list-style-type: none"> <li>BTB should undertake to use its best endeavour to sell the property under PT 12144 within 6 months from the date of issuance of Prospectus;</li> </ul>	Letter of undertaking has been provided.
	<ul style="list-style-type: none"> <li>BTB has to informed the SC once the property under PT 12144 has been sold.</li> </ul>	To be complied.
	<ul style="list-style-type: none"> <li>BTB is required to make adequate disclosure in the prospectus for listing in respect of the existing transactions and agreements between the BTB Group and companies related to the directors, promoters and major shareholders of BTB;</li> </ul>	Complied. Refer to Section 8.1
	<ul style="list-style-type: none"> <li>any future transactions between the BTB Group and parties or companies related to the directors, promoters and major shareholders of BTB must be made on arms-length basis and not on terms unfavourable to the BTB Group. The Audit Committee of BTB is required to monitor and the Board of Directors of BTB is to report such transactions in the Annual Report of BTB every year.</li> </ul>	To be complied.
KLSE	<ul style="list-style-type: none"> <li>BTB to obtain the FIC and MITI approvals for the proposed revisions to its listing scheme</li> <li>BTB to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons thereof.</li> </ul>	<p>Approvals obtained on 20 June 2002 from FIC and 12 June 2002 from MITI.</p> <p>Complied. Please refer to Section 1.12 of this Prospectus.</p>
	<ul style="list-style-type: none"> <li>Documentary evidence on the utilisation of the gross proceeds shall be presented to KLSE for confirmation.</li> </ul>	To be complied.
	<ul style="list-style-type: none"> <li>The final employees share allocation list must be cleared by KLSE prior to the issue of the Prospectus.</li> </ul>	Complied. Approval obtained on 3 June 2002.



**9. OTHER INFORMATION ON BTB GROUP (Cont'd)**

<b>KLSE</b>	<ul style="list-style-type: none"> <li>In respect of the offering of new ordinary shares to the public by way of private placement, the adviser shall confirm that Guidance Notes 4 of the KLSE Listing Rules have been adhered to.</li> <li>BTB to complete the proposals within six (6) months from 14 December 2001.</li> </ul>	<p>To be complied.</p> <p>To be complied. Approvals have been obtained from KLSE on 12 June 2002 and the SC on 25 June 2002 to complete the proposals by another three (3) months up to 14 September 2002.</p>
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**9.2 Major Licences and Permits Obtained**

<u>Type</u>	<u>Issued By</u>	<u>Issue Date</u>	<u>Renewal</u>	<u>Equity conditions imposed</u>	<u>Status of compliance</u>
Pharmacist Poison License	Pengarah Kesihatan Negeri Selangor	1/1/2002	Yearly	None	Met
Business License	Majlis Bandaraya Shah Alam	1/1/2002	Yearly	None	Met
Store License Certificate of Accreditation	Majlis Perbandaran Klang Department of Standards:	8/2/2002	Yearly	None	Met
	- issued to SLSB	23/1/2001	Bi-annually	None	Met
	- issued to SLJSB	26/4/2002	Bi-annually	None	Met
	- issued to SLPSB	18/4/2002	Bi-annually	None	Met

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**9. OTHER INFORMATION ON BTB GROUP (Cont'd)****9.3 Summary of Landed Property**

The following are the properties owned by the BTB Group.

A summary of the land and building owned by BCSB is set out below: -

Location	Existing Use	Land Area and Tenure	Net Book Value/Cost @ 31.12.2000 RM'000	Market Value as at 15 May 2001 as Appraised by Valuer RM'000	Revaluation Surplus RM'000	Type of Property	Built Up Area (sq ft)
P.T. No. 5015, Mukim of Damansara, District of Petaling, Selangor D.E.	Freehold Land & Building (Operational assets held for owner-occupation)	42,880 sq. ft.	2,141	3,200	1,059	Triple storey office block and a single storey factory	20,402
P.T. No. 12144, Mukim of Kapar, District of Kelang, Selangor D.E. ^	Freehold Land & Building (Idle)	4,220 sq. ft.	236	310	74	Double storey semidetached factory	1,900
						Extension	4,074
						Vacant land	-
P.T. No. 723, H.S.(M) 956, Mukim of Setul, District of Seremban Negeri Sembilan.	Leasehold Land (Surplus to the operational requirement)	50,939 sq. ft. (99 years, expiring in 2/10/2085)	201	815	614		
P.T. No. 24201, Mukim of Kapar, District of Klang, Selangor Darul Ehsan#	Freehold Land & Building (Operational assets held for owner-occupation)	20,761 sq. ft.	1,150	-	-	One-and-a-half storey semidetached light industrial building	11,440
<b>Total</b>			<b>3,728</b>	<b>5,525</b>	<b>2,947</b>		

- ^ This property is currently vacant and BCSB is looking for potential buyers for the property.  
The operations of this factory has been relocated to the property at P.T. No. 24201
- # This property was acquired on 8 June 2001.

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**9. OTHER INFORMATION ON BTB GROUP (Cont'd)**

A summary of the land and building owned by HCSB is set out below: -

Location	Existing Use	Land Area and Tenure	Net Book Value/Cost @ 31.12.2000 RM'000	Market Value as at 15 May 2001 as Appraised by Valuer RM'000	Revaluation Surplus RM'000	Type of Property	Built Up Area (sq ft)
H.S.(M) 1117, Lot No. 4568, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang.	Freehold Building (Operational assets held for owner-occupation) (*)	1,540 sq. ft.	273	230	(43)	Double storey shophouse	3,322
PTD 85433, H.S.(D) 169547, Mukim Pelentong, District of Johor Bahru, Johor.	Freehold Building (Operational assets held for owner-occupation)	2,400 sq. ft.	307	500	193	Double storey shophouse	3,072
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor.	Freehold Building (Assets held for investments)	1,760 sq. ft.	1,162	1,260	98	Triple storey shophouse	5,161
<b>Total</b>			<b>1,742</b>	<b>1,990</b>	<b>248</b>		

\* *The property referred to is an intermediate double-storey shop-office building of which the ground floor is tenanted to other party whilst the upper floor is owner occupied.*

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**9. OTHER INFORMATION ON BTB GROUP (Cont'd)**

A summary of the land and building owned by RCSB is set out below: -

Location	Existing Use	Land Area and Tenure	Net Book Value/Cost @ 31.12.2000 RM'000	Market Value as at 15 May 2001 as Appraised by Valuer RM'000	Revaluation Surplus RM'000	Type of Property	Built Up Area (sq ft)
H.S.(D) 31573, Lot No. PTD 42295, Mukim and District of Kluang, Johor.	Freehold Building (Operational assets held for owner occupation)	9,375 sq. ft.	372	500 (*)	128	Single storey detached factory	4,800
H.S.(D) 23144, Lot No. PTD 38519, Mukim and District of Kluang, Johor.	Freehold Building (Assets held for investment)	1,540 sq. ft.	74	120	45	Double storey shophouse	2,156
PTD 32881, Mukim and District of Kluang, Johor.	Freehold Building (Idle)	1,540 sq. ft.	146	350	204	Double storey shophouse	3,080
<b>Total</b>			<b>592</b>	<b>970</b>	<b>378</b>		

(\*) *The market value was arrived at based on the assumption that relevant authorities have approved the renovation done to the building.*

The properties were revalued on 15 May 2001. The valuations were carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, registered independent firms of professional valuers based on the comparison, investment and cost methods of valuation.

**9.4 Transactions in the Acquisition of the Properties during the two (2) years Preceding the Date of this Prospectus**

Save as disclosed below, there was no transaction in the acquisition of the properties:

1. On the 20 January 2000, HCSB has entered into a Sale and Purchase Agreement with Nadi Saujana Sdn Bhd ("Nadi") whereby Nadi has agreed to sell and HCSB has agreed to buy the land held under H.S.(D) 113412, P.T. No. 11419, Mukim of Damansara, District of Petaling, State of Selangor together with a three storey shop house erected thereon for the consideration of RM1.13 million.
2. On the 8 June 2001, BCSB has entered into a Sale and Purchase Agreement with Sintal Enterprise Sdn Bhd ("SESB") whereby SESB has agreed to sell and BCSB has agreed to buy the land held under H.S.(D) 48751, P.T. No. 24201, Mukim of Kapar, District of Klang, State of Selangor together with a one-and-a-half storey semi-detached light industrial factory erected thereon for the consideration of RM1.15 million.

## 10. FINANCIAL INFORMATION

### 10.1 Proforma Consolidated Profit and Dividend Records

The following table sets out a summary of the audited proforma BTB Group's financial performance for the past five (5) financial years ended 31 December 2001 on the assumption that the Group structure has been in existence throughout the period under review.

	Financial Year Ended 31 December				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	9,414	10,176	13,209	20,063	15,553
Consolidated profit before depreciation, interest, research and development expenditure and taxation	1,586	1,452	2,895	6,059	6,598
Depreciation	(386)	(364)	(362)	(397)	(459)
Consolidated profit before interest, research and development expenditure and taxation	1,200	1,088	2,533	5,662	6,139
Interest	(217)	(157)	(85)	(42)	(67)
Research and development expenditure*	-	-	-	-	(34)
Consolidated profit before taxation	983	931	2,448	5,620	6,038
Taxation	(268)	(214)	(54)	(1,663)	(1,831)
Consolidated profit after taxation	715	717	2,394	3,957	4,207
No. of ordinary shares <sup>1</sup> ('000)	112,500	112,500	112,500	112,500	112,500
Gross EPS (sen)	0.87	0.83	2.18	5.00	5.37
Net EPS (sen)	0.64	0.64	2.13	3.52	3.74

*Notes:*

\* *Research and development expenditure prior to the financial year ended 31 December 2001 was not segregated, these expenses have been absorbed into the cost of production and other operating expenses.*

(1) *The number of ordinary shares in issue refers to the number of ordinary shares issued after the Acquisitions but before the completion of the Placement and Public Issue and assuming that the Group has been in existence since January 1997.*

(2) *BTB was incorporated on 14 June 2001. Accordingly, the financial results of BTB was included in the proforma consolidated results for the financial years ended 31 December 2001.*

(3) *There were no exceptional items, extraordinary items or MI throughout the period under review.*

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**10. FINANCIAL INFORMATION (Cont'd)**

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*Financial Year Ended 31 December 1997*

For the financial year ended 31 December 1997, the proforma Group's turnover increased by approximately RM0.97 million or 12.0% as compared to 1996. This increase is mainly due to higher volume of analytical and environmental monitoring services performed coupled with increased sales of chemical products to new and existing customers during the year. There is an increase in profit after taxation of approximately RM0.10 million or 17%.

*Financial Year Ended 31 December 1998*

For the financial year ended 31 December 1998, the proforma Group's turnover increased by approximately RM0.76 million or 8% as compared to 1997. This increase is mainly due to more revenue from water analysis and environmental monitoring services. However, there is only a slight increase in profit after taxation of approximately RM2,000 or 3% due to lower profit margin incurred for the year pursuant to the economic downturn experienced by Malaysia.

*Financial Year Ended 31 December 1999*

For the financial year ended 31 December 1999, the proforma Group's turnover increased by approximately RM3.03 million or 30% as compared to 1998. This increase is mainly due to improvement in the Malaysian economy towards the second half of the year and the increasingly aggressive marketing efforts taken by the management of the Group to attain new customers and to boost sales volume for products and services. The profit after taxation increased significantly by approximately RM1.68 million or 234% due to the tax waiver in accordance with the Income Tax (Amendment) Act 1999, as well as higher margin incurred for the year due to general improvement in the Malaysian economy.

*Financial Year Ended 31 December 2000*

For the financial year ended 31 December 2000, the proforma Group recorded a turnover of approximately RM20.06 million with an increased turnover of 52% as compared to 1999. This increase can be attributed to the continuous improvement in the economy coupled with increased environmental awareness among the public, which enhanced the revenue from contract of installing and commissioning water purification and wastewater treatment systems. Consequently the profit after taxation increased by approximately RM1.56 million or 65%.

*Financial Period Ended 31 December 2001*

For the financial year ended 31 December 2001, the proforma Group recorded a turnover of RM15.55 million, a decrease of 23% as compared to 2000. This was mainly due to the deferment of a major overseas project as a result of the economic conditions in the US. The profit after taxation increased during the year despite decrease in turnover mainly due to the improved gross margins through the Group's efforts to reduce imports by sourcing many components locally and through more effective cost control measures.

**10. FINANCIAL INFORMATION (Cont'd)****10.2 Segmental Analysis of Proforma Turnover and Profits***Analysis of proforma turnover by companies*

	<----- Year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
BCSB	2,396	2,151	2,592	2,881	2,704
HCSB	2,685	2,634	4,305	10,041	6,276
RCSB	1,827	1,991	2,582	3,049	3,080
SLSB	1,771	1,910	2,132	2,207	2,074
SLPSB	256	469	499	697	737
SLJSB	769	1,238	1,568	1,652	1,738
	9,704	10,393	13,678	20,527	16,609
Less : Proforma consolidation adjustments	(290)	(217)	(469)	(464)	(1,069)
<b>Proforma Consolidated Turnover</b>	<b>9,414</b>	<b>10,176</b>	<b>13,209</b>	<b>20,063</b>	<b>15,553</b>

*Analysis of proforma turnover by services*

The following table illustrates the breakdown of contribution from the Group's principal products and services:

		<-----Turnover for the year ended 31 December----->				
		1997	1998	1999	2000	2001
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>General Products and Services Offered (*)</b>						
Water Treatment Chemicals	BCSB	2,396	2,151	2,592	2,881	2,704
System & Equipment	HCSB	2,685	2,634	4,305	10,041	6,276
Ancillary Products	RCSB	1,827	1,991	2,582	3,049	3,080
Laboratories	SLSB, SLPSB and SLJSB	2,796	3,617	4,199	4,556	4,549
		9,704	10,393	13,678	20,527	16,609
Less : Proforma consolidation adjustments		(290)	(217)	(469)	(464)	(1,056)
<b>Proforma Consolidated Turnover</b>		<b>9,414</b>	<b>10,176</b>	<b>13,209</b>	<b>20,063</b>	<b>15,553</b>

\* Due to the nature of the business of the Group, the segregation of the general products and services offered is on a best effort basis

**10. FINANCIAL INFORMATION (Cont'd)***Analysis of proforma profit after taxation and minority interests by companies*

	<----- Year ended 31 December ----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
BCSB	286	160	537	648	588
HCSB	124	89	688	1,799	2,051
SLSB	216	212	585	540	566
RCSB	23	61	75	480	495
SLJSB	62	69	306	362	295
SLPSB	4	126	203	202	238
BTB	-	-	-	-	(26)
	715	717	2,394	4,031	4,207
Less : Proforma consolidation adjustments	-	-	-	(74)	-
<b>Proforma Consolidated PAT and MI</b>	<b>715</b>	<b>717</b>	<b>2,394</b>	<b>3,957</b>	<b>4,207</b>

*Analysis of proforma profit after taxation and minority interests by services*

The following table illustrates the breakdown of contribution from the Group's principal products and services :

		<----- Year Ended 31 December----->				
		1997	1998	1999	2000	2001
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>General Products and Services Offered (*)</b>						
Water Treatment Chemicals	BCSB	286	160	537	648	588
System & Equipment	HCSB	124	89	688	1,799	2,051
Ancillary Products	RCSB	23	61	75	480	566
Laboratories	SLSB, SLPSB and SLJSB	282	407	1,094	1,104	495
Others	BTB	-	-	-	-	(26)
		715	717	2,394	4,031	4,207
Less : Proforma consolidation adjustments		-	-	-	(74)	-
<b>Proforma Consolidated PAT and MI</b>		<b>715</b>	<b>717</b>	<b>2,394</b>	<b>3,957</b>	<b>4,207</b>

\* Due to the nature of the business of the Group, the segregation of the general products and services offered is on a best effort basis



**10. FINANCIAL INFORMATION (Cont'd)****10.3 Impact of Interest Rates and Foreign Exchange Rates on Operating Profit**

The following table sets out the interest expense and profits before depreciation, interest and taxation for the past five (5) financial years ended 31 December 2001.

	<----- Year ended 31 December ----->				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Interest expense	217	157	85	42	67
Profit before depreciation, interest and taxation	1,586	1,452	2,895	6,059	6,564
Interest coverage (times)	7.31	9.25	34.06	144.26	97.97
Foreign exchange (loss) / gain	(8)	(56)	4	6	22

The impact of interest rates on operating profit is minimal as the Group has low gearing for the past five (5) financial years ended 31 December 2001.

**10.4 Directors' Declaration on Financial Performance**

Save as disclosed in this Prospectus, as at 18 June 2002, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of the BTB Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the BTB Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.5 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Material Litigation**

**Working Capital**

The Directors of the BTB Group are of the opinion that after taking into account the cash generated during the profit forecast period and banking facilities available, the Group will have adequate working capital for its foreseeable future requirements.

**Borrowings**

As at 18 June 2002 (being the last practicable date of which, such amounts could be calculated prior to the printing of this Prospectus), the total bank facilities of the Group amounted to RM2.06 million which has been utilised, consisting of RM0.783 million short term debts and RM1.277 million long term debts; all of which are interest bearing.

The Group does not have any non-interest bearing borrowings.

**Contingent Liabilities**

As at 18 June 2002 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material contingent liabilities incurred by the Company or its subsidiary companies.

**Material Capital Commitment**

As at 18 June 2002 (being the latest practicable date at which such amount could be calculated prior to the printing of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by BTB or its subsidiary companies, which may have a substantial impact on the result or the financial position of the Company.

**Material Litigation/Arbitration**

As at 18 June 2002, the BTB Group is presently not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the BTB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of BTB and its subsidiaries.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.6 (i) Dividend Forecast**

It is the policy of the Directors of BTB in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Barring unforeseen circumstances, the Directors of BTB expect to declare a gross dividend of up to 1.11 sen per share for the financial year ending 31 December 2002 based on the enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each, representing a dividend rate of 11.1% less taxation of 28%. In addition, gross and net dividend cover would amount to 1.4 times and 1.0 times respectively.

Based on the Placement/Public Issue Price of RM0.35 per share, the gross dividend yield per share would be approximately 3.17% for the financial year ending 31 December 2002.

The declaration, amount and payment of dividends are subject to the approval by the shareholders of BTB on recommendation of the Board of Directors. BTB currently expects to pay dividends on an annual basis but has not established (and does not expect to establish) any fixed percentage of earnings allocated for the payment of dividends. Any variation from the forecast dividend would depend on BTB's results of operations, financial conditions, cash requirements and other factors deemed relevant by the Board of Directors.

**10.6 (ii) Future Financial Information**

Due to the uncertain nature and inherent risks in the business of the Group, no future financials are included in this Prospectus. Please refer to Section 3 – Risk Factors for further details, particularly on Section 3.12 – Future Growth.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.7 Proforma Consolidated Balance Sheet As At 31 December 2001**  
*(Prepared for inclusion in this Prospectus)*



**CHARTERED ACCOUNTANTS**

Date: 24 June 2002

The Board of Directors  
Brite-Tech Berhad  
2<sup>nd</sup> Floor,  
17 & 19, Jalan Brunei Barat,  
Off Jalan Pudu,  
55100 Kuala Lumpur.

Dear Sirs,

**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2001**

We have reviewed the presentation of the proforma consolidated balance sheets of Brite-Tech Berhad and its subsidiary companies (hereinafter referred to as "BTB Group") as at 31 December 2001, together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated 28 June 2002, in connection with the Public Issue of 7,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share and the Placement of 30,100,000 new ordinary shares of RM0.10 each at a placement price of RM0.35 per share, pursuant to the listing of and quotation for BTB's entire enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of the KLSE.

In our opinion, the proforma consolidated balance sheets together with the accompanying notes, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with those normally adopted by BTB and its subsidiary companies in the preparation of the audited financial statements and are prepared in a form suitable for inclusion in the said Prospectus.

Yours faithfully,

YAP YEO & CO.  
Firm Number : AF 1345  
Chartered Accountants

YEO WEE THOW  
No. 628/04/04(J)  
Partner of the Firm

**10. FINANCIAL INFORMATION (Cont'd)****BRITE-TECH BERHAD ("BTB")****And Its Subsidiary Companies****PROFORMA CONSOLIDATED BALANCE SHEETS****AS AT 31 DECEMBER 2001**

	Audited as at 31 December 2001 (Before Acquisition)	After Acquisition	After (1) and Placement	After (2) and Public Issue	After (3) and Proceeds Utilization
	RM'000	(1) RM '000	(2) RM'000	(3) RM '000	(4) RM '000
<b>CURRENT ASSETS (Note 3)</b>	*	9,339	19,874	20,664	16,789
<b>CURRENT LIABILITIES (Note 3)</b>	394	6,125	6,125	5,757	5,669
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	(394)	3,214	13,749	14,907	11,120
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	-	10,261	10,261	10,261	12,986
<b>INVESTMENTS</b>	-	31	31	31	31
<b>DEFERRED EXPENDITURE</b>	368	368	368	-	-
<b>DEFERRED &amp; LONG TERM LIABILITIES (Note 3)</b>	-	(1,362)	(1,362)	(1,362)	(300)
<b>MINORITY INTERESTS</b>	-	-	-	-	-
	(26)	12,512	23,047	23,837	23,837
<b>SHAREHOLDERS' FUNDS</b>					
Share capital (Note 2)	*	11,250	14,260	15,000	15,000
Share premium (Note 2)	-	327	7,852	7,902	7,902
Reserve on consolidation	-	49	49	49	49
Retained profits	(26)	886	886	886	886
	(26)	12,512	23,047	23,837	23,837
Net tangible asset/(liability)** per share (RM)	(1.323)	0.11	0.16	0.16	0.16

\* Being RM2 share capital

\*\* Net tangible liability mainly due to preliminary and pre-operating expenses written off.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**BRITE-TECH BERHAD (“BTB”)**

**And Its Subsidiary Companies**

**Notes To The Proforma Consolidated Balance Sheet As at 31 December 2001**

The proforma consolidated balance sheets have been prepared for illustrative purposes only after taking into account the Acquisitions of Subsidiaries, Placement, Public Issue, Estimated Listing Expenses and Proceeds Utilization; and are based on the audited financial statements of BTB and its subsidiaries as at 31 December 2001 and on the accounting policies and basis consistent with those normally adopted by BTB and its subsidiary companies in the preparation of the audited financial statements.

The proforma consolidated balance sheets incorporate on a proforma basis, the following transactions as though they were effected as at 31 December 2001:

**1. Flotation Scheme**

**a) Proforma 1**

Acquisition of the issued and paid-up share capital of the following companies:

- i. 686,628 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of BCSB for a total purchase consideration of RM4,381,267 satisfied by the issuance of 42,574,226 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
- ii. 330,900 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HCSB for a total purchase consideration of RM2,817,206 satisfied by the issuance of 27,375,728 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
- iii. 547,506 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RCSB for a total purchase consideration of RM1,425,724 satisfied by the issuance of 13,854,232 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;
- iv. 300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of SLSB for a total purchase consideration of RM1,876,599 satisfied by the issuance of 18,235,532 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share;

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**10. FINANCIAL INFORMATION (Cont'd)**

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**BRITE-TECH BERHAD (“BTB”)**

**And Its Subsidiary Companies**

**Notes To The Proforma Consolidated Balance Sheet As at 31 December 2001**

- v. 233,100 ordinary shares of RM1.00 each representing approximately 70.64% of the issued and paid-up share capital of SLJSB for a total purchase consideration of RM668,324 satisfied by the issuance of 6,494,318 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share; and
- vi. 188,800 ordinary shares of RM1.00 each representing approximately 70.24% of the issued and paid-up share capital of SLPSB for a total purchase consideration of RM408,131 satisfied by the issuance of 3,965,944 new ordinary shares in BTB of RM0.10 each at approximately RM0.10 per share.

The Acquisitions was completed on 23 May 2002. The proforma consolidated balance sheets are consolidated using the acquisition method.

The premium of RM327,253 arising from new ordinary shares of RM0.10 each in BTB issued pursuant to the Acquisition is credited to share premium account.

**b) Proforma 2**

Placement of 30,100,000 new ordinary shares of RM0.10 each in BTB at a placement price of RM0.35 per ordinary share will be reserved for placees to be identified by the Placement Agent.

The placees to be identified by the Placement Agent are considered part of the public shareholders as each of them are holding less than 5% of the enlarged issued paid-up share capital of the Company.

The premium of RM7,525,000 arising from the Placement is credited to the share premium account.

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**10. FINANCIAL INFORMATION (Cont'd)**


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**BRITE-TECH BERHAD (“BTB”)**
**And Its Subsidiary Companies**
**Notes To The Proforma Consolidated Balance Sheet As at 31 December 2001**
**c) Proforma 3**

Public issue of 7,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per ordinary share.

The placement and public issue will be allocated in the following manner :

- 5,400,000 new ordinary shares of RM 0.10 will be made available for application by eligible directors and employees of the BTB Group; and
- 2,000,000 new ordinary shares of RM0.10 each 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 Bumiputera individuals, companies, societies, co-operatives and institutions.

The premium of RM1,850,000 arising from the Public Issue is credited to the share premium account.

The estimated listing expense of approximately RM1.8 million is debited to the share premium account.

**d) Proforma 4**

The proceeds from the Public Issue will be utilized as follows:-

	<b>RM'000</b>
Expansion in Johore (a)	2,150
Expansion in Klang Valley (b)	1,150
Purchase of equipment	575
Working capital	7,450
	11,325
	11,325

\* Estimated listing expenses of RM1.8 million has not been included in proceeds utilized as it has been deducted from the share premium in Proforma 3.



**10. FINANCIAL INFORMATION (Cont'd)****BRITE-TECH BERHAD (“BTB”)****And Its Subsidiary Companies****Notes To The Proforma Consolidated Balance Sheet As at 31 December 2001**

2. The movements in share capital and share premium are as follows:

	No.'000 of ordinary shares of RM0.10 each	Share Capital RM'000	Share Premium RM'000
Upon incorporation of new company – Brite-Tech Bhd Proforma 1	*	**	-
- Acquisition of subsidiary companies	112,500	11,250	327
	112,500	11,250	327
Proforma 2			
- Placement	30,100	3,010	7,525
	142,600	14,260	7,852
Proforma 3			
- Public issue	7,400	740	1,850
	150,000	15,000	9,702
Less: Estimated Listing Expenses	-	-	(1,800)
	150,000	15,000	7,902

\* Being 20 ordinary shares of RM0.10 each

\*\* Being RM2 paid up capital

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**10. FINANCIAL INFORMATION (Cont'd)****BRITE-TECH BERHAD (“BTB”)****And Its Subsidiary Companies****Notes To The Proforma Consolidated Balance Sheet As at 31 December 2001**

3. The analysis of Current Assets, Current Liabilities and Deferred and Long Term Liabilities are as follows:

	Audited as at 31 December 2001 (Before Acquisition)	After Acquisition	After (1) and Placement	After (2) and Public Issue	After (3) and Proceeds Utilization
	RM'000	(1) RM '000	(2) RM'000	(3) RM '000	(4) RM '000
<b>(a) CURRENT ASSETS</b>					
Cash and bank balances	*	652	11,187	11,977	8,102
Deposits with licensed banks	-	2,601	2,601	2,601	2,601
Trade debtors	-	4,374	4,374	4,374	4,374
Amount due from associated company	-	3	3	3	3
Other debtors and prepayments	-	653	653	653	653
Gross amount due from customers	-	39	39	39	39
Inventories	-	1,017	1,017	1,017	1,017
	*	9,339	19,874	20,664	16,789
<b>(b) CURRENT LIABILITIES</b>					
Short term bank borrowings	-	704	704	704	616
Trade creditors	-	898	898	898	898
Other creditors and accruals	394	804	804	436	436
Amount owing to directors	-	3,378	3,378	3,378	3,378
Taxation	-	341	341	341	341
	394	6,125	6,125	5,757	5,669
<b>(c) DEFERRED AND LONG TERM LIABILITIES</b>					
Long term bank borrowings	-	1,276	1,276	1,276	214
Deferred Taxation	-	86	86	86	86
	-	1,362	1,362	1,362	300

\* Being RM2 share capital