

5. DETAILS OF THE PUBLIC ISSUE

5.1 Share Capital

<i>Authorised</i>	RM
100,000,000 ordinary shares of RM1.00 each	<u>100,000,000</u>
 <i>Issued and fully paid-up as at the date of this Prospectus</i>	
40,800,000 ordinary shares of RM1.00 each	40,800,000
 <i>To be issued pursuant to the Public Issue</i>	
7,200,000 ordinary shares of RM1.00 each	<u>7,200,000</u>
	<u>48,000,000</u>

The issue price of RM1.50 for each Issue Shares is payable in full on application.

There is currently only one (1) class of shares in the Company, namely ordinary shares of RM1.00 each. The Issue Shares, upon allotment and issue will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights, dividends and distributions the entitlement date of which is subsequent to the date of the allotment of the said Issue Shares.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or a representative or proxy or attorney of a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each SKPRB Share. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

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

5.2 Opening and Closing of Application

Applications for the Issue Shares will be accepted from 10.00 a.m. on 28 December 2002 to 8.00 p.m. on 13 January 2003 or for such further date or dates as the Directors and the Underwriters may in their absolute discretion mutually decide. Correspondingly, the Application Lists will open at 10.00 a.m. and will remain open until 8.00 p.m. at the closing date of the applications.

5.3 Important Tentative Dates

The following events are intended to take place on the following tentative dates:

Event	Tentative Date
(i) Opening of application for the Issue Shares	28 December 2002
(ii) Closing of application for the Issue Shares	13 January 2003*
(iii) Balloting for applications for the Issue Shares	17 January 2003
(iv) Allotment of the Issue Shares	31 January 2003
(v) Listing	10 February 2003

5. DETAILS OF THE PUBLIC ISSUE (Cont'd)

Note:

- * *The Directors and the Underwriters may in their absolute discretion mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the allotment of the Issue Shares and listing of and quotation for the entire enlarged issued and paid-up share capital of SKPRB on the Second Board of the KLSE would be extended accordingly.*

5.4 Particulars of the Public Issue

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

(i) Eligible Employees

2,400,000 of the Issue Shares have been reserved for the eligible employees of the SKPRB Group. Any Issue Shares not subscribed by eligible employees of the SKPRB Group will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

The criteria for the allocation is based on the position of the eligible employees who are confirmed employees of the SKPRB Group as at 30 November 2002. Based on this criteria, there are 477 employees who are eligible to subscribe for the reserved shares. There is no allocation of the reserved shares to the Directors of the SKPRB Group.

(ii) Malaysian Public

1,500,000 of the Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

(iii) Private Placement

3,300,000 of the Issue Shares have been reserved for private placement to identified investors of which at least 30% is to be placed, to the extent possible, to Bumiputera investors.

The Issue Shares made available to the eligible employees of the SKPRB Group and the Malaysian public as stipulated in Sections 5.4(i) and 5.4(ii) above respectively have been fully underwritten. Any SKPRB Shares not subscribed for under paragraph 5.4(i) will subsequently be offered to the Malaysian public.

CIMB, as placement agent, has entered into various placement agreements to place out the Issue Shares mentioned in Section 5.4(iii) above. The Issue Shares under Section 5.4(iii) above will not be underwritten as the identified investors have provided irrevocable undertakings to subscribe for the said Issue Shares.

The minimum number of SKPRB Shares to be subscribed pursuant to the Public Issue is 7,200,000 SKPRB Shares at an issue price of RM1.50 per ordinary share to meet the public spread requirement under the SC Guidelines and the funding requirements of SKPRB.

5. DETAILS OF THE PUBLIC ISSUE *(Cont'd)*

5.5 Basis of Arriving at the Issue Price

The issue price of RM1.50 per ordinary share was determined and agreed upon by the Company and CIMB as Adviser, Managing Underwriter and Placement Agent after taking into account, amongst others, the following factors:

- (i) The forecast net PE Multiple of approximately 7.46 times based on the forecast net EPS of the SKPRB Group for the financial year ending 31 March 2003 and the weighted average share capital of 14,800,000 SKPRB Shares;
- (ii) The forecast tax-exempt dividend yield of approximately 3.33% for the financial year ending 31 March 2003;
- (iii) The future plans and prospects of the SKPRB Group as set out in Section 7.4.6 of this Prospectus;
- (iv) The proforma NTA of the SKPRB Group prior to the Public Issue of RM1.47 per ordinary share as set out in Section 11.5 of this Prospectus; and
- (v) The qualitative and quantitative factors as set out in Section 7 of this Prospectus.

However, shareholders should also note that the market price of SKPRB Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of the SKPRB Shares being traded. Investors should form their own views on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

5.6 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

- (i) To increase the Bumiputera equity participation in SKPRB in line with the objectives of the National Vision Policy;
- (ii) To provide an opportunity for the Malaysian public and eligible employees of the Group to participate in the future growth of the SKPRB Group by way of equity participation;
- (iii) To enable SKPRB to gain access to capital in order to tap debt and equity funds for the future expansion and continued growth of the Group;
- (iv) To raise proceeds for the items as stated in Section 5.7 below; and
- (v) To obtain a listing of and quotation for the entire issued and paid-up share capital of SKPRB on the Second Board of the KLSE.

5. DETAILS OF THE PUBLIC ISSUE (Cont'd)

5.7 Proceeds of the Public Issue

The Public Issue is expected to raise gross proceeds of RM10,800,000. SKPRB shall bear the expenses and fees incidental to the Listing, which is estimated at RM2,000,000.

The gross proceeds of RM10,800,000 to be raised from the Public Issue are expected to be utilised in the following manner:

	RM 000
Purchase of machinery ⁽¹⁾	6,060
Upgrading of computer hardware and software ⁽²⁾	2,100
Working capital	640
Listing expenses ⁽³⁾	2,000
	10,800

Notes:

⁽¹⁾ In order to expand the production capacity and product range of the SKPRB Group, the Group will utilise approximately RM6.06 million from the proceeds of the Public Issue to purchase the following machinery:

Equipment	Units	Acquiring subsidiary	Total estimated cost RM 000	Function
Injection moulding machine	4	GHI	5,160	Injection moulding
Milling machine	3	GHT	400	Fabrication of moulds
CNC machine	2	GHT	500	Fabrication of moulds
			6,060	

The Directors believe that the acquisition of the above machinery will increase the existing production capacity in GHI and GHT by 28% and 38% respectively. The acquisition of the above machinery are expected to be completed by 2004.

⁽²⁾ In order to enhance the competitiveness of the SKPRB Group, the Group will spend approximately RM2.00 million to upgrade the computer hardware and software for the implementation of the Enterprise Resource Planning and Customer Relation Management systems in SKP. In addition, GHT will also spend approximately RM100,000 to upgrade the computer software used for its mould designs. The upgrading is expected to be completed in 2003.

⁽³⁾ The estimated expenses incidental to the Listing amounting to approximately RM2.00 million consist of the following:

	RM 000
Professional fees	950
Fees payable to the SC	80
Fees payable to the KLSE including initial and annual listing fees	15
Underwriting commission and placement fees	243
Brokerage fees	108
Issuing house fees	130
Printing and advertisement of Prospectus	250
Contingencies	224
Total	2,000

These expenses are expected to be fully incurred by 1st quarter of 2003.

5. DETAILS OF THE PUBLIC ISSUE (Cont'd)

5.8 Brokerage and Underwriting Commission and Placement Fees

Brokerage relating to the Public Issue is payable by the Company at the rate of one percent (1%) of the issue price of RM1.50 per ordinary share in respect of successful applications which bear the stamps of either CIMB, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter for the 3,900,000 new SKPRB Shares available for application by the Malaysian public and eligible employees of SKPRB Group is CIMB, whilst the Underwriters are CIMB and AmMerchant.

Pursuant to the Underwriting Agreement, CIMB and AmMerchant have agreed to underwrite the 2,900,000 SKPRB Shares and 1,000,000 SKPRB Shares respectively which are made available for application by the Malaysian public and eligible employees of the SKPRB Group. The managing underwriting commission and underwriting commission relating to the said SKPRB Shares which are payable by the Company at the rate of zero point five percent (0.5%) and two percent (2%) respectively of the issue price of RM1.50 per ordinary share being underwritten, amount to RM146,250.

Placement fees payable by SKPRB to the Placement Agent in respect of the 3,300,000 SKPRB Shares amount to RM96,750.

5.9 Salient Terms of the Underwriting Agreement

The salient terms of the Underwriting Agreement are as follows:

- (i) The obligations of the Managing Underwriter and Underwriters under the Underwriting Agreement shall be conditional upon the fulfillment and/or satisfaction of the following:
 - (a) the KLSE having agreed in principle to the Listing;
 - (b) the issuance of and subscription for the 3,900,000 of the Issue Shares pursuant to and in accordance with the provisions of the Underwriting Agreement and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
 - (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the SC Act, 1993 and subsequent lodgement of the Prospectus with the Chief Executive Officer of the CCM;
 - (d) the execution of all agreements in relation to the private placement in a form and manner acceptable to the Placement Agent and payment of subscription monies for the placement shares by placees;
 - (e) the Underwriters having been reasonably satisfied that arrangements have been made by the Company to ensure payment of all expenses payable under the Underwriting Agreement; and
 - (f) all the approvals of the SC, FIC and MITI remaining in full force and effect.

5. DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (ii) Notwithstanding anything contained in the Underwriting Agreement, the Underwriters may, at any time, be entitled to terminate their obligations under the Underwriting Agreement by notice in writing delivered to the Company, if in the reasonable opinion of the Underwriters, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the closing date for application of the Issue Shares or the extended closing date as the case may be, namely:
- (a) any change in national or international monetary, financial, political or economic conditions (including but not limited to conditions of the stock markets in Malaysia and overseas, foreign exchange markets or money markets or that with regard to inter-bank offer or interest rates in Malaysia and overseas) which would, in the reasonable opinion of the Underwriters, materially and adversely affect the Company and the offering and issuance of the Issue Shares, the business or prospects of the Company and/or its subsidiaries;
 - (b) any change in exchange controls or currency exchange rates which would, in the reasonable opinion of the Underwriters, materially and adversely affect the success of the offering and issuance of the Issue Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market);
 - (c) any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, any other regulatory authority or any governmental body, whether or not having the force of law, or occurrence of any other nature, which would, in the reasonable opinion of the Underwriters, materially and adversely affect the Company and the offering and issuance of the Issue Shares, the business or prospects of the Company and/or its subsidiaries;
 - (d) any Government requisition or other occurrence of any other nature which would in the reasonable opinion of the Underwriters, materially and adversely affect the business and/or financial position of any member of the Group;
 - (e) any breach of the representations, warranties, covenants and undertakings set out in the Underwriting Agreement by the Company or any withholding of information of a material nature from the Underwriters which would, in the reasonable opinion of the Underwriters, materially and adversely affect the offering and issuance of the Issue Shares;
 - (f) any event or series of events beyond the reasonable control of the Underwriters which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms and which prevents the processing of applications, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to its underwriting;
 - (g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the KLSE due to exceptional financial circumstances or otherwise; or

5. DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (h) any event or series beyond the reasonable control of the Underwriters by reason of force majeure which has or is likely to make this Underwriting Agreement or any part thereof incapable of performance or which would or is likely to have a material adverse effect on the success of the Public Issue and the distribution of the Issue Shares or the sale of any underwritten shares.

“Force majeure” shall mean causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation, including without limitation the following:

- (1) war, armed conflict or serious threat of the same, hostilities, sabotage, mobilisation, blockade, embargo, detention, revolution, riot, looting, lockout, strike or other labour disputes;
 - (2) any unavailability of transportation or severe economy dislocation;
 - (3) flood, fire, storm, earthquake, typhoon, tidal wave, plague or other epidemics, lighting tempest, accident, or any other acts of God; and
 - (4) any imposition or change of governmental laws, orders, regulations, sanctions or restrictions.
- (iii) The Underwriting Agreement shall be terminated in the event that the closing date for application of the Issue Shares or the extended closing date falls two (2) months after the date of the Underwriting Agreement or such extended period as the Managing Underwriter, the Underwriters and the Company shall mutually agree upon.
- (iv) Upon the termination of the Underwriting Agreement, the Managing Underwriter and the Underwriters will be released and discharged from all of their obligations under the Underwriting Agreement and the Company may enter into a fresh underwriting agreement with the same and/or different underwriters and thereafter, the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

In the event of the Underwriting Agreement is terminated pursuant to Section 5.9(ii)(h) above, the Underwriters and the Company may confer with a view to deferring the Public Issue or amending its terms and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to make a fresh agreement.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 Overview of the Malaysian Economy

The Malaysian economy entered 2002 on a stronger footing, after recovering from a downturn experienced in the last two (2) quarters of 2001. Riding on the back of an earlier-than-expected recovery of the US economy and a stronger outturn in the later half of 2002, the Malaysian economy is expected to register a higher but moderate growth in GDP. Real GDP is projected to grow at 4.0% to 5.0% as targeted in Budget 2002, within an environment of low inflation and stronger economic fundamentals, supported by both prudent fiscal and accommodative monetary policies.

With the mild recovery intact in 2002 and expected to gather momentum in 2003, the world economy is projected to register output growth of 3.7% with trade expanding at 6.6%. The US is forecast to chart a stronger GDP growth of 2.6%, while the Europe area is expected to further improve by 2.9%. Japan, which has shown further signs of bottoming out, has entered into a recovery mode and is projected to grow by 1.1% in 2003.

The Malaysian economy, with the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors, is now poised to benefit from the much-improved global economic environment projected for 2003. Output expansion is anticipated in all sectors of the economy, with GDP envisaged to chalk a growth rate of 6.0% to 6.5%, arising from a broader based economy with growth emanating from a more pronounced role of a revitalised and dynamic private sector.

(Source: Economic Report 2002/2003)

6.2 Overview of the Manufacturing Sector

Output of the manufacturing sector improved gradually since February 2002, led by increased orders for semiconductors and other electronic goods. The momentum is expected to accelerate with improved performance in the second half of 2002, supported by a gradual increase in final demand from overseas markets, particularly the Asia Pacific region. The revival of the domestic semiconductor and electronic component sub-sectors has also benefited supporting industries such as plastics, chemicals, fabricated metal and machinery. Value added in the manufacturing sector, therefore, recorded a growth of 1.6% in the first half of 2002 and is projected to strengthen further to 8.7% in the second half of 2002, thus giving an overall growth rate of 5.1% for 2002 compared to the contraction of 6.2% in 2001.

Signs of a turnaround in the manufacturing sector have become more visible in the second quarter of 2002. After experiencing 11 months of consecutive decline, output of the manufacturing sector has improved from a contraction of 11% recorded in the fourth quarter of 2001 to bounce back with three (3) straight months of positive growth since April 2002. A steady recovery of the sector is anticipated for the rest of 2002, on account of a revival in external demand and sustained growth in domestic consumption.

The external outlook has turned positive with the slump in the electronics industry showing signs of bottoming out. Decline in worldwide semiconductor sales has moderated to 1.6% in the second quarter of 2002, a significant improvement from a contraction of 25% in the first quarter of 2002.

(Source: Economic Report 2002/2003)

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (Cont'd)

6.3 Overview of the Electronic and Electrical Products Industry

The electronics industry was the most affected manufacturing sector of the slowdown in global demand in 2001, with production output declining by 20.1% for the year compared to the 44.8% growth recorded in 2000. In 2001, most electronics manufacturers drew down inventories accumulated from a year of strong capacity expansion in 2000. As the downturn in the global information technology sector became more pronounced since the second quarter of 2001, electronics manufacturers undertook wage cuts and shortened working hours to improve cost effectiveness to rationalise operations.

In 2002, the domestic electronic and electrical products industry recorded a significant growth of 13.3% in June 2002 compared to a contraction of 1.8% in March 2002. The semiconductors and electronic component sub-sector in particular, recorded four (4) consecutive months of positive growth since February 2002, after 12 months of decline. Following protracted inventory liquidation in semiconductors in 2001, orders began to pick up largely due to replenishment of stocks in the first half of 2002. Imports of intermediate goods also rebounded by 3.3% in the second quarter of 2002, indicating a strong pick-up in manufacturing output in the months ahead. Capacity utilisation for the sector remained generally above 70% in the first half of 2002. As growth in external demand and domestic consumption continues to accelerate, the capacity utilisation rate is expected to improve further to above 80% by end of 2002.

Being export oriented, the outlook of the Malaysian electronic and electrical products industry depends on the recovery of its major trading partners, such as the US, Japan and Singapore. Manufacturers need to keep track of the changing demand situation and be ahead in product innovation and logistical preparedness.

(Source: International Trade and Industry Report 2001, MITI and Economic Report 2002/2003)

6.4 Overview of the Plastics Industry

There are about 1,300 plastics manufacturers in the Malaysian plastics industry, employing roughly 87,000 people and contributing to 2.5% of total GDP. Output of the plastics industry has turned around, and recorded a positive growth of 4% in the second quarter of 2002, after declining by 15.4% in the first quarter of 2002. For the first six (6) months in 2002, the industry recorded a revenue of RM3,638 million of which RM1,731 million or nearly half was for the export market. Plastic products are mainly used in the packaging industry, accounting for 35% of the production, followed by 30% in the manufacture of components for electronic and electrical products. With improvements in the electronic and electrical products industry and private consumption, in particular, consumption of fast-moving consumer goods that require frequent changes in design and packaging, the industry is poised for a stronger recovery towards the end of 2002.

(Source: An overview of the Malaysian Plastics Industry (2002), MPMA and Economic Report 2002/2003)

6.4.1 Background

The plastics industry is a highly complex industry which involves many different types of raw materials and a large number of different manufacturing processes and products.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (Cont'd)

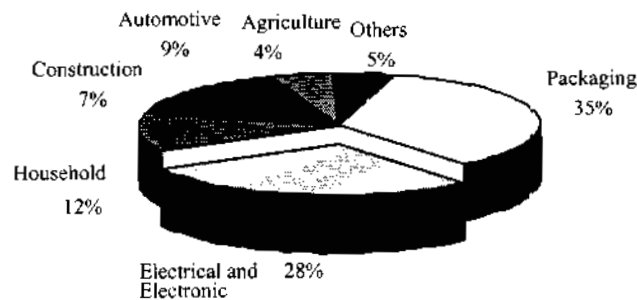
Generally, the plastics industry can be divided into “upstream” and “downstream” industries. The upstream industry consists of the production of the raw material for the downstream industry, ie. plastic resins. The downstream industry consists of the processes which design, formulate, manufacture and market plastic articles to consumer, industrial and OEM markets. The downstream plastics industry can be further divided into the following:

- (i) the production of plastic consumer products such as toys, kitchen-ware and house-ware;
- (ii) the production of industrial products such as laminates, calendered goods, bags, large containers and boxes, and building products; and
- (iii) the production of parts to be assembled into the final products of the electronic and electrical products, automotive and other industries (ie. the OEM).

6.4.2 Industry Structure

The market segments for the Malaysia plastics industry (based on sales value) are as follows:

Market Segments for the Malaysia Plastics Industry



(Source: *An overview of the Malaysian Plastics Industry (2002)*, MPMA)

Overall, the plastic products industry is fragmented. It is characterised by many small and medium sized firms, most of which are family owned. It is estimated that in the year 2001 there were about 1,300 companies.

The major producers in the industry comprise mostly of small and medium industries, many of which possess foreign joint venture partners. The major companies include HIL Industries Berhad, Mah Sing Plastic Industries Sdn Bhd, Eully Plastic Industries Sdn Bhd, V.S. Industry Berhad, Lee Huat Plastic Industries Sdn Bhd and Tylon (Malaysia) Sdn Bhd. The main products supplied are casings and precision parts for consumer electronics, computers and peripherals, data storage devices, telecommunications equipment and office automation equipment.

The OEM parts are the most rapidly growing sub-sector within this industry. The importance of this sub-sector is reflected in the high correlation between the growth in the revenue of the plastic products industry and the growth of export of manufactured goods.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (Cont'd)

6.4.3 Government Legislation, Policies and Incentives

The Government, being aware of the contribution by the plastics industry to the various sectors of the economy, has implemented several policies to assist in the development of the plastics industry. Among the legislation and policies introduced by the Government are as follows:

(i) Plastics Technology Centre ("PTC")

To further encourage the development of the industry in terms of the research and technology upgrading, the Government has established PTC at the Standards and Industrial Research Institute of Malaysia ("SIRIM"). The PTC provides services to the plastics industry on product testing and analysis which would assist the manufacturers to improve on quality and reduce wastage.

(ii) Technical Training

The Government has also established several industrial training centres in collaboration with the plastics industry to provide training courses aimed at upgrading the skills of existing workers and also to introduce updated technologies into the Malaysian plastics industry. The training centres include the following:

- (a) Centre for Instructors and Advanced Skills Training;
- (b) Kedah Industrial Skills and Management Development Centre;
- (c) Penang Skills Development Centre;
- (d) Pusat Pembangunan Industri Johor; and
- (e) Selangor Human Resource Development Centre.

(iii) Tax Incentives

Generally, the various tax incentives available in the plastics industry are as follows:

- (a) pioneer status;
- (b) investment tax allowance;
- (c) reinvestment allowance;
- (d) export incentives;
- (e) R&D incentives; and
- (f) duty exemption on machinery and plastic resin not produced locally.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(Cont'd)*

6.4.4 Factors Contributing to the Future Growth of the Plastics Industry

The following factors are the main contributors to the future growth of the plastics industry:

(i) High Quality Manufacturing Ability

The Malaysian plastics industry is an industry that is capable of producing diversified products to diversified markets. It is also one of the main exporters of high quality plastic products in this region.

Many Malaysian plastics manufacturers have attained international quality standards such as International Standard Organisation (ISO) and Underwriters' Laboratory (UL) certification. They have been supplying plastic parts and components to many reputable MNCs operating in Malaysia including Motorola, Intel, Matsushita, Sony and Sharp-Roxy.

(ii) Promoted Industry

The polymer industry has been identified as one of the four (4) petrochemical and mineral based sectors with the potential for development in the realm of advanced materials under the Second Industrial Master Plan (IMP2). The plastics industry is one of the sub-sectors within the polymer industry.

As part of its strategies in the nation's industrialisation programme, the Government is giving priority to the development of the advanced materials sector through a more concerted and focused programme in R&D, development of specialised skills and other supporting facilities.

(iii) Technological Competence

Throughout the years, the Malaysian plastics manufacturers have been consistently upgrading their technology through the purchase of advanced and sophisticated machines, investment in factory automation and acquisition of knowledge of new technology. The manufacturers believe that investments in new technologies will result in labour and cost savings and improved product quality which would eventually enhance their competitive edge. Many of the manufacturers have acquired production technology which is comparable to those in the developed countries through the use of the latest and most sophisticated machinery.

(iv) Manufacturing Flexibility

The Malaysian plastics manufacturers have the manufacturing flexibility to meet new challenges in the business environment in view of the diversity of the markets served, advanced technology acquired, accumulated experience, skilled workforce, ability to design new products and ability to meet the fast changing markets.

(v) High Growth Sector

The plastics industry is one of the fastest growth sectors within the manufacturing industry. It has established a strong base of customers, good marketing ability, professional business practices and well-accepted product range which would strengthen its ability to maintain a sustainable growth.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(Cont'd)*

(vi) Increasing New Applications of Plastics

The current per capita consumption of plastics in Malaysia is only about 51kg, which is still low compared to the average per capita consumption of 80kg to 100kg in developed countries. With the country's current industrialisation process, there will be more new applications of plastics in the emerging industry sectors like telecommunications, medical and pharmaceutical, aerospace, construction, etc. Furthermore, research efforts are being carried out continuously to improve the performance and to find new applications for plastics.

(vii) The Growing Economy

The recovery of the Malaysian economy augurs well for a more sustainable growth in the medium term. Malaysia should continue to remain attractive to foreign investors due to its conducive investment climate as well as its excellent infrastructure facilities. The above is expected to set the foundation for the future growth of the plastics industry.

(viii) Availability of Non-Traditional Markets

The removal of tariff barriers through the World Trade Organisation Free Trade Area will provide excellent opportunities for the Malaysian plastics manufacturers to explore more non-traditional markets. With their high quality manufacturing ability, adoption of advanced processing technology and manufacturing flexibility, the Malaysian plastics manufacturers are expected to be able to compete in the global market.

(Source: Challenges and Opportunities of the Malaysian Plastics Industry (2000), MPMA)

6.5 Future Prospects

The Malaysian plastics industry has been in existence for almost half a century. It has evolved from a low consumer product manufacturing industry into high technology, capital intensive and value-added industry supporting other major industries, particularly the electronic and electrical products and automotive industries.

The future growth of the Malaysian plastics industry is dependant upon the increased industrial applications of plastics in the engineering parts, advanced packaging materials, automotive, electronic and electrical products industries as well as advanced materials in the aerospace, military and leisure applications.

The industry growth rate averaged between 15% to 20% prior to the 1997 economic crisis. In 2001, the industry growth however contracted by 0.5% but is expected to register a 5% growth for 2002 and resume double-digit growth rates from 2003 onwards. The recovery in 2002 is expected to be led by the electronic and electrical products industry. By 2005, the export to turnover ratio is also projected to increase to 50%, from the current ratio of 40%, while contribution to GDP is forecast to increase from 2.5% to 3% of total GDP.

(Source: An overview of the Malaysian Plastics Industry (2002), MPMA)