

## 5. INFORMATION ON THE JTB GROUP

### 5.1 History

JTB was incorporated in Malaysia on 22 November 2000 as a public limited company under the Companies Act, 1965. The Company was incorporated as an investment holding company to facilitate the listing of the JTB Group on the Second Board of the KLSE. The Company presently has an authorised share capital of RM50,000,000 comprising 50,000,000 JTB Shares, of which 36,721,000 JTB Shares have been issued and fully paid-up.

JTB is principally an investment holding company, whose subsidiaries are primarily involved in the manufacture of tins, cans and other containers. The Company has four (4) subsidiaries, namely, JTF, UNI, KTCF and PT Medan.

JTB's wholly-owned subsidiaries, three (3) of which are incorporated in Malaysia, are listed below:

Name	Date and Place of Incorporation	Issued and Paid-up Share Capital	Principal Activities
JTF	31 December 1973 Malaysia	RM3,626,929	Manufacturing of various tins, cans and other containers, and printing of tinplates
UNI	21 September 1988 Malaysia	RM1,400,000	Manufacturing of various tins, cans and other containers
KTCF	7 February 1975 Malaysia	RM695,529	Manufacturing of various tins, cans and other containers
PT Medan	20 August 2003, Indonesia	Rp900,000,000	Manufacturing of tins, cans, tinplates and other relevant business for domestic sales

### 5.2 Restructuring and Flotation Exercise

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 JTB on the Second Board of the KLSE, JTB is undertaking a Restructuring and Flotation Exercise which was approved by the SC on 5 August 2002, 22 October 2002, 7 February 2003, 5 May 2003 and 16 September 2003, the MITI on 28 May 2002, 24 September 2002, 13 March 2003 and 15 April 2003 and the FIC on 20 June 2002, 29 January 2003 and 25 April 2003 respectively. The Restructuring and Flotation Exercise involved the following:

#### 5.2.1 Acquisitions

On 8 March 2002, JTB entered into three (3) conditional Share Sale Agreements with the vendors of JTF, UNI and KTCF to acquire the entire issued and paid-up share capital of JTF, UNI and KTCF. The purchase considerations were arrived at based on the respective audited NTA of JTF, UNI and KTCF as at 31 December 2000 of RM27,109,900, RM9,579,475 and RM4,431,041 respectively. The purchase considerations were fully satisfied by the allotment and issuance of new JTB Shares at an issue price of approximately RM1.12 per JTB Share and are computed as follows:

	Audited as at 31 December 2000		
	JTF RM	UNI RM	KTCF RM
Share capital	3,626,929	1,400,000	695,529
Share premium	523,303	-	-
Retained earnings	23,077,582	8,154,022	3,735,512
Capital reserve	35,281	30,567	-
Shareholders' funds	27,263,095	9,584,589	4,431,041
Less: Intangible assets	(153,195)	(5,114)	-
Audited NTA	27,109,900	9,579,475	4,431,041
% acquired	100	100	100
Purchase consideration (RM)	27,109,900	9,579,475	4,431,041
No. of ordinary shares of RM1.00 each acquired	3,626,929	1,400,000	695,529
No. of new JTB Shares issued at approximately RM1.12 per JTB Share	24,209,448	8,554,580	3,956,970

## 5. INFORMATION ON THE JTB GROUP

The Acquisitions were completed on 30 September 2002 and the total purchase consideration of RM41,120,416 was satisfied by the issuance of 36,720,998 new JTB Shares which will rank pari passu in all respects with the existing JTB Shares.

Subsequent to the above, JTF and UNI had on 20 August 2003 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. Pursuant to the said incorporation, JTF and UNI had invested a sum of Rp900,000,000 as part of the issued and paid-up share capital of PT Medan in the proportion of 90% and 10% respectively. 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.

The incorporation of PT Medan is not expected to have any material impact on the business operations and financial position of the JTB Group as the investment is expected to be for the capital sum of Rp1,800,000,000.

**Note:** As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the exchange rate is Rp100.00:RM0.047.

### 5.2.2 Declaration of Dividends

The Board declared 10.9% tax exempt dividends amounting to RM4,002,589 to its shareholders on 25 July 2003, after the Acquisitions but prior to the Transfer and Public Issue.

The Declaration of Dividends comprised the following of two (2) stages:

- (i) JTF declared 111% tax exempt dividends amounting to RM4,025,891 to its holding company, JTB on 25 July 2003; and
- (ii) Thereafter, JTB declared 10.9% tax exempt dividends amounting to RM4,002,589 to its shareholders in respect of financial year ending 31 December 2003 but prior to the Transfer and Public Issue.

### 5.2.3 Transfer

After the completion of the Acquisitions, the following shareholders of JTB intend to consolidate their individual shareholding in JTB to JTHSB, a private investment holding company, by transferring part/all of their shareholding in JTB to JTHSB in exchange for JTHSB Shares as follows:

Shareholders	No. of JTB Shares to be transferred to JTHSB	No. of JTHSB Shares to be held	% equity interest in JTHSB after Transfer
Goh Mia Kwong	5,750,553	3,076	30.76%
Edward Goh Swee Wang	3,729,253	1,995	19.95%
Low Lee Kwee	3,339,013	1,786	17.86%
Choy Shu How	3,339,013	1,786	17.86%
Pek Ah Teo @ Peck Ah Teo	710,906	380	3.80%
Ng Yik Toon @ Ng Yik Koon	943,756	505	5.05%
Yeow Ah Seng @ Yow Ah Seng	882,211	472	4.72%
<b>Total</b>	<b>18,694,705</b>	<b>10,000</b>	<b>100.0%</b>

The transfer of 18,694,705 JTB Shares will be effected through the deposit of the JTB Shares into the CDS account of JTHSB during the prescribed period for the deposit of JTB Shares with MCD but prior to the Public Issue. The said prescribed period is expected to commence one (1) market day after both the issuance of the Prospectus and the advertisement by KLSE.

## 5. INFORMATION ON THE JTB GROUP

After effecting the Transfer into the CDS account of JTHSB during the prescribed period for the deposit of JTB Shares with MCD but prior to the Public Issue, the said shareholders will be subscribing for 9,998 new JTHSB Shares. The initial subscribers' shares of RM2 will be transferred to Yeow Ah Seng @ Yow Ah Seng.

Further information on JTHSB and the shareholders' shareholding in the company are set out in Section 6.3.1 of this Prospectus.

### 5.2.4 Public Issue

In conjunction with the flotation of JTB, the Company will undertake a Public Issue of 7,265,000 new JTB Shares at a Public Issue Price of RM1.35 per ordinary share payable in full on application.

The Public Issue Shares will be allocated in the following manner:

		No. of Public Issue Shares	% of the enlarged share capital
(i)	Reserved for application by the Approved Bumiputera Allottee	1,053,000	2.39
(ii)	Reserved for application by the eligible Directors, employees and business associates of the JTB Group	1,712,000	3.89
(iii)	Reserved for Placement	3,000,000	6.82
(iv)	Available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions	1,500,000	3.41
	<b>Total</b>	<b>7,265,000</b>	<b>16.51</b>

### 5.2.5 Listing and Quotation

Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of JTB of RM43,986,000 comprising 43,986,000 JTB Shares on the Second Board of the KLSE.

**The rest of this page is intentionally left blank**

## 5. INFORMATION ON THE JTB GROUP

### 5.3 Changes in Share Capital

#### a) Authorised Share Capital

The present authorised share capital of JTB is RM50,000,000 comprising 50,000,000 JTB Shares.

#### b) Issued and Paid-up Share Capital

The present issued and paid-up share capital of JTB is RM36,721,000 comprising 36,721,000 JTB Shares. Upon completion of the Public Issue, the issued and paid-up share capital of JTB will be RM43,986,000 comprising 43,986,000 JTB Shares.

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

Date of allotment	No of ordinary shares	Par value RM	Consideration	Total issued and paid-up share capital RM
22.11.2000	2	1.00	Subscribers' shares	2
30.09.2002	24,209,448	1.00	Issued at approximately RM1.12 per share for the acquisition of 100% equity interest in JTF	24,209,450
30.09.2002	8,554,580	1.00	Issued at approximately RM1.12 per share for the acquisition of 100% equity interest in UNI	32,764,030
30.09.2002	3,956,970	1.00	Issued at approximately RM1.12 per share for the acquisition of 100% equity interest in KTCF	36,721,000

### 5.4 Business Overview

#### 5.4.1 Group Structure

The subsidiaries of the JTB Group are set out in the table below:

Name	Date and Place of Incorporation	Effective Equity Interest (%)	Issued and Paid-up Share Capital	Principal Activities
JTF	31 December 1973, Malaysia	100.0	RM3,626,929	Manufacturing of various tins, cans and other containers, and printing of tinplates
UNI	21 September 1988, Malaysia	100.0	RM1,400,000	Manufacturing of various tins, cans and other containers
KTCF	7 February 1975, Malaysia	100.0	RM695,529	Manufacturing of various tins, cans and other containers
PT Medan	20 August 2003, Indonesia	100.0	Rp900,000,000	Manufacturing of tins, cans, tinplates and other relevant business for domestic sales

---

## 5. INFORMATION ON THE JTB GROUP

---

### 5.4.2 Principal Products

The JTB Group is principally involved in the manufacture of tins, cans and other containers with each subsidiary catering to their respective niche market segment. A number of the Group's customers are in the food industry producing products such as biscuits, edible oil and ghee, processed food, beverages, sweetened condensed milk and pineapples whilst others are in the industrial sector with products such as paints and chemicals.

Despite the introduction of new packaging materials in recent times, tin cans generally remain a modern, cost-effective and safe means of packaging for food, beverages, chemicals and other consumer products. Tin cans are basically functional and convenient in terms of food preservation and are generally leak-proof and resistant to external factors such as light, climatic fluctuations, impact and pressure. In addition, used tin cans are fully recyclable and hence, considered to be more environmental-friendly.

The Group manufactures tin cans of the "three-piece" type, which is commonly used to contain food as well as paint and chemical. The three-piece can is basically made up of three separate pieces, namely, the can body, top lid and bottom end. In forming the body, a rectangular piece of tinplate is rolled over into a cylindrical shape, with the two overlapping edges welded or lock-seamed together through the welding or lock-seaming process. Rectangular can body would undergo an additional expanding process to convert the cylindrical body to a rectangular one. The top lid and bottom end of the can are produced separately through the relevant stamping and pressing processes. A sealing compound is applied to the lid and bottom end to provide an air-tight seal when the final can is formed. The bottom end is then seamed onto one end of the can body. Unless otherwise requested by the customer, top lids which have an opening in the form of a cap or nozzle for subsequent filling in of the contents would be seamed to the other end whilst top lids which do not have any openings for subsequent filling in of the contents would not be seamed onto the can body prior to delivery. These top lids, together with the empty can bodies with seamed bottom ends, would be delivered to the food, paint or chemical manufacturer or the canner who would then fill the cans before seaming the top lids in the course of its production or canning processes.

The surfaces of the tin cans produced by the Group can either be plain, coated or lithographed. A completed tin can may have different types of internal and external surfaces. Plain surfaces are neither coated nor lithographed, the original tinplates being the can surfaces. Coated surfaces are treated with a layer of lacquer, varnish or coating, while lithographed surfaces are printed with various graphic designs and colours. The choice of these various types of surfaces is determined by the nature of the end products and requirements of the customers.

Generally, the internal surface of a can may be plain or coated. On the other hand, the external surface of a can could either be plain, coated or lithographed. Lithographed external surfaces are generally used to make the products' packaging more attractive and appealing. Plain and coated external surfaces may be used for products with its label printed on paper (which would then be pasted onto the cans, such as sweetened condensed milk and canned food), or those which do not require brand differentiation, such as kerosene, thinner, chemicals and home-made cookies.

As an initial step to further establish itself in the longer term as a major player in the packaging industry and not confined to tin cans, the Group had recently ventured into the manufacture of plastic jerry cans. These jerry cans are suitable for industrial uses to contain liquid materials as they are sufficiently large, durable and handy. Plastic jerry cans may be used in industries such as edible oil, chemical, lubricant, agriculture, aquaculture, etc.. The Group currently supplies these cans to the edible oil industry.

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



## 5. INFORMATION ON THE JTB GROUP

### JTF

JTF is principally engaged in the manufacture of plain, coated and lithographed tin cans. The tin cans may be differentiated by their size, specification and quality, and are generally manufactured specific to the customers' requirements and demand. The products of the company are used as tin cans for biscuits, edible oil as well as paints and chemicals:

#### a) Biscuits Tins

The tin cans manufactured for biscuits are categorised by the weight of their contents. JTF manufactures different sizes of biscuits tins, namely, 800 gm tins, 1 kg rectangular tins, 1 kg round tins and 17 kg rectangular tins (with and without polyvinylchloride (PVC) sheets). Apart from the 17 kg rectangular tins, the other tin cans produced are lithographed with designs provided by the customers.

One of JTF's main customers for the production of biscuits tins is Britannia Brands (Malaysia) Sdn Bhd which produces household biscuits brand names such as Danone, Jacob's and Britannia. JTF's other established customers include Lee Biscuits (Pte) Ltd and Hwa Tai Industries Berhad.

#### b) Edible Oil Cans

The tin cans manufactured for edible oil are also categorised by the weight of their contents. JTF produces different sizes of cans, such as, 2.5 kg cans, 2 kg cans, 3 kg cans, 17 kg cans and 20 kg cans. The internal body of the cans is not coated whilst the external body is lithographed with designs provided by the customers.

Some of JTF's major customers for the edible oil cans include PGEO Edible Oils Sdn Bhd and Sime Darby Edible Products Ltd.

#### c) Paint and Chemical Cans

The tin cans produced for paint and chemical are similarly categorised by the weight of their contents, namely, 1 litre cans, 2.5 litre cans, 3 litre cans, 5 litre cans, 7 litre cans, 1 US gallon cans, 18 litre cans and 20 litre cans. The internal body of the cans is not coated for solvent-based paint and coated for water-based paint whilst the external body is lithographed with designs provided by the customers.

The established customers of JTF include Nippon Paint (M) Sdn Bhd, Advance Technology Coatings Sdn Bhd, Seamaster Paint (Mfg) Bhd and Causeway Paint Pte Ltd which is based in Singapore.

#### d) Plastic Jerry Cans

JTF had recently commenced the manufacture of 20-litre plastic jerry cans. They are currently being supplied to the edible oil industry. The major raw material used in the production of plastic jerry cans is high density polyethylene resin. The design and labeling on the body of the jerry cans could either be silk-screened or pasted with a sticker.

The major customers for the plastic jerry cans include PGEO Edible Oils Sdn Bhd, Sime Darby Edible Products Ltd and Celestial Venture Sdn Bhd.

### UNI

UNI is also principally engaged in the manufacture of plain, coated and lithographed tin cans. The tin cans are, similarly, differentiated by their size, specification and quality, and are generally manufactured specific to the customers' requirements and demand. The products of the company are used as tin cans for sweetened condensed milk, pineapples, edible oil and ghee, processed food as well as paint and chemical:

---

## 5. INFORMATION ON THE JTB GROUP

---

### a) Sweetened Condensed Milk Cans

The sweetened condensed milk cans are differentiated by the diameter and height of the cans. The cans that UNI manufactures consist of three (3) different standard sizes, namely, Dia 300 x 303, 300 x 401 and 307 x 408 can sizes (for example, Dia 300 x 303 is the measurement for a can which has a diameter of 3 inches and a height of 3 3/16 inches).

Some of the major customers of UNI's sweetened condensed milk cans include Etika Dairies Sdn Bhd, Malaysia Milk Sdn Bhd and Yeo Hiap Seng (M) Berhad.

### b) Pineapple Cans

Similarly, the pineapple cans are differentiated by the diameter and height of the cans. UNI produces five (5) different standard sizes, namely, Dia 209 x 408, 300 x 408, 307 x 201, 307 x 408 and 603 x 700.

The coated cans require a tin coating of 5.6 gm/sq metre on the external body and a tin coating of 11.2 gm/sq metre on the internal body of the can. Apart from these coatings, no other coatings are required. The lithographed cans use less tin coatings on the external body. The pineapple cans use a tin coating of 2.8 gm/sq mt on both the internal and external lids. The cans are coated with epoxy-based lacquer both internally and externally.

The cans which measure Dia 209 x 408 are used for the canning of pineapple juice.

Lee Pineapple Co Pte Ltd is one of the major customers of UNI.

### c) Processed Food Cans

The tin cans manufactured for processed food has a diameter of Dia 300 with various heights ranging from 2 to 5 inches and Dia 603 with a height of 7 inches. The external body could either be plain or lithographed, depending on the customers' requirements. The internal body is coated. The lids and bottom ends are coated on both sides. These cans are used mostly for the packing of processed meat, fish, coconut products and kaya.

Yeo Hiap Seng (M) Berhad is one of the main customers of UNI for processed food cans.

### d) Edible Oil and Ghee Cans

The tin cans manufactured for edible oil and ghee are categorised by the weight of their contents. The tin cans produced by UNI are in sizes of 680 gm, 1 lb, 2 lb, 2 kg, 17 kg and 20 kg. The internal body of the cans is not coated whilst the external body is lithographed with designs provided by the customers.

UNI's major customers for the edible oil and ghee cans include Sime Darby Edible Products Ltd.

### e) Paint and Chemical Pails

The tin cans produced for paint and chemical are similarly categorised by the weight of their contents, namely, 18 litre cans, 20 litre cans and 25 litre cans. The internal body of the cans is not coated for solvent-based paint and coated for water-based paint whilst the external body is lithographed with designs provided by the customers.

UNI's established customers include Advance Technology Coatings Sdn Bhd.

## 5. INFORMATION ON THE JTB GROUP

### KTCF

KTCF is principally engaged in the manufacture of plain and lithographed tin cans specifically for biscuits. The tin cans are also differentiated by their size, specification and quality, and are customised to the customers' requirements. The tin cans which are categorised by the weight of their contents are manufactured in sizes of 500 gm, 600 gm, 800 gm, 1 kg rectangular, 1 kg round and 17 kg rectangular (with and without PVC sheet). Apart from the 17 kg rectangular tins, the other tin cans produced are lithographed with designs provided by the customers.

KTCF's main customers include Hup Seng Perusahaan Makanan (M) Sdn Bhd, Munchy Food Industries Sdn Bhd, Khong Guan Biscuit Factory Sdn Bhd, Khong Guan Biscuit Factory (S) Pte Ltd, Tatawa Industries (M) Sdn Bhd and Hwa Tai Industries Berhad.

#### 5.4.3 Technology Used or to be Used

The JTB Group has both semi-automatic and fully-automatic production lines for its products. The Group has, over the years, strived to consistently improve and upgrade its production processes and machinery to stay abreast with technological advances and to remain competitive. The Group intends to progressively fully automate its production lines, if viable, in the long run.

The Group currently has about ten (10) fully automated production lines producing various types of tin cans. The distinct advantages of automation are the high levels of efficiency, effectiveness and quality, while the wastage level is maintained at the minimal. These are the critical factors that would ultimately determine the performance of any manufacturing concern. The machines sourced by the Group for its production processes include machines from United Kingdom, Taiwan, Germany, United States and Switzerland.

Generally, automated processes and machines are able to offer maximum precision which reduces variation, high versatility to cover a wide range of product specifications, quick retooling feature which enables minimal changeover time, adequate safety features which minimise the risks of possible injury and ergonomics which allow optimal handling. More advanced automated processes and machines would have a central computer operating and diagnostic systems which control and check all electrical components (such as sensors, electronic measuring systems, pressure monitors for lubrication system, valves, etc.) individually to ensure they are fully functional at all times whilst information on malfunctions and aids to trouble-shooting are displayed automatically.

Further information on the technology used and the machines' capabilities are set out in Section 5.4.5 of this Prospectus.

#### 5.4.4 Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

The Group does not presently own any registered brand names, patents, trademarks, licences, technical assistance agreements, franchises or other similar intellectual property rights.

The principal licences required by the Group are set out in Section 9.1 of this Prospectus. The Group has obtained the necessary approvals from MITI for a variation of its manufacturing licence to include the manufacture of mosquito coil stands and plastic jerry cans under JTF.



---

## 5. INFORMATION ON THE JTB GROUP

---

### 5.4.5 Production Process

The production process of the JTB Group, particularly in relation to its automated lines for its tin cans, is summarised under the following main areas:

#### ***Printing and Coating Process***

The tinplates are first coated with a base colour, according to the specifications of the customer. The coated tinplates are cured (dried) in an oven at 160 – 180 degree Celsius, before the next printing process commences. The printing process is to decorate the tinplates with specified graphic designs and colours while the coating process is to coat the tinplates with specific coating. The printed tinplates are cured again in the oven followed by the final process of varnishing which provides a protection layer to the printed tinplates against scratches and at the same time gives the printed tinplates a glossy finish. The varnished tinplates would be similarly cured in the oven. Tinplates that require lacquering would undergo a similar process, i.e. the tinplates would be coated with lacquer before being cured in the oven.

The automated printing and coating machines of the Group have quick ready-made features which help to reduce preparation time significantly. High cruising speed is achieved with advanced sheet in-feed system and conveyor design. The printing process has a high production output with low production tolerance, thus delivering prints of high quality consistently. These machines are capable of processing a wide range of tinplates sizes, and have easy access and convenient controls to help the operator.

#### ***Curing or Drying Process***

The curing or drying process is to dry tinplates that have been printed or coated. Temperature curve is a very important parameter during the drying process in the baking chamber. The technology engaged in the drying ovens is one that enables the circulation of hot air flow with uniform distribution and even temperature. The temperature difference on any section of the tinplate surface is maintained within +/- 3 degree Celsius at any one time, from feeding to discharging. This is essential to achieve high production rates and efficiency, in addition to the high quality of products.

#### ***Slitting Process***

Slitting process is to cut the original plain or printed tinplates into smaller pieces according to precise measurements before the can body, top lid or bottom end are formed.

The automated slitter has high slitting accuracy and speed. With precision aligning elements and a choice of alignment points, slitting in line with printers' register points is made possible. The tinplate sheets are picked up from the flat belts smoothly and gently by the chain dogs to ensure maximum protection against damages at the edges and scratches. The slitter may be set to any common sheet and blank size by repositioning the guide and aligning elements using hand-wheels and graduated scales, without the need for a single replacement part, thus reducing the changeover time.

#### ***Welding or Lock-seaming Process***

The slitted tinplates are formed into the shape of a cylinder. The joint may either be welded or lock-seamed depending on the types of cans. Welding or lock-seaming process is to join the two (2) overlapping edges of the can body firmly together. A side-stripe lacquer is subsequently applied to the welded joint, both internal and external surface, to prevent rusting.

---

**5. INFORMATION ON THE JTB GROUP**

---

The Group engages the Supa-Wima and Butterfly welding technologies which do not use lead. Instead, the joints are welded using electricity current that runs through electrolytic copper wire which acts as an intermediate electrode and is driven between the welding rollers and work piece giving a narrow and fine weld on the can body. Lock-seaming, on the other hand, is another body-forming technology which enables the common gap at the tin joint to be overcome so as to allow the printed designs to be joined smoothly. The electronic and full solid state welder control incorporating thyristors permit uniform weld quality at high speed. The intensity of the weld is automatically controlled throughout the weld cycle. Fixed speed drive system provides positive and precise feed control of copper wire. The carriage is adjustable for different container lengths. Clamping, welding, unclamping and return of carriage to starting position are carried out automatically.

***Expanding Process***

For rectangular cans, the cylinder-shaped body would undergo an additional expanding process to convert it into the required rectangular shape.

The expanding machine allows the manufacture of rectangular/oblong shaped can bodies starting from the cylindrical body. During the expanding process, the metal is stressed beyond its elastic limit. The process undergone by the metal in the course of expansion grants stiffness to the metal of the can body, of which would remain at the required expanded form while being further processed at the next operations.

***Necking Process***

Depending on the customer's requirement, certain cans may undergo an additional process such as necking. Necking is a process that reduces the diameter of the ends of the can body, so as to improve the stacking ability of closed cans.

Necking is done by means of calibrating tools moving axially relative to one another that reduces the body diameter in a wrinkle-free manner. Automated necking machines have compact and well-engineered design. They run smoothly without vibration and are noise protected. Central lubrication system, electronic speed regulation and brake system, and digital counter enable better production handling. The simple and robust design ensures short retooling time, quick and easy set-up, high operational reliability and long-term consistency of set-up settings.

***Flanging Process***

Before a complete can is formed, the can body would undergo further processes, depending on the cans specifications. Flanging is necessary as a preliminary step for seaming operation where the flanger would bend out a hook at the top and bottom of the body to facilitate the next seaming process.

Flanging machine is used for flanging outward on the top and bottom edges of can bodies. It engages either the spin-flanging or die-flanging techniques. Spin-flanging would flange the bodies through driven rotating flanging rollers in upper and lower flanging heads, rotating in opposite direction. The rollers effect of which tensions are reduced is particularly suitable for processing of thin or doubled-reduced tinplates. Die-flanging is by means of standstill profiled tooling, which is suitable for thicker tinplate of less hardness. Cans of different sizes can be flanged with replaceable parts. Simple replacement of few parts enables the machine to changeover in a shorter time.

---

## 5. INFORMATION ON THE JTB GROUP

---

### ***Beading Process***

Similarly, depending on the customer's requirement, certain cans may undergo an additional process such as beading. The bead geometry and the beading process are responsible for can stability, expressed in terms of implosion and axial strength characteristics, and thus determine the degree to which down gauging is possible whilst meeting the specified load requirements.

Rotating internal and profiled stationary external tools produce reinforcing beads on the circumference of the can body. High accuracy of the profile is reached by the support of the internal tools. The machines have extremely high tooling stiffness which permits maximum dimensional accuracy even for precision beads, and, driven beading sleeves which eliminates slipping, even when processing smooth surfaces.

### ***Stamping Press and Curling Process***

The stamping press is used to make top lids, rings and bottom ends. The slitted tinplates are punched using the press machine according to the required shapes of the punched lids / ends which are then curled using the curling machine. A sealing compound is subsequently applied to the curled edges which provide an air-tight seal when the final cans are formed. For certain cans, flex spout and wire handles would be added to the lids.

Central to the system is the multi-die press, equipped with dies in an appropriate configuration and feed systems. The stamped parts are curled by downstream disk curlers, followed by rotational liners adapted to line output. Flawless curling is the basis for flawless seams. The automated processes enable excellent seam quality due to all-around curled lids and bottoms, and best lining quality on the pre-curved edge of the seaming panel. Simple modification could be performed for processing different specifications of lids, rings and ends. The optimum design allows the most efficient and effective working conditions, while the motor-driven opening, closing and locking of the tool carrier enables easy maintenance.

### ***Seaming Process***

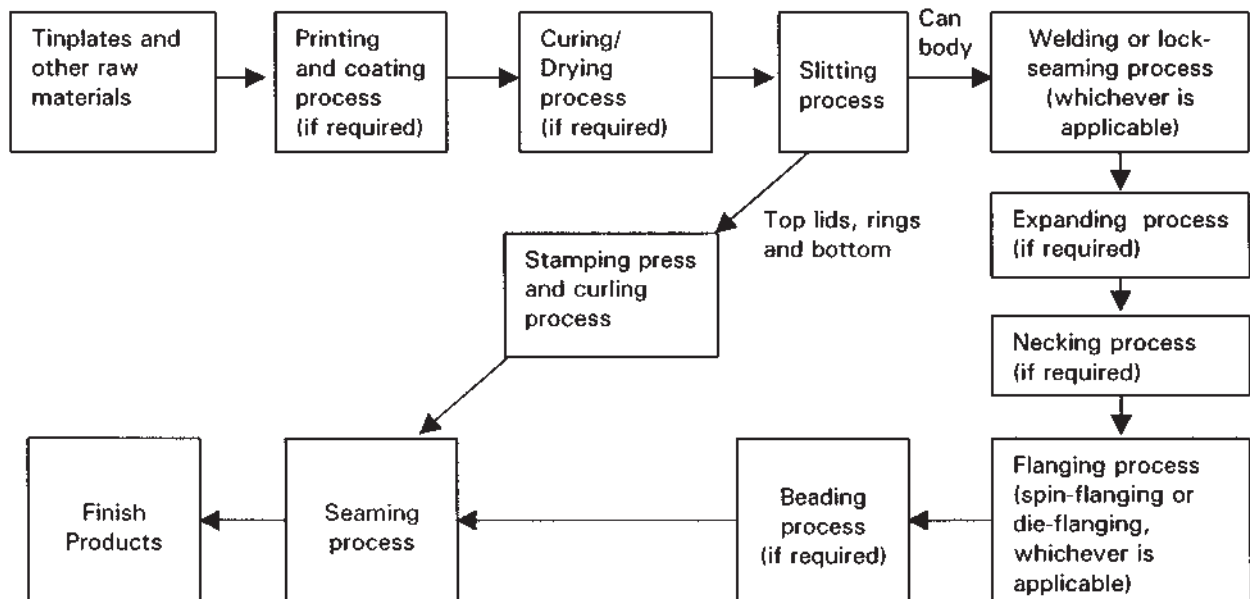
A complete can is only formed after undergoing the seaming process, where the top lid and/or bottom end are seamed to the can body. Seaming is the process where the curls of the lids and ends are interlocked with the flange of the can body before being ironed to form a tight lock.

The can bodies are transported via conveyors to the automatic seamer where they are fed to the seaming station by the seamer's star-conveyor. The lids/ends which are stacked at the discharge racks, would be automatically fed to the seaming station to synchronise with the arrival of the can bodies for the seaming rollers to perform the seaming operations. The cam-controlled seaming rollers produce the double seam between the lid/end and the can body, in which the interlocking and ironing are done.

Subsequent to the seaming process, the complete can is formed and is ready for delivery.

## 5. INFORMATION ON THE JTB GROUP

The flow chart below illustrates the main production process of the tin cans:



The production process of plastic jerry cans is less complexed. The major raw material, high density polyethylene resin, would first be mixed thoroughly with the colour pigment before being loaded into the auto-blow moulding machine where the mixture would be melted and blown into shape. Design and labelling on the formed cans would then be made by silk-screening or pasting with a sticker.

### 5.4.6 Market Position

There is currently no official statistics available on the value of the tin can manufacturing industry in Malaysia. However, based on the Independent Report prepared by Robertson Stephens Inc., the total sales value of general tin cans in Malaysia is estimated to be in the region of RM748.7 million in 2001. For the corresponding period above, the JTB Group recorded sales of approximately RM73.9 million which approximates 9.9% of the total sales value of general tin cans in Malaysia.

Based on the Independent Report by Robertson Stephens Inc., the current main market player in the tin can manufacturing industry is Kian Joo Can Factory Berhad 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.

To maintain its market position, the Group has intensified its efforts to have a wider reach through the setting-up of a factory to manufacture tins, cans and other containers in Klang, Selangor in 2001 to service some of its clients' needs as well as to tap onto the region's market. The Group has also ventured into other forms of packaging, namely, the manufacturing of plastic jerry cans as a means of diversifying its market.

Further, the Group's focal aim in delivering quality products and reliable after-sales services has rewarded the Group with its own network of loyal customers, which is one of the cornerstone successes of the Group.

The Group will further enhance its business operations through the progressive automation of its semi-automatic machines to fully-automatic machines to match and service its clients' needs.

---

**5. INFORMATION ON THE JTB GROUP**

---

**5.4.7 Principal Markets****JTF**

The principal markets for JTF's products are the food industry, namely, manufacturers of biscuits, edible oil whilst others are in the industrial sector, namely, manufacturers of paint and chemical products.

Approximately 12% of its total revenue in 2002 is derived from the export market, principally Singapore.

The biscuits market segment contributed approximately 44.62% to JTF's total revenue in FY 2002. Britannia Brands (Malaysia) Sdn Bhd, which produces the Danone, Jacob's and Britannia range of quality biscuits represents JTF's largest customer with 32.53% share of its total revenue. The revenue contribution from the biscuits market segment is the highest among the three (3) major market segments which JTF's operates under.

The edible oil market segment contributed approximately 24.78% to JTF's total revenue in FY 2002. JTF's two (2) largest customers in the edible oil market segment include PGEO Edible Oils Sdn Bhd and Sime Darby Edible Products Ltd.

The paint and chemical market segment contributed approximately 19.62% to JTF's total revenue in FY 2002. Advance Technology Coatings Sdn Bhd and Seamaster Paint (Mfg) Bhd are two (2) of JTF's largest customers.

**UNI**

The principal market for UNI's products is mainly the food industry, namely, manufacturers or canners of sweetened condensed milk, pineapples, edible oil and ghee as well as processed food and the industrial sector, namely manufacturers of paint and chemical.

The market segment for sweetened condensed milk, pineapples, edible oil and ghee, and processed food against the total revenue of UNI in FY 2002 is approximately 65.58%, 21.42%, 11.19% and 1.50% respectively and approximately 0.31% for the paint and chemical market segment.

UNI's largest customer is Etika Dairies Sdn Bhd with approximately 43.29% share of total revenue in FY 2002, followed by Lee Pineapple Co Pte Ltd with approximately 21.42% share and Sime Darby Edible Products Ltd with approximately 11.08% share.

**KTCF**

The principal market for KTCF's products is mainly the food industry, namely, manufacturers of biscuits.

KTCF's two (2) largest customers include Hup Seng Perusahaan Makanan (M) Sdn Bhd and Munchy Food Industries Sdn Bhd with a combined share of approximately 83.11% of the total revenue in FY 2002.

**PT Medan**

The principal market for PT Medan's products is mainly the food industry, namely, manufacturers of biscuits.

PT Medan's existing major customers are PT Danone Biscuit Indonesia and PT Asia Sakti Wahid Foods Manufacture.



---

## 5. INFORMATION ON THE JTB GROUP

---

### 5.4.8 Sources and Availability of Raw Materials

Raw materials for the production of tin cans include tinplate, copper wire, lining compound, printing ink and lacquer. Local tinplate supply is presently dominated by Perusahaan Sadur Timah Malaysia Berhad (Perstima) being the sole manufacturer in Malaysia. Perstima is located in Pasir Gudang, Johor which is within close vicinity to JTB's group of companies.

The JTB Group sources its tinplate requirement from Perstima and also imports from overseas suppliers. Supply of tinplate is generally sufficient and adequate. JTB Group imports approximately 24% of its tinplate requirement. Pricing with Perstima is contracted on both quarterly or half-yearly basis and the price changes are in tandem with world prices.

Imported tinplate are sourced from China, Korea, Japan, Australia and the United States. Generally, prices for imported tinplate of comparable grading have a variance of less than 10% variance between overseas suppliers. Lacquers are available locally and from overseas. Local suppliers are ICI Paints, GG Inks, DIC and Coates Brothers. Lacquers are also imported from neighbouring countries like Singapore and Thailand. There are available suppliers and thus, pricing of both local and imported materials are quite similar.

Lining compound for the Group is mostly supplied by WR Grace from Selangor. Imports are from Thailand. There is no shortage of supply and prices are quite constant with minimal fluctuation. Printing ink is widely available locally from large and small ink manufacturers. Local suppliers include GG Ink, DIC and Coates Brothers. Prices are competitive due to a large number of suppliers.

Copper wire is supplied by Metrod Bhd and Alpha Industries Bhd. Metrod Bhd is situated in Bukit Raja, Selangor while Alpha Industries Bhd is situated in Johor Bahru, Johor. Prices are based on the commodity prices of copper in the world market plus manufacturing cost. Thus, both companies' prices are quite at par with less than 5% variance.

*(Source: Independent Report prepared by Robertson Stephens Inc.)*

However, PT Medan sources its tinplates from its major customer, PT Danone Biscuit Indonesia, which in turn, purchases part of its tinplate requirements from JTB Group.

The major raw material for the production of plastic jerry cans is high density polyethylene resin which is supplied by Titan Polyethylene (Malaysia) Sdn Bhd, Commercial Plastic Industries Sdn Bhd and Chevron Phillips Singapore Chemicals (Private) Limited. There is generally no shortage of supply and prices are competitive due to the large number of suppliers.

### 5.4.9 Quality Control Procedures

Quality control is an important aspect of the Group's production lines, be it semi-automatic or fully-automatic lines. Quality control procedures are essential to meet the specification of the client, in terms of quality, and also to ensure minimal defective rates and thus, generate greater cost efficiencies.

Hence, the Group applies quality control and checking at various stages of its production lines. The quality control process begins at the initial check point upon the sourcing of raw materials. The main raw material which is the tinplates is sourced both locally and from overseas, from reputable suppliers. The consistency of the thickness and the quality of the make of the tinplates are important as the final products i.e. the tin cans, are essentially used for food and industrial purposes and must be able to meet the stringent requirements of its clients.

---

## 5. INFORMATION ON THE JTB GROUP

---

For example, tin cans which are produced for its biscuits' clients must be well-concealed and sufficiently air-tight to preserve the crispness and freshness of the biscuits manufactured. Similarly, the tin cans used for preservative fruits such as pineapples must be able to maintain the character, colour and flavour of the fruits. Defective tin cans may lead to contamination and hence, is one of the main reasons for the Group's perseverance in applying its quality control procedures.

In the case of industrial purposes, the tin cans produced should also be well-concealed and sufficiently air-tight with no leakages to retain the quality and consistency of the paint or chemical form.

The tinplates are usually checked and categorised accordingly in line with their end-product usage. At the production lines, quality checks are conducted at various stages and the defective parts are set aside. The quality checks also include the lithograph process which includes the colour and print quality and are important considerations for the clients' marketing and quality branding.

UNI has obtained its ISO certification 9002:1994 from Chamber Certification Assessment Services Ltd (UK) in June 2001 whilst JTF and KTCF are embarking on similar ISO programmes to obtain their ISO certification.

The quality control procedures are further elaborated below:

**a) *Printing Process***

Incoming tinplates for printing are checked according to the tinplate specification to ensure that the correct tinplates are used for the specific jobs. Visual check is carried out on the coating, lacquering and varnishing processes. These processes must produce a smooth and even coated surface. The printing process is checked by way of colour comparison to the approved master copy. The different layers of colours and designs should be in precise alignment and specification in order to produce the required result. The curing processes are tested using the tape test to ensure that the coat and print are firmly adhered to the tinplates and are cured thoroughly.

**b) *Slitting Process***

The tinplates must be slitted precisely. The slitting process is checked by way of visual checking and by measuring the length and width with measuring instruments.

**c) *Ends / Lids Forming Process***

Incoming slitted tinplates are checked for its specific measurement before punching is made. Punched ends / lids are visually checked for punching quality. Curled edges are checked by measuring the curls heights and diameter, while the compound lining is checked by weighing the compound film weight and visual checking on its distribution. For lids with flex spout and wire handle, the position and diameter of the flex spout hole are measured while the position of the handle is checked visually.

**d) *Body and Can Forming Process***

Incoming slitted tinplates are checked for its specific measurement before the body is seam-locked or welded. Once the body is seam-locked or welded, it would undergo a tear test by using a pair of pliers to check the strength of the joint. The side-stripe lacquered joint is tested by way of acid test while the post curing is visually checked. The expanding process for rectangular cans is visually checked for the expanded body. Visual checking is also done for the necking process while the beading process and flanging process are tested for its beading depth and flange width respectively by using a vernier calliper. The seamed lid / end and body would undergo a double-seam specification test to ensure that the curl and flange have been firmly seamed. For cans with ear spot and wire handle, a test is carried out by using grip pliers.

## 5. INFORMATION ON THE JTB GROUP

### 5.4.10 Interruptions to Operations

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

### 5.4.11 Employees

As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the total employees employed by the JTB Group are as follows:

Company	Number of Employee		
	Local	Foreign	Total
JTB*	-	-	-
JTF	211	26	237
UNI	104	4	108
KTCF	72	11	83
PT Medan	-	3	3

**Note:**

\* JTB was incorporated as an investment holding company with key management and employees being directly employed by each respective subsidiary

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

Category	JTF		UNI		KTCF		PT Medan	
	Number of Employee	Average length of services (years)	Number of Employee	Average length of services (years)	Number of Employee	Average length of services (years)	Number of Employee	Average length of services (years)
Executive Director	2	29	1	15	2	19	1	-
Management and executive staff	7	19	4	8	1	28	-	-
Technical and supervisory staff	46	12	24	5	7	10	-	-
Clerical and administration staff	11	5	6	5	2	0	-	-
Production workers								
- Skilled	54	19	14	11	29	12	-	-
- Unskilled	100	1	59	1	40	1	2	-
Material handling and logistics staff	17	9	-	-	2	9	-	-
<b>Total</b>	<b>237</b>		<b>108</b>		<b>83</b>		<b>3</b>	

Apart from the employees of JTF who belong to the Kesatuan Pekerja-Pekerja Perusahaan Logam (Metal Industry Employees' Union), the other employees of the Group do not belong to any other union.

Further, there is and has been no labour or industrial dispute in the past.

### 5.4.12 Key Achievements / Milestones

With a view to improving its business processes, effectiveness and efficiency, and to ensure consistency in the quality of the products and services being rendered, one of the subsidiaries of the Group, namely, UNI, embarked on the ISO programme and successfully obtained the ISO 9002:1994 certification from Chamber Certification Assessment Services Ltd (UK) in June 2001. The ISO certification affirms the commitment of the Group's management towards meeting its customers' needs.