

5. INFORMATION ON THE JTB GROUP

5.4.13 Modes of Marketing and Distribution

The marketing and promotion activities undertaken by the Group are led by the senior management team of the Group and actively promoted by its team of marketing personnel. The Group essentially markets its products directly to its customers and are able to price its products competitively. Its pool of clients has over the years been built up through networking amongst its business associates, customers and suppliers.

Some of the key points marketed by the Group are its reliability in delivering quality and consistent products, its efficient distribution network with timely deliveries as well as the capability and flexibility of the Group to meet its customers' requirements. The long-term customer-relationships which the Group has are a strong testimony of the Group's reliability.

In terms of distribution network, the Group has in place distribution channels to respond quickly to its customers' demands. The delivery time is further shortened as the Group distributes directly from its factory premises to its customers' warehouses. For its local and Singaporean clients, the Group distributes the tin cans through road transport whilst for the overseas clients, distribution is through sea transport.

5.4.14 Production Capacity and Capacity Utilisation

(The estimated output capacity of the JTB Group is based on the assumption of 6,000 hours of production time, calculated on the basis of 20 hours per day, 25 days per month and 12 months per annum of production time.)

JTF

JTF's estimated output capacity and capacity utilisation is illustrated below:

JTF Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
1 kg Auto Biscuit line (2 lines)	15.00	5.00
	3.50	1.00
1 litre Semi-Auto Paint line	5.50	1.50
1.75 & 7 litre Semi-Auto Paint line	4.50	1.00
4 gallon Auto Edible Oil/Chemical line (2 lines)	7.50	3.00
4 gallon Semi-Auto Edible Oil/Chemical line	2.00	0.78
3 litre, 5 litre and 1 gallon Rectangular Auto line	4.75	1.90
20 litre jerry cans line (2 lines)	0.72	0.69
Total capacity (million units p.a.):	39.97	
Total utilisation (million units p.a.):		13.87
Capacity utilisation (%):		34.70

JTF has the capacity to cater for additional output demand. Based on the above analysis, out of the estimated total capacity of 39.97 million units per annum, approximately 13.87 million units per annum have been utilised yielding a capacity utilisation of about 34.70%.

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UNI

UNI's estimated output capacity and capacity utilisation is illustrated below:

UNI Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
Auto line 1 (Veaw-K)	13.00	3.00
Auto line 2 (VAA-K100)	48.00	27.00
Auto line 3 (ABM)	90.00	75.00
Auto line 4 (FBB)	110.00	50.00
Semi-Auto Pail line	0.50	0.10
Total capacity (million units p.a.):	261.50	
Total utilisation (million units p.a.):		155.10
Capacity utilisation (%):		59.31

UNI's capacity utilisation is approximately 59.31% and has the capacity to cater for an increase in demand for its products.

KTCF

KTCF's estimated output capacity and capacity utilisation is illustrated below:

KTCF Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
4 gallon Semi-Auto Biscuit line	1.35	0.58
1 kg Auto Biscuit line	7.50	2.60
1 kg Semi-Auto Biscuit line	2.78	1.35
Semi-Auto Round Can Biscuit line	0.66	0.43
Total capacity (million units p.a.):	12.29	
Total utilisation (million units p.a.):		4.96
Capacity utilisation (%):		40.36

KTCF's capacity utilisation is approximately 40.36% with total capacity of 12.29 million units per annum being utilised at approximately 4.96 million units per annum.

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

PT Medan

PT Medan's estimated output capacity and capacity utilisation is illustrated below:

PT Medan Operations Statistics	Output Capacity (million units p.a.)	Utilisation (million units p.a.)
½kg Semi-Auto Biscuit line	2.16	0.72
Dia 6-inch Round Biscuit line	1.80	1.20
Total capacity (million units p.a.):	3.96	
Total utilisation (million units p.a.):		1.92
Capacity utilisation (%):		48.48

PT Medan's capacity utilisation is approximately 48.48% with total capacity of 3.96 million units per annum being utilised at approximately 1.92 million units per annum.

5. INFORMATION ON THE JTB GROUP

5.4.15 Location

The location of production facilities and place of business of the JTB Group are as follows:

JTF

Factory Office:

- i) 5 & 7 Jalan Gagah
Larkin Industrial Area
80350 Johor Bahru
Johor Darul Takzim

- ii) Lot 62580
Batu 8 ½
Jalan Skudai
81300 Skudai
Johor Darul Takzim

KTCF

Factory Office:

- i) 5 Jalan Masyuri
Kawasan Perindustrian Kluang
86000 Kluang
Johor Darul Takzim

- ii) 39, 41 & 43
Jalan Lau Kim Teck
Kawasan Perusahaan Kluang
86000 Kluang
Johor Darul Takzim

UNI

Factory Office:

- i) Lot 62580
Batu 8 ½
Jalan Skudai
81300 Skudai
Johor Darul Takzim

- ii) Lot No. 5028
Jalan Teratai
Batu 5 ½ Off Jalan Meru
Klang
Selangor Darul Ehsan

PT Medan

Factory Office:

- i) M.G. Manurung
No. 6, Timbang Deli
Amplas,
Medan-Sumut,
20148 Indonesia

The production facilities and business premises are strategically located with close proximity to some of its major customers in the Johor region, thus improving both its operating efficiency and delivery times.

In an effort to further improve its operating efficiencies, the Group intends to streamline and relocate the major operations and production lines of JTF and UNI to a new factory in Senai, Johor Darul Takzim. Construction on the new factory is expected to commence in the second quarter of 2005 and is expected to be completed by the end of 2005. Commencement of the said construction is subject to the JTB Group obtaining the approval from the relevant local authorities.

Meanwhile, the factory in Klang under UNI was set-up in 2001 to cater to its customers' needs and further expand its reach to the major sweetened condensed milk manufacturers whom are mostly located in the Klang Valley.

Further information on the landed properties of the Group is set out in Section 9.2 of this Prospectus.

5. INFORMATION ON THE JTB GROUP

5.5 Information on Subsidiaries

5.5.1 Information on JTF

(a) History and Business

JTF (16986-A) was incorporated in Malaysia on 31 December 1973 as a private limited company under the Companies Act, 1965. Its principal activities are manufacturing of various tins, cans and other containers, and printing of tinplates.

(b) Major Shareholders

The major shareholder of JTF and its effective interest held in JTF is as follows:

Name	Effective interest held (%)
JTB	100.0

(c) Changes in Share Capital

JTF presently has an authorised share capital of RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of JTF since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
31.12.73	4	1.00	Subscribers' shares	4
12.02.74	299,996	1.00	Cash	300,000
29.08.77	99,997	1.00	Cash	399,997
21.07.84	199,997	1.00	Bonus Issue	599,994
15.08.84	199,997	1.00	Cash	799,991
02.09.85	199,996	1.00	Cash	999,987
25.04.87	333,326	1.00	Cash	1,333,313
02.07.91	70,000	1.00	Cash	1,403,313
01.08.91	1,403,313	1.00	Bonus Issue	2,806,626
16.07.92	820,303	1.00	Cash	3,626,929

(d) Subsidiary and associated companies

As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), JTF has incorporated a limited liability company, PT Medan, in Medan, Indonesia, of which it has 90% interest, to carry on the business of manufacturing of tins, cans, tinplates and other relevant business for domestic sales. Pursuant to the said incorporation, JTF has invested a sum of Rp810,000,000 as part of the issued and paid-up share capital of PT Medan. JTF will be investing a further balance of Rp810,000,000 in PT Medan after its incorporation. The incorporation of PT Medan was also to cater for its customer PT Danone Biscuits Indonesia with which JTF has contracted to sell a yearly quantity of 1,900,000 pieces of rectangular tins and 640,000 pieces of round tins.

5. INFORMATION ON THE JTB GROUP

5.5.2 Information on UNI

(a) History and Business

UNI (174146-A) was incorporated in Malaysia on 21 September 1988 as a private limited company under the Companies Act, 1965. Its principal activities are manufacturing of various tins, cans and other containers.

(b) Major Shareholders

The major shareholder of UNI and its effective interest held in UNI is as follows:

Name	Effective interest held (%)
JTB	100.0

(c) Changes in Share Capital

UNI presently has an authorised share capital of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of UNI since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
21.09.88	2	1.00	Subscribers' shares	2
20.12.88	399,998	1.00	Cash	400,000
04.12.91	600,000	1.00	Cash	1,000,000
25.03.92	400,000	1.00	Cash	1,400,000

(d) Subsidiary and associated companies

As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), UNI has no subsidiary or associated company. However, it has a 10% interest in PT Medan.

5.5.3 Information on KTCF

(a) History and Business

KTCF (21926-V) was incorporated in Malaysia on 7 February 1975 as a private limited company under the Companies Act, 1965. Its principal activities are manufacturing of various tins, cans and other containers.

(b) Major Shareholders

The major shareholder of KTCF and its effective interest held in KTCF is as follows:

Name	Effective interest held (%)
JTB	100.0

5. INFORMATION ON THE JTB GROUP**(c) Changes in Share Capital**

KTCF presently has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of KTCF since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
07.02.75	3	1.00	Subscribers' shares	3
01.05.75	84,000	1.00	Cash	84,003
10.02.82	4,200	1.00	Cash	88,203
13.03.84	105,000	1.00	Cash	193,203
15.05.85	38,640	1.00	Cash	231,843
10.07.91	231,843	1.00	Bonus Issue	463,686
30.09.93	231,843	1.00	Cash	695,529

(d) Subsidiary and associated companies

As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), KTCF has no subsidiary or associated company.

5.5.4 Information on PT Medan**(a) History and Business**

PT Medan was incorporated in Indonesia on 20 August 2003 as a limited liability company under the laws of the Republic of Indonesia. Its principal activities are manufacturing of tins, cans, tinplates and other relevant business for domestic sales.

The JTB Group is currently in the process of attending to the registration of PT Medan with the Indonesian Registrar of Companies and the publication thereafter in the State Gazette in order to finalise the incorporation process of PT Medan in Indonesia.

(b) Major Shareholders

The major shareholders of PT Medan and their effective interest held in PT Medan are as follows:

Name	Effective interest held (%)
JTF	90.0
UNI	10.0

(c) Changes in Share Capital

PT Medan presently has an authorised share capital of Rp3,600,000,000 comprising 4,000 ordinary shares of Rp900,000 each. The changes in the issued and paid-up share capital of PT Medan since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value Rp'000	Consideration	Total issued and paid-up share capital Rp'000
22.07.03	2,000	900	Cash	1,800,000

Note: Being the signing date of PT Medan's deed of establishment.

(d) Subsidiary and associated companies

As at 29 August 2003 (being the latest practicable date prior to the printing of this Prospectus), PT Medan has no subsidiary or associated company.

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5.6 Industry Overview

Tin can manufacturing is a component of the packaging industry and generally, is closely linked to the overall performance of the country's economy as well as the global economy.

There are many players in this industry, for example, apart from tin can containers, other forms and types of packaging would include aluminium cans, glass jars and containers, plastic bags and containers as well as polyethylene plastic bottles (PET), and paper, board packaging or corrugated paper. The performances of these players, in turn, are largely determined by the sectors or industries in which their customers are based.

The JTB Group is principally involved in manufacturing of tins, cans and other containers with its customers based in the food and industrial sectors and hence, may be affected by the vagaries of these sectors. Specifically, JTF's customers are involved in the production of biscuits, edible oil as well as paints and chemicals. UNI's customers are involved in the production of sweetened condensed milk, pineapples, edible oil and ghee as well as processed food whilst KTCF's customers are principally involved in the production of biscuits. In view of the diversified nature of the customers' businesses, the industry assessment will thus, include an assessment of these various sectors, namely, manufacturing, construction (which affects the paint segment) and services sector (which includes, among others, wholesale and retail trade, hotel and restaurants and other services) as further explained in the ensuing sections.

5.6.1 The Malaysian Economy

The Malaysian economy entered 2002 on a stronger footing, after recovering from a downturn experienced in the last two quarters of 2001. Riding on the back of an earlier-than-expected recovery of the United States economy and a stronger outturn in the later half of 2002, the Malaysian economy is expected to register a higher but moderate growth in gross domestic product (GDP).

Real economic growth turned positive in the first quarter 2002 and strengthened to 5.6% in the fourth quarter 2002. For the year 2002 as a whole, real GDP expanded by 4.2% compared with 0.4% in 2001.

Economic growth was broad based, driven by strong domestic demand and reinforced by improved export performance. While public expenditure was strongly supportive of economic activity, growth was reinforced by sustained strength in consumer spending and external demand. Low interest rates, improved access to financing and the significant improvement in commodity prices provided strong stimuli for private sector expenditure to grow.

Real GDP is projected to grow at 4% - 5% as targeted in the Budget 2002, within an environment of low inflation and stronger economic fundamentals, supported by both prudent fiscal and accommodative monetary policies. With more employment created due to better all-round economic performance, unemployment will be contained with the economy continuing to operate under full employment.

5. INFORMATION ON THE JTB GROUP

The Malaysian economy, with the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors, is now poised to benefit from the much-improved global economic environment projected for 2003. Output expansion is anticipated in all sectors of the economy, with GDP envisaged to chalk 6% - 6.5%, arising from a broader based economy with growth emanating from a more pronounced role of a revitalised and dynamic private sector.

Going forward, in an environment of heightened uncertainty in the global economy, growth in the Malaysian economy would be domestically driven, supported by a modest growth in external demand. Real GDP growth has the potential to be sustained in the region of 4.5% in 2003 (4.2% in 2002). However, unlike 2002, when the public sector remained the principal driver of economic growth, private sector demand is expected to assume a more significant role in driving economic expansion in 2003. The improved domestic fundamentals would provide support for the sustained consumption and continued recovery in private investment. The public sector, whilst consolidating, would remain supportive of growth. External demand, however, remains a concern for possible downside risks. Malaysia's increased resilience provides the authorities with the policy flexibility to enhance domestic sources of growth. Hence, policies in 2003 would focus on promoting domestic-led private sector driven growth, with the Government providing a positive enabling environment for private sector activities and initiatives.

(Source: Bank Negara Malaysia Annual Report 2002 and Economic Report 2002/2003)

The performances of the main sectors of the economy and the real GDP of the country for the past six (6) years are illustrated as follows:

Year	1997	1998	1999	2000	2001	2002 (Estimate)
Year-on-Year growth	%	%	%	%	%	%
Construction	9.5	-23.0	-5.6	1.0	2.3	3.8
Agriculture, livestock, forestry and fishing	1.3	-4.5	3.8	0.6	1.8	1.1
Manufacturing	12.5	-13.7	13.5	21.0	-6.2	5.1
Mining and quarrying	1.0	1.8	-3.1	3.1	1.6	2.0
Services	8.0	-0.8	3.3	4.8	5.7	5.3
Real GDP	7.7	-7.5	5.8	8.3	0.4	4.0-5.0

(Sources: Economic Report 1996/1997 to 2002/2003)

Note:

Services sector comprises the following sub-sectors: Electricity, gas and water; Transport, storage and communications; Wholesale and retail trade, hotel and restaurants; Finance, insurance, real estate and business services; Government services and other services.

5.6.2 Performance of the Related Sectors

Manufacturing Sector

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

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Construction Sector

Growth in the construction sector continued to be bolstered by projects implemented under the fiscal stimulus programme and housing development, thus contributing to a stronger growth of 3.8% in 2002 (2001: 2.3%). At the same time, the Government reviewed procedures, rules and guidelines as well as established a special task force to ensure that the implementation of public and privatised projects are carried out as scheduled and, therefore, produce the intended impact.

Services Sector

The Government's strategy to diversify sources of growth of the economy has contributed significantly to the growth of the services sector. In 2002, the services sector is expected to expand by 5.3% (2001: 5.7%). The sector remains the largest contributor to growth and accounts for 57% of total real GDP (2001: 56.6%). Within the sector, growth will continue to be broad based, with bigger increases coming from the wholesale and retail trade, hotels and restaurants as well as the finance, insurance, real estate and business services sub-sectors. Given that the services sector accounts for 57% of GDP, the overall stronger growth from the sector and the anticipated marked deterioration in the contribution from the manufacturing sector will result in the services sector providing the leading contribution to overall growth of 4% - 5% to GDP growth in 2002.

(Source: Economic Report 2002/2003)

5.6.3 The Tin Can Manufacturing Industry**(i) Past Performance of the Industry**

The production of tin cans has been growing at a cumulative average growth rate (CAGR) of 4.8% for the period 1993 to 2002. During the period 1993 to 2002, the industry experienced uneven growth rates due to the changes in the economic climate in Malaysia. Growth rates were particularly strong in 1995 and 1997 whereby in both years, growth rates were above 20%. The decrease in total output production in 1996 was primarily due to a closure of a major tin can manufacturer. Due to the economic crisis in 1998, production of tin cans fell 21.6% that year. The industry has since recovered and returned to its normalised growth path. In 2002, total unit of tin cans produced increased by 10.2% to 1,662,511. Between the period January to February 2003, the total unit of tin cans produced increased by 18.0% compared to the same corresponding period in year 2002.

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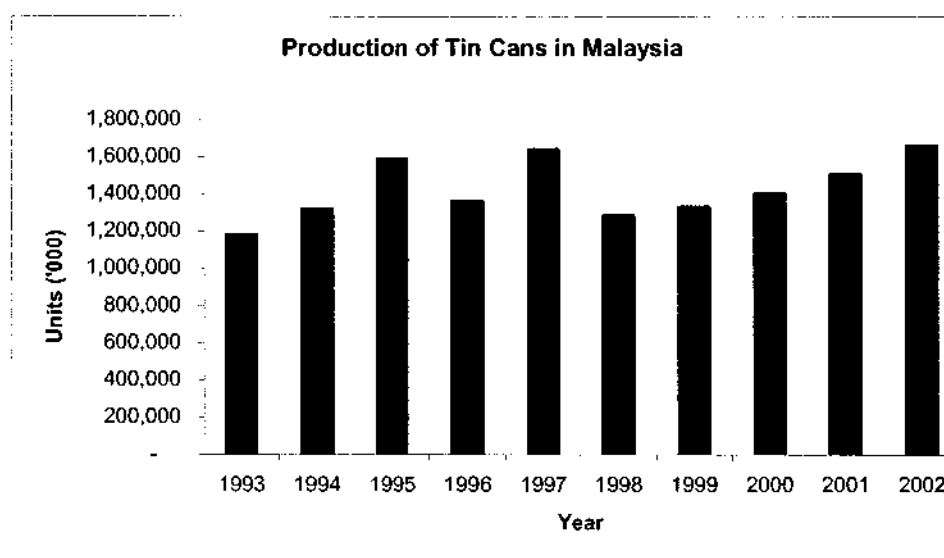
Production of Tin Cans in Malaysia

Year	Tin Cans and all other tins ('000 units)	Growth (%)
1993	1,182,213	-
1994	1,318,617	11.5
1995	1,590,660	20.6
1996	1,364,169	(14.2)
1997	1,641,957	20.4
1998	1,287,422	(21.6)
1999	1,332,962	3.5
2000	1,409,577	5.7
2001	1,507,677	6.9
2002	1,662,511	10.2
2003 (Jan-Feb)	306,131	
2002 (Jan-Feb)	259,434	18.0
CAGR 1993-2002 (%)		4.8

(Source: Department of Statistics)

The tin canning industry in Malaysia is matured judging from the growth pattern from 1993 to 2002 which registered a CAGR of 4.8%.

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



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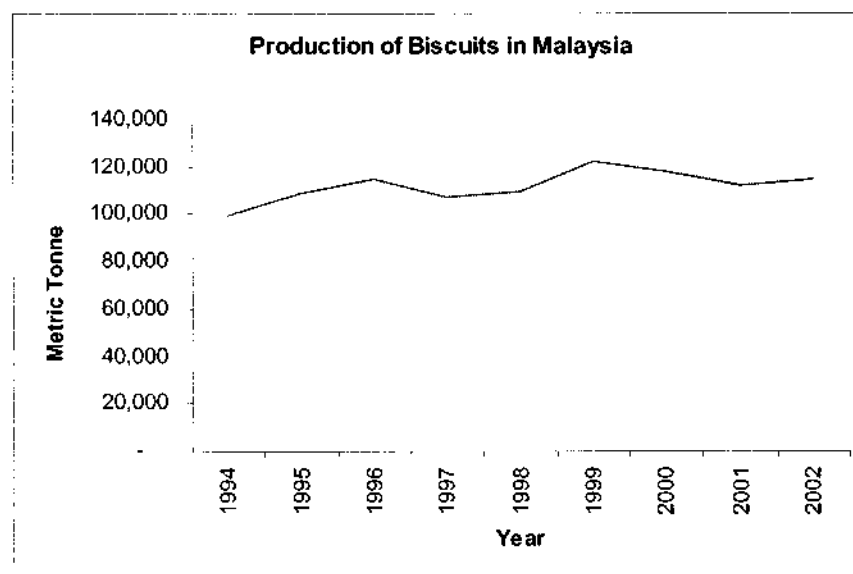
(ii) Future Prospects of the Industry

The prospects of the Group's business in the tin can manufacturing industry are largely dependent on the future growth of the sub-sectors which its customers are based. The cumulative growth pattern of these sub-sectors may be further analysed to ascertain the future prospects of tin can manufacturing and its likely impact on the JTB Group:

(a) Production of Biscuits in Malaysia

Year	Biscuits (Metric Tonne)
1994	99,503
1995	108,810
1996	114,878
1997	107,017
1998	109,306
1999	122,380
2000	117,886
2001	112,055
2002	114,886
CAGR 1994–2002 (%)	2.0
2003 (Jan-Feb)	17,402
2002 (Jan-Feb)	17,495
Growth (%)	0.0

(Source: Department of Statistics)



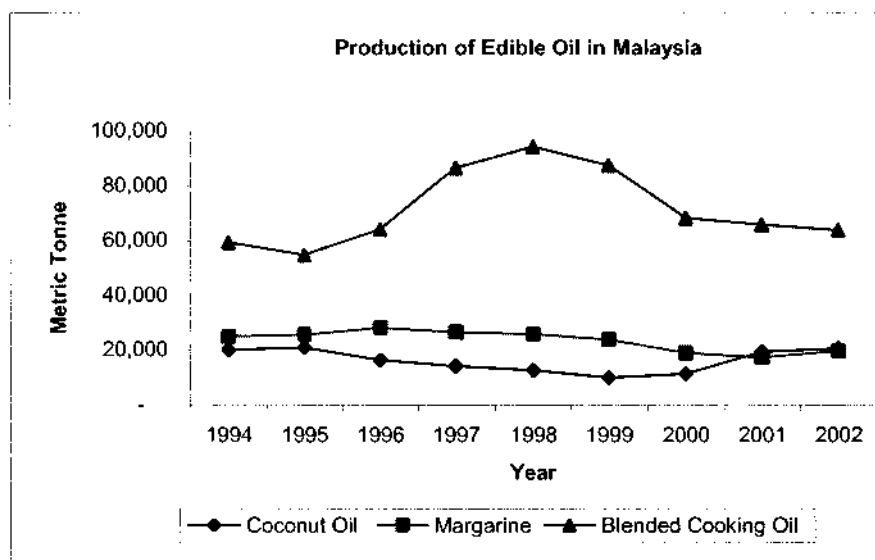
Production of biscuits has been growing at CAGR of approximately 2.0% for the period 1994 to 2002. The steady demand for biscuits augurs well for the JTB Group which is perceived to be one of the largest biscuits can manufacturers in Malaysia.

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(b) Production of Edible Oil in Malaysia

Year	Coconut Oil (Metric Tonne)	Margarine (Metric Tonne)	Blended Cooking Oil (Metric Tonne)	Total (Metric Tonne)
1994	20,116	24,973	59,386	104,475
1995	20,990	25,622	54,852	101,504
1996	16,409	28,141	64,238	108,788
1997	14,154	26,572	86,637	127,363
1998	12,615	25,842	94,404	132,861
1999	9,955	23,911	87,560	121,426
2000	11,301	18,987	68,299	98,587
2001	19,439	17,303	65,826	102,568
2002	20,587	19,679	63,837	104,103
CAGR 1994-2002 (%)	3.5	(2.4)	2.2	N/A
2003 (Jan-Feb) to 2002 (Jan-Feb) Growth (%)	25.7	110.0	(16.4)	N/A

(Source: Department of Statistics)



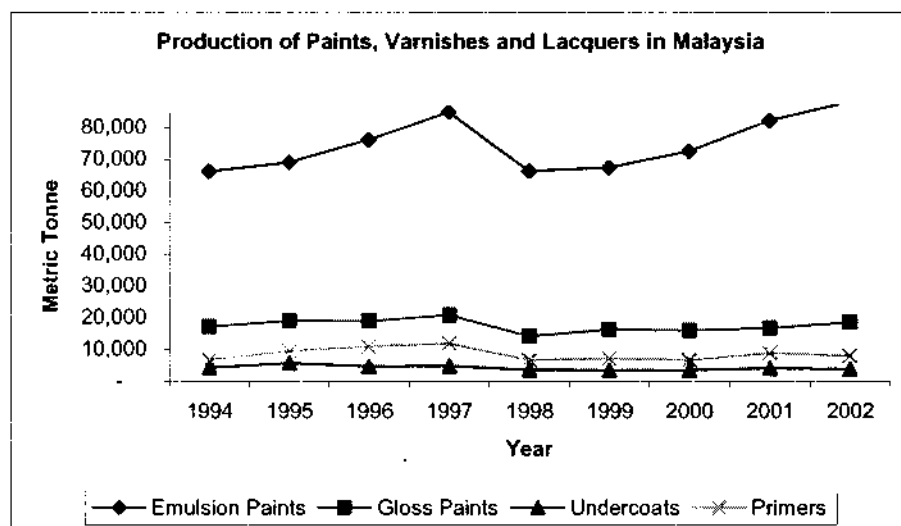
The JTB Group is benefiting from the relatively steady demand for coconut oil and blended cooking oil that registered a CAGR of approximately 3.5% and 2.2% respectively from 1994 to 2002.

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(c) Production of Paints, Varnishes and Lacquers in Malaysia

Year	Emulsion Paints (Metric Tonne)	Gloss Paints (Metric Tonne)	Undercoats (Metric Tonne)	Primers (Metric Tonne)	Total (Metric Tonne)
1994	66,099	17,282	4,296	6,816	94,493
1995	68,991	19,024	5,725	9,627	103,367
1996	76,142	18,972	4,703	10,973	110,790
1997	84,893	20,894	4,800	11,888	122,475
1998	66,268	14,225	3,653	6,658	90,804
1999	67,362	16,370	3,485	7,118	94,335
2000	72,474	16,008	3,571	6,676	98,729
2001	82,203	16,693	4,134	8,922	111,952
2002	88,171	18,592	3,838	7,980	118,581
CAGR 1994-2002 (%)	3.4	0.65	0.9	6.7	N/A
2003 (Jan-Feb)	14,824	2,358	600	1,458	
2002 (Jan-Feb)	18,223	3,185	701	1,489	
Growth (%)	(18.6)	(25.9)	(14.4)	(2.0)	

(Source: Department of Statistics)



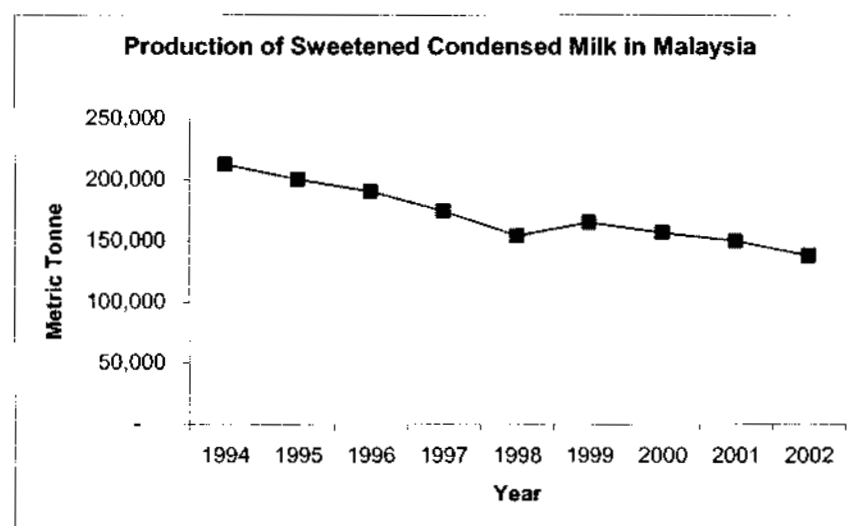
The total production of paints, varnishes and lacquers from 1994 to 2002 recorded a very marginal growth. Growth mainly stemmed from the primers and emulsion paints segment of the industry. The paint industry is cyclical in nature and highly dependent on the performance of the property development sector.

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(d) Production of Sweetened Condensed Milk in Malaysia

Year	Sweetened Condensed Milk (Metric Tonne)
1994	212,518
1995	200,242
1996	190,607
1997	174,673
1998	154,096
1999	165,119
2000	156,766
2001	149,878
2002	137,859
CAGR 1994-2002 (%)	(5.1)
2003 (Jan-Feb)	18,437
2002 (Jan-Feb)	24,133
Growth (%)	(23.6)

(Source: Department of Statistics)



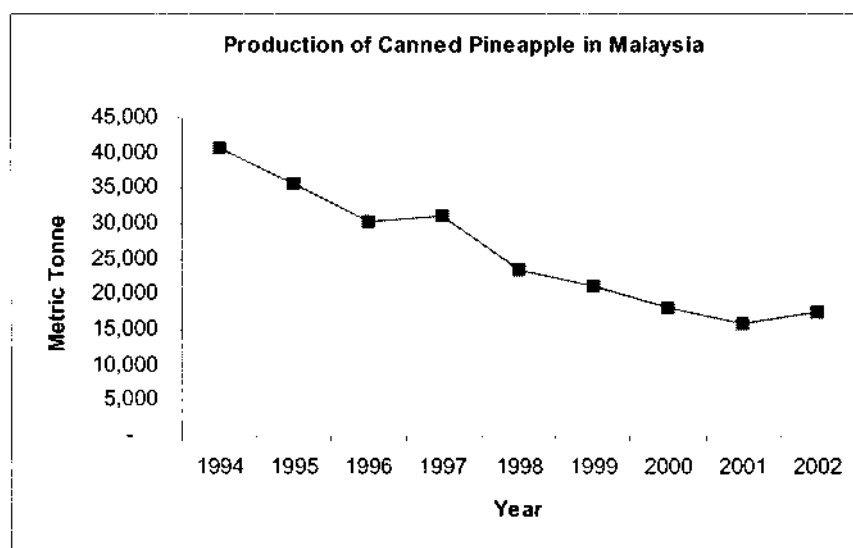
The production of sweetened condensed milk for the last six (6) years has been hovering between approximately 137,000 to 175,000 metric tonne levels.

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(e) Production of Canned Pineapples in Malaysia

Year	Canned Pineapple (Metric Tonne)
1994	40,851
1995	35,582
1996	30,274
1997	31,114
1998	23,453
1999	21,168
2000	18,253
2001	15,791
2002	17,505
CAGR 1994-2002 (%)	(9.5)
2003 (Jan-Feb)	3,308
2002 (Jan-Feb)	2,889
Growth (%)	14.5

(Source: Department of Statistics)



Demand for canned pineapple is rather cyclical in nature and has not been strong over the period 1994-2002. CAGR for the period is a negative 9.5%. It however recorded a growth of 14.5% between the period January to February 2003 compared to the same corresponding period in year 2002. This segment of the market is expected to be stagnant over the next three (3) years. The pineapple canning industry is facing problems ranging from unsuccessful cloning of higher yielding varieties to preferential treatment given to emerging competitor countries in the European Union (EU). To mitigate the full impact of the situation, the industry continues to expand its market into the Middle East countries and Japan.

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

5. INFORMATION ON THE JTB GROUP

(iii) Industry Players and Competition

Based on the Independent Report prepared by Robertson Stephens Inc., there are approximately more than thirty (30) tin can manufacturers in Malaysia 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 Group's main competitors are generally the local manufacturers such as Kian Joo Can Factory Berhad, a public company listed on the Main Board of the KLSE.

Companies within the tin can manufacturing industry are able to differentiate themselves by concentrating on certain niche areas such as through their geographical captive markets, the quality and reliability of their products and services, pricing strategies and also their established network of customers.

The factors that generally determine the profitability of a tin can manufacturing set-up would include the following:

- Capability and capacity of machinery;
- Competitive pricing;
- Effective distribution channels and network with timely deliveries;
- Location of the factory premises and its proximity to customers;
- Established customer base and profile;
- Reputable supplier base and profile;
- Quality and consistency of products and services offered;
- Management skills and commitment; and
- Marketing and promotional strategy.

(iv) Relevant Laws and Regulation Governing the Industry

The main legislation governing the JTB Group's principal activity is the Industrial Co-ordination Act, 1975 (Act). The objective of the Act is to ensure orderly development and growth in the manufacturing sector. The approvals received under the Act are summarised in Section 9.1 of this Prospectus.

In the case for PT Medan, the company will be governed by the rules and regulations on foreign investment under the laws of the Republic of Indonesia.

(v) Demand and Supply Conditions

Demand

The JTB Group's manufacturing of tins, cans and other containers is largely dependent on the future growth of the food and industrial sectors. For FY 2002, the Group exported approximately 12% of its total revenue to overseas, with Singapore remaining as the top export market for the Group.

5. INFORMATION ON THE JTB GROUP

Hence, the demand for the Group's products may be analysed as follows:

(a) Domestic Market

The manufacturing, construction and services sectors are expected to grow by 8.5%, 4.5% and 5.9% respectively in 2003. Correspondingly, the manufacturing, construction and services sectors grew by 5.1%, 3.8% and 5.3% respectively in 2002. As at the end of 2001, Malaysia's population of 24.013 million people is expected to increase by 2.1% annually to approximately 24.527 million in year 2002 and 25.048 million in year 2003. Per capita income in nominal terms is expected to rise from RM12,867, in 2001 to RM13,361 in 2002, while per capita purchasing power parity is expected to increase by 3.3% from USD8,146 to USD8,418 in the same period.

(Source: *Economic Report 2001/2002 and Economic Report 2002/2003*)

The increasing population coupled with the expected improvement in the per capita income which translates to higher levels of disposable income would generally augur well for the Group's business. Higher levels of disposable income would generally increase consumer spending on essential food items and other consumer goods. Besides rising disposable income, other factors such as lesser time to cook due to active commitments, western dietary influences or travel considerations would also result in higher demand for dry food such as biscuits, canned food and beverages.

Whilst the food sector is generally more resilient, the demand for paint or chemical used in the construction and industrial sectors is cyclical and more susceptible to the vagaries of these sectors.

(b) Export Market

The export of tin cans under SITC 692412191 ^{Note 1} between 1993 and 2002 has been commendable. The following is the table on exports of tin cans:

Exports of SITC 692412191 (RM' million)

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Exports (RM'million)	4.57	4.99	5.30	8.20	9.97	5.30	12.50	12.30	13.40	15.80
Annual Growth %	-	9.2	6.2	54.7	21.6	(46.8)	137.4	(2.4)	9.5	18.1

(Source: *Department of Statistics*)

Note:

The statistics compiled by the Department of Statistics under SITC 692412191 classification includes cans which are used to be closed by soldering or crimping of tinplates with capacities of less than 50 litres.

Annual growth rates have been an upward trend except during the recession year in 1998. For the period 1993 to 2002, average annual growth rate was at a high of approximately 23.0%. The high growth rate implies a strong demand for tin cans in the export markets, although the rate is skewed by the low starting base numbers.

5. INFORMATION ON THE JTB GROUP***Export Destination of Tin Cans in 2002***

Country	Value (RM)	%	Quantity (units)	%
Singapore	13,707,335	86.5	32,823,117	89.0
Bangladesh	830,922	5.2	967,992	2.6
Cambodia	376,457	2.4	12,950	0.0
Myanmar	269,341	1.7	1,050,424	2.8
Hong Kong	140,358	0.9	486,000	1.3
Brunei	130,782	0.8	325,800	0.9
Indonesia	129,537	0.8	595,489	1.6
U.A.E	68,859	0.4	198,064	0.5
Japan	60,255	0.4	98,510	0.3
United Kingdom	53,810	0.3	283,500	0.8
Vietnam	17,881	0.1	17,199	0.0
United States	14,832	0.1	37,510	0.1
Total	15,839,790	100.0	36,896,581	100.0

(Source: Department of Statistics)

In year 2002, the export destinations of tin cans were mainly to Singapore, Bangladesh, Cambodia and Myanmar. Singapore is Malaysia's largest market with approximately 86.5% export market share in terms of value.

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

The JTB Group is currently exporting to Singapore and the United Arab Emirates but intends to seek new growth markets through its competitive pricing. In order to reduce its production cost further and obtain greater cost efficiencies, the Group is investing in more automated machines to reduce its labour cost and also to increase its output efficiency.

Supply

The tin cans may be sourced locally and from overseas. Based on the Independent Report prepared by Robertson Stephens Inc., there are approximately more than thirty (30) players in the local tin can manufacturing industry. The Group's main competitors are manufacturers such as Kian Joo Can Factory Berhad.

There are currently minimal threats from imported tin cans from countries such as Japan as imported tin cans attract an import duty of 15% for non ASEAN countries whilst imported tin cans from Singapore and Thailand attract a Common Effective Preferential Tariff of 5%.

v) Substitute Products

Tin can manufacturing is a component of the packaging industry and there are many other forms and types of packaging in this industry, for example, aluminium cans, glass jars and containers, plastic bags and containers as well as polyethylene plastic bottles (PET), and paper, board packaging or corrugated paper.

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In view of the choices available on packaging materials, the JTB Group would face the threats of substitute packaging materials. Among the threats are the conversions from beverage tin cans to aluminium cans, biscuit tin cans to plastic soft-pack and paint tin cans to plastic cans. Edible oil and automobile lubricants are also converting to plastic packaging. However, the loss in sales, faced by the Group, due to changing packaging preference is mitigated with the demand in dry food items, canned food, milk powder and sweetened condensed milk which use tin cans packaging.

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. For example, in the case of pineapple juice, the substitution from tin can packaging to glass packaging may not be viable as pineapple juice is susceptible to change in colour and freshness.

In addition, 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. In the packaging industry, consumer preference on design, size, shape and colouring may not be easily changed or influenced. For instance, it may not be easy to alter consumer preference of canned food and canned pineapples in tin cans to plastic container packaging.

Tin cans generally preserve food well and are convenient for handling and storage and can be easily stacked on shelves in supermarkets. Further, the cost of producing tin cans is considered to be relatively cheap. 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.

vi) Prospects and Outlook of the Industry

The JTB Group is principally involved in manufacturing of tins, cans and other containers with its customers based in the food and industrial sectors. In view of the diversified nature of its customers' businesses, the future performance of the Group is dependent on the future performance of these various sectors, namely, manufacturing, construction (which affects the paint segment) and services sector (which includes, among others, wholesale and retail trade, hotel and restaurants and other services).

Manufacturing Sector

The manufacturing sector is expected to continue its expansion to record 8.5% increase in output and contribute 2.6 percentage points to GDP growth. The strong growth of semiconductor output would also spill over to the supporting industries such as plastics, chemicals and fabricated metals and machinery, a stronger upswing in the overall manufacturing sector is envisaged. Growth in domestic-oriented industries is also expected to pick up. This is on account of robust income effect from higher export earnings as well as positive wealth effect given that the stock market is anticipated to trend up in 2003. This trend is expected to spur higher private consumption. Demand of consumer durables including passenger cars should stimulate strong output growth.

Construction Sector

The construction sector is envisaged to record a higher growth of 4.5% (2002: 3.8%). Public sector infrastructure projects in health and education sub-sectors in particular, as well as for rural development, will continue to drive the sector. Housing development is also expected to contribute significantly to growth in the sector in view of the increasing demand, especially for low and medium cost houses.

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Services Sector

The broad-based growth of 5.9% is expected in the services sector for the year 2003 (2002: 5.3%) in tandem with the higher growth for the economy and the strategic thrust given to develop the sector. In this respect, the electricity, gas and water as well as the transportation, storage and communications sub-sectors will expand in relation to higher output from the manufacturing sector, while wholesale and retail trade, hotels and restaurants are expected to accelerate further.

(Source: Economic Report 2002/2003)

5.7 Major Customers

JTF

For the financial year ended 31 December 2002, the major customer of JTF which contributed more than 10% of JTF's total turnover is listed below:

	Major Customer	Type of industry	% JTF revenue	Length of relationship
1	Britannia Brands (Malaysia) Sdn Bhd	Biscuits	32.53	28 years
2	PGEO Edible Oils Sdn Bhd	Edible Oil	12.64	12 years

Approximately 44.62% of JTF's revenue is from the manufacture of biscuits tins which is generated mainly from one of the company's major customers, namely, Britannia Brands (Malaysia) Sdn Bhd. To mitigate the risk of over-dependence, JTF has continuously made efforts to expand its customer-base to include customers from other biscuits manufacturers as well as to the edible oil not precluding the paint and chemical sectors. The customer base and the long-term customer relationships have also been further strengthened by the company's continuous efforts in emphasising quality products and services whilst adhering to a competitive pricing policy.

In addition, the Group intends to establish itself in the longer term to be a major player in the packaging industry, not confined to tin cans. As an initial step, JTF has ventured into the manufacture of plastic jerry cans.

UNI

For the financial year ended 31 December 2002, the major customers of UNI which contributed more than 10% of UNI's total turnover are listed below:

	Major Customers	Type of industry	% UNI revenue	Length of relationship
1	Etika Dairies Sdn Bhd	Sweetened Condensed Milk	43.29	5 years
2	Lee Pineapple Co Pte Ltd	Pineapple Products	21.42	13 years
3	Sime Darby Edible Products Ltd	Edible Oil and Ghee	11.08	3 years
4	Malaysia Milk Sdn Bhd	Sweetened Condensed Milk	10.86	5 years
5	Yeo Hiap Seng (M) Berhad	Sweetened Condensed Milk	10.63	5 years

5. INFORMATION ON THE JTB GROUP

The two (2) major customers, namely, Etika Dairies Sdn Bhd and Lee Pineapple Co Pte Ltd collectively contribute to approximately 64.71% of the company's revenue. To mitigate the risk of over-dependence on both these customers, the company intends to intensify its marketing efforts to secure further manufacturing orders. The company has currently successfully expanded its customer base to include customers from different market segments such as the edible oil and processed food segments. In its continuous commitment towards delivering quality products and services, UNI obtained the ISO 9002:1994 certification from Chamber Certification Assessment Services Ltd (UK) in June 2001.

KTCF

For the financial year ended 31 December 2002, the major customers of KTCF which contributed more than 10% of KTCF's total turnover are listed below:

	Major Customers	Type of industry	% KTCF revenue	Length of relationship
1	Hup Seng Perusahaan Makanan (M) Sdn Bhd	Biscuits	51.59	28 years
2	Munchy Food Industries Sdn Bhd	Biscuits	31.52	8 years

KTCF similarly, has two (2) major customers, namely, Hup Seng Perusahaan Makanan (M) Sdn Bhd and Munchy Food Industries Sdn Bhd that collectively contribute to approximately 83.11% of the company's revenue. The company intends to build up its portfolio of customers to mitigate the risk of over-dependence on both these customers. KTCF is also embarking on an ISO programme to obtain its ISO certification.

PT Medan

Based on JTB Group management's estimate, the major customers of PT Medan which are expected to contribute more than 10% of PT Medan's total turnover are listed below:

	Major Customers	Type of industry	% PT Medan revenue	Length of relationship
1	PT Danone Biscuit Indonesia	Biscuits	70.00	Less than 1 year
2	PT Asia Sakti Wahid Foods Manufacture	Biscuits	30.00	Less than 1 year

PT Medan has two (2) major customers, namely, PT Danone Biscuit Indonesia and PT Asia Sakti Wahid Foods Manufacture that collectively contribute 100.00% of the company's revenue. The company intends to build up its portfolio of customers to mitigate the risk of over-dependence on both these customers.

5.8 Major Suppliers

JTF

For the financial year ended 31 December 2002, the top suppliers of JTF which contributed more than 10% of JTF's purchases are listed below:

	Major Suppliers	Products	% JTF purchases	Length of relationship
1	Perusahaan Sadur Timah Malaysia Bhd	Tinplates	33.43	22 years
2	Korus Co Ltd	Tinplates	11.78	1 year
3	Kemeny Overseas Products Corporation	Tinplates	10.75	11 years

JTF sources its local tinplate supply mainly from Perusahaan Sadur Timah Malaysia Berhad (Perstima), which is the sole manufacturer in Malaysia and imports approximately 40% of its tinplates from overseas, namely, China, Korea, Japan, Australia and the United States.

5. INFORMATION ON THE JTB GROUP**UNI**

For the financial year ended 31 December 2002, the top suppliers of UNI which contributed more than 10% of UNI's purchases are listed below:

	Major Supplier	Products	% UNI purchases	Length of relationship
1	Perusahaan Sadur Timah Malaysia Bhd	Tinplates	86.93	15 years

UNI also sources its local tinplate supply mainly from Perstima. UNI imports approximately 4% of its tinplates from overseas, namely, China, Korea, Japan, Australia and the United States.

KTCF

For the financial year ended 31 December 2002, the top suppliers of KTCF which contributed more than 10% of KTCF's purchases are listed below:

	Major Suppliers	Products	% KTCF purchases	Length of relationship
1	Perusahaan Sadur Timah Malaysia Bhd	Tinplates	22.23	12 years
2	JTF	Printing services	25.55	28 years
3	Korus Co Ltd	Tinplates	20.03	3 years
4	Nichimen Asia Oceania Pte Ltd	Tinplates	10.73	1 year

Approximately 22.2% of KTCF's purchases are from Perstima whilst JTF provides printing services to KTCF. KTCF also imports approximately 47% of its tinplates from overseas, namely, China, Korea, Japan, Australia and the United States.

PT Medan

Based on JTB Group management's estimate, the top suppliers of PT Medan which are expected to contribute more than 10% of PT Medan's purchases are listed below:

	Major Suppliers	Products	% KTCF purchases	Length of relationship
1	PT Danone Biscuit Indonesia	Printed Tinplates	70.00	Less than 1 year
2	PT Asia Sakti Wahid Foods Manufacture	Printed Tinplates	30.00	Less than 1 year

Approximately 70% of PT Medan's purchases of printed tinplates are from PT Danone Biscuit Indonesia.

The supply of tinplates is generally sufficient and adequate. The Group is not dependent on the supply of tinplates from any single supplier and is able to source tinplates from overseas which are priced competitively.

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5.9 Future Plans, Strategies and Prospects

The JTB Group is principally involved in the tin can manufacturing industry with its customers based in the food and industrial sectors. In order to strengthen and enhance the long-term profitability of the Group, the Group has adopted the following strategies in the formulation and implementation of its future plans.

5.9.1 To streamline its production facilities

In Malaysia, the Group currently operates from three (3) different locations in Johor Darul Takzim, namely, its own premises, Larkin and Kluang and the rented premises in Skudai and one (1) other location in Klang, Selangor Darul Ehsan. In an effort to ease the space constraints faced by the Group in Johor, the Group purchased a 6.7 acre piece of land in Senai, Johor Darul Takzim with the intention of setting-up a new factory. The Group intends to utilise part of the proceeds from the Public Issue to finance the construction and setting-up of the new factory. The construction of the new factory is expected to commence in the second quarter of 2005 and completed by end 2005.

Upon setting-up of the new factory, the Group intends to streamline and relocate the major operations and productions lines of JTF and UNI lines to the new factory in Senai, Johor Darul Takzim. The new factory is expected to improve the efficiency of the manufacturing processes of the Group as the Group would be able to re-align and streamline its machinery to improve their efficiency. The additional factory space available would also enable the Group to increase its number of automated lines and hence, its production capacity.

5.9.2 To progressively fully-automate its production processes

In order to maintain its niche in the tin can manufacturing industry, the Group is constantly keeping abreast with the latest technological advances and upgrading its semi-automatic machinery to meet its customers' requirements. The Group intends to progressively fully-automate its production processes, where viable, as a means of increasing its efficiency and expanding its business. Automated machines are able to produce at a faster rate with minimal defective rates which will reduce overheads cost and lead to greater cost savings and higher profit margins.

The progressive automation of the Group's production facilities will be streamlined vis-à-vis customers' requirements, its viability as well as the internal funding capability of the Group.

The Group intends to utilise part of the proceeds from the Public Issue to finance the acquisition of additional automated machinery. Further, the bid to have more technology-driven production processes would improve productivity and competitiveness.

5.9.3 To train and retain skilled technical employees

As the Group is essentially a manufacturing set-up, experienced and skilled employees are necessary for the smooth operation of the various production lines. The nature of the Group's business which offers a host of products with varying customers' specifications also demands the workers to be adept and trained to attend to different production processes. Hence, the employees periodically attend relevant training programmes which are fully-sponsored by the Group to upgrade and update their technical knowledge and know-how.

Further, as the Group progressively automates its production processes, there is a need for experienced and skilled technical employees whom are able to operate the computerised machines and oversee the production processes. In this case, training programmes are necessary to train the employees to handle and operate the new machines properly and more effectively from the technical aspect.

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5.9.4 To obtain a wider market reach through the setting-up of new production facilities

JTF and UNI have 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 is to obtain a wider market reach and to penetrate into the Indonesian market. The incorporation of PT Medan is also intended to cater for its customer PT Danone Biscuits Indonesia with which JTF has contracted to sell a yearly quantity of 1,900,000 pieces of rectangular tins and 640,000 pieces of round tins.

5.9.5 To obtain ISO certification for the JTB Group.

One of the Group's subsidiaries, namely, UNI obtained the ISO 9002:1994 certification from Chamber Certification Assessment Services Ltd (UK) in June 2001. JTF and KTCF are currently embarking on similar ISO programmes to obtain their ISO certification. The ISO certification reflects the commitment of the management of the Group in delivering consistent and quality products and services and is one of the strong points promoted by the Group to its customers.

On the longer term basis, the JTB Group aims to be a market leader in its field of expertise and establish itself as a major contending player in the packaging industry by diversifying its manufacturing activities from tin cans to other forms of packaging materials. The Group's diversification into other forms of packaging would be phased in line with the organic growth of the Group and viability of the business products.

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