

7. INFORMATION ON CBB

7.1 Incorporation and Principal Activities

CBB was incorporated in Malaysia under the Companies Act, 1965 on 11 November 1991 as a private limited company under the name of Century Bond Sdn Bhd. The Company was converted to a public limited company on 11 August 2000 and thereafter assumed its current name.

CBB is principally an investment holding company whilst the principal activities of its subsidiary companies and associated companies are detailed in Section 7.5 below.

7.2 Changes in Share Capital

The authorised share capital of CBB is RM50,000,000 comprising 50,000,000 shares of RM1.00 each of which 33,483,000 shares have been issued and fully paid-up.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of Issue	Resultant issued and paid-up share capital RM
11.11.1991	2	1.00	Subscribers' shares	2
25.06.1993	999,998	1.00	Cash	1,000,000
25.03.1995	840,000	1.00	Otherwise than cash	1,840,000
27.03.1995	1,312,500	1.00	Cash	3,152,500
27.03.1995	4,454,500	1.00	Otherwise than cash	7,607,000
08.01.1997	527,500	1.00	Otherwise than cash	8,134,500
08.01.1997	1,865,500	1.00	Cash	10,000,000
04.08.2000	615,978	1.00	Otherwise than cash	10,615,978
27.08.2003	22,867,022	1.00	Bonus issue of approximately 2.154:1	33,483,000

7.3 Listing Scheme

In conjunction with and as part of the Listing exercise of CBB on the Second Board of the KLSE, the Company undertook a Listing Scheme involving the following:-

7.3.1 Revaluations

The companies in the Group revalued all their landed properties to their respective open market values as approved by the SC on 16 April 2003 and capitalised the total revaluation surplus of RM4,672,739 (net of deferred tax) arising from the said revaluation into their respective audited financial statements in the financial year ended 31 March 2003.

The landed properties of CBB Group were earlier revalued by Messrs. Jones Lang Wootton, an independent firm of professional valuers using the comparison and cost method of valuation. The details of the landed properties are set out in Section 7.8 of this Prospectus.

Subsequent to the above, CBB revalued its costs of investments in its subsidiaries after taking into consideration of the respective NTA of its subsidiaries as at 31 March 2002 (after incorporating the net revaluation surplus of RM4,672,739 arising from the above-mentioned revaluation of landed properties by its subsidiaries) resulting in a net revaluation surplus of RM24,260,413.

7. INFORMATION ON CBB (continued)

The revaluation surplus was incorporated in the audited financial statements of CBB and its subsidiaries for the financial year ended 31 March 2003.

7.3.2 Bonus Issue

CBB undertook a bonus issue of 22,867,022 new shares in CBB to the existing shareholders of the Company on the basis of 2.154 new shares for every 1 existing share held, capitalised from revaluation reserves, share premium reserve and retained profit accounts of the Company in the following manner:-

	RM
Revaluation reserves arising from the Revaluations	19,631,413
Share premium reserve	1,847,931
Retained profit	1,387,678

Total	22,867,022

7.3.3 Public Issue and Offer for Sale

CBB shall issue 6,517,000 new shares at an issue price of RM1.70 per share pursuant to the Public Issue and the Offerors shall offer for sale 10,364,000 existing shares at an offer price of RM1.70 per share to Bumiputera investors approved by the MITI pursuant to the Offer for Sale subject to the terms and conditions as set out in this Prospectus.

The Public Issue and Offer for Sale shall be allocated in the following manner:-

(i) Allocation via balloting to the Malaysian Public

1,500,000 Issue Shares have been reserved for application by Malaysian citizens, companies, co-operatives, societies and institution, of which, at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions;

(ii) Pink form allocations to Eligible Employees, Directors and persons who have contributed to the success of the CBB Group

2,000,000 Issue Shares have been reserved for eligible employees, Directors and persons who have contributed to the success of the CBB Group;

(iii) Allocation via placement to potential investors

1,381,000 Issue Shares have been reserved for potential investors; and

(iv) Allocations to Bumiputera investors approved by MITI

10,364,000 Offer Shares and 1,636,000 Issue Shares, representing in aggregate 30% of the enlarged issued and paid-up share capital of CBB, have been reserved for Bumiputera investors approved by MITI.

7.3.4 Listing and Quotation

Listing and quotation of the entire enlarged issued and paid up share capital of CBB, comprising 40,000,000 CBB shares on the Second Board of the KLSE.

7. INFORMATION ON CBB (continued)

7.4 Business Overview**7.4.1 History and Development of CBB**

CBB was incorporated in 1991 primarily as an investment holding company. The history of the CBB Group can be traced back to the establishment of Multiview in 1984 by Loi Tuan Ee and Tan Boon Leng. Both Loi Tuan Ee and Tan Boon Leng have more than 15 years each of experience in the packaging consumables and household care industries.

The principal activity of Multiview was initially in the manufacture of adhesives and shipbuilding and repair before expanding its business to incorporate the manufacture of expanded polyethylene foam, converting of adhesive tapes, manufacturing of industrial carton staples, marketing of packaging consumables and the manufacturing of household care products. In 1997, Multiview ceased its operations in shipbuilding and repair, and in 1999, it became a wholly-owned subsidiary of CBB.

ReadyChem was incorporated in 1984 and was initially acquired by Multiview for the manufacturing of adhesives and addressing opportunities as original brand manufacture of household care products including contract manufacturing of private labels for household care products.

With the aim of becoming a comprehensive packaging solutions provider, in 1995, CBB expanded into the packaging of bags and corrugated cartons through Prestige and its subsidiaries, a group of companies involve in the manufacturing of paper and polymer based bags, and corrugated cartons.

Prestige was incorporated in 1993 under the name of BMT Paper Industries Sdn Bhd before changing to its present name in 1994. The principal activity of Prestige was initially in the converting of corrugated cartons before becoming an integrated manufacturer of corrugated cartons in 1995. In the same year, Prestige also expanded its portfolio of products to include manufacturing of multi-wall paper bags and pulp moulded products. Subsequently, Prestige started producing laminated woven bags and bulk bags in 2000 and 2001 respectively. Prestige became a wholly-owned subsidiary of CBB in 1999.

In 1995, Prestige acquired a 65% equity interest in Polyplus, which was initially a converter of cartons and later expanded its operations to become an integrated manufacturer of corrugated cartons.

Subsequently in 1997, Multiview expanded its business to include contract manufacturing of adhesives and other car care related products. These activities are undertaken by Macro, a subsidiary of Multiview.

In 1999, the CBB Group diversified into the manufacturing of polyethylene bags and liners through Brandpak. The principal activity of Brandpak is that of manufacturing of polyethylene bags and liners, mainly for the export markets. Brandpak attained the status of a licensed manufacturer warehouse company in 2000.

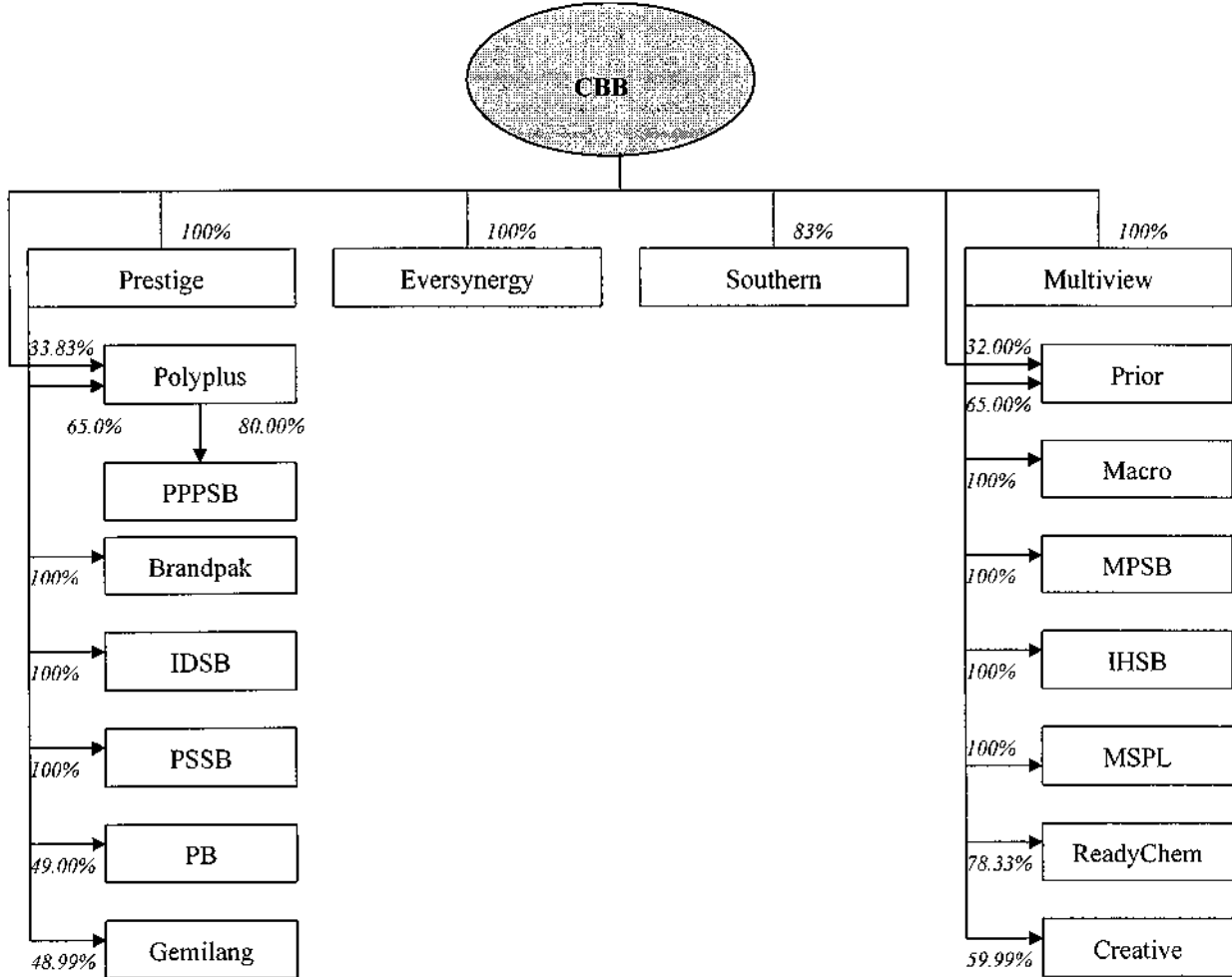
In 2001, the CBB Group diversified into the manufacture of bulk bags (flexible intermediate bulk container) via Southern.

In 2002, Creative commenced operations with primary focus on the marketing and brand management of CBB's fully-owned brands, namely, 'LEO', 'WIPE' and 'VIZ, a range of household care products in Malaysia.

7. INFORMATION ON CBB (continued)

7.4.2 CBB Group Structure

The corporate structure of the CBB Group, including its associated companies are as follows:-



7.4.3 Production Capacity

The Group's production and capacity are as follows:-

PRODUCT TYPES	Annual capacity	Production annualised up to 31 March 2003
Paper/Polymer Packaging	55,900 tonnes	25,516 tonnes
Protective Packaging	28,000,000 pieces	13,578,013 pieces
Packaging Tapes	12,500,000 sq metres	4,530,502 sq metres
Staples	250 million pieces	153 million pieces
Household Care Products	7,200 tonnes	4,357 tonnes
Adhesives	4,000,000 packs	2,681,274 packs

7. INFORMATION ON CBB (continued)

7.4.4 *Principal Products*

The CBB Group primarily focuses on the manufacturing of paper and polymer-based packaging and related packaging consumables, including the following:-

- (i) Manufacture of paper and polymer based bags, and bulk bags.
- (ii) Corrugator and converter of corrugated carton boxes.
- (iii) Manufacture of protective packaging.
- (iv) Manufacture, converter and marketing of packaging consumables.
- (v) Manufacture of household care products.
- (vi) Trading of packaging machinery.

The breakdown of the Group's turnover by business activities for the financial year ended 31 March 2003 was as follows:-

Business Activity	Revenue contribution for the financial year ended 31 March 2003	
	RM '000	%
<i>Packaging Products and Services</i>		
Manufacturing of paper bags, polymer bags and bulk bags, corrugating and converting corrugated carton boxes	74,132	78.2
Manufacturing of protective packaging and converting and marketing of packaging consumables	9,819	10.4
<i>Household Care Products</i>		
Manufacturing of household care products	10,804	11.4
Total	94,755	100.0

Note: Packaging consumables include industrial carton staples and industrial adhesive tapes. Marketing and distribution of packaging consumables include industrial carton staples, industrial adhesive tapes and industrial films.

(i) *Manufacturing of Paper Bags and Polymer Bags*

The CBB Group manufactures the following range of paper and polymer bags, primarily for industrial use:-

- Multi-wall paper bags, such as, pasted valve bags, sewn bags and open-mouth bags.
- Laminated woven bags.
- Bulk bags (flexible intermediate bulk container).
- Polyethylene bags and liners.
- Paper-polymer hybrid bags, such as, laminated multi-wall paper bags and polyethylene coated laminated woven bags.
- Paper-polyethylene lined multi-wall bags.

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7. INFORMATION ON CBB (continued)

These business activities are undertaken by the following subsidiaries of CBB in Johor:-

Subsidiary Company	Types of activities	Location of Production Facility	Machinery and Equipment
Prestige	Manufacturing of multi-wall paper bags and laminated woven bags	Lot PTD No. 8856, PLO 97, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Tuber machine Bottomer machine Sewing machine Tensile test machine Pallet strapping machine Clamplift Forklift Hand pallet truck Wire rope hoist Hydraulic press machine Tying machine Laminator machine Metal detector machine Airflow tester machine
Brandpak	Manufacturing of polyethylene bags and liners	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Extruder machine Printing machine Cutting machine Mixer machine Hand pallet truck Forklift
Southern	Manufacturing of bulk bags	Lot PTD No. 8856, PLO 97, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Sewing machine Printing machine Bulk bag testing machine

Note: Brandpak, is a licensed manufacturer warehouse company and its finished products are exported directly to customers overseas including Australia, Europe, Singapore and United States.

Multi-wall paper bags are primarily used in industrial application. Typically, these types of bags comprised one or more layers of papers combined with either films, foils, special coatings, laminations or other surface treatments. These types of bags are widely used for contents that need a certain degree of protection and are usually customised to requirements depending on the contents. The Group is responsible for designing the bag to specifications, bag construction and quality testing. Some of the main end-user industries for the Group's multi-wall paper bags include cement, fertilizers, feed mill, food ingredients, petrochemicals and building materials industries.

Industrial woven bags are usually polymer-based and typically used for contents that require additional protection from moisture with higher durability and strength. The Group has its own in-house design, extrusion, bag construction and quality testing to meet the requirements of its customers. Some of the end-user industries of the Group's laminated woven bags include oleo chemicals, petrochemicals and feed mill industries.

Bulk bags, sometimes also known as flexible intermediate bulk container, are specialised polymer woven bags that are designed to withstand up to two tonnes of solid or semi-solid materials for bulk transportation. These bags are typically used in, among others, food, chemicals and plastic extrusion industries.

The Group also manufactures polyethylene bags such as plastic shopping bags for the retail sector. These are mainly exported directly to customers overseas including Australia, Singapore, Europe and United States.

7. INFORMATION ON CBB (continued)

(ii) *Corrugator and Converter of Corrugated Carton Boxes*

The main types of corrugated cartons produced by the Group include:-

- Regular standard cartons boxes.
- Die-cut container trays and nesting.
- Hybrid carton boxes (carton boxes that are laminated internally for moisture prevention).

These business activities are undertaken by the following subsidiary and associated companies of CBB in Johor, Kedah and Negeri Sembilan:

Subsidiary company	Types of activities	Location of Production Facility	Machinery and Equipment
Prestige	Corrugator and converter of corrugated cartons	Lot PTD No. 8848, PLO 98, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Corrugator Printing machine T-Series auto die cut machine Strapping machine Boiler Rotary creaser machine Waste water treatment plant Refrigerated air dryer machine Stitcher machine Auto rotary die cut machine Creasing & cutting machine Tying machine
Polyplus	Corrugator and converter of corrugated cartons	Lot Nos. 8244 & 8245, PT Nos. 3292 & 3293, Jalan Permata 2/2, Arab Malaysian Industrial Park, Nilai, Negeri Sembilan	Corrugator Boiler Printing machine Auto rotary die cut machine Creasing die cut machine Automatic folder gluer machine Gluing machine Semi-auto stitcher machine Manual arm stitcher machine Clamplift Forklift Battery reach truck Compression test machine with computer Bursting test machine Micro weighing machine 3-ton platform weighing scale Waste water treatment plant Strapping machine Tying machine
PPPSB	Converter of corrugated cartons	Lot PT No. 898, No. 286, Lorong Industri 1, Kawasan Industri Taman Kenangan, Jalan Baling, Sungai Karangan, Kedah	Printing machine Slotter machine Stitcher machine Tying machine Forklift Slitter machine Die cut machine Hand gluer Slotter and cutter machine Creasing and cutting machine

7. INFORMATION ON CBB (continued)

Associated company	Types of activities	Location of Production Facility	Machinery and Equipment
Gemilang	Converter of corrugated cartons	Komplex Perniagaan Sg Mas, Kota Tinggi, Johor	Printer Slitter Arm stitcher Gluer machine Tying machine Cutting machine

The Group is an integrated manufacturer of corrugated carton boxes, with the following in-house capabilities in the Johor and Negeri Sembilan plants:-

- manufacture of corrugated fibreboard including single, double and triple wallboard; and
- converting of corrugated fibreboards to corrugated cartons boxes including die-cutting, slitting, slotting, folding, stitching or gluing and printing activities.

In addition to the regular standard carton boxes, the Group also produces die-cut containers and hybrid carton boxes for more sophisticated and complex packaging designs and requirements. Hybrid carton boxes are specially designed for use in the storage of frozen and chilled food whereby an additional layer of lamination protects the contents from moisture.

Currently, the Group's end-users of corrugated carton boxes include the following industries:-

- electronics;
- tiles;
- food products (frozen and chilled);
- latex products;
- plastic parts and components; and
- wood based furniture parts.

(iii) *Converting, Manufacturing and Marketing of Packaging Consumables*

The Group's business activities also include converting and printing of industrial adhesive tapes, manufacturing of industrial staples, and marketing and distribution of packaging consumables.

Some of the packaging consumables supplied by the Group include:

- industrial adhesive tapes;
- industrial carton staples; and
- industrial films (stretch films, polyester films and high-density Polyethylene films).

7. INFORMATION ON CBB (continued)

Some of the industrial adhesive tapes marketed by the CBB Group include oriented polypropylene tapes, polyvinylchloride tapes and masking tapes. These are purchased in jumbo rolls and then converted into pack-sized adhesive tapes. Oriented polypropylene tapes, polyvinylchloride and masking tapes are used to seal corrugated carton boxes. Specialty tapes are high performance tapes with special properties such as high temperature resistance and electrically insulated for use in certain sectors including aviation and electronics industries. Some of these tapes are used internally but the bulk of these are marketed to external customers.

For its industrial carton staples, the Group has been marketing the product under its own registered trademark of "LEO-TAC & device mark" since 2 October 1991.

These business activities are undertaken by the following subsidiaries in Johor:-

Subsidiary Company	Types of activities	Location of Production Facility	Machinery and Equipment
Prior	Manufacturing of industrial carton staples	Lot PTD No. 8848, PLO 98, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Belt staples making machine U staples making machine
MPSB	Converting of industrial adhesive tapes, and marketing and distribution of packaging consumables	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Logging rewinder machine Automatic tape rewind slitter machine Rewinding machine Printing machine Paper core cutting machine Automatic single knife tape slitter machine
Multiview	Marketing and distribution of packaging consumables	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Not applicable

The Group has converting facilities for its industrial adhesive tapes and manufacturing facilities for industrial carton staples. Manufacturing of industrial carton staples includes the purchase of mother coils of staple wire where they are cut and fabricated to the desired dimension.

Conversion of industrial adhesive tapes include purchase of jumbo rolls of adhesive tapes and slitting them into desired sizes, and where required, undertaking printing on the adhesive tapes itself.

(iv) **Manufacturing of Protective Packaging**

Part of the Group's portfolio of products also include the manufacturing of the following forms of protective packaging:-

- Expanded polyethylene foam ("EPE") in roll, bag and sheet form.
- Laminated EPE for additional strength.
- Pulp (paper) moulded products, such as egg trays, fruit trays and trays for electronic products.

7. INFORMATION ON CBB (continued)

These types of protective packaging are undertaken by the following subsidiaries of CBB in Johor:-

Subsidiary Company	Types of activities	Location of Production Facility	Machinery and Equipment
Prestige	Manufacture of pulp moulded products	Lot PTD No. 8848, PLO 98, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Complete set of egg tray machine and oven Fuel oil burner
Prior	Manufacture of EPE	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Sealing machine Die cut machine Winding machine Cross link polyethylene foam sheet production line with LPG tank and cooling water Compressor Laminator machine

EPE is mainly used for cushioning of fragile products, for example, electronic products, chinaware, handicraft and wooden furniture. For this type of protective packaging, the Group provides EPE in rolls, bags and sheets. EPE bags are primarily used to cushion and protect sensitive electronic components from static electricity and physical damage.

For pulp moulded products, the Group recycles its waste materials from its corrugated carton and paper bag packaging activities. This is used as protective trays for electronic products as well as egg and fruit trays.

(v) *Manufacturing of Household Care Products and Contract Manufacturing*

The Group is also involved in the manufacturing of household care products. Some of the products manufactured include:

- laundry detergent;
- softener
- floor care;
- window/glass cleaning liquid
- toilet cleaner;
- bleach;
- dish washing liquid;
- multi-purpose cleaner;
- mosaic cleaner; and
- disinfectant.

These household care products are marketed under its own brands, as follows:-

- 'LEO'
- 'WIPE'
- 'VIZ'

Distribution channels for CBB's in-house brands and private labels primarily include hypermarkets and supermarkets in Malaysia, Singapore and Hong Kong.

7. INFORMATION ON CBB (continued)

The other part of the business involves contract manufacturing of household care and car care products as follows:-

- Contract manufacturing of household care products under third party brands or private labels include chemical formulation and finished product packaging. These are currently undertaken for major hypermarket chains under their own private labels in Malaysia, Singapore and Hong Kong.
- Contract manufacturing of products such as adhesives, car polish and waxing products. This is undertaken specifically for a major brand of household products from Australia including, among others, adhesives and car care products. The CBB Group has the in-house capabilities to procure and formulate the adhesives and car care products according to the specifications of the customers.

These activities are undertaken by the following subsidiaries of CBB in Johor:-

Subsidiary Company	Types of activities	Location of Production Facility	Machinery and Equipment
ReadyChem	Manufacturing of household care products	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Mixer tank Storage tank Automatic filter machine Semi auto filler machine PVC shrink packaging machine Labelling machine Forklift
Macro	Contract manufacturing of adhesives, car care products	Lot PTD No. 8849, PLO 99, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai, Johor	Glue filling machine Blistering machine

7.4.5 Location

Principal assets

The location of the CBB Group's principal assets are as set out in the list of landed properties of the CBB Group in section 7.8 of this Prospectus.

Production facilities

Please refer to section 7.4.4 of this Prospectus for information on the location of production facilities of the CBB Group.

Principal place of business

The location of principal place of business of the CBB Group is as follows:-

Head Office: PLO 97, 98 & 99
Jalan Cyber 5
Senai Industrial Estate Phase III
81400 Senai
Johor Darul Takzim

7. INFORMATION ON CBB (continued)

7.4.6 Method of Distribution

The CBB Group utilises primarily direct channels of distribution for the local market. This is undertaken by its own sales and marketing team. This is mainly due to the following factors:-

- (i) As most of the packaging products are customised to meet customer specifications, there is a need to have technical knowledge to be able to market effectively.
- (ii) It is also common in certain industry sectors such as the cement industry to award sales contracts based on tender evaluations. As such, manufacturers are commonly invited to bid to minimise cost of supply.

Thus, the direct sales approach enables the Group to work closely with its customers to evaluate and to get a better understanding of their packaging needs and requirements.

As for overseas customers, the CBB Group utilises the following channels of distribution:-

- (i) Direct and indirect distribution channels are used to cover the Singapore market. The Group's own marketing office focuses on business development for household care products. Indirect channels such as independent agents are used to cover other sectors of the market.
- (ii) For other countries, the Group uses mainly indirect distribution channels such as independent agents for business development activities such as in Pakistan and Australia.

7.4.7 Process Flows

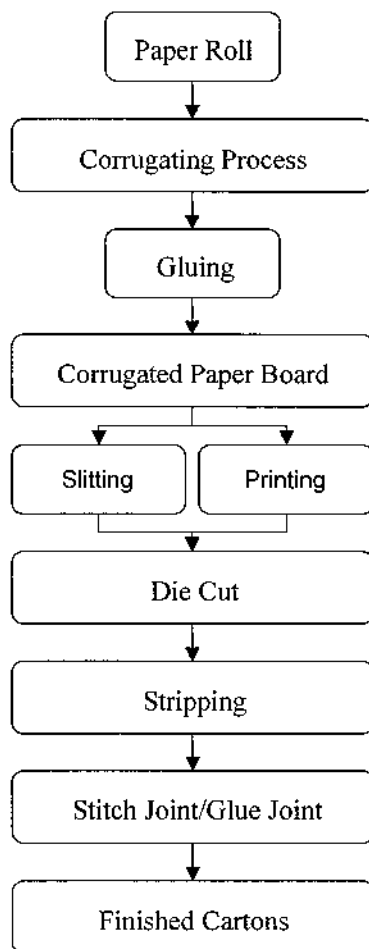
The business activities' process flow of the CBB Group can be illustrated as follows:

- Corrugated carton process flow.
- Manufacturing of paper bag process flow.
- Woven bag process flow.

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7. INFORMATION ON CBB (continued)

(i) Corrugated Carton Process Flow



The paper rolls are fed into corrugating machines. This corrugating process comprises substance adjusting, fluting formation, alignment, cutting, creasing and lamination. Subsequently, glue is applied before it is turned into corrugated paper board.

The corrugated boards will then go through the process of printing and slitting. The printing process involves secondary processes such as colour mixing, printing layout, creasing and slotting. In the slitting process, the corrugated boards are cut with all the corners notched.

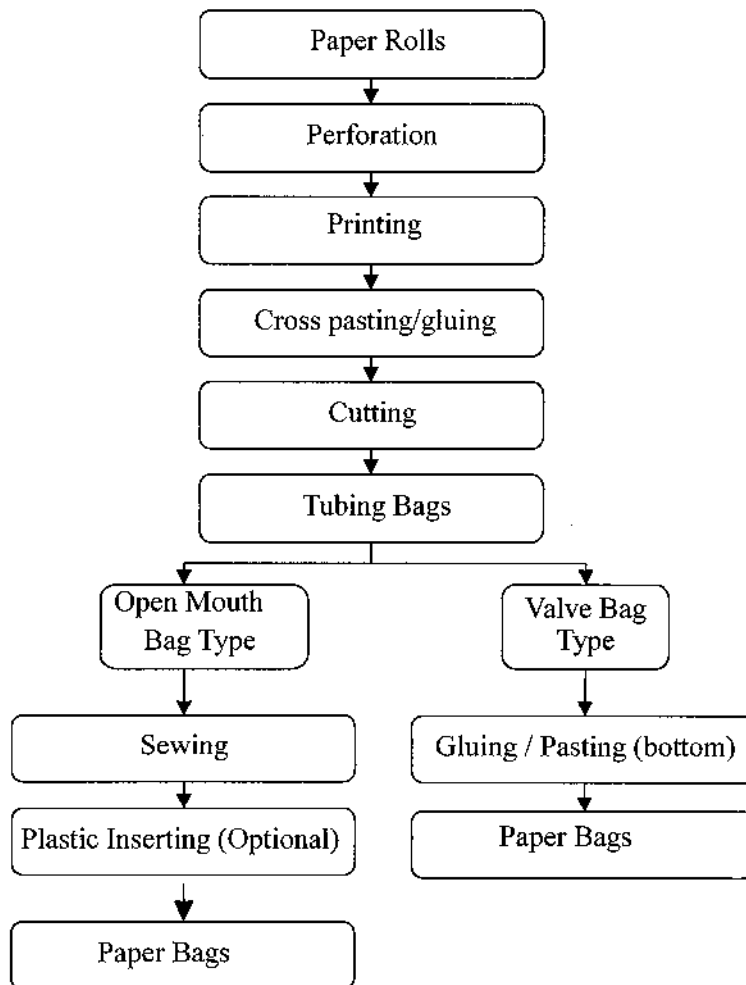
The printed and slit corrugated boards will then go through the die cut process, which is followed by a stripping process.

In the die cut process, the corrugated boards are cut into pre-designed shapes before they are stripped from their original corrugated boards or sheets.

Once the corrugated boards have gone through the stripping process, it will be sent to a final process, which is to be stitch jointed or glue jointed before it becomes a finished carton.

7. INFORMATION ON CBB (continued)

(ii) Paper Bag Process Flow



The initial stage of the bag making process requires the paper rolls to go through a perforation process. This allows the contents of the finished bag to spread its weight evenly thus reducing the possibility of bag damage or rupture during transportation. It will also provide protection against moisture.

After the perforation process, paper rolls are printed before it goes through another process of cross pasting and gluing. This process builds up the multi layers of paper that are required for the lay-up of the bag.

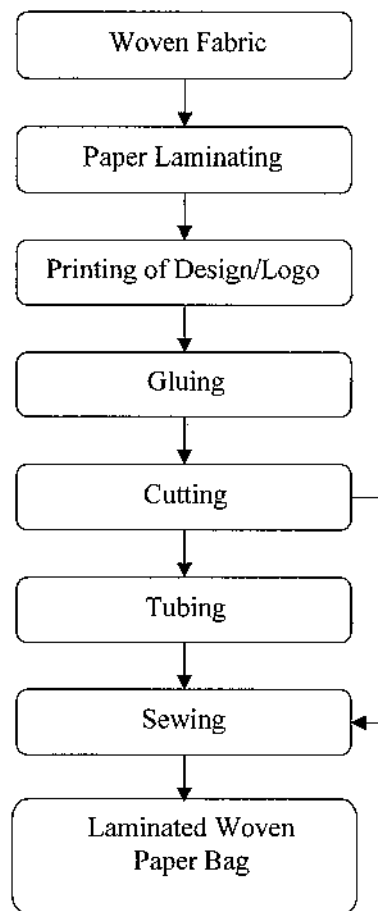
The cutting process is the next step where the layers of paper are cut into its required sizes. It is then sealed and glued to form a tube.

The paper bag is then formed into either open mouth bag or valve bag depending on the customer requirements.

Open mouth bags are required to go through a sewing process before the insertion of plastic sleeves for lining purposes.

Valve bags only need to go through the final process of gluing/pasting before completion.

7. INFORMATION ON CBB (continued)

(iii) Laminated Woven Paper Bag Process Flow

The first process involves the lamination of woven polymer fabric onto kraft paper. The bags are then passed through the printing process. The printed bags are then sealed with glue and cut to size. It then goes through the final phase of tubing and sewing process.

7.4.8 Sources and Availability of Raw Materials**(a) Liner Paper**

Paper is the most important raw material used in the manufacturing of corrugated carton boxes and paper bags. The types of paper used by CBB Group include:-

(i) Sack kraft paper

Mainly sourced from overseas including Scandinavia, Eastern Europe, Canada, South Africa and United States of America.

(ii) Testliner and corrugating medium paper;

Mainly sourced from local paper manufacturers

7. INFORMATION ON CBB (continued)

(iii) Corrugated paper board

Corrugated paper board is only used by PPPSB and is sourced from local suppliers.

(iv) Kraftliner paper

To the knowledge of the Directors of CBB, very little of this type of paper is produced locally. The CBB Group mainly sources this type of paper from overseas including Australia, New Zealand, Eastern Europe, Canada, United States of America and South Africa.

(v) Whiteliner paper

Whiteliner paper constitute a smaller proportion of paper used by the CBB Group and is mainly source from overseas including Korea, Japan, Europe and Indonesia.

As paper is a commodity and widely produced in many countries, potential shortages of supply are viewed as minimal. Currently, the Group is buying from approximately 24 paper suppliers including local and overseas. As such, this provides the Group with a choice of suppliers to buy from and more importantly, helps to reduce dependencies on any single or few suppliers. Thus far, CBB has not experienced any shortages in supply of paper.

(b) Polyethylene Resins

CBB Group sources approximately 65.6% of polyethylene resin from overseas because of quality and price. Locally produced resins are not able to meet the quality requirements of the Group at competitive rates.

In Malaysia, there are 600,000 metric tonnes of approved capacity of local production of polyethylene resin in Malaysia including approved projects in Kertih and Pasir Gudang/Tanjung Langsat. (*Sources; Industry Brief on the Pulp and paper Industry, February 2001, Malaysian Industrial Development Authority*)

Thus far, CBB has not experienced any shortages in supply of Linear Density Polyethylene and High Density Polyethylene resin as this type of materials is readily available domestically and internationally.

(c) Adhesive Rolls

CBB Group imports approximately 90% of adhesive rolls. Some of the countries of imports include Japan, Europe, United States, Indonesia, Thailand, Taiwan and Korea. Adhesive rolls are readily available through local or overseas sources. As such, potential shortages in supply are viewed as minimal.

(d) Chemicals

These are basic chemicals used for the manufacturing of household care products, such as dishwashing liquid, laundry detergents and window/glass cleaning liquid. Some of the chemicals used include palm oil-based fatty esters or petrochemicals. The CBB Group sources these types of chemicals from local producers. Malaysia is one of the largest producer and exporter of basic oleochemicals in the world. There are approximately 22 companies in Malaysia producing oleochemicals for use in detergents, toiletries, cosmetics, pharmaceuticals and paint. About 14 of these companies produce basic oleochemicals and the remaining produce derivatives. (*Source: Overview of the Chemical Industry in Malaysia, Industry Brief, Malaysian Industrial Development Authority, February 2001*)

7. INFORMATION ON CBB (continued)

(e) **Industrial Glue and Starch**

The supply of industrial glue and starch are mainly sourced from local manufacturers. As these types of materials are readily available, thus far, CBB has not experienced any shortages in supply.

(f) **Industrial Film**

Industrial films are mainly sourced from local manufacturers. As this type of material is readily available locally, the risk of shortage in supply is seen to be minimal.

(g) **Printing Ink**

The CBB Group mainly sources its supply of printing ink locally. Thus far, CBB has not experienced any shortages in the supply of printing ink.

(h) **Woven Fabric**

The CBB Group mainly sources its supply of woven fabrics from overseas as it is more cost competitive compared to local sources. As this type of material can be sourced locally and overseas, the risk of shortage in the supply of woven fabric is seen as minimal.

(i) **Staple Wire**

The CBB Group mainly sources its supply of staple wire from overseas due to the fact that the local supplies are not able to meet the specifications and quality requirements of CBB for staple wire. Thus far, CBB has not experienced any shortages in supply of staple wire.

(j) **Other Raw Materials**

Other raw materials for the packaging of adhesives, such as glue, aluminium tubes, plastic caps and nozzles, and blister cards are purchased based on the specific requirements of the customers. Thus far, CBB has not experienced any shortages in supply of the said other raw materials.

7.4.9 ***Quality Control and Environmental Issues***

The CBB Group is constantly seeking to produce quality products to ensure the satisfaction of its customers. The Group cultivates a close collaborative relationship with its customers in general to allow for regular feedback relating to its packaging with an aim of improving their effectiveness. Its protective packaging products undergo pre-shipment testing based on ISO procedures to provide its customers the assurance on performance of the packaging and the safe arrival of their products. The products are subject to simulated shocks and stress normally encountered during handling and transportation.

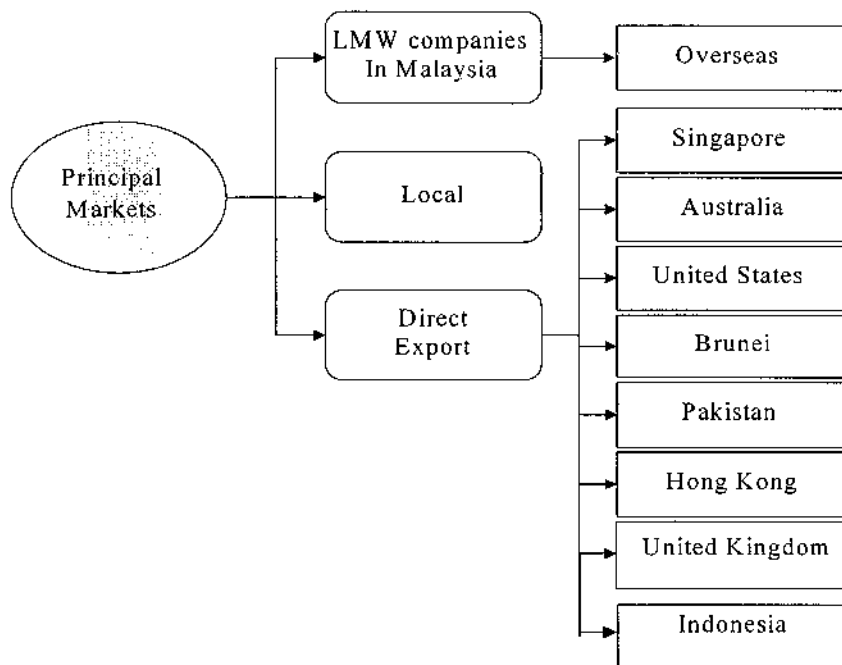
The CBB Group is aware of the damaging effects of chlorofluorocarbon gases on the environment especially the ozone layer. As such, the Group uses liquefied petroleum gas instead of chlorofluorocarbon gases, as the blowing agent for the expansion of extruded polyethylene foam. Part of the CBB Group's process of manufacturing paper packaging products and household care products, such as detergents, also involves the use of sodium hydroxide. Prestige, Polyplus and ReadyChem have been approved by the Ministry of Health to purchase, store and use sodium hydroxide on a yearly renewable basis.

Prestige and Polyplus have an in-house wastewater treatment plant which is approved by the Department of Environment, and which approval is subject to continuous fulfillment of certain conditions. Sludge created during the process of treating effluent is disposed of by Kualiti Alam Sdn Bhd, an approved contractor by the Department of Environment.

7. INFORMATION ON CBB (continued)

7.4.10 *Principal Markets*

The principal markets of the CBB Group are both local and export, as depicted in the diagram below:-



Currently, the CBB Group primarily services the local markets. Total revenue for the financial year ended 31 March 2003 amounted to RM94.8 million and approximately RM88.6 million, i.e. 93.5% was derived from local customers including Licensed Manufacturer Warehouse (“LMW”) companies, based on sales invoices to companies in Malaysia.

Market Coverage and Share

In 2002, the market size for the manufacture of containers and boxes of paper and paperboard (including manufacture of corrugated cartons and paper bags) in Malaysia was estimated at RM2.1 billion based on local production (Source: *Vital Factor Consulting Sdn Bhd*). Using CBB Group’s revenue of containers and boxes of paper and paperboard of RM71 million for the financial year ended 31 March 2003, as an appropriation for calendar year 2002, the market share of the CBB Group is estimated at 3% of the total manufacture of containers and boxes of paper and paperboard in 2002.

In 2002, the market size for corrugated cartons in Malaysia was estimated at RM1.6 billion based on local consumption (Source: *Vital Factor Consulting Sdn Bhd*). Using CBB Group’s revenue of corrugated cartons of RM41 million for the financial year ended 31 March 2003, as an appropriation for calendar year 2002, the market share of the CBB Group is estimated at 3% of the total manufacture of corrugated cartons in 2002.

7.4.11 *Material Research & Development*

The CBB Group recognises the essential need to undertake continuing research and development to maintain the quality and reliability of its products. In the view of the Directors of CBB, R&D would provide the Group with a competitive advantage, with an aim of ensuring its business sustainability and success in the long term.

7. INFORMATION ON CBB (continued)

The Group's R&D capabilities are based on its in-house facilities and expertise. Its in-house facilities include a testing laboratory and a team of experienced technical personnel with expertise in product design, development, prototyping and manufacturing process.

The CBB Group undertakes material R&D in the following areas:

- continuing product improvement;
- maintaining product quality;
- creation of packaging solutions to meet customers' special requirements;
- development of new packaging products;
- formulation of new household care products; and
- process improvement.

CBB Group has achieved the following in its R&D:-

- (i) **High compression BE Flute corrugated carton** – The development of this product is based on the BE Flute with wall thickness of 4mm instead of the normal thickness of 8mm for double wall carton, enabling a higher container loading factor by 8% to 12%. This product has resulted in the saving of freight cost for the edible oil industry which export most of its products.
- (ii) **Dish wash paste and refill pouch pack** – Successfully developed dish wash paste and refill pouch pack which CBB believes is gaining popularity in the consumer market due to environmental concerns.

The amount of R&D spent by CBB Group for the last 3 financial years ended 31 March 2003 are as follows:-

Financial years ended	31.03.2001 RM'000	31.03.2002 RM'000	31.03.2003 RM'000
R&D	200	277	300
Turnover	85,251	77,545	94,755
%	0.23	0.36	0.32

In the pipeline is a new product arising from the Group's R&D activity which is expected to be introduced into the market. This new product is the barrier carton which is developed based with an additional layer of polyethylene laminated moisture barrier. This product is expected to be introduced into the market for the frozen seafood industry and fresh produce industry at the beginning of 2004.

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7. INFORMATION ON CBB (continued)

7.4.12 Major Licences, Trademarks and Permits

The licences and permits obtained by the CBB Group which are material for its operations and which are applicable as at the date of this Prospectus include:-

Entity	Issued by/Registered with	Type / Date of licence	Type of business / activity approved
Prestige	Majlis Daerah Kulai	Business licence (No. 04180) dated 16.1.03. Valid until 31.12.03.	To operate a plant for manufacturing of plastic bags at PLO 98, Kawasan Perindustrian Senai III, Senai, Johor.
	Health Ministry	Permit (No. 008659) under the Poison Ordinance, 1952 dated 28.05.03. Valid until 31.12.2003.	For purchase, store and use of sodium hydroxide in connection with the preparation of glue.
	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A054805) dated 26.5.95.	For manufacture of multi-wall paper bags (valve and pasted bottom type).
	Home Ministry	Printing Press licence (No.032758) dated 27.11.02. Valid until 30.9.03.	For keeping and using of printing press at PLO 98, Kawasan Perindustrian Senai III, Senai, Johor.
	MITI	Manufacturing licence under Industrial Coordination Act, 1975 (No. A009822) dated 15.7.95.	For manufacture of corrugated paper board, corrugated carton boxes and multi-wall paper bags at PLO 98, Kawasan Perindustrian Senai III, Senai, Johor.
MPSB	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A053127) dated 7.6.93.	For manufacture of adhesive tape, die-cut label and sticker.
	Majlis Daerah Kulai	Business licence (No. 04189) dated 16.1.03. Valid until 31.12.03.	To operate a plant for manufacturing of wood/cane/bamboo based products at PLO 99, Kawasan Perindustrian Senai III, Senai, Johor.
Prior	Majlis Daerah Kulai	Business licence (No. 04186) dated 16.1.03. Valid until 31.12.03.	To operate a plant for manufacturing packaging products at PLO 99, Kawasan Perindustrian Senai III, Senai, Johor.
	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A039941) dated 21.3.91.	For manufacture of expanded polyethylene foam cut into size and sealed into bags and plastic bags.

7. INFORMATION ON CBB (continued)

Entity	Issued by/Registered with	Type / Date of licence	Type of business / activity approved
Polyplus	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A039232) dated 4.6.92.	For manufacture of corrugated board / pad.
	MITI	Manufacturing licence under Industrial Coordination Act, 1975 (No. A010087) dated 12.1.96.	For manufacture of corrugated board and corrugated carton at PT No 3292 & 3293, Lorong AM 8, Arab-Malysian Industrial Park, Nilai, Negeri Sembilan.
	Home Ministry	Printing Press licence (No.006741) dated 16.7.03 Valid until 31.5.04.	For keeping and using of printing press at PT No 3292 & 3293, Lorong AM 8, Arab-Malaysian Industrial Park, Nilai, Negeri Sembilan.
	Health Ministry	Permit (No. 005576) under the Poison Ordinance, 1952 dated 1.1.03. Valid until 31.12.03	For purchase, store and use of sodium hydroxide in connection with the production of corrugated board.
	Majlis Daerah Nilai	Business licence dated 24.2.03. Valid until 31.12.03.	To operate a factory at PT 3292 & 3293, Lorong AM8, Arab-Malaysian Industrial Park, Nilai, Negeri Sembilan.
Southern	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A064886) dated 11.8.01.	For manufacture of flexible intermediate bulk container.
PPPSB	Home Ministry	Printing Press licence (034597) dated 15.7.03. Valid until 14.7.04.	For keeping and using of printing press at No. 286, Lorong Industri Satu, Kawasan Industri Taman Kenangan, Sg Karangan 09410 Padang Serai, Kedah
	Majlis Daerah Kulim	Business licence (No. 10000/12/286/ 23). Valid until Dec 2003.	To carry out the business of manufacturing and sales of paper products at No. 286, Lorong Industri Satu, Kawasan Industri Taman Kenangan, Sg Karangan 09410 Padang Serai, Kedah
Macro	Royal Custom and Excise Malaysia	Licence to act as Manufacturer under Sales Tax Act, 1972 (No. A066407) dated 23.9.02.	For manufacture of supa glue.