3. DETAILS OF THE PUBLIC ISSUE

This Prospectus is dated 19 September 2003. A copy of this Prospectus has been registered with the SC and lodged with the Chief Executive Officer of CCM who takes no responsibility for its contents.

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

An application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission 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 fully paid-up share capital of JTB, including the Public Issue Shares which are the subject of this Prospectus. The JTB Shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after the receipt of confirmation from the MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the application will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up JTB Shares on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

In the case of an application by way of Application Form, an applicant should state his / her CDS account number in the space provided in the Application Form if he / she presently has such an account. Where an applicant does not presently have a CDS account, he / she should state in the Application Form his / her preferred ADA Code. Where an applicant already has a CDS account, he / she should not complete the preferred ADA Code. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application, and the applicant shall furnish his / her CDS account number to the participating financial institution by way of keying in his / her CDS account number if the instructions on the ATM screen at which he / she enters his / her Electronic Share Application requires him / her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

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

The distribution of this Prospectus and the sale of the Public Issue Shares in other jurisdiction may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation of an offer to buy or offer to sell any of the Public Issue Shares in any jurisdiction in which such invitation or offer is not authorised or lawful or to any persons to whom it is unlawful to make such an invitation or offer.

If you are in any doubt about this Prospectus, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3. DETAILS OF THE PUBLIC ISSUE

3.1 Opening and Closing of the Application Lists

The Application Lists will open at 10.00 a.m. on 3 October 2003 and will remain open until 8 p.m. on the same day or for such further period or periods as the Directors of JTB in their absolute discretion may decide, subject to the consent of the Managing Underwriter.

3.2 Critical Dates in respect of the Public Issue

Opening Date of the Public Issue	19 September 2003
Closing Date of the Public Issue	3 October 2003
Tentative Balloting Date	9 October 2003
Tentative Allotment Date	27 October 2003
Tentative Listing Date	31 October 2003

3.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

(i) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of JTB on the Second Board of the KLSE;

(ii) To provide an opportunity for the Malaysian public and eligible Directors, employees and business associates of the JTB Group to participate directly in the equity and continuing growth of the Group;

(iii) To enable JTB to gain access to the capital market for funds to finance the future expansion and growth of the Group; and

(iv) To provide additional funds to meet the Group's capital expenditure and working capital requirements.

3. DETAILS OF THE PUBLIC ISSUE

3.4 Number and Class of Shares to be issued

Authorised Share Capital	**RM**
50,000,000 ordinary shares of RM1.00 each	50,000,000
Issued and fully paid-up	
36,721,000 ordinary shares of RM1.00 each	36,721,000
To be issued pursuant to the Public Issue	
7,265,000 new ordinary shares of RM1.00 each	7,265,000
Enlarged issued and paid-up share capital	43,986,000

The Public Issue Price of RM1.35 per ordinary share is payable in full upon application.

There is only one (1) class of shares in the Company being ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares, upon allotment and issue, will rank pari passu in all respect with the existing issued and paid-up ordinary shares of the Company, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the said Public Issue Shares.

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

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney or by other duly authorised representative, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

3.5 Details of the Public Issue

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

(i) Approved Bumiputera Allottee

1,053,000 Public Issue Shares have been reserved for application by the Approved Bumiputera Allottee;

(ii) Eligible Directors, Employees and Business Associates

1,712,000 Public Issue Shares have been reserved for application by the eligible Directors, employees and business associates of the JTB Group;

3. DETAILS OF THE PUBLIC ISSUE

(iii) Placement

3,000,000 Public Issue Shares have been reserved for placement of which at least 30% is to be placed, to the extent possible, to Bumiputera investors; and

(iv) Malaysian Public

1,500,000 Public 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.

The Approved Bumiputera Allottee has confirmed his acceptance of the Public Issue Shares under paragraph (i) above.

The Placement Agent has received irrevocable undertakings from certain identified investors to take-up the Public Issue Shares under paragraph (iii) above.

In view of the above, the Public Issue Shares in respect of paragraph (i) and (iii) above are not required to be underwritten and therefore are not underwritten.

The Public Issue Shares in respect of paragraph (ii) above which are not taken up by the eligible Directors, employees and business associates of the JTB Group will be made available for application by the Malaysian public.

In any event, the Public Issue Shares in respect of paragraph (ii) and (iv) above have been fully underwritten via the conditional Underwriting Agreement referred to in Section 14.6 (a) of this Prospectus by the Underwriters.

3.6 Basis of Arriving at the Public Issue Price

The Public Issue Price of RM1.35 per ordinary share was determined and agreed upon by the Company and SIBB as the Adviser and Managing Underwriter based on various factors after taking into account the following:

(i) The Group's financial and operating history and conditions as outlined in Sections 5, 10 and 11 of this Prospectus;

(ii) The prospects of the industry in which the Group operates as outlined in Sections 5.6 and 5.9 of this Prospectus;

(iii) The forecast net PE multiple of approximately 6.4 times based on the forecast consolidated net EPS of JTB of approximately RM0.21 for the financial year ending 31 December 2003 and the enlarged issued and paid-up share capital of 43,986,000 JTB Shares;

(iv) The audited consolidated NTA per share of JTB after the Acquisitions as at 31 March 2003 of RM1.59 and proforma consolidated NTA per share of JTB after the Declaration of Dividends, Public Issue and utilisation of proceeds from the Public Issue as at 31 March 2003 of RM1.44; and

(v) The forecast net dividend of 3.6 sen or net dividend yield of approximately 2.7% for the financial year ending 31 December 2003.

Shareholders should note that the market price of JTB Shares upon listing on the KLSE is subject to the vagaries of market forces and other uncertainties which may affect the price of JTB Shares being traded.

3.7 Minimum Subscription

JTB is required to have, upon listing, a minimum number of 750 public shareholders (excluding directors, major shareholders and persons connected or associates of directors and major shareholders) holding not less than 100 JTB Shares each in order to satisfy the objectives of the Public Issue.

3.8 Utilisation of Proceeds of the Public Issue

The Public Issue is expected to raise total gross proceeds of RM9.808 million which is expected to be utilised by 31 December 2005 for the following purposes:

Utilisation	Note	RM'000	RM'000
Capital expenditure on property, plant and equipment	(i)		7,600
• Purchase of automated machinery		2,600	
• Construction of a new factory		5,000	
Estimated listing expenses	(ii)		1,500
Repayment of bank borrowings	(iii)		550
Working capital	(iv)		158
TOTAL			**9,808**

Brief explanation on the utilisation of the gross proceeds is as follows:

(i) Capital expenditure on property, plant and equipment

(a) Purchase of automated machinery

In order to enhance the efficiency of the Group's manufacturing activities, the Group intends to allocate RM2.6 million to purchase automated machinery for the manufacturing of tins, cans and other containers.

(b) Construction of a new factory

The Group intends to allocate RM5.0 million to expand its manufacturing operations by setting up a new factory in Senai, Johor Darul Takzim. UNI is the registered owner of the said piece of freehold land which measures approximately 6.7 acres or 291,732 sq. ft. held under Lot 246, Title Reference GM 1193, Mukim of Senai - Kulai, Seelong, District of Kulai, Johor Darul Takzim. Construction of the said factory is expected to commence in the second quarter of 2005 and is expected to be completed by end 2005. Commencement of the said construction is subject to the JTB Group obtaining the approval from the relevant local authorities.

The total cost of construction is estimated to be approximately RM6.0 million. The balance of RM1.0 million of the total estimated construction cost of the new factory is expected to be sourced from internally generated funds.

(ii) Estimated listing expenses

The Company shall bear all expenses such as brokerage and underwriting commission, registration fee relating to the Public Issue Shares together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of JTB on the Second Board of the KLSE which is estimated at approximately RM1.5 million.

3. DETAILS OF THE PUBLIC ISSUE

The estimated listing expenses are tabulated below:

Description	Estimated Cost RM
Professional fees	650,000
SC processing fee	52,000
KLSE initial listing fee	5,000
KLSE perusal fee	10,000
Prospectus lodgement fee with CCM	500
Prospectus registration fee with SC	5,000
Issuing House fee and disbursements	120,000
Advertisement of Prospectus	80,000
Printing of application forms and Prospectus	160,000
Underwriting commission and placement fee	167,724
Brokerage fee	98,078
Miscellaneous and contingencies	151,698
Total	**1,500,000**

(iii) Repayment of bank borrowings

An amount of RM550,000 from the proceeds of the Public Issue will be utilised to partly repay the bank borrowings of the JTB Group as follows:

Company	Financial institution	Type of facilities	Amount outstanding as at 29 August 2003 RM	Interest rate (p.a.)	Purpose of borrowings
UNI	Public Bank Berhad	Term Loan	RM554,159	1.75% + Base Lending Rate	Finance acquisition of land

(iv) Working Capital

The amount of RM158,000 will be set aside for the working capital requirements of the JTB Group. This amount will be utilised to improve the operational efficiency of the Group's day-to-day operations.

3.9 Financial Impact from the Utilisation of Proceeds

The amount of RM7.6 million from the Public Issue proceeds is allocated for the construction of a new factory and purchase of automated machinery, which are expected to enhance the future earnings of the JTB Group. The amount of RM550,000 from the Public Issue proceeds which is allocated for the part repayment of term loan, is expected to result in interest savings of approximately RM150,000 for the financial year ending 31 December 2003 onwards for the remaining tenure of the term loan, assuming the part repayment will be effected in fourth quarter of 2003 based on an average interest rate of 8.15% p.a.. The Public Issue will also raise an additional RM158,000 for working capital requirements which is expected to strengthen the liquidity and cash flow position of the Group.

3.10 Underwriting and Brokerage Commission

The Underwriters have conditionally agreed to underwrite the 3,212,000 Public Issue Shares which are available for application by the eligible Directors, employees and business associates of the JTB Group and the Malaysian public. Underwriting commission is payable by the Company at the rate of 2.00% of the Public Issue Price of RM1.35 per ordinary share.

Brokerage commission is payable by the Company in respect of the Public Issue Shares at the rate of 1.0% of the Public Issue Price of RM1.35 per ordinary share in respect of successful applications bearing the stamp of SIBB, member companies of the KLSE,

3.11 Extracts of the provisions/terms in the Underwriting Agreement

Clause 2 Underwriting

Clause 2.1 Agreement to underwrite

In consideration of the Underwriting Commission, the Underwriters agree to underwrite the Underwritten Shares upon the terms and subject to the conditions of this underwriting agreement.

Clause 2.2 Conditions precedent

The obligations of the Underwriters under this underwriting agreement are in all respects conditional upon:

(i) an application being made to the KLSE within 3 Market Days from the date of issue of the Prospectus for admission to the Official List of the KLSE and approval being granted before the expiration of the 6 weeks from the date of issue of the Prospectus or such longer period as may be specified by the SC;

(ii) the registration of the Prospectus with the SC and lodgement of the Prospectus with the Companies Commission of Malaysia before the date of issue of the Prospectus; and

(iii) the 3,000,000 New Shares reserved for placement by the Placement Agent being placed out by it, such placement being in compliance with and meeting all relevant regulatory requirements pertaining to the same (if any), and such placement to be completed on or before the Closing Date.

Clause 4 Underwriters Undertaking

Clause 4.1 Full subscription

If on or before the Closing Date, or such other date as the Issuer and the Underwriters may mutually agree upon, the whole of the Underwritten Shares are taken up, no obligation will arise on the part of the Underwriters to apply for any of the Underwritten Shares under this underwriting agreement.

Clause 4.2 Under subscription

If on or before the Closing Date, or such other date as JTB and the Underwriters may mutually agree upon, any of the Underwritten Shares are not taken up, the Underwriters must apply for such number of the Underwritten Shares which have not been taken up, in the proportions set forth opposite their respective names in the table in Schedule 1 of this underwriting agreement.

Clause 4.3 Underwriters' representations and warranties

The Underwriters undertake with and represent and warrant to the Issuer that:

(a) they will both observe and comply with all applicable laws and regulations in each jurisdiction in which they may offer or sell the Underwritten Shares or any part thereof;

(b) they have no legal, financial or other constraints which may adversely affect either their capacity to enter into this underwriting agreement or perform their respective obligations herein; and

(c) this underwriting agreement constitutes legal, valid and binding obligations of the Underwriters enforceable by the Issuer against the Underwriters in accordance with its terms.

Clause 10 Termination

Clause 10.1 Termination

If at any time prior to the Closing Date the Underwriters have notice of:

(a) any material breach of the undertakings or obligations in this underwriting agreement by the Issuer; or

(b) any material and adverse change rendering any of the warranties or representations inaccurate in a material and adverse respect;

and such breach or material and adverse change, if capable of remedy or restoration, is not remedied or restored within such number of days as stipulated in a written notice by the Underwriters to the Issuer giving notice and particulars of such breach or material and adverse change to the Issuer, then the Underwriters will be entitled to terminate this underwriting agreement by notice to the Issuer.

Clause 10.2 Consequences of termination

Upon delivery of the notice, this underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liability of the Issuer.

Clause 10.3 Indemnity

Without prejudice to the other rights and remedies of the Underwriters, the Issuer undertakes with the Underwriters that it will hold the Underwriters fully and effectually indemnified from and against any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses and demands which the Underwriters may incur or which may be made against the Underwriters as a result of or in relation to any breach by the Issuer of the representations, warranties or agreements under this underwriting agreement and such indemnity will extend to include all costs, charges and expenses which the Underwriters may reasonably pay or incur in disputing or defending any such claim or action or other proceeding.

3. DETAILS OF THE PUBLIC ISSUE

Clause 11 Force majeure

Clause 11.1 Force majeure

It will be an event of force majeure if in the reasonable opinion of the Underwriters:

(a) the success of the IPO is seriously and materially jeopardised by the coming into force of any laws or Governmental regulations or directives which seriously affect or will seriously affect the business of the Issuer, and which are beyond the reasonable control of the Issuer and Underwriters;

(b) there is a material change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the offer of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market); or

(c) the success of the IPO is seriously jeopardised by the Kuala Lumpur Composite Index falling below 400 points and remaining below 400 points for 3 consecutive market days at any time between the effective date of this underwriting agreement and the Closing Date.

Clause 11.2 Consequence of force majeure

(a) In the event of a force majeure under sub-clause 11.1, the Underwriters may, subject to prior consultation with the Issuer, at any time prior to the Closing Date:

(i) terminate this underwriting agreement by notice to the Issuer; or

(ii) request that the Closing Date be extended to such reasonable date as the Underwriters may decide.

(b) Upon delivery of the notice under sub-clause 11.2(a)(1), this underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other.

(c) Upon delivery of a request under sub-clause 11.2(a)(2), the Issuer will procure that the Closing Date be extended as requested.

(d) The delivery of a request under sub-clause 11.2(a)(2) will not preclude the giving of further requests under sub-clause 11.2(a)(2) or the giving of a notice under 11.2(a)(1).

4. RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus, before applying for the Public Issue Shares.

4.1 Company Risks

4.1.1 Dependence on Directors and Key Management

The JTB Group believes that its continued success will depend to a significant extent upon the skills, experiences, abilities and the continued efforts of its existing Directors and members of its senior management. The loss of any of the Group's Directors or members of its senior management could adversely affect the Group's ability to compete in the tin can manufacturing industry. Hence, the Group has made continuous efforts to groom the younger members of the senior management to gradually take over from the senior members to ensure a smooth transition in the management team. The Group also strives to attract and retain skilled personnel to support its business operations by giving due recognition to the contributions made by the personnel, providing remuneration and benefit packages that commensurate with performance as well as relevant training and courses for both personal and professional/technical development.

4.1.2 Competition

According to the Independent Report prepared by Robertson Stephens Inc., there are many players in the tin can manufacturing industry in Malaysia and the main player in the industry is Kian Joo Can Factory Berhad which is listed on the Main Board of the KLSE. As an established market player and listed company, Kian Joo Can Factory Berhad has the financial strength and resources to produce a wide range of packaging products. The other remaining players in the tin can manufacturing industry are private limited companies. Based on the Independent Report prepared by Robertson Stephens Inc., there are approximately more than thirty (30) players in this industry and the JTB Group is perceived to be among the top three (3) largest tin can manufacturers in Malaysia in terms of estimated output capacity per annum.

The Board of JTB is of the view that the Group's performance and growth have not been materially affected by competition and the main players in the market generally have developed their respective niche market segments. Whilst no assurance can be given that the Group will be able to maintain its existing market share in the future, the Board of JTB is confident that the Group will be able to withstand any direct competition as the Group has, over the years, established itself in the tin can manufacturing market with a diverse portfolio of customers.

The critical competitive factors that may result in customers changing tin cans suppliers are primarily the pricing, quality and services provided. Hence, the Group has and will continuously emphasise these areas by minimising production costs, achieving cost efficiencies, enforcing strict quality control, and seeking regular feedback from customers to meet their expectation. In an effort to improve its operating and business environment, UNI obtained the ISO certification 9002:1994 from Chamber Certification Assessment Services Ltd (UK) in June 2001. JTF and KTCF, the other two (2) subsidiaries of JTB are currently embarking on programmes to obtain their ISO certification.

4.1.3 Profit Forecast

This Prospectus contains a profit forecast of the JTB Group for the financial year ending 31 December 2003 which is based on a set of bases and assumptions that are subject to uncertainties and contingencies. Due to the uncertainties of profit forecasts, and because events and circumstances may not occur as expected, there can be no assurance that the profit forecast contained herein will be realised and the actual result may be materially different from that shown. Investors will be deemed to have read and understood the assumptions and uncertainties underlying the profit forecast that are contained herein.

4.2 Business Risks

4.2.1 Industry Risks

The JTB Group is subject to certain risks inherent in the manufacturing industry. These risks include increases in the cost of raw materials, increases in the cost of labour, changes in the general economy, business and credit conditions and fluctuations in foreign exchange rates. The Group seeks to limit these risks through, inter-alia, automating its manufacturing operations, expanding its pool of suppliers and customers whilst continuing to establish long term business relationships with the Group's existing suppliers and customers, expanding the existing business by maintaining the strength of the Group's reputation and the development of new products. Although the Group seeks to limit these risks, no assurance can be given that any change in these factors will not have a material effect on the Group's business.

(i) Raw Material Prices and Cost Increases

The prices of the raw materials used by the JTB Group fluctuate according to the world tinplates and tin prices. Tinplates constitute approximately 2% tin and approximately 98% steel and form the major raw material in the production of tin cans. The cost of tinplate sheet constitutes about 55% - 75% of the production cost of each can. Hence, an increase in the price of tinplates may affect the Group's profit margins. While minor fluctuations in the price of raw materials would be absorbed by the Group, significant increases in the price of raw materials would, as an industry norm, be passed to the customers. The Group has tinplates buffer stock of up to approximately two (2) months to help mitigate the effects from volatile price swings and short-term increases in prices.

(ii) Capacity and Its Impact on Product Prices

With the number of players in the tin can manufacturing industry, the Group may face competition in terms of output capacity and hence, the pressure to reduce the selling prices for its tin cans to maintain its market share. In order to diversify its risks, the Group intends to increase its Group's revenue from the export market. For FY 2002, the export market contributed approximately 12% to the Group's revenue. Although this strategy would impact positively on revenue growth, the effect on earnings growth would be minimal as margins from the export market is generally lower due to incidental costs such as freight and transportation charges, and stiff price competition.

The available output capacity for tin cans in the industry has not been a major consideration in determining the pricing of tin cans in the past. Instead, raw material prices and overheads are generally the primary consideration for pricing.

(iii) Semi-automatic Lines and Constraints in Factory Space

JTB Group has machines that are both semi-automatic and fully-automatic. Semi-automatic processes are less efficient as they are labour intensive and have lower outputs than fully-automatic machines. Hence, the Group has invested and is proposing to invest into more automated machines to reduce the cost inefficiencies. The Group currently has about ten (10) fully automated production lines producing various types of tin cans. The Group is proposing to utilise part of the proceeds from the Public Issue to finance the acquisition of automated machines to replace part of its existing semi-automatic machines. Please refer to Section 3.8 on the utilisation of the Public Issue proceeds.

The Group also faces constraints in terms of factory space. The Group has to rent factory space in order to provide sufficient space for its production and storage. Renting factory space at different locations poses logistic problems as products and materials have to be transported from one factory to the other. Utilisation of manpower is also inefficient as it is difficult to re-deploy workers. To mitigate the constraints faced above, the Group is proposing to utilise part of the proceeds from the Public Issue to finance the construction of a new factory in Senai, Johor Darul Takzim to house the major operations and production lines of JTF and UNI. For strategic business purposes, the major operations of KTCF will remain in Kluang, Johor Darul Takzim whilst certain of its production lines will be streamlined and housed in the new factory in Senai.

4.2.2 Substitute Products

The Group faces the threat from alternative packaging materials, namely, plastic packaging. However, the choice of packaging is very much dependent on the properties required to protect the contents within and certain alternative packaging materials may not be entirely appropriate for certain products.

Generally, in the packaging industry, consumer preference on design, size, shape and colouring may not be easily changed or influenced. The designs and methods of product packaging are often associated with a particular branding and may be strongly tied to a certain manufacturing set-up and consumer preference.

Tin cans generally preserve food well and are convenient for handling and storage as they can be easily stacked on shelves in supermarkets or retail outlets. Environmental considerations on the recycling ability of tin cans also play a role in encouraging the continuous use of tin cans as opposed to other non-environmental friendly packaging materials.

Nonetheless, the JTB Group is determined to be a major player in the packaging industry and does not intend to confine its production to tin cans in the longer term. In view of the above, the Group has ventured into the production of plastic jerry cans and commenced its commercial production in April 2003. Plastic jerry cans are functional as they are sufficiently large to contain bulk liquid materials, durable and handy and generally reusable as a container and hence, would have minimal environmental impact.

4.2.3 Dependency on Major Customers

The JTB Group is principally involved in the tin can manufacturing industry. Within this industry, the Group caters to customers whom are manufacturers and canners of food products, namely, biscuits, edible oil and ghee, processed food, beverages, sweetened condensed milk and pineapples whilst others are in the industrial sector, namely, in the production or packaging of paint and chemicals.

The Group's performance is fairly diversified in the various market segments of its customers namely in biscuits, edible oil and ghee, processed food, beverages, sweetened condensed milk and pineapples as well as in paint and chemical.

Based on the performance of the individual subsidiaries of the Group, approximately 32.53% of JTF's total revenue for FY 2002 was attributable to one of its major customers, Britannia Brands (Malaysia) Sdn Bhd, which is principally involved in the production of biscuits. In the case of UNI, approximately 43.29% of its total revenue for FY 2002 is attributable to Etika Dairies Sdn Bhd which produces sweetened condensed milk and other related products, and 21.42% of its total revenue attributable to Lee Pineapple Co Pte Ltd which is in the production and canning of pineapples. For FY 2002, approximately 51.59% and 31.52% of KTCF's total revenue was attributable to Hup Seng Perusahaan Makanan (M) Sdn Bhd, a subsidiary company of Hup Seng Industries Berhad which is listed on the Main Board of the KLSE and Munchy Food Industries Sdn Bhd respectively, both of which are in the production of biscuits.

The Group's continuous commitment in delivering quality products and services to its customers and competitive pricing has enabled the Group to successfully expand its customer base in both the domestic and export market. This may be evidenced by the customer profile of the Group which the Group has, over the years, established and forged long-term business relationships and the performance of the Group is consistent with the organic growth of some of its major customers. The Group has expanded its customer base in both the domestic and export market and will continue to intensify its marketing efforts in both the domestic and export market.

4.2.4 Foreign Exchange Fluctuation

For FY 2002, the Group exported approximately 12% of its sales and imported approximately 24% of its tinplates supply. As such, the Group's exposure to the foreign exchange risk is confined within these parameters. The strengthening of the Ringgit Malaysia would result in its export of tin cans being less competitive whilst its import of raw materials cheaper and vice versa. To mitigate this situation, the Group strives to maintain its production costs at minimal levels and remain competitive in terms of pricing regardless of the fluctuation in foreign exchange. Conversely, as imported tinplates become more expensive as a result of a weaker Ringgit Malaysia, the Group could source for its tinplates supply locally as opposed to from overseas. Hence, the adverse impact of foreign exchange fluctuation is likely to be contained and minimised.

On 1 September 1998, the Malaysian Government had introduced exchange measures, which, inter-alia, pegged the Ringgit Malaysia to the USD at RM3.80 to USD1.00. The fixing of the exchange rate at RM3.80 to USD1.00 has curbed speculation and minimised foreign exchange risk. However, the Government has yet to state the permanency or the time of lifting of such control and there can be no assurance that the exchange rate peg will remain or that future foreign exchange fluctuations will not adversely affect the JTB Group.

Hence in the longer term, the Group may consider other possible means to reduce the foreign exchange fluctuation risk, such as entering into hedging contracts, if the need arises.

4.2.5 Political, Economic and Regulatory Considerations

Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, dispossession, nationalisation, renegotiation or nullification of existing contracts, fluctuations in interest rates, methods of taxation and currency exchange controls.

The tin can manufacturing industry is anticipated to grow in line with the population and economic growth of the country, higher levels of disposable income and the increasing need for reliable packaging materials for perishable goods. A decline in the general economy or uncertainties in the future prospects of the economy would, however, affect consumer spending and the overall demand in the tin can manufacturing industry and consequentially, affect the Group's financial performance. Any effect, however, is mitigated by the Group's diverse and wide customer base. The Group's customers are mainly in the consumer markets, manufacturing and processing edible products such as biscuits, sweetened condensed milk, pineapples, processed food, edible oil and ghee, as well as in the paint and chemical markets. Whilst there is more volatility in the demand for paints and chemicals, the food sector is generally resilient and is the major contributor to the revenue and profits of the Group.

Other economic considerations would include the Association of South-East Asia Nation (ASEAN) Free Trade Area (AFTA) initiative by the ASEAN countries. The AFTA initiative sets out a comprehensive program of regional tariff reduction and includes efforts to eliminate non-tariff barriers and quantitative restrictions, and harmonise customs nomenclature, valuation and procedures. The Common Effective Preferential Tariff is the mechanism by which tariffs on goods traded within the ASEAN region, which meet a 40% ASEAN content requirement, would be reduced to 0-5% by the year 2003. With the lower tariff, the Group's sourcing of tinplates would be comparatively cheaper. The cheaper cost of raw materials would lower the Group's cost of production and enable the Group to price its products more competitively. Whilst the reduction of regional tariff would lead to a relatively free movement of goods between the ASEAN countries and the Group would be competing with suppliers of tin cans and containers from other ASEAN countries for its market share, conversely, the Group would have similar access to other ASEAN countries and may be able to tap onto the ASEAN market.

4.2.6 Availability of Raw Materials

The main raw material used in the production of tin cans is the tinplates. The supply of tinplates is not scarce and may be sourced both locally and from overseas. Other raw materials such as printing ink, lining compound, lacquer and copper wire are also easily available. Therefore, the possibility of the non-availability of raw materials resulting in the disruption to the Group's production is considered to be remote.

4.2.7 Operation Risks

As a manufacturing set-up, the JTB Group faces certain operational risks such as disruptions to its production lines resulting from the termination of rental agreements on the rented factories currently being occupied, fire, power failure or other emergencies. The JTB Group seeks to limit the above operational risks through the implementation of the following plans and risk management practices:

(i) apart from its operations in rented factories, the Group also operates from its own factories. The Group is currently renting factory space as a result of space constraints in its own factories. The Group plans to address the space constraints in the future by constructing a larger factory and housing most of its production lines in the said factory. In the immediate term, the risk of termination of rental agreements on the rented factories are mitigated as the Group ensures prompt payment of monthly rental and adheres to all the terms and conditions as stipulated in the rental agreements;

(ii) the Group's factories are equipped with basic fire fighting equipment such as fire extinguishers and hose reels. Employees are also trained on the use of these equipments as well as basic fire fighting techniques. In addition, the Group has purchased fire insurance coverage on its property, plant and equipment. The Group also has fire consequential loss policies where any consequential loss is compensated;

(iii) to cope with power failure, the Group has its own power generators with a maximum capacity of approximately 535 kilowatts to provide sufficient power for its major production lines. Although any prolonged disruption of electricity would affect the overall production lines of the Group, the risks of disruptions to its production line are mitigated by the use of some of its manual production processes, in addition to the use of the power generators; and

(iv) the Group ensures that it has sufficient resources to cope with unexpected emergencies at any one time, such as storage of adequate stocks used in production, cash liquidity to meet liabilities due and close relationships with business associates to assist one another. Additionally, the Group has in place insurance policies on both machinery breakdown and consequential loss as well as insurance on product liability and public liability. The management of the Group also holds regular meetings and discussions to identify and mitigate any likely foreseeable problems in its business operations.

Although the Board has taken reasonable steps to mitigate the operational risks as described above, there can be no assurance that the above measures taken will be adequate in the event of an emergency and that it will not have a material adverse effect on the Group's business.

4.2.8 Foreign Operations in Indonesia

The JTB Group has incorporated a limited liability company, PT Medan, in Medan, Indonesia, to carry on the business of manufacturing of tins, cans, tinplates and other relevant business for domestic sales.

The incorporation of PT Medan was to cater for its customer PT Danone Biscuits Indonesia of which JTF has contracted to sell a yearly quantity of 1,900,000 pieces of rectangular tins and 640,000 pieces of round tins.

However, the entry of the JTB Group via PT Medan into Indonesia could expose the Group to new risk including those associated with the assimilation of new operations and personnel, the diversion of financial and management resources from existing operations, and the ability of management to integrate successfully the new business, personnel and resources, all of which may absorb a significant amount of management attention that would otherwise be available for ongoing development of the Group's business. There can also be no assurance that the Group will be able to generate sufficient revenue following the incorporation of PT Medan and commencement of operations to offset associated incorporation and operational costs, or that the Group will be able to maintain uniform standards of quality and service, controls, procedures and policies, thus resulting in the impairment of relationships with customers, employees and new management personnel. Shifts in political and economic scenarios as well as in regulations governing the industry could affect the Group's financial prospects.

Nonetheless, PT Medan is not expected to have any material impact on the business operations and financial position of the JTB Group for the financial year ending 31 December 2003. In any event, the management will constantly adopt a precautionary attitude towards the business climate in Indonesia as well as the financial background and creditability of its customers to ensure low occurrence of bad debts.

4. RISK FACTORS

4.3 Share Risks

4.3.1 Investment

There can be no assurance that an active market for JTB Shares will develop upon its listing on the Second Board of the KLSE. Moreover, share prices are subject to the vagaries of market forces and external events, none of which can be predicted with certainty. Although the Board of JTB anticipates that they will declare a dividend for the forecast financial year ending 31 December 2003, this is not an indication that the Company will declare or continue to declare dividends in the ensuing financial years.

4.3.2 No Prior Market for JTB Shares

Prior to this Public Issue, there has been no public market for JTB Shares. Consequently, there can be no assurance that an active market for JTB Shares will develop upon its listing on the Second Board of the KLSE or if developed, that such market can be sustained. The Public Issue Price of RM1.35 per ordinary share for the Public Issue Shares had been determined after taking into consideration a number of factors including, but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates, the earnings potential, the proforma consolidated NTA of the Company and the potential dividend yield. The share prices for JTB Shares after the Public Issue may bear no relationship to the Public Issue Price.

There can be no assurance that the Public Issue Price of RM1.35 per JTB Share will correspond to the share price at which JTB Shares will trade on the Second Board of the KLSE upon or subsequent to its listing.

4.3.3 Controlling Shareholders and/or Promoters

Upon completion of the Public Issue, 31,666,772 JTB Shares representing approximately 71.99% equity interest in JTB will be held directly by the following shareholders and/or promoters (Controlling Shareholders and/or Promoters):

Shareholders and/or Promoters	No. of JTB Shares	% held
JTHSB^	18,694,705	42.50
AASB^	5,414,105	12.31
GPSB^	2,775,920	6.31
Saerah Bt. Hj. Hamzah	2,285,277	5.20
Goh Mia Kwong	786,093	1.79
Edward Goh Swee Wang	88,000	0.20
Low Lee Kwee	729,336	1.66
Choy Shu How	729,336	1.66
Ng Yik Toon	44,000	0.10
Yeow Ah Seng @ Yow Ah Seng	88,000	0.20
Datin Fawziah Binti Hussein Sazally	16,000	0.04
Raja Zainal Abidin Bin Raja Hussin	16,000	0.04
TOTAL	**31,666,772**	**71.99**

Note:

^ Further information on the shareholders of JTHSB, AASB and GPSB are set out in Section 6.3.1 to 6.3.3 of this Prospectus.

These Controlling Shareholders and/or Promoters will be able to exercise the voting rights attached to their shares in respect of matters requiring shareholders approval including the constitution of the Board, the direction and future operation of the Group which include decisions on acquisitions or disposals, business opportunities, declaration of dividends and issuance of additional shares or other securities. Depending on how they choose to vote and because of the size of their shareholdings, the Controlling Shareholders and/or Promoters may be in a position to determine the outcome of matters requiring shareholders' approval, except for matters that involve the interests of the Controlling Shareholders and/or Promoters or where they are required to abstain from voting by law and/or by the relevant authorities.

4.3.4 Failure or Delay of the Flotation Exercise

The Flotation Exercise is also exposed to the risk that it may fail or be delayed should the following events occur:

(i) The Approved Bumiputera Allottee fails to subscribe for the 1,053,000 new JTB Shares pursuant to the Public Issue Shares allocated to him;

(iii) The identified placees under the Placement fail to subscribe for the portion of the Public Issue Shares allocated to them;

(iii) The eligible Directors, employees and business associates of the JTB Group fail to subscribe for the portion of Public Issue Shares allocated to them; and

(iv) The Company is unable to meet the public shareholding spread requirements of having at least 25% of the issued and paid-up capital of the Company held by a minimum number of 750 public shareholders holding not less than 100 JTB Shares each, upon completion of the Public Issue and at the point of listing.

4.3.5 Delay between Application and Trading of JTB Shares

Delays in the admission and the commencement of trading in shares on the KLSE may occur. Generally, it is expected that there will not be a delay from the application of the Public Issue Shares and the subsequent trading of JTB Shares as indicated by the timetable set out on page (i) of this Prospectus.

In the event that admission and the commencement of trading of JTB Shares on the Second Board of the KLSE are delayed or do not occur, investors may not be able to recover monies paid within a short period of time or at all in respect of the Public Issue Shares subscribed for after they have been allocated to the investors' respective CDS account under the MCD, which would occur at least three (3) clear market days prior to the anticipated date for JTB's admission to the Official List of KLSE.

In order for the Company to return monies to investors in respect of Public Issue Shares following their allocation into their respective CDS account under the MCD, a reduction of the Company's capital would be necessary. This would require a special resolution of the Company and the approval of the courts in Malaysia. Hence, there can be no assurance that monies can be recovered within a short period of time or at all. If the KLSE does not admit the Public Issue Shares onto the KLSE, the market for the Public Issue Shares will be illiquid and it may not be possible to trade the Public Issue Shares. This may also have a material adverse effect to the value of the Public Issue Shares.

Save as disclosed in Sections 4.1 to 4.3 above and apart from the normal commercial risks, the Board of JTB is not aware of any other specific factors or events which are likely to arise or which the Group is vulnerable to as of the date of this Prospectus.

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