

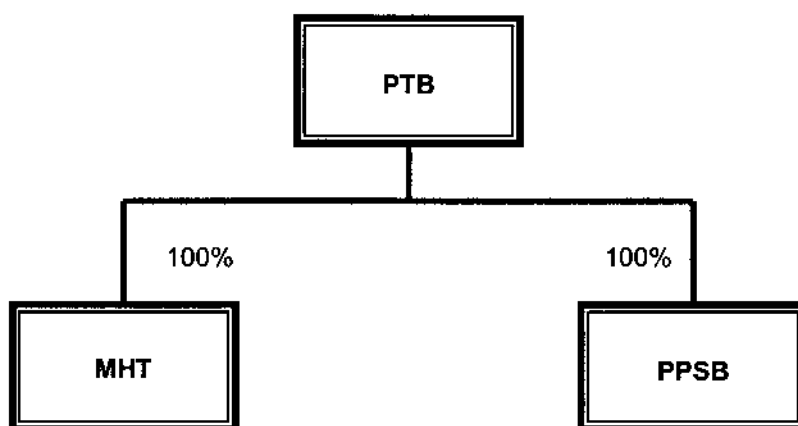
6. INFORMATION ON THE PTB GROUP

6.1 History and Business

PTB was incorporated in Malaysia under the Companies Act, 1965 on 29 August 2002 as a public limited company. It was incorporated as an investment holding company to facilitate the listing of the PTB Group on the MESDAQ Market. PTB obtained its certificate of commencement of operation on 28 September 2002.

PTB is principally an investment holding company while its wholly-owned subsidiaries, namely MHT and PPSB, are principally involved in the manufacturing of PE compounds for wires and cables and the compounding of intermediate products such as coloured concentrated plastic MB, polymer additives, Stab, PA, resin compound for pipe as well as the manufacturing of resin compounds for the automotive components.

The group structure of the PTB Group is set out below:



PTB does not have any associated company.

6.2 Share Capital and Changes in Share Capital

The present authorised share capital of PTB is RM25,000,000 comprising 250,000,000 PTB Shares while the present issued and paid-up share capital is RM9,750,000 comprising 97,500,000 PTB Shares. Upon completion of the Public Issue, the issued and paid-up share capital of PTB will be increased to RM13,000,000 comprising 130,000,000 PTB Shares.

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6. INFORMATION ON THE PTB GROUP

The changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of allotment	No of ordinary shares allotted Shares	Par value RM	Consideration	Total issued and paid-up share capital RM
29 August 2002	2	1.00	Subscribers' shares	2
18 November 2002	18	0.10	Subdivision of par value	2
20 October 2003	61,509,140	0.10	Issued at RM0.10 per share for the MHT Acquisition	6,150,916
20 October 2003	35,990,840	0.10	Issued at RM0.10 per share for the PPSB Acquisition	9,750,000

6.3 Restructuring and Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of PTB on the MESDAQ Market, PTB undertook a restructuring exercise which was approved by the FIC, MITI, SC and KLSE on 27 January 2003, 10 February 2003, 10 April 2003 and 14 April 2003 respectively. The Restructuring and Listing Scheme involved the following:

6.3.1 MHT Acquisition

On 3 December 2002, PTB entered into a SPA with the vendors of MHT, namely PESB, Pua Kong Hoi, Chang Hing Ling @ Cheun Poh Kern, Ho Kar Kok and Teng Chee Kuan, to acquire the entire issued and paid-up share capital of MHT representing 1,000,000 MHT Shares for a purchase consideration of RM6,150,914 which was satisfied wholly by the issuance of 61,509,140 new PTB Shares at an issue price of RM0.10 per share, credited as fully paid-up.

(i) Basis for the Purchase Consideration

The purchase consideration for the MHT Acquisition of RM6,150,914 was arrived at on a "willing-buyer willing-seller" basis at a certain price-earnings multiple after taking into account of MHT's forecasted earnings for the financial year ending 31 December 2003. The adoption of the earnings method in MHT Acquisition is appropriate as MHT is a manufacturing company coupled with its goodwill and the technology it acquired.

As there is no direct comparable company listed on the KLSE that is in an industry similar to MHT (i.e. plastic resin), the price-earnings multiples ascribed to the MHT Acquisition is compared to the trading price-earnings multiples of several selected public listed companies involved in the industry using plastic resin as raw materials to determine the reasonableness of the acquisition basis of MHT by PTB.

The trading price-earnings multiples of these selected public listed companies as at 30 November 2003, being the date of determination for MHT Acquisition, ranges from 7.1 times to 22.7 times which is higher than the price-earnings multiples ascribed in the MHT Acquisition. This is reasonable in view of the unlisted status of MHT and its

6. INFORMATION ON THE PTB GROUP

relatively smaller size in terms of turnover as compared to the selected public listed companies.

(ii) Information on Vendors

The respective shareholdings of MHT and the number of new PTB Shares issued to them pursuant to the MHT Acquisition are set out as below:

Vendors	No. of MHT Shares held Shares	%	No. of new PTB Shares issued as consideration Shares
PESB ¹	900,000	90.00	55,358,226
Ho Kar Kok	50,000	5.00	3,075,457
Teng Chee Kuan	30,000	3.00	1,845,274
Pua Kong Hoi	19,999	2.00	1,230,121
Chang Hing Ling @ Cheun Poh Kern	1	*	62
Total	1,000,000	100.00	61,509,140

*Negligible

Note:

1 Pursuant to the MHT Acquisition, 55,358,226 new PTB Shares issued by PTB to PESB as purchase consideration was renounced to the existing shareholders of PESB as follows:

PESB's Existing Shareholders	Existing no. of PESB's Shares held Shares	%	No. of New PTB's Shares renounced pursuant to the MHT Acquisition Shares
Pua Kong Hoi	4,500,000	90.00	49,822,403
Chang Hing Ling @ Cheun Poh Kern	500,000	10.00	5,535,823
Total	5,000,000	100.00	55,358,226

The MHT Acquisition was completed on 20 October 2003.

6.3.2 PPSB Acquisition

On 3 December 2002, PTB entered into a SPA with the vendors of PPSB, namely PESB, Pua Kong Hoi, Ho Kar Kok and Teng Chee Kuan, to acquire the entire issued and paid-up share capital of PPSB representing 1,000,000 PPSB Shares for a purchase consideration of RM3,599,084 which was satisfied wholly by the issuance of 35,990,840 new PTB Shares at an issue price of RM0.10 per share, credited as fully paid-up.

(i) Basis for the Purchase Consideration

The purchase consideration for the PPSB Acquisition of RM3,599,084 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration of its audited NTA of RM3,599,084 as at 31 August 2002.

6. INFORMATION ON THE PTB GROUP

(ii) Information on Vendors

The respective shareholdings of PPSB and the number of new PTB Shares issued to them pursuant to the PPSB Acquisition are set out as below:-

Vendors	No. of PPSB Shares held Shares	%	No. of new PTB Shares issued as consideration Shares
PESB ¹	739,800	73.98	26,626,023
Pua Kong Hoi	110,200	11.02	3,966,191
Ho Kar Kok	100,000	10.00	3,599,084
Teng Chee Kuan	50,000	5.00	1,799,542
Total	1,000,000	100.00	35,990,840

Note:

¹ Pursuant to the PPSB Acquisition, 26,626,023 new PTB Shares issued by PTB to PESB as purchase consideration was renounced to the existing shareholders of PESB as follows:

PESB's Existing Shareholders	Existing no. of PESB Shares held Shares	%	No. of New PTB's Shares renounced pursuant to the PPSB Acquisition Shares
Pua Kong Hoi	4,500,000	90.00	23,963,421
Chang Hing Ling @ Cheun Poh Kern	500,000	10.00	2,662,602
Total	5,000,000	100.00	26,626,023

The PPSB Acquisition was completed on 20 October 2003.

6.3.3 Public Issue

In conjunction with the Listing of PTB on the MESDAQ Market, the Company will undertake a Public Issue of 32,500,000 new PTB Shares at Public Issue Price payable in full on application. Further information on the Public Issue is set out in Section 3.5 of this Prospectus.

6.3.4 Listing and Quotation

Upon completion of the Public Issue, PTB will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of PTB of RM13,000,000 comprising 130,000,000 PTB Shares on the MESDAQ Market.

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6. INFORMATION ON THE PTB GROUP

6.4 Information on Subsidiaries

6.4.1 Information on MHT

(i) History and Business

MHT was incorporated in Malaysia on 21 December 1994 as a private limited company, under the Companies Act 1965, under the name of Quasar Technology Sdn Bhd. It subsequently changed its name to MHT on 16 July 1999. Its principal activity is manufacturing of PE compounds for wire and cable insulation and jacketing, Stab and PA for the wire and cable industry.

(ii) Share Capital

MHT presently has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of MHT since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted Shares	Par value RM	Consideration	Total Issued and paid-up share capital RM
21.12.1994	2	1.00	Subscribers' shares	2
21.08.2001	99,998	1.00	Cash	100,000
30.04.2002	900,000	1.00	Cash	1,000,000

(iii) Subsidiary and associated company

As at 12 December 2003 (being the latest practicable date prior to printing of this Prospectus), MHT does not have any subsidiary nor associated company.

6.4.2 Information on PPSB

(i) History and Business

PPSB was incorporated in Malaysia on 18 July 1988 as a private limited company, under the Companies Act 1965, under the name of Great Circle Holdings Sdn Bhd. It subsequently changed its name to PPSB on 2 August 1997. Its principal activity is compounding of coloured concentrated plastic MB, polymer additives, resin compound for pipe as well as the manufacturing of resin compounds for the automotive components.

In recognition for its achievements and contribution to the Malaysia's economic development, PPSB was awarded the Golden Bull Award 2003 for its outstanding achievements as the top ten (10) winners of the Malaysia one hundred (100) Outstanding Small and Medium Sized Enterprises on 29 May 2003.

6. INFORMATION ON THE PTB GROUP

(ii) Share Capital

PPSB presently has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of PPSB since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted Shares	Par value RM	Consideration	Total issued and paid-up share capital RM
18.07.1988	2	1.00	Subscribers' shares	2
06.09.1988	41	1.00	Cash	43
20.11.1995	175,957	1.00	Cash	176,000
23.04.1996	24,000	1.00	Cash	200,000
22.08.1998	100,000	1.00	Cash	300,000
06.07.1999	300,000	1.00	Cash	600,000
05.06.2000	200,000	1.00	Cash	800,000
23.11.2000	200,000	1.00	Cash	1,000,000

(iii) Subsidiary and associated company

As at 12 December 2003 (being the latest practicable date prior to printing of this Prospectus), PPSB does not have any subsidiary nor associated company.

6.5 Business Overview of the PTB Group

The PTB Group is principally involved in the manufacturing of PE compounds for wires and cables and the compounding of intermediate products such as coloured concentrated plastic MB, polymer additives, PA, Stab and resin compound for pipe as well as the manufacturing of resin compounds for the automotive components. Currently, the PTB Group is selling its products under the brand names 'Plexlene', 'Plexlon' and 'Prolene'.

The Group currently adopts the ISO 9001:2000 System. The PTB Group has an established R & D department where it continuously aims to develop new products to meet customers' requirements. As at 12 December 2003 (being the latest practicable date prior to printing of this Prospectus), the PTB Group has a workforce of 80 employees with a production capacity of 1,637 metric tonnes per month. The PTB Group is currently utilising only on average 41% of its production capacity. This means that the PTB Group would still be able to increase its production level should there be an additional demand for its products.

The PTB Group manufactures its products locally from four (4) factories located in Johor Bahru. Each factory is responsible for the manufacturing of different range of products. The PTB Group has marketing offices located in Malaysia such as the Federal Territory, Penang, and Perak. In addition, the Group has marketing agents overseas such as Thailand, Taiwan, China, Turkey and U.A.E.

The business of the Group is further explained in following sections.

6. INFORMATION ON THE PTB GROUP

6.5.1 Principal Products

The PTB Group markets its resin compounds to:

- (i) the wires and cables manufacturers under its brand names, 'Plexlene' and 'Plexlon'; and
- (ii) the pipe manufacturers and automotive plastic component parts manufacturers under its brand name, 'Prolene'.

For its intermediate products for resin compounds manufactured by both MHT and PPSB such as coloured concentrated plastic MB, polymer additives, resin compound for pipe, PA and Stab, the Group markets these products under the brand names 'Plexlene' and 'Prolene'.

The products of the Group are further elaborated under each subsidiary in the following sections.

(i) MHT

MHT's principal activities are in the manufacturing of PE compounds for wire and cable insulation and jacketing, Stab and PA for the wire and cable industry. Currently, there are four (4) main product lines under MHT, namely:

(a) PE Jacketing and Insulation Compounds

Previously, PPSB was involved in the manufacturing of Plexlene's resin compounds for the jacketing and insulation of wires and cables. However, as part of the reorganisation scheme of the Group, the production has been transferred to MHT since 2002. The resin compound, namely PE, can be used as the inner and outer jacketing compound for wires and cables and as the insulation compound layer used to protect the conductors. PE can be further classified into LDPE, LLDPE, MDPE and HDPE which are differentiated based on their rigidity, hardness and density.

MHT produces several ranges of the resin compounds, to suit customers' preferences, with different levels of density and properties such as ESCR, weather resistance, abrasion resistance, petroleum-jelly resistance, low water permeability, low coefficient of friction, extrusion and mechanical properties. MHT has also developed wires and cables resin compound that is anti-rodent and anti-termite.

(b) Stab

Stab produced by MHT consists of a range of stabilisers used in the manufacturing of resin compounds for the wires and cables insulation and jacketing, providing certain specific functions or properties to the resin compounds such as aging, thermal, lubricant, etc.. In general, wire and cable products are subject to long-term warranty. As such, the quality and suitability of Stab used is important.

6. INFORMATION ON THE PTB GROUP

(c) PA

PA is a special additive for the wire and cable compound to improve the processibility of the materials in the wires and cables manufacturing. It aids to increase the production efficiency as well as to improve the quality of the wires and cables.

(d) HFFR

MHT introduced this range of products in the beginning of 2003 under the brand name 'Plexlon'. HFFR is a thermoplastic, halogen free, low smoke FR cable sheathing compound. Such resin compounds exhibits favourable processing characteristics and good mechanical properties in combination with good FR performance in order to meet the requirements of a number of international specifications for HFFR cables. In other more developed countries, this compound is already in use as the standard jacketing material for wires and cables used in public areas such as airports, train stations, public buildings, etc., and it is likely that countries in Asia Pacific will follow this trend in the near future.

(ii) PPSB

PPSB is one of the few compounding coloured concentrated MB and polymer additives, resin compound for pipe and TPO manufacturers in Malaysia. Currently, there are three (3) main product lines under PPSB, namely:

(a) Coloured Concentrated Plastic MB

Trading under the brand names "Plexlene" and "Prolene", the MB are used in the wire, cable and plastic industries to act as carbon additives or colourant to provide any colours required for the resin compounds. It is polyolefin base that contains 30-40% of fine and well dispersed carbon black or colour pigment with aging and ESCR properties.

(b) Polymer Additives and Resin compound for pipe

Polymer additives and resin compound for pipe that are currently produced by PPSB are used mainly in the manufacturing of resin compounds for the plastic industry as well as the piping industry. These additives are required to enhance the properties and product consistency of XLPE resin compounds. Both products are sold in the market under the brand name "Prolene".

PPSB's additives are specially formulated solutions using liquid chemicals and catalyst to act as coupling and bonding agent for Thermoplastics and Elastomers that contain mineral fillers, as well as crosslinkers for PE. It is usually used in the manufacturing of XLPE compounds for wires and cables jacketing and insulation, and pipes whilst the resin compound for pipe are PE base Stab used in the manufacturing of XLPE pipe and aluminium composite pipe. PPSB is currently producing a range of additives that provide different range of properties, such as aging, antioxidant, thermal, lubricant and coating properties, to the XLPE, PE and PP compounds.

6. INFORMATION ON THE PTB GROUP

(c) TPO

TPO is a resin compound mainly used in the production of automotive parts and components such as car bumpers, air dams, windshield frames, door panels, lamp casing, etc. TPO is also used in the consumer products industry for the production of components and parts of various electrical appliances, household items, tupperware, etc.

PPSB is currently producing different grades of TPO consisting different levels of PP compound which results in different characteristics and properties such as strength, density, stability and heat resistance for each grade. The advantages that TPO have include non-poisonous, UV stabilised, high stiffness and heat resistance with low level of shrinkage.

TPO materials have a number of excellent characteristics for use in side cladding. The material's low thermal expansion helps to prevent problems when cladding is securely anchored to a metal substrate. Additionally, the material's mechanical performance remains rigid with high impact resistance, even at low temperature. Resistance to UV and heat gives rise to a long service life under severe environmental conditions. The moulding of such large, thin-walled component parts is facilitated by the high melt flow characteristics of these resins.

6.5.2 Technology Used or to be Used

The PTB Group uses polymer compounding technology to produce a wide range of resin compounds required by the wire and cable industries, automotive and plastic industries. The technology involves formulation of polymers, chemical additives, reagents, processing methodology and control. The increasingly sophisticated demand for wires and cables which are able to withstand the harsh environment has led to the development of high performance resin compounds incorporating the necessary features. The PTB Group has the technology to formulate and re-engineer various resins to achieve a desired engineering performance result which meets the changing market requirements. The different resin compounds have different attributes and properties, like environmentally-friendly, termite resistant, rodent resistant, ESCR, FR, low smoke, high moisture barrier, UV stability, anti-oxidation, low temperature performance, high thermal resistance, aging stability and easy processability.

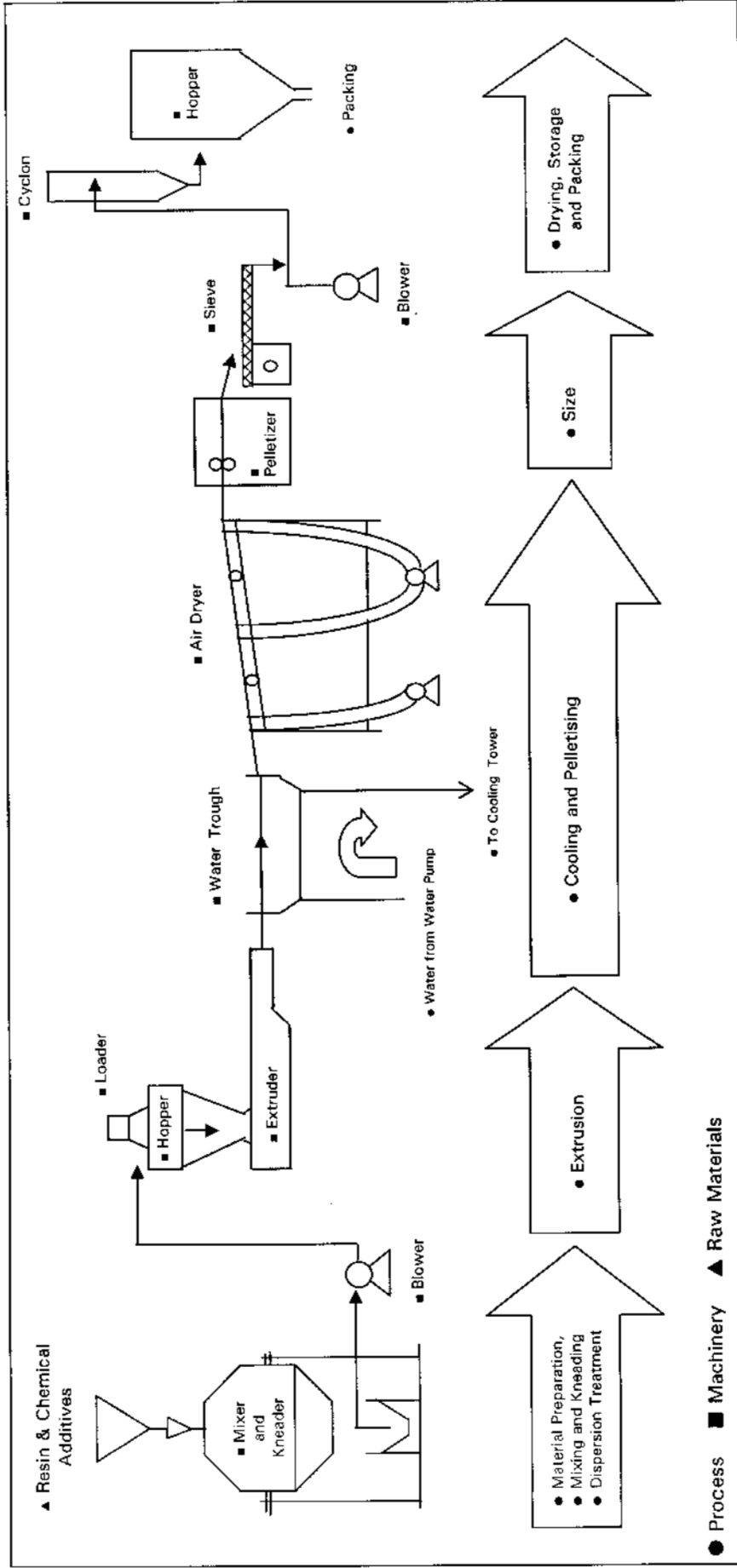
In the compounding of resin compounds, a range of additives are added to the polymer to protect it from degradation and to give the material the desired properties. These additives are required to enhance the properties and product consistency of the resin compounds.

As a result of its innovations in formulating different range of resin compounds, the Group is able to cater to its customers' requirements and hence improves its market share. The production process of the PTB Group is set out in Section 6.5.3 of this Prospectus.

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6. INFORMATION ON THE PTB GROUP

6.5.3 Production Process



All products currently produced by the PTB Group go through the similar manufacturing processes except that each product has a different mixture of raw materials such as resin and chemical additives. The manufacturing process for the PTB Group's products is summarised in the following pages.

6. INFORMATION ON THE PTB GROUP

Material Preparation and Treatment Dispersion

Raw materials are mixed based on the chemical formulation for each different product. This mixture of raw materials is then poured into a rotating mixing tumbler at room temperature for approximately twenty (20) to twenty five (25) minutes to ensure an even mixture of all raw materials.

Extrusion

The mixture of raw materials would be loaded into a hopper which serves as a container to hold certain quantity of the raw material mixture to enable the raw material mixture to pass through the extruder smoothly. In the extruder, the raw material mixture is melted at temperature from 150°C to 230°C. The extruded mixture will be transformed into hot and sticky strands.

Cooling and Pelletising

The hot and sticky strands would run through the cooling tower, where cold water is used to cool and solidify the strands. After the cooling process, the strands are blown dry in a blower to remove the excess moisture. The dried strands are then further run through the pelletiser to cut it into resin form.

Size Control

All resins produced will be further transferred to the screening unit where those resins which do not conform to the standard and required size are filtered out and recycled for further processing.

Drying, Storage and Packing

In the final stage of the production process, the resins are again blown dry to ensure no excess moisture is present. These blown dried resins will then be sent to and stored in a product hopper ready for packaging. The products are usually packed in bags of 25kg in weight and are stored in warehouse ready for shipment.

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6. INFORMATION ON THE PTB GROUP

6.5.4 Production Capacity and Capacity Utilisation

The PTB Group is able to increase its production capacity without incurring additional capital expenditure as its present production utilisation is only on average 41% of its production capacity, as illustrated below:

Product Type	Production output (MT/ month)	Production capacity (MT/ month)	Production utilisation (%)
Wires & cables compounds for insulation and jacketing	455	870	52%
Polymer additives, resin compound for pipe, PA & Stab for wires & cables insulation and jacketing	61	275	22%
Coloured concentration plastic MB	91	132	69%
Plexlon HFFR	8	100	8%
1. Compound for Automotive TPO 2. Engineering Plastic - PC/ABS - Nylon GF	51	260	20%
Total / Average	666	1,637	41%

6.5.5 Quality Control Procedures/Quality Management Program

The PTB Group is currently implementing the quality control procedure in accordance to the ISO 9001:2000 System. The main purposes of this quality system are:

- (i) To ensure that all stages of process are inspected and/or tested for conformance to quality standard and specified requirements prior to use; and
- (ii) To maintain a system which identifies and plan the various inspection and test stages required by the PTB Group.

The first step in this quality system is to inspect and test all in-coming materials and to refer any non-conforming material to the material review board for disposition. Secondly, all production processes are monitored to ensure that they are in accordance with the required standards. Maintenance work on the production machinery and equipment are performed regularly to prevent machinery breakdown and product quality problem. In addition, the Quality Assurance department would carry out inspection and testing on the products during the production processes and prior to delivery to customers as well as on the packaging of the finished goods. This is to warrant minimal defective products and to ensure the quality of the PTB Group's products. All tested and qualified products are identified by a sticker on the packaging. Any finished product which failed to meet customers' requirements is referred to the material review board for disposition.

In the event of any complain made by customers, the marketing department will record the feedback from customers and liaise with the Production and the Quality Assurance department to investigate on the non-conformities in order to take the appropriate corrective and preventive actions. The Quality Assurance department would follow up on the effectiveness of the corrective action taken.

6.5.6 Sources and Availability of Raw Materials

The Group obtains its raw materials or synthetic resins mainly from the petrochemical manufacturers in Malaysia. The main raw materials or synthetic resins are PP and PE. The latter includes HDPE, LDPE and LLDPE. In the case when the desired grades of synthetic

6. INFORMATION ON THE PTB GROUP

resins are not available locally, they are imported from overseas manufacturers located in Singapore, the USA and Europe. Local synthetic resins are preferred due to the prompt delivery of the raw materials. Shipment from overseas may take a longer period of time, especially from Europe or the USA.

With the petrochemical industry hit hard by the sluggish global economic growth in 2001, there is now excess capacity prevailing in the former. In addition, with the new progress in operating and catalyst technology, petrochemical plants are becoming more productive and efficient compared to the situation in the last decade. Also, they are able to achieve economies of scale by becoming bigger in their operations. Malaysia by itself has natural gas reserves of 82.5 trillion standard cubic feet, sufficient to last for another forty (40) years of production, based on the current daily rate of extraction of 5.7 billion standard cubic feet. Natural gas is the feedstock to the petrochemical plants for the production of synthetic resins. All these add up to more supply of raw materials availability at lower competitive price.

(Source: Independent Market Research Report)

6.5.7 R & D

As at 12 December 2003 (being the latest practicable date prior to printing of this Prospectus), there are ten (10) members in the Group's R & D team led by the Group's Managing Director, Mr Pua Kong Hoi. Its subsidiaries, MHT and PPSB, undertake their own R & D activities as each of the companies manufactures different range of products. The PTB Group's R & D is presently focusing primarily on the following:

- (i) development of new resin compounds to cater for the changing customers' demands and Government's regulations in the wire and cable and automotive components industries;
- (ii) continuous improvement of its existing products to meet or even exceed international standards; and
- (iii) the formulation and development of various intermediate products such as MB, PA, Stab and polymer additives.

The technical collaboration with UTM enables the PTB Group to expand its R & D activities as it provides the PTB Group access to the equipment and expertise which may not be reachable or cost effective for PTB to acquire itself. This collaboration therefore enables PTB to perform various R & D activities with better results. In addition, the collaboration with UTM provides an opportunity for the PTB Group to garner further confidence in the quality of its products.

For the last three (3) financial years ended 31 December 2002, the PTB Group has spent the following amounts on its R & D:

	Financial year ended 31 December		
	2000	2001	2002
	RM	RM	RM
Total R & D expenditure	71,160	132,786	251,555
Proforma consolidated turnover	10,420,000	16,612,000	24,488,000
% of R & D expenditure over total consolidated turnover	0.68%	0.80%	1.03%

6. INFORMATION ON THE PTB GROUP

(i) R & D Facilities

As part of its products development process, the R & D personnel will perform various test on the performance and conformity of its products in accordance with universal standards. The equipment used by the R & D personnel to test the different properties of the products are listed below:

Properties	Equipment	Test perform
Weighing and measurement	Analytical balance	Weighing
	Digital Caliper	Dimension measurement
	Digital Thermometer with probe	Temperature measurement
	Infrared Thermometer	Temperature measurement
Test specimens preparation	Compression moulding	Pancake specimens preparation
	Dumbbell cutter	Dumbbell specimens preparation
	Insulation stripper	Specimen stripping
Physical properties	Tensile tester	Tensile test and elongation
	Izod impact tester	Izod impact test
	Melt index tester	Melt flow rates test
	Density bottle	Density test
	Hydrometer	Density Test
	Carbon black content apparatus	Carbon black content test
	Circulate air oven	Hot set test
	Circulate air oven with vacuum	Shrinkage test Moisture test
	Thermal Ageing oven with air change	Oxidation resistance test
	Thermostatic bath	ESCR test Viscosity test
	Gel content tester	Gel content test
	Hardness tester	Hardness test
	Spectrophotometer	Colour matching
	Injection moulding	Colour checking Izod Impact specimen preparation
Electrical properties	Million Megaohm meter	Volume resistivity test Dissipation factor test
	Insulation tester	Insulation Resistance (IR) test
Flame properties	Combustion tester	Burning test (UL)
	Limiting Oxygen Index tester	Limiting Oxygen Index test
	Smoke Density Test Apparatus	Smoke density test
	Temperature Index tester	Temperature index limiting oxygen index test
Appearance	Single screw cable extrusion line	Actual cable insulation & jacketing processing test
	Single screw tube extrusion line	Actual tube processing test

(ii) New or Proposed Products

In its effort to diversify itself in the market, the PTB Group has ventured or planned to venture into the manufacturing of the following products in 2003 and 2004:

(a) TPO/TPE

Both TPO and TPE fall under a special category called engineering plastics, as opposed to general plastics. The former have special properties like

6. INFORMATION ON THE PTB GROUP

higher flexibility, higher resistance to temperature, chemical corrosion, compression, impact, friction and others.

TPE has excellent cold temperature characteristics, making it an excellent insulating and jacketing compound in cold climates. It is resistant to aging from sunlight, oxidation and atmospheric ozone. It is also able to retain most of its physical and electrical properties in the face of severe environmental conditions such as a salt water environment. As it has good abrasion resistance, it is able to resist wear, cutting and impact. These properties make TPE jackets an excellent choice for use in control cables that are dragged around or frequently moved.

TPO are two-component elastomer systems, consisting of an elastomer finely dispersed in a thermoplastic polyolefin (such as PP), which is usually the major component. The properties of TPOs depend upon the types and amounts of polymers used, the methods by which they are combined and the use of additives such as oils, fillers, antioxidants and colours.

(b) **PC/ABS**

PC/ABS blend is a resin compound used to produce various automotive parts and components. Due to its high impact and notched impact strength, high stiffness, heat resistance up to 136°C, high dimensional accuracy, low tendency to warp, low overall shrinkage, light stability and good processing properties, this compound will be one of the main resins used by the automotive component manufacturers. Apart from the automotive industry, this compound is also used for the production of various parts and components of business machines, electrical and household appliances, leisure and sports products.

(c) **Nylon GF**

This compound is characterised by its high tensile strength, outstanding abrasion resistance, excellent chemical and weather resistance and high usage temperature. It can be used in the production of automotive, electrical and industrial parts such as radiator tank, gear shift housing, reel handle, sockets, etc.

(d) **Jacketing Compound for Power and Communication Cables with Anti-Rodent Reagent**

This is another variant of the PE jacketing compounds as mentioned in Section 6.5.1(i)(a) but with the additional characteristic that this jacketing compound deters rodents from damaging the jacketing of the power and communication cables. This additional characteristic increases the durability of the cables and provides safety by preventing power surge caused by rodents.

In addition, the PTB Group will also develop and produce various ranges of new products such as semi-conductive compound, FR XLPE and MV compound for the jacketing and insulation of wires and cables and other additives and Stab.

6. INFORMATION ON THE PTB GROUP

(iii) Present Status and Achievements

Besides the new products as stipulated in section 6.5.7(ii) above, the PTB Group is also in the progress of developing new products in the next five (5) years. The following provides an indication of the development stage of these new products and their present status of completion:

(a) MHT

No.	Products	Development Phase	Present Status of Completion
1	Plexlon HFFR	<ul style="list-style-type: none"> • Sample to customers for testing • Upgrading of production machines • Developing more grades 	100%
2	Power & communication cables with Anti-rodent reagent (Plexlene PZ 811R)	<ul style="list-style-type: none"> • Successfully done • Long-term analysis collaboration with UTM 	90% In progress
3	MV PE	<ul style="list-style-type: none"> • Preparation of facility 	30%
4	Semi-conductive compound (Semi-Con)	<ul style="list-style-type: none"> • Basic study 	50%
5	FR XLPE	<ul style="list-style-type: none"> • Basic study 	80%

(b) PPSB

No.	Products	Development Phase	Present Status of Completion
1	Nylon GF Compound	<ul style="list-style-type: none"> • Setting up of equipment for trial run 	50%
2	PC/ABS Compound	<ul style="list-style-type: none"> • Production evaluation 	80%
3	TPO Compound	<ul style="list-style-type: none"> • Initial stage of commercialisation • Developing more grades 	On-going
4	TPE Compound	<ul style="list-style-type: none"> • Product evaluation 	80%
5	PP FR Compound	<ul style="list-style-type: none"> • Preparation of facility 	30%

(iv) Future R & D Plans

In the coming years, the PTB Group intends to expand its recruitment for experienced chemists and engineers in order to create new and innovative ideas. In addition, the PTB Group will also periodically upgrade its analytical and testing equipment and machines to ensure that its R & D team is well and fully-equipped with the latest technologies.

6. INFORMATION ON THE PTB GROUP

6.5.8 Market Segment and Market Share

The PTB Group's products are principally sold to local manufacturers in the wire and cable and automotive components industries. In 2002, the local sales to the wire and cable industry and automotive component industry represented 90% and 100% respectively of the PTB Group's total turnover. However, the Group has started to venture into the overseas markets and presently exports about 10% of its resin compounds. The export markets include U.A.E., China, Singapore, Turkey, Philippines and Thailand. The Group also sells approximately 20% of its intermediate products to LMWs. In the next five (5) years, the PTB Group intends to increase its export sales by around 30%, mainly to China and ASEAN countries.

For the year 2002, the PTB Group has a market share of 19% and 16% for resin compounds used in the wires and cables, and automotive plastic component compound market respectively.

Its main competitors in the wire and cable resin industry are Polyethylene (M) Sdn Bhd and Borouge Private Limited which have a market share of 50% collectively, while in the automotive resin industry, its major competitors are Compounding and Coloring Sdn Bhd and PolyPacific Polymers Sdn Bhd with market share of 70% collectively.

The PTB Group has also started to venture upstream into the manufacturing of raw materials for resin compounds such as coloured concentrated plastic MB, polymer additives and Stab, in order to diversify its product ranges and to substitute the import market.

(Source: Independent Market Research Report)

6.5.9 Mode of Marketing and Distribution

Due to the nature of the industry that the PTB Group is in, which is the provision of intermediate products and raw materials to other wires and cables, automotive parts, piping and other related manufacturers, the PTB Group does not engage itself in any media promotion or advertising. The PTB Group essentially markets its products directly to its customers through personalised services, educating customers as well as providing samples to its potential customers for testing on the quality of its products.

Over the years, the PTB Group has managed to gain confidence from its customers through many years of providing quality and consistent products as well as good technical support to its customers. The PTB Group also managed to establish itself in the market through the help of PESB, which initially acts as the marketing agent for PPSB, and under the stewardship of Mr Pua Kong Hoi.

Presently, import duty is imposed on imports of those resin compounds which can be manufactured locally. As such, the Group is able to sell its products at a competitive price compared to the imported resin compounds.

PTB Group currently has an extensive marketing and distribution network with marketing offices in the Federal Territory, Perak and Penang and marketing agents in Thailand, Taiwan, China, Turkey and U.A.E. This enables PTB to provide more prompt ordering and timeliness delivery to its customers.

6. INFORMATION ON THE PTB GROUP

6.6 Major Customers

For the eighteen (18) months period ended 30 June 2003, the top ten (10) major customers of the PTB Group are as follows:

Customer	Contribution to PTB's Group's	Length of relationship
	turnover	
	%	Years
Olympic Cable Co. Sdn Bhd	14	> 5
Universal Cable (M) Berhad	14	> 2
Leader Cable Industry Berhad	13	> 2
Plextech	11	> 5
Quasar Manufacturing Sdn Bhd	9	< 1
Mitti Power Cables Sdn Bhd	7	> 5
Gunung Kabel Sdn Bhd	3	> 4
Central Cables Berhad	3	> 6
Fujikura Federal Cables Sdn Bhd	2	> 2
Southern Cable Sdn Bhd	2	> 2
Total	78	

The Directors of the PTB Group are of the view that although these customers contributed significantly to the overall turnover of the Group, the downside risk of over-dependency on these customers is minimal as there are other readily available customers, both locally and overseas, of which the PTB Group is confident of securing their businesses. However, it should be noted that these customers depend very much on TNB and Telekom for their sales. As such, the PTB Group's sales to these customers will rely on the viability of TNB and Telekom. Furthermore, with PPSB venturing into the intermediate products markets and the automotive industry indirectly, the PTB Group will be able to widen their customer base to include those customers who previously imported these intermediate products.

6.7 Major Suppliers

For the eighteen (18) months period ended 30 June 2003, the top ten (10) major suppliers of the PTB Group are as follows:

Supplier	Contribution to PTB	Length of relationship
	Group's total purchase	
	%	Years
PESB	38	> 6
Titan	33	> 6
Ciba Speciality Chemical (S) Proprietary Limited	5	> 4
Texchem Materials Sdn Bhd	3	> 2
3M Technologies (S) Proprietary Limited	2	> 3
Crompton Specialities Sdn Bhd	2	> 3
HM Plastic GMBH	1	> 4
Titan PP Polymer (M) Sdn Bhd	1	> 4
JJ Degussa Chemical (M) Sdn Bhd	1	> 2
Quasar Manufacturing Sdn Bhd	1	< 1
Total	87	

As PESB and Titan, the major suppliers of raw materials, supplies approximately 71% collectively of the raw materials required by the PTB Group, there is an over dependence on one supplier and this might post a threat to the availability of raw materials for the PTB Group

6. INFORMATION ON THE PTB GROUP

if PESB and Titan fail to supply. Refer to Section 4.2.3 of this Prospectus for further information on how the PTB Group mitigates this risk.

6.8 Employees

As at 12 December 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group employed a total of 80 employees. The PTB Group has not encountered any major problem in its staff turnover and enjoys a cordial relationship with its employees. None of the employees of the PTB Group are members of any trade union.

Generally, the Group's employees can be categorised as follows:

Category	MHT		PPSB	
	Number of employees	Average length of services years	Number of employees	Average length of services years
Managerial & Professionals				
• Technical Qualification	-*	1	2	4
• Science Qualification	-*	1	1	7
• Other Qualification/Experience	2*	1	2	5
Technical & Supervisor				
• Technical Qualification	8	1	9	2
• Science Qualification	-	-	-	-
• Other Qualification/Experience	8	1	7	4
Sales, Clerical & Other Workers	2	1	2	5
Factory Worker				
• Skilled	22	1	15	4
• Unskilled	-	-	-	-
Total	42		38	

Note:

* One personnel from PPSB for each category of the managerial and professionals category is also involved in the management of MHT.

6.9 Training and Development Programme

The PTB Group's training and development programme is implemented in conformity to the ISO 9001:2000. All new employees will have to undergo the familiarisation programme in their respective departments in order to understand the departments' objectives, functions, goals, strategic action plan and their respective job responsibilities. The Group also evaluates the competency of its employees annually and provides various internal and external training programmes to constantly upgrade their knowledge and skills. The Group will from time to time, send its employees to external training and seminars which encompasses subjects such as supervisory and leadership skills, management concepts and skills, development in technology as well as updates on policies and guidelines of relevant authorities.

6. INFORMATION ON THE PTB GROUP

6.10 Key Achievements / Milestones

(i) MHT

MHT was granted the Pioneer Status for five (5) years by MITI as it is producing one of the promoted products recognised by the Government. This tax incentive indicates an incentive by the Government to promote MHT's business operations in recognition of the value-added contributions by MHT to the overall Malaysian economy whereby the value-added contributions is at least 25% and at least 15% of its total workforce is made up of management, technical and supervisory personnel. MHT has received the certificate on 14 April 2003 and the tax incentive is for the period from 1 March 2002 to 28 February 2007. MHT's application for ISO 9001:2000 certification was approved by Sirim Berhad on 2 May 2003.

(ii) PPSB

In 1997, PPSB was among the first local company to develop the formula and technology for the production of resin jacketing compounds for the wire and cable industry. Since then, PPSB has also successfully become the first local company to manufacture the anti-termite and anti-rodent resin compounds and jacketing resin compounds with different density for the wire and cable industry. On 25 January 2002, PPSB obtained the ISO 9002:1994 certification from Sirim Berhad and was subsequently upgraded to ISO 9001:2000. PPSB was awarded the Golden Bull Award 2003 for its achievement as the top ten (10) winners of the Malaysia 100 Outstanding Small and Medium Sized Enterprises on 29 May 2003.

6.11 Interruptions to Operations

There has been no major interruption to the PTB Group's business operations in the past twelve (12) months.

6.12 Operating Locations

(i) Head Office

PLO 264, Jalan Firma 3, Tebrau Industrial Estate IV, 81100 Johor Bahru.

(ii) Factories / Plants

	Address	Type of Manufacturing Plant
(a)	PLO 264, Jalan Firma 3, Tebrau Industrial Estate IV, 81100 Johor Bahru	Manufacturing of polymer additives, resin compound for pipe and compounding of resin compounds and composites for automotive components industry
(b)	PLO 133, Jalan Firma 1/5, Tebrau I Industrial Area, 81100 Johor Bahru	Manufacturing of MB
(c)	PLO 11, Jalan Firma 2/2, Tebrau I Industrial Area, 81100 Johor Bahru	Manufacturing of HFFR compounds
(d)	No.2, Jalan Perdagangan 6, Taman Universiti Industrial Park, 81300 Skudai, Johor Bahru	Manufacturing of jacketing and insulation compounds, Stab and PA

6. INFORMATION ON THE PTB GROUP

(iii) Marketing Offices - Local

- (a) No. 4, Jalan Anggerik Mokara 31/63, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan;
- (b) No. 31, Lorong Nagasari 5, Perai Industrial Estate III, 13600 Perai, Penang; and
- (c) No. 14, Jalan Lahat Bahru 4, Taman Badri Shah, 31500 Lahat, Ipoh, Perak Darul Ridzuan.

(iv) Marketing Agents - Overseas

- (a) 7 Soi Suanson 6, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240, Thailand;
- (b) Room 806, 8/F, No.206 Sung Chiang Road, Taipei, Taiwan Republic of China;
- (c) 18 Fute North Road, Shanghai Wai Gaoqiao, Free Trade Zone, China;
- (d) Serafet Sokak No. 11 D10, 19 Mayis Apt, Erenkoy, Istanbul, Turkey; and
- (e) P.O. Box 17885 Jebbel Ali, Dubai, U.A.E.

6.13 Prospects and Future Plans of the PTB Group

In order to further increase its market share and to strengthen and enhance the long-term profitability of the Group, the PTB Group has adopted the following strategies in the formulation and implementation of its future plans:

- (i) strong and innovative R & D team;
- (ii) product range expansion;
- (iii) creating its own brand name;
- (iv) overseas markets expansion;
- (v) maintaining existing and increasing client base;
- (vi) increasing the work force;
- (vii) establishing a corporate planning department; and
- (viii) new marketing strategy.

6.13.1 Strong and Innovative R & D Team

In an industry characterised by ever changing new polymer applications, the "one size fits all" or "off the shelf" offerings cannot cater for the specific demands that are driving the market place. The market will be dominated by the resin compounds manufacturers that have the capacity to offer both quality grades and customised compound materials. Manufacturers that are capable of researching and developing the required resin compounds will have a competitive advantage over other competitors. In order to achieve this, a strong and innovative R & D team is required. Innovations will give rise to process technologies, product technologies and improved business process performances, as well as cost leaderships. The PTB Group is planning to allocate about RM500,000 per annum for R & D purposes, and to gradually strengthen its R & D staff strength from the present ten (10) employees to fifteen (15) employees over the next five (5) years. The PTB Group will also continue with its technical collaboration with the Chemical Engineering Faculty of UTM, in the area of polymer research.

6. INFORMATION ON THE PTB GROUP

6.13.2 Product Range Expansion

Due to new applications and changing technical requirements among the end-users, the Group will continue to develop different grades of resin compounds from time to time. Some of these resin compounds have properties like FR, low water permeability, high impact strength, heat resistance, environmentally-friendly, ESCR, termite resistance and rodent resistance, as well as easy processability. At the same time, the ability of the Group to formulate resin compounds with these characteristics would provide it with the opportunity to differentiate its products from the other competing companies in the market. Product differentiation also translates into lower sensitivity to prices among customers in the market as customers are willing to pay different prices for the PTB Group's products which do not have any perfect substitutes.

6.13.3 Creating its Own Brand Names

Similar to other tier-1 competitors in the industry, the Group is marketing its range of resin compounds under the brand names 'Plexlene', 'Prolene' and 'Plexlon'. This is to enable the end-users to differentiate among the many competing resin compounds in the market. If successful, the Group can leverage on this attribute, including extending it to cover other future products. Having established brand names provide several intangible advantages to the Group over many other competing products in the market. This includes:

- (i) making it more difficult for potential new entrants to penetrate the market;
- (ii) increase the product differentiation;
- (iii) less marketing campaign is required to gain recognition which translates into lower marketing costs; and
- (iv) the ability to command a certain degree of price premium and brand loyalty among customers in the market.

6.13.4 Overseas Markets Expansion

Currently, about 10% of the Group's revenues in resin compounds are derived from the overseas markets concentrated in U.A.E., China, Singapore, Turkey, Philippines and Thailand. There are plans to double this amount over the next five (5) years, so as to diversify from the relatively small clientele base in the domestic market. PTB also has the intention to establish a plant in either Thailand or China in view of the lower costs of operations and turnaround time in these countries. Both the Thailand and Chinese markets offer huge potential for resin compound manufacturers, in view of the rapid industrialisation taking place and interests among foreign direct investors. Efforts would also be taken to market the resin compounds among the LMWs.

6.13.5 Maintaining Existing and Increasing Clientele Base

In order to maintain and increase its market share in both local and overseas markets, the PTB Group will expand and strengthen its marketing activities such as appointment of new overseas agents and increasing its marketing personnel. In addition, the PTB Group will ensure that it will continuously supply quality products to its customers on a timely basis. The PTB Group will also be able to customise its products according to the requirements of its customers.

6. INFORMATION ON THE PTB GROUP

6.13.6 Increasing the Work Force

The Group recognises that its human resource is its greatest asset. Hence, there are plans to reward its existing employees by offering Employee Share Option Scheme (ESOS), so as to cultivate a sense of ownership in the Group. Both job rotation and job enrichment among the current employees are also carried out from time to time. In view of its planned expansion in its operational activities, the Group is planning to increase its present number of employees of 80 to 163, which is an increase of 104% over the next five (5) years.

6.13.7 Establishing a Corporate Planning Department

In view of rapidly expanding business objectives and goals, the Group is planning to establish a corporate planning department at the group level. The main task of this department is to scan the environment in which the Group operates, and to plan strategically for a five-year corporate plan. The department will be headed by a manager and will be responsible for benchmarking the Group's operations against the other competing companies in the industry. At the same time, he/she is to undertake market research to assist the local offices and overseas distributors in business development activities. The main difference between this department and the other line departments is that the former is involved in strategic planning, while the latter is concerned with tactical planning.

6.13.8 New Marketing Strategy

In the Internet age, the Group realises that for a successful marketing campaign, the Group must have a website, where any potential customers can readily and easily access the website and browse through the full range of products provided by the Group. This is not only cost effective for the Group but also time-efficient for its potential customers. The management plans to establish a website which will be an important and powerful tool for building customer relationships, improving sales, disseminating the Group's products and services more effectively and efficiently. Along with user-friendly, attractive and innovative features, a website can encourage revisits, which ultimately could translate into more sales.

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