

## 4. INFORMATION ON THE PMCB GROUP

### 4.1 Incorporation

PMCB was incorporated on 26 February 2002 in Malaysia under the Companies Act, 1965 as a public limited company.

It is principally an investment holding company with 3 subsidiary companies, namely PTSB, PESB and PPSB.

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), PMCB Group has a total of 214 employees.

Details of the subsidiary companies of PMCB are summarised below:-

Subsidiary Companies of PMCB	Date and Place of Incorporation	Issued and Paid-up Share Capital RM	Effective Equity Interest %	Principal Activities
PTSB	18.03.1995 / Malaysia	600,000	100	Design, assembly and installation of computerised automation systems and equipment
PESB	30.03.1998 / Malaysia	600,000	100	Manufacturing of automated and semi-automated machines and equipment for semi-conductor and computer industry
PPSB	14.11.2000 / Malaysia	100,000	100	Designing and manufacturing of precision machinery components

PMCB does not have any associated company.

### 4.2 Share Capital and Changes in Share Capital

The present authorised share capital is RM50,000,000 comprising 100,000,000 Shares whilst its issued and paid-up share capital is RM40,000,000 comprising 80,000,000 Shares. There are no convertible securities in PMCB as at 31 May 2003.

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

Date of Allotment/ Issuance	No. of Shares	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
26.02.2002	2	1.00	Subscribers' shares	2
30.11.2002	6,717,925	1.00	Acquisitions of PTSB at an issue price of RM1.05 each	6,717,927
30.11.2002	17,027,795	1.00	Acquisitions of PESB at an issue price of RM1.05 each	23,745,722
30.11.2002	330,167	1.00	Acquisitions of PPSB at an issue price of RM1.05 each	24,075,889
23.12.2002	15,924,111	1.00	Rights Issue of approximately 661 new ordinary shares of RM1.00 each for every 1,000 existing ordinary shares of RM1.00 each held at an issue price of RM1.00 each	40,000,000
26.12.2002	80,000,000	0.50	Subdivision of every 1 ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each	40,000,000

**4. INFORMATION ON THE PMCB GROUP (Cont'd)****4.3 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 PMCB on the Second Board of KLSE, the Company undertook the restructuring and listing scheme as approved by the FIC (29 July 2002 and 21 October 2002), MITI (24 August 2002 and 9 October 2002) and SC (6 November 2002) as follows: -

**(a) Acquisition of PTSB**

PMCB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of PTSB comprising 600,000 ordinary shares of RM1.00 each based on PTSB's audited NTA as at 31 December 2001 of RM7,053,821. The purchase consideration of RM7,053,821 was satisfied by the issuance of 6,717,925 new ordinary shares of RM1.00 each in PMCB, credited as fully paid at an issue price of approximately RM1.05 per ordinary share of RM1.00 each to the following parties: -

Shareholders of PTSB	No. of Ordinary Shares of RM1.00 Each Held In PTSB	%	Purchase Consideration RM	No. of Ordinary Shares of RM1.00 Each Issued In PMCB
Chuah Choon Bin	180,000	30.00	2,116,147	2,015,378
Tan Boon Teik	180,000	30.00	2,116,147	2,015,378
Chun Sa Nga	15,000	2.50	176,345	167,948
Lim Ah Ooi @ Lim Ah Moi	15,000	2.50	176,345	167,948
Tan Guat Kim	10,000	1.67	117,563	111,965
Tan Leng Ang @ Tan Teng Chun	10,000	1.67	117,563	111,965
PNS	170,000	28.33	1,998,583	1,903,412
Noor Ashikin Bin Amman	20,000	3.33	235,128	223,931
	<b>600,000</b>	<b>100.00</b>	<b>7,053,821</b>	<b>6,717,925</b>

The acquisition of PTSB was completed on 30 November 2002.

**(b) Acquisition of PESB**

PMCB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of PESB comprising 600,000 ordinary shares of RM1.00 each based on PESB's audited NTA as at 31 December 2001 of RM17,879,185. The purchase consideration of RM17,879,185 was satisfied by the issuance of 17,027,795 new ordinary shares of RM1.00 each in PMCB, credited as fully paid at an issue price of approximately RM1.05 per ordinary share of RM1.00 each to the following parties: -

Shareholders of PESB	No. of Ordinary Shares of RM1.00 Each Held In PESB	%	Purchase Consideration RM	No. of Ordinary Shares of RM1.00 Each Issued In PMCB
Chuah Choon Bin	180,000	30.00	5,363,756	5,108,338
Tan Boon Teik	180,000	30.00	5,363,756	5,108,338
Chun Sa Nga	15,000	2.50	446,979	425,695
Lim Ah Ooi @ Lim Ah Moi	15,000	2.50	446,979	425,695
Tan Guat Kim	10,000	1.67	297,987	283,797
Tan Leng Ang @ Tan Teng Chun	10,000	1.67	297,987	283,797
PNS	170,000	28.33	5,065,769	4,824,542
Noor Ashikin Bin Amman	20,000	3.33	595,972	567,593
	<b>600,000</b>	<b>100.00</b>	<b>17,879,185</b>	<b>17,027,795</b>

The acquisition of PESB was completed on 30 November 2002.

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

##### (c) Acquisition of PPSB

PMCB entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of PPSB comprising 100,000 ordinary shares of RM1.00 each based on PPSB's audited NTA as at 31 December 2001 of RM346,675. The purchase consideration of RM346,675 was satisfied by the issuance of 330,167 new ordinary shares of RM1.00 each in PMCB, credited as fully paid at an issue price of approximately RM1.05 per ordinary share of RM1.00 each to the following parties: -

Shareholders of PPSB	No. of Ordinary Shares Of RM1.00 Each Held In PPSB	%	Purchase Consideration RM	No. of Ordinary Shares of RM1.00 Each Issued In PMCB
Chuah Choon Bin	30,000	30.00	104,002	99,050
Tan Boon Teik	30,000	30.00	104,002	99,050
Chun Sa Nga	40,000	40.00	138,671	132,067
	<b>100,000</b>	<b>100.00</b>	<b>346,675</b>	<b>330,167</b>

The acquisition of PPSB was completed on 30 November 2002.

The total 24,075,887 new ordinary shares of RM1.00 each in PMCB allotted and issued pursuant to the Acquisitions ranked pari passu in all respects with the existing issued and paid-up ordinary shares of RM1.00 each in PMCB.

##### (d) Rights Issue

Subsequent to the Acquisitions, the Company undertook a rights issue of 15,924,111 new ordinary shares of RM1.00 each at an issue price of RM1.00 each proportionately to all its existing shareholders on the basis of approximately 661 new ordinary shares of RM1.00 each for every 1,000 existing ordinary shares of RM1.00 each held in PMCB based on the issued and paid-up share capital of 24,075,889 ordinary shares of RM1.00 each after the Acquisitions. The Rights Shares ranked pari passu in all respects with the existing issued and paid-up ordinary shares of RM1.00 each in PMCB including voting rights and the rights to dividends that may be declared subsequent to the completion of the Offer for Sale. The Rights Issue was completed on 23 December 2002 and resulted in the issued and paid-up share capital of PMCB being enlarged from 24,075,889 ordinary shares of RM1.00 each after the Acquisitions to 40,000,000 ordinary shares of RM1.00 each after the Rights Issue.

##### (e) Change in Par Value

On 26 December 2002, PMCB effected a change in the par value of its ordinary shares from RM1.00 each to RM0.50 each, by way of sub-division of its ordinary shares. The change in par value of its ordinary shares in PMCB resulted in the issued and paid-up share capital of PMCB being revised from 40,000,000 ordinary shares of RM1.00 each to 80,000,000 Shares.

**4. INFORMATION ON THE PMCB GROUP (Cont'd)****(f) Offer For Sale**

The final stage of the Listing involves an Offer for Sale of 12,340,000 Shares at an Offer price of RM1.40 per Share, to be allocated in the following manner: -

**(i) Malaysian Public****(a) Allocations Via Balloting to The Malaysian Public**

3,000,000 Offer Shares, representing approximately 3.75% of the enlarged issued and paid-up share capital, will be made available for application to Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

**(b) Allocations By Way of Private Placement**

2,468,000 Offer Shares, representing approximately 3.09% of the enlarged issued and paid-up share capital, will be by way of Private Placement to potential investors (who are deemed public) by the Placement Agent.

**(ii) Application By Eligible Directors, Employees and Business Associates**

4,000,000 Offer Shares, representing approximately 5.00% of the enlarged issued and paid-up share capital, have been reserved for eligible Directors, employees and business associates of the Group who are Malaysians.

**(iii) Allocation to Bumiputera Investors and Institutions Approved By MITI**

2,872,000 Offer Shares, representing approximately 3.59% of the enlarged issued and paid-up share capital, to be allocated to Bumiputera investors and institutions approved by MITI.

There is no minimum subscription required to be raised for the purpose of the Offer for Sale.

The total 12,340,000 Shares issued pursuant to the Offer for Sale ranked pari passu in all respect with the existing Shares of PMCB including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Shares issued pursuant to the Offer for Sale.

**(g) Listing and Quotation**

Admission to the Official List and for the listing of and quotation for the 80,000,000 Shares representing the enlarged issued and paid-up share capital of PMCB on the Second Board of the KLSE.

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

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**4.4 ESOS**

PMCB had on 6 November 2002 and 15 April 2003 obtained the approval of the SC and existing shareholders of the Company respectively, to establish an employee share option scheme in order to retain and motivate eligible Executive Directors and employees who have contributed to the success of the Group. According to the SC Guidelines on employee share option schemes, the ESOS shall only be implemented by PMCB upon receipt of the relevant approvals from the SC, KLSE and existing shareholders of the Company, the fulfilment of any condition attached thereto and upon AmMerchant Bank, as the Adviser to the ESOS, submitting to the SC the following: -

- a) Final copy of the Bye-Laws of the ESOS; and
- b) Confirmation letter from AmMerchant Bank confirming that PMCB has: -
  - i) fulfilled the SC's conditions on the approval for the ESOS and that the Bye-Laws do not contravene the SC Guidelines on employee share option schemes; and
  - ii) obtained all other relevant approvals for the ESOS and has fulfilled all conditions imposed therein.

An application will be made to the KLSE within three(3) Market Days from the date of this Prospectus for the listing of PMCB Shares that may be issued upon the exercise of the ESOS Options together with the application for admission of PMCB Shares to the Official List of the Second Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up share capital of PMCB as mentioned in Section 2.1 of this Prospectus. Therefore, the ESOS shall only be established after PMCB has obtained KLSE's approval-in-principle for the listing of PMCB Shares that may be issued upon the exercise of the ESOS Options.

The ESOS will be for a duration of five(5) years and maximum number of Shares that may be issued to eligible Executive Directors and employees of the Group under the ESOS is limited to 10% of PMCB's issued and paid-up share capital at any point in time or such additional number of Shares that may be permitted by the SC during the duration of the ESOS.

According to the SC Guidelines on employee share option schemes, where the ESOS Options are granted before the Company is listed on the KLSE, the exercise price of the ESOS Options shall not be less than the Offer price. Where the ESOS Options are granted on or after the Company is listed on the KLSE, the exercise price shall be the higher of: -

- i) price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% from the weighted average market price of the Shares as shown in the daily official list issued by the KLSE for the five(5) Market Days immediately preceding the Date of Offer; and
- ii) the par value of the Shares.

Barring unforeseen circumstances, the Directors of PMCB intend to grant ESOS Options for up to a maximum of 8.0 million Shares prior to the Company being listed on the KLSE at an exercise price of RM1.40 per Share. However, such ESOS Options shall only be exercisable one(1) year after PMCB has been listed on the Second Board of the KLSE. Holder of the ESOS Options is allowed to exercise not more than 50% of the ESOS Options granted per year.

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

The Directors of PMCB intend to utilise the proceeds from the exercise of the ESOS Options for working capital purposes.

The Shares to be issued and allotted upon any exercise of the Option will upon allotment and issuance rank pari passu in all respect with the then existing issued Shares except that the Shares so issued will not be entitled for any dividend, rights, allotment or other distribution declared, made or paid to shareholders unless the Shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by MCD before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

The Bye-Laws of the ESOS are set out in Section 10 of this Prospectus.

#### 4.5 Subsidiary Companies

##### Information on PTSB

##### i) History and Business Overview

PTSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 18 March 1995.

PTSB is principally engaged in the design, assembly and installation of computerised automation systems and equipment.

The operations of PTSB are carried out in a factory premise located at No. 1 & 3, Lintang Bayan Lepas 1, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, adjoining that of PESB, with a total combined built-up area of approximately 17,500 sq ft. The production floor space can cater for concurrent assembly work of up to 20 machines. In December 2002, the completion of PTSB's new factory at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, with a built-up area of approximately 96,000 sq ft, has enabled the production floor space to cater for an additional concurrent assembly work of up to 60 machines

PTSB has 77 employees as at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus).

##### ii) Share Capital

The authorised share capital of PTSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM600,000 comprising 600,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of Ordinary Shares of RM1.00 Each	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
18.03.1995	2	1.00	Subscribers' shares	2
05.02.1996	99,998	1.00	Cash	100,000
28.12.1998	200,000	1.00	Cash	300,000
31.12.1999	200,000	1.00	Cash	500,000
05.09.2001	100,000	1.00	Cash	600,000

**4. INFORMATION ON THE PMCB GROUP (Cont'd)**iii) Substantial Shareholder

PTSB is a wholly-owned subsidiary company of PMCB.

The substantial shareholders of PTSB are as follows:-

	No. of Ordinary Shares Of RM1.00 Each			
	Direct	%	Indirect	%
PCMB	600,000	100.00	-	-
Chuah Choon Bin	-	-	* 600,000	100.00
Tan Boon Teik	-	-	* 600,000	100.00
PNS (Zainal Abidin Bin Abas and Abdul Razak bin Mohd Tahir)	-	-	* 600,000	100.00

\* Deemed interest by virtue of his/its shareholding of more than 15.00% in PMCB pursuant to Section 6A of the Companies Act, 1965.

iv) Subsidiary and Associated Company

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), PTSB does not have any subsidiary or associated company.

v) Profit and Dividend

The financial records of PTSB based on its audited financial statements for the past five(5) financial years ended 31 December 1998 to 2002 are as follows:-

Financial Year Ended	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,309	18,057	21,358	12,946	18,038
Profit before interest, depreciation and taxation	633	3,031	3,147	3,099	4,216
Interest expense	(22)	(60)	(107)	(140)	(73)
Interest income	-	-	-	8	9
Depreciation	(115)	(278)	(471)	(537)	(824)
PBT	496	2,693	2,569	2,430	3,328
Taxation	(173)	(83)	(450)	(717)	89
PAT	323	2,610	2,119	1,713	3,417
Weighted average no. of ordinary shares of RM1.00 each in issue ('000)	102	301	500	532	600
EPS (RM)					
- Gross	4.86	8.96	5.14	4.57	5.55
- Net	3.16	8.69	4.24	3.22	5.70
Effective tax rate (%)	35	3	18	30	NA
Gross dividend rate (%)	-	-	480.0	-	-

**4. INFORMATION ON THE PMCB GROUP (Cont'd)***Notes:*

- i) *The significant increase in revenue for 1999 and 2000 was due to the higher demand from existing customers for locally designed and assembled automated machines in the semiconductor and computer industries and diversification of PTSB's product range. The decrease in revenue in 2001 was due to the lower demand from the semiconductor and computer industries, which was related to the slowdown in these sectors. Revenue increased in 2002 as a result of the continued expansion of the customer base in China.*
- ii) *The PBT from 1998 to 2002 generally fluctuated with the growth in revenue except for 2000 where the PBT declined despite the increase in turnover due mainly to a decline in gross profit margin and higher operating costs.*
- iii) *The effective rate of taxation was higher than the statutory tax rate for the financial years ended 31 December 1998 and 2001 due to certain expenses not being deductible for tax purposes. No taxation was provided on the profit for the financial year ended 31 December 1999 in view of the tax waiver on business income earned during that year. The taxation for the financial year ended 31 December 1999 represented the provision for deferred taxation. The effective rate of taxation was lower than the statutory rate for the financial year ended 31 December 2000 because of claims for reinvestment allowance.*

*The taxation charge for the year ended 31 December 2002 which is in credit may be analysed as follows:-*

	<b>RM</b>
<i>Current Malaysian taxation</i>	<i>(131,000)</i>
<i>Transfer from deferred taxation</i>	<i>220,000</i>
<i>Underprovision for a prior year</i>	<i>(442)</i>
	<u><u>88,558</u></u>

*The low effective rate of current Malaysian taxation is due to claims for reinvestment allowance for the year.*

- iv) *There were no exceptional or extraordinary items during the period/years under review.*
- v) *The gross EPS is calculated based on the PBT and on the weighted average number of Shares in issue during each year.*
- vi) *The net EPS is calculated based on the PAT and on the weighted average number of Shares in issue during each year.*

**Information on PESB****i) History and Business Overview**

PESB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 30 March 1998. PESB is principally engaged in the manufacturing of automated and semi-automated machines and equipment for the semiconductor and computer industry.

The operations of PESB are carried out in a factory premise located at No. 1 & 3, Lintang Bayan Lepas 1, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, adjoining that of PTSB, with a total combined built-up area of approximately 17,500 sq ft. The production floor space can cater for concurrent assembly work of up to 20 machines. In December 2002, the completion of PTSB's new factory at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, with a built-up area of approximately 96,000 sq ft, has enabled the production floor space to cater for an additional concurrent assembly work of up to 60 machines.

PESB has 100 employees as at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus).



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

##### ii) Share Capital

The authorised share capital of PESB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM600,000 comprising 600,000 ordinary shares of RM1.00 each.

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

Date of Allotment	No. of Ordinary Shares of RM1.00 Each	Par Value RM	Consideration	Total Issued and Paid-Up Share Capital RM
30.03.1998	2	1.00	Subscribers' shares	2
17.09.1999	99,998	1.00	Cash	100,000
22.12.1999	400,000	1.00	Cash	500,000
05.09.2001	100,000	1.00	Cash	600,000

##### iii) Substantial Shareholder

PESB is a wholly-owned subsidiary company of PMCB.

The substantial shareholders of PESB are as follows:-

	No. of Ordinary Shares Of RM1.00 Each			
	Direct	%	Indirect	%
PCMB	600,000	100.00	-	-
Chuah Choon Bin	-	-	* 600,000	100.00
Tan Boon Teik	-	-	* 600,000	100.00
PNS (Zainal Abidin Bin Abas and Abdul Razak bin Mohd Tahir)	-	-	* 600,000	100.00

\* Deemed interest by virtue of his/its shareholding of more than 15.00% in PMCB pursuant to Section 6A of the Companies Act, 1965.

##### iv) Subsidiary and Associated Company

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), PESB does not have any subsidiary or associated company.

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

##### v) Profit and Dividend

The financial records of PESB based on its audited financial statements for the financial period from 30 March 1998 (date of incorporation) to 31 December 1998 and the past four(4) financial years ended 31 December 1999 to 2002 are as follows:-

Financial Period / Year Ended	30.03.1998 to				
	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	19,462	35,268	36,108
(Loss)/Profit before interest, depreciation and taxation	-	(2)	7,005	10,518	9,958
Interest expense	-	-	(37)	(123)	(109)
Interest income	-	-	-	24	45
Depreciation	-	(18)	(183)	(228)	(355)
PBT	-	(20)	6,785	10,191	9,539
Taxation	-	-	(637)	(941)	(852)
PAT	-	(20)	6,148	9,250	8,687
Weighted average no. of ordinary shares of RM1.00 each in issue ('000)	*	40	500	532	600
EPS (RM)					
- Gross	-	(0.49)	13.57	19.15	15.90
- Net	-	(0.49)	12.30	17.38	14.48
Effective tax rate (%)	-	-	9	9	9
Gross dividend rate (%)	-	-	-	-	533.33

\* Two(2) ordinary shares of RM1.00 each.

##### Notes:

- i) PESB commenced business operations on 17 November 1999 and started to generate revenue in year 2000 after obtaining Pioneer Status approval from the MITI. The significant increase in the revenue for the year ended 31 December 2001 was due to the higher demand for the supply and installation of intelligent conveyor system from a major customer as a result of an expansion of the said customer's manufacturing operations. The increase in revenue for the year ended 2002 is mainly due to expansion of foreign customer base.
- ii) The increase in PBT for the year ended 31 December 2001 was in line with the higher revenue recorded in 2001. PBT decreased in the year ended 31 December 2002 mainly due to higher operating cost.
- iii) The effective rate of taxation was lower than the statutory tax rate for the years ended 31 December 2000, 2001 and 2002 as PESB has been granted pioneer status by the MITI under the Promotion of Investments Act, 1986 which exempts 70% of the statutory income of PESB from Malaysian taxation for a period of five years from 1 January 2000 to 31 December 2004.
- iv) There were no exceptional or extraordinary items during the period/years under review.
- v) The gross earnings/(loss) per share is calculated based on the profit/(loss) before taxation and on the weighted average number of ordinary shares in issue during each period/year.
- vi) The net earnings/(loss) per share is calculated based on the profit/(loss) after taxation and on the weighted average number of ordinary shares in issue during each period/year.

**4. INFORMATION ON THE PMCB GROUP (Cont'd)****Information on PPSB****i) History and Business Overview**

PPSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 14 November 2000.

The company is principally engaged in the designing and manufacturing of precision machinery components.

The operations of PPSB are located at PTSB's new factory building, at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, with a production floor space of approximately 2,500 sq ft.

PPSB has 37 employees as at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus).

**ii) Share Capital**

The authorised share capital of PPSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

<b>Date of Allotment</b>	<b>No. of Ordinary Shares of RM1.00 Each</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Total Issued and Paid-Up Share Capital RM</b>
14.11.2000	2	1.00	Subscribers' shares	2
11.06.2001	99,998	1.00	Cash	100,000

**iii) Substantial Shareholder**

PPSB is a wholly-owned subsidiary company of PMCB.

The substantial shareholders of PPSB are as follows:-

	<b>No. of Ordinary Shares Of RM1.00 Each</b>			
	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
PMCB	100,000	100.00	-	-
Chuah Choon Bin	-	-	* 100,000	100.00
Tan Boon Teik	-	-	* 100,000	100.00
PNS (Zainal Abidin Bin Abas and Abdul Razak bin Mohd Tahir)	-	-	* 100,000	100.00

\* Deemed interest by virtue of his/its shareholding of more than 15.00% in PMCB pursuant to Section 6A of the Companies Act, 1965.

**4. INFORMATION ON THE PMCB GROUP (Cont'd)**iv) Subsidiary and Associated Company

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), PPSB does not have any subsidiary or associated company.

v) Profit and Dividend

The financial records of PPSB based on its audited financial statements for the financial period from 14 November 2000 (date of incorporation) to 31 December 2001 and financial year ended 31 December 2002 are as follows:-

Financial Period / Year Ended	14.11.2000 to 31.12.2001		31.12.2002
	RM'000	RM'000	
Revenue	1,341	3,422	
Profit before interest, depreciation and taxation	424	775	
Interest expense	(5)	(13)	
Interest income	-	1	
Depreciation	(45)	(167)	
PBT	374	596	
Taxation	(127)	(73)	
PAT	247	523	
Weighted average no. of ordinary shares of RM1.00 each in issue ('000)	56	100	
EPS (RM)			
- Gross	6.68	5.96	
- Net	4.41	5.23	
Effective tax rate (%)	34	12	
Gross dividend rate (%)	-	-	

*Notes:*

- i) *PPSB commenced business operations in March 2001 and started to generate revenue in 2001. The revenue for 2001 and 2002 was entirely derived from sales to PTSB and PESB.*
- ii) *The effective rate of taxation was higher than the statutory tax rate applicable to PPSB's profit for the period ended 31 December 2001 due to tax losses amounting to RM389,000 incurred during the pre-pioneer period from 14 November 2000 (date of incorporation) to 31 August 2001 which were not allowed for set-off against profit earned in the pioneer period. The effective rate of taxation was lower than the statutory rate for the year ended 31 December 2002 as PPSB has been granted pioneer status by the MITI under the Promotion of Investment Act, 1986 which exempts 70% of the statutory income of PPSB from Malaysian taxation for a period of five years from 1 September 2001 to 31 August 2006.*
- iii) *There were no exceptional or extraordinary items during the period/year under review.*
- iv) *The gross EPS is calculated based on the PBT and on the weighted average number shares in issue during the period/year.*
- v) *The net EPS is calculated based on the PAT and on the weighted average number of Shares in issue during the period/year.*

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

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**4.6 Business Overview**

PMCB was incorporated on 26 February 2002 in Malaysia under the Companies Act, 1965 as a public limited company. It is principally an investment holding company whilst its subsidiary companies are principally involved in the manufacturing of automated and semi-automated machine and equipment, designing and manufacturing of precision machinery components, as well as design, assembly and installation of computerised automation systems and equipment.

PMCB Group was founded by Chuah Choon Bin and Tan Boon Teik who have the initiative to provide a unique solution to the manufacturing and semiconductor industries. With their experience in the field of software development, they started off with software development for a MNC in the early 90's when they formed a partnership and subsequently incorporated a private limited company with another two partners. In 1995, Chuah Choon Bin and Tan Boon Teik left the private limited company and incorporated PTSB with the objective of venturing into equipment and software automation in addition to software development where both have experience in their areas of specialisation. To the best knowledge of the Directors, PTSB was one of the first local companies in Malaysia to develop software vision automation system, which utilises digital camera to acquire any object image and convolve the digital image for processing into qualitative and quantitative information. It can be used in applications for precision measurement, pattern recognition, surface cosmetic inspection, optical character recognition and colour recognition. Hence, it is widely used in the semiconductor manufacturing processes for inspection of IC leads, IC package defects, markings on the IC, correct marking based on optical character recognition techniques, decolouration of IC leadframe and mounting on printed circuit board as well as checking for cosmetic casing and mark for audio industry manufacturers.

The technology used by PMCB Group can broadly be classified under the following categories:-

**(a) Mechanical Automation Technology**

Mechanical automation technology encompassing robotic design , pneumatic mechanisation and electronic circuitry design for control purposes.

**(b) Software Automation Technology**

Software automation technology for automation intelligent control, fuzzy logic, software imaging algorithm, shopfloor management system and specialised ICT technology such as RFID, bar-coding, wireless control and remote camera imaging.

**(c) Image Processing Technology**

Image processing technology for vision inspection and measurement and robotic guidance and movements.

**(d) IC Manufacturing Process Technology for the Design and Manufacturing of Semiconductor Equipment**

The knowledge acquired on the entire process technology used in the front-end and back-end of the semiconductor manufacturing operations will enable PMCB to design the appropriate machines needed to perform specific operation for its customers.

PMCB competency in core technologies especially mechanical and software automation technologies will enable PMCB Group to diversify its product range into six(6) main product groups comprising semiconductor equipment, material handling and distribution solutions, warehousing solutions, precision fabrication, vision solutions and specialised technology solutions as well as to expand its customer base globally.

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

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With strong software technology and skills, PTSB has been able to develop scalable and interoperable software automation applications that require intelligent control and monitoring features. In 1996, PTSB was invited to develop its first prototype vision automation for a MNC, which was well received by the said MNC customer. With the success of its first prototype vision system, PTSB was able to proliferate its business into other MNCs.

In view of the increasing demand for an integrated one-stop solution company and to achieve greater synergies to PTSB's innate strength in software technology, PTSB started to form its mechanical division to design and fabricate automated equipment. The continuous R&D activities to develop software and hardware application modules led to the manufacturing of the whole production conveyor system and automation handlers system for its customers in the computer and semiconductor industries.

With proven technological capability to meet the semiconductor industry standards and the increasing demand for PTSB's standard equipment including automated vision inspection handler, automated laser marking handler and intelligent conveyor system led to the formation of PESB in 1998. The business strategy arising from PESB's formation is to ensure operational and cost efficiency in managing mass production of standard equipment. As a result of this restructuring, PTSB concentrates in R&D for the development of new products while PESB focuses on mass manufacturing of standard equipment and intelligent conveyor system. PESB has been granted Pioneer Status incentive by the MITI.

PPSB was incorporated in 2000 to manufacture precision machinery components, which are used by PTSB and PESB in new product development and mass production of standard equipment such as standard equipment handlers and intelligent conveyor system. This strategic move was aimed at ensuring both operational and cost efficiency in managing the cost of manufactured equipment by manufacturing some of the input materials within the Group. Today, PMCB Group is able to design and manufacture complete equipment handlers for vision inspection process, laser marking process, testing of ICs and loader and unloader for material handling. PMCB Group is also selling its standard equipment handlers and intelligent conveyor system worldwide into major export markets such as China, Philippines, Thailand, Singapore, Ireland, Italy, India and USA.

Presently, PMCB Group has two(2) plants. One of the plants has a built-up area of approximately 17,500 sq ft on a leasehold land of approximately 32,754 sq ft located at No. 1 & 3, Lintang Bayan Lepas 1, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang. The other plant is the newly constructed two(2)-storey factory building at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, with a built-up area of approximately 96,000 sq ft on a leasehold land of approximately 175,547 sq ft. This additional production space that came on-stream in December 2002 has enabled PMCB Group to expand its customer and revenue base.

The construction of the new factory building will enable the Group to have additional floor space to house new plants and machinery and to accommodate any future expansion.

PMCB has appointed four distributors (one each in southern region of Peninsular Malaysia, Singapore, Taiwan and China) to market and provide services to its customers in these respective locations.

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

##### 4.6.1 *Principal Products and Services*

The PMCB Group specialises in the production of tailor made system and automated equipment based on the requirements of its customers. Due to the increase in demand for certain products and equipment, PMCB also ventured into the production of standard equipment. As such, the Group has a wide range of products from software to equipment as listed below:-

Software products:-

- Manufacturing process monitoring and control software system;
- Vision inspection system; and
- RFID for control and monitoring.

Standard equipment:-

- Automated Vision Inspection Handler;
- Automated Laser Marking Handler;
- Automated Ink Mark Handler;
- Automated Test Handler;
- Intelligent Conveyor System;
- Industrial Lifter and Transferor; and
- Industrial Workcell.

Among the abovementioned products, PMCB Group specialises in the production of the following:-

(a) Automated Vision Inspection Handler ("VIH")

PMCB Group started as a software automation provider since the inception of PTSB. The Group later embarked into the production of VIH with its own internally developed software technology. Today, with the support of its mechanical design team, PMCB Group designs and manufactures complete equipment handler for vision, laser marking, test, loader and unloader. The handler provides consistent and accurate measurement, and inspection results.

VIH which provides accurate measurement and with high speed system, is able to detect and sort fine defects for semiconductor components such as missing/incorrect/incomplete character, misalignment, scratches, solder melting, incomplete plating, pitted surface etc. The capability of VIH includes lead inspection, mark inspection and package inspection. Lead inspection is for the inspection of IC leads with the capability to inspect the lead length, lead spacing and lead tweeze. Mark inspection focuses on the IC marking such as "Broken Mark", "Wrong Mark", "Blur Mark" and "Double Mark". Package inspection is to detect "Porosity", "Chipping", "Cracking" and "Contamination" of the IC body or package.

Currently, there are limited substitutes for the vision inspection system and equipment handlers. These products have replaced processes or work conventionally performed manually by factory workers. PMCB Group has been able to produce high quality vision inspection handlers at significantly lower prices compared to imported ones which has given the Group competitive advantage over its competitors.

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

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**(b) Intelligent Conveyor System**

The Intelligent Conveyor System developed by PMCB Group is widely used in the computer manufacturing industry. This product is incorporated with flow chart programming software and Smart Distribution System ("SDS") devices for intelligent line distribution and sortation purposes. The software and devices will enable the conveyor system to make intelligent decisions for auto routing, sorting, remote monitoring and control of products movements on the manufacturing line. With the incorporation of RFID technology, the intelligent conveyor system will increase productivity, efficiency, cost effectiveness and inventory visibility throughout the manufacturing processes.

The RFID based solution with read/write capability allows information to be stored about a product and the production steps. It also makes the overall logistic system more cost effective, starting from the manufacturing process to the shipping process, which includes the preparation of packages and correct descriptive labels for the finished products. Another unique feature of the intelligent conveyor system is the vertical lift whereby products can be continuously delivered from low elevation conveyor to high elevation conveyor or vice-versa. The intelligent conveyor system is also equipped with stacker/destacker to stack products from single or double input into a 5-level buffer rack before sending to the next manufacturing process.

The Group was the sole recipient of the "International Supplier of the Year 1999 & 2000" award from a US based MNC for excellence in world wide process technology pertaining to the design, manufacturing and implementation of the intelligent conveyor system.

**(c) Laser and Ink Mark Handler**

Laser and Ink Mark Handler is the handler designed for marking IC strip or leadframe either with ink mark or laser mark. The handler has the mechanism to singulate the IC leadframe one at a time so that marking can be done on the leadframe.

The system is widely used in the semiconductor industries. It is used to replace manual marking of IC leadframes. It can provide high throughput rate of marking process and at the same time provide consistent and accurate marking of the leadframe.

**(d) RFID System**

RFID system is the system that employs Radio Frequency Communication to exchange data between a portable memory device and a host computer. It consists of a "Tag/Label" containing data storage, an antenna to communicate with the Tag, and a controller to manage the communication between the antenna and the host computer. The Tag/Label is commonly attached to a product carrier or even the product itself, providing a remote database that travels with the product.

In its simplest form (read only), RFID is used as a direct replacement for barcode technology. Read accuracy is often a critical factor in choosing RFID. The advantages it offers include high read accuracy, the ability to survive demanding environment, and the elimination of line-of-sight requirements.

The demand of industrial environment also favours RFID as certain environment requires data collection systems to operate while immersed in fluids, chemicals, dirt and heat. Examples include applications where tags and antennas transfer data while completely submerged in water, or even cases where tags pass through paint ovens at 240°C (Degree Celsius).

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), save as disclosed in this section, the Group does not have any new product, which will be released to the market.



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

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**4.6.2 Trademarks, Licences and Other Intellectual Property Rights**

PMCB Group has a strong R&D team to develop their own in-house brand products incorporating the latest technological content. The Group take cognisance of the relevant laws applicable to their operating environment to protect the intellectual properties such as Patent Right, Copyright and Industrial Safety Requirements.

Presently PMCB Group does not own any registered patent, trademark, technical assistance agreement, franchise or other intellectual property right. However, the Group has submitted its applications to the Registrar of Trademarks to register its trademarks known as:-

- (i) Pentamaster Vision Maestro Precision Imaging Partner;
- (ii) Pentamaster Prodigy Vision Software Precision Imaging Partner;
- (iii) Pentamaster Vision Central; and
- (iv) "Pentamaster".

The successful registration of the trademarks will prevent unauthorised third party exploitation of these trademarks, which may have an adverse effect on the Group's business. The Group has submitted applications on these trademarks in November 2002. The Group has also affirmed the relevant statutory declarations in respect of the copyrights of the abovementioned software products in July 2002. The application of trademark of "Pentamaster" has also been filed with the relevant authority in China.

**4.6.3 Competitive Advantage**

PMCB Group is a one-stop solution provider, providing services ranging from the designing of the automated machines based on the requirements of its customers, development of the required software to operate the machines, fabrication of the component parts to the assembly of the complete automated machines.

To the best knowledge of the Directors, most of its competitors started as a mechanical based machine manufacturer and continue to maintain this activity as the primary activity while software development is regarded as a supplementary activity. The scope of machines application is thus more confined to specific needs and industries. Most competitors do not provide a wide range of integrated solutions as PMCB Group. They tend to focus on selected activities, for example, some of them focus on vision development while others are skilled towards mechanical and assembly of machines. Therefore, they generally service limited group of customers. However, there is no assurance that there will be no competitors who will venture into the same core business as PMCB Group in the future.

With the rapid changes and evolution in the development of new technology, the Group always spearheads efforts to be one of the first to roll-out improved software automation solutions based on its cutting edge software development technologies.

The strength of PMCB Group lies in its ability to develop innovative and customisable software to run the automated machines that are designed, developed and built by the Group. The Group emphasises on software development, which is the engine of growth for the Group and is supplemented by mechanical related activities such as machine control wiring and vision system set up. With over 10 years of software design and development experience, the Group's software and machine applications are broadly used in various manufacturing and non-manufacturing industries.

The level of technology in automated products is determined by the advancement of the software technology, hence software is a vital component in an automated machine. As a dynamic and versatile integrated solution provider, PMCB Group's ability to design, develop and build both software and automated machine, will continue to propel the Group to expand globally by providing solutions to the manufacturing sector of the economy.

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

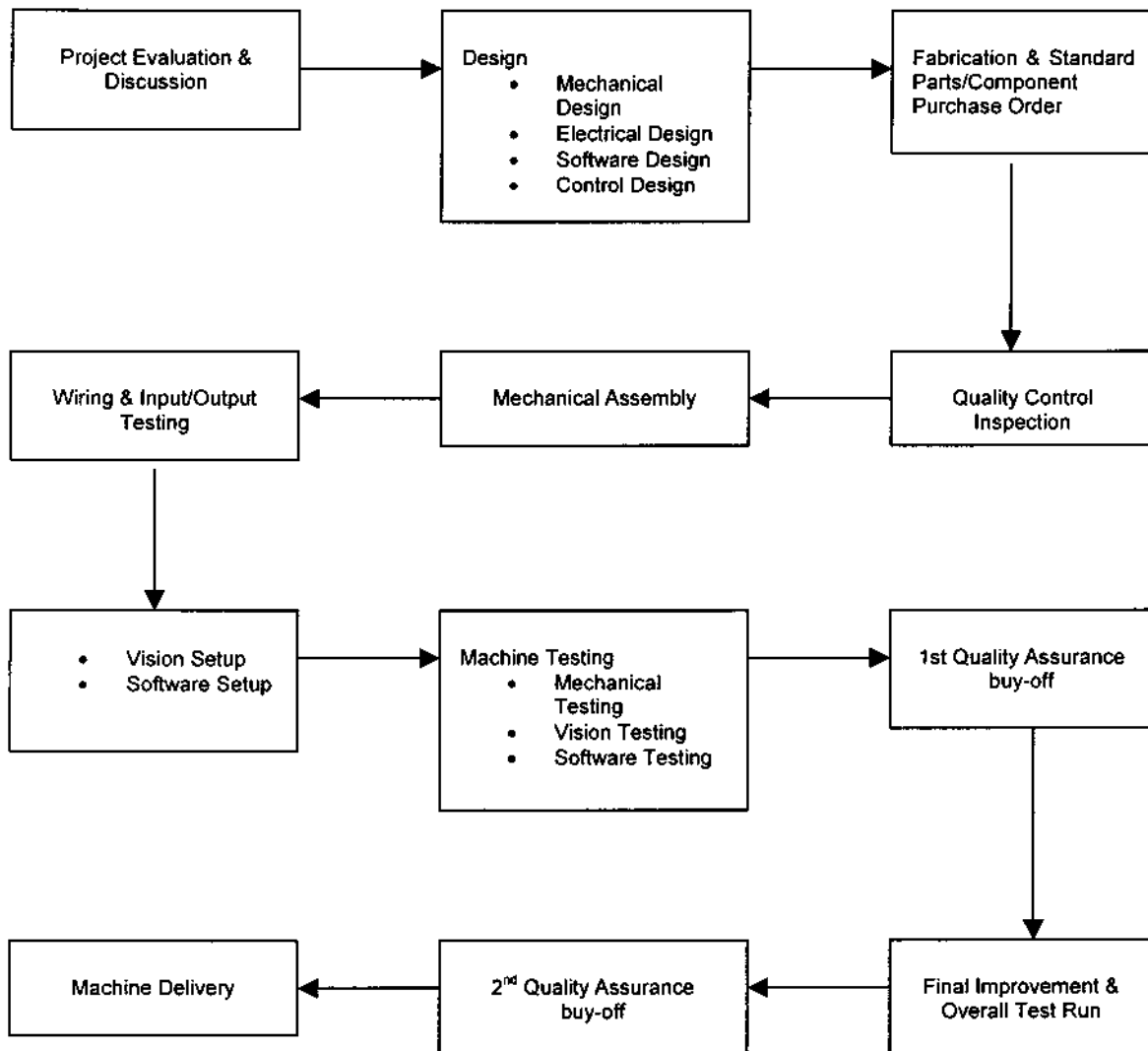
##### 4.6.4 Production Capacity and Output

The PMCB Group has manufacturing facilities, strategically located in Penang to cater for the needs of its customers.

The production facilities of the Group are located at No. 1 & 3, Lintang Bayan Lepas 1, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang with built-up area of approximately 17,500 sq ft and Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang with built-up area of approximately 96,000 sq ft with the production capacity to concurrently manufacture 20 machines and 60 machines respectively. However, the total number of machines that can be produced per annum will vary according to the size and complexity of these machines.

##### 4.6.5 Production Process

The overall production process of PMCB can be illustrated as follows: -



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

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***Production Process (cont')***

The production process is grouped under the following four main divisions -

**(a) Mechanical Engineering**

Upon receipt of a specification from a customer, the mechanical team will conduct project evaluation and discussion to study the customer's requirement/specification and prepare project scheduling. If the proposal is accepted, design work will commence with the mechanical team responsible for the designing of the machine. The machine control wiring design will be delegated to the Control & Instrumentation Division while the machine control software design and vision software design will be undertaken by the Software Engineering and Vision Inspection divisions respectively. Each division will undertake the designing task concurrently.

Machine design drawings will dictate the machine parts and components required to build the entire machine. Approved drawings are used for fabrication of customised machine parts and components. The mechanical engineering team also undertakes the procurement of standard parts and components from local and overseas suppliers. Upon receipt of the parts and components for assembly, stringent quality control inspection is conducted to ensure that the quality of these parts and components meets the requirement.

Thereafter, assembly work is carried out on modular basis to complete the machine and equipment casing.

**(b) Control & Instrumentation**

When the machine assembly is completed, this division will conduct machine control wiring and input/output program testing. The testing includes checking the functionality of the wired devices.

**(c) Vision Inspection**

This division is responsible for the development of the vision inspection system. Vision system set up will begin after mechanical assembly and wiring & input/output is completed. Vision system set-up refers to the installation of the vision inspection system in the machine.

**(d) Software Engineering**

The software team is responsible for the development of automation software based on customer's requirement and project specification. Installation of automation system and program and machine sequence testing will begin after the vision inspection system set-up is completed. The machine sequence testing refers to the test on the programming logic and synchronisation of the entire machine parts movements.

Upon completion of the four main processes above, the fully assembled machine will go through several testing and quality control checks. Firstly, mechanical testing, vision testing and software testing are conducted. Thereafter, at the 1st Quality Assurance buy-off stage, the machine will be certified for its conformity to customer's specification. After that, any need for final improvement to the machine will be made and an overall performance test run is performed to ensure proper functioning of the machine. Prior to delivery of the machine to the customer, 2nd Quality Assurance buy-off is conducted to certify that the machine is ready for use in the factory manufacturing processes.