

6. INDUSTRY OVERVIEW

6.1 Overview of the Malaysian economy

After experiencing sluggish growth in 2001, the Malaysian economy rebounded strongly in 2002. Higher growth in 2002 bolstered optimism for a stronger economic performance in 2003 in anticipation of an improved world economic outlook. The prospect for a global economic recovery was, however, affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the Severe Acute Respiratory Syndrome ("SARS"). The Malaysian economy remains resilient to post a higher real gross domestic product ("GDP") growth in the first half of 2003, despite the adverse external economic environment. Consumer and business sentiments are expected to be further enhanced following the containment of SARS and better world economic outlook anticipated for the rest of the year.

World growth and trade are expected to improve with most economic activities returning to normalcy. World growth is still hinged on the modest performance of the US economy with the Euro area still marked by relative weakness although Japan, the world's second largest economy, is showing signs of a more definitive path of sustained positive growth. Overall, indications point towards an improved outlook and higher optimism for 2004, despite the downside risks. Thus, world economy is expected to post a higher growth of 4.0% with the US, Euro area and Japan registering growth of 3.6%, 2.3% and 1.0%, respectively in 2004.

The strengthened macroeconomic fundamentals and a more broadly balanced economic structure with emerging new sources of growth will provide the foundation for sustained higher growth. Alongside pragmatic macroeconomic management and the pro-growth measures in place to support private sector initiatives, Budget 2004 will further enhance competitiveness and reinforce the resilience of the economy against likely destabilising external factors and garner higher economic growth for the country. The Malaysian economy is, therefore targeted to achieve a stronger GDP growth of 5.5% - 6.0% for 2004.

(Source: Economic Report 2003/2004)

6.2 Overview of the manufacturing industry

Malaysia's manufacturing sector is all geared up for better times ahead, as output strengthened further starting February 2003, on the back of higher growth of domestic-oriented industries and better performance of export-oriented industries. After expanding at 5.9% in the first half of 2003, the manufacturing sector is expected to record a growth of 6.5% for 2003, given the better world economic outlook and continuing recovery in the electronics sector.

Overall, output of the manufacturing sector expanded by 7.8% in the first six (6) months (January – June 2002 : 1.4%). The better-than-anticipated growth was the result of higher production of 7.9% in the second quarter 2003 (second quarter 2002 : 6.5%). Signs of recovery are also seen in the US electronics market such as the improving book-to-bill (BTB) ratio of North America's electronics equipment industry. The global demand for electronic products, estimated at RM4,028 billion in 2002, is expected to increase by about 10.0% to 12.0% in 2003, thereby providing positive impact on the performance of the industry in Malaysia.

Stronger domestic and external demand led to a higher capacity utilisation of 83% in the manufacturing sector. Indicative of the stronger momentum of growth, the manufacturing production index increased by 8.7% in June 2003. Based on this uptrend, value added of manufacturing is expected to increase by 6.5% in 2003, contributing a 30.6% share in GDP. Moreover, the overall value added of the manufacturing sector is expected to register a stronger growth of 7.2% in 2004. The manufacturing sector will remain the key contributor to economic growth despite the uncertainty and volatility in the global economy. The sector is expected to undertake further rationalisation especially in labour intensive operations.

(Source: Economic Report 2003/2004, International Trade and Industry Report 2002)

6. INDUSTRY OVERVIEW *(cont'd)*

6.3 Overview of the E&E products industry

The electronics industry recorded strong growth for the year 2003 following the broad-based expansion in global demand across all geographical regions and products. Expansion in the first-half year was moderate and picked up strongly in the second-half year. Growth emanated mainly from the expansion in the wireless and personal computer ("PC") markets as well as consumer electronics products. While growth in wireless products was driven by the rising demand for wireless applications and cell phones, the demand for PCs was led by the PC replacement cycle, which took place in the latter half of the year as companies invested to replace their equipment acquired during the Y2K period. The consumer electronics products experienced strong growth due to growing consumer interest in adopting new technology and multi-functional devices such as camera phones, personal digital assistants and digital video decoders. In terms of export markets, the Asia-Pacific region continued to spearhead growth and remained the largest market for the global semiconductor sales. Demand was especially strong from China, which became the largest importer of chips in the world.

Malaysian manufacturers were able to benefit from the emerging global electronics up-cycle, in view of the diversity in product mix and export markets. Local semiconductor manufacturers continued to move up the value chain from assembly and packaging activities to become full turnkey providers to maintain their competitiveness.

Amidst increased global competition, the performance of the electrical products sub-sector continued to deteriorate. The decline was mainly in the audio-visual and the telecommunication products as producers who emphasised on low labour cost had relocated elsewhere. Nevertheless, output of air conditioners, refrigerators and other ventilating devices continued to increase in tandem with the improving external demand. Overall, the performance of the industry was also affected by lower offtake from most of the major importers of Malaysia's electrical products, particularly from the US, Japan, Hong Kong, China, the United Kingdom and Netherlands. Nevertheless, exports to China increased strongly.

(Source: The Malaysian Economy in 2003, Bank Negara Malaysia Annual Report 2003)

6.4 Overview of the plastics industry

The plastics industry registered a total turnover of RM9.4 billion in 2003, an increase of 6.8%, compared to 2002. The strong growth was mainly attributed to the 16% increase in export of plastic finished products, from RM3.9 billion in 2002 to RM4.5 billion in 2003.

The performance of the electrical and electronics sub-sector deteriorated, mainly in the audio-visual and telecommunication products as production concentrated more in the lower labour cost countries. Demand for plastic parts and components from the electrical sub-sector declined by about 6%.

(Source: Performance of the Malaysian Plastics Industry (2003), Malaysian Plastics Manufacturers Association ("MPMA"))

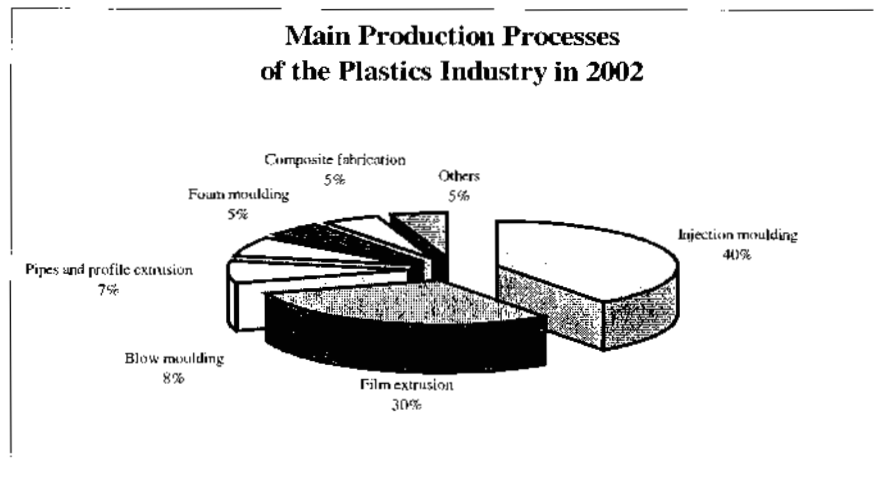
6. INDUSTRY OVERVIEW *(cont'd)*

6.4.1 Background

The plastics industry in Malaysia is a major support industry for the electronics and telecommunications sector, in line with the local content policy. It can be broadly categorised into “upstream”, “midstream” and “downstream” industries. The upstream industry involves the exploration and production of crude oil and gas. The “midstream” industry consists of the production of raw materials for the downstream industry, i.e. plastic resins. The downstream plastics industry comprises the processes, which design, formulate, manufacture and market plastic articles to consumer, industrial and OEM markets. The downstream plastics industry can be further divided into the following:

- (i) The production of plastic consumer products such as toys, kitchen-ware and house-ware;
- (ii) The production of industrial products such as laminates, calendered goods, bags, large containers and boxes and building products; and
- (iii) The production of parts to be assembled into the final products of the E&E products, automotive and other industries (ie. the OEM).

The plastics industry can be segmented by different types of processes as follows:



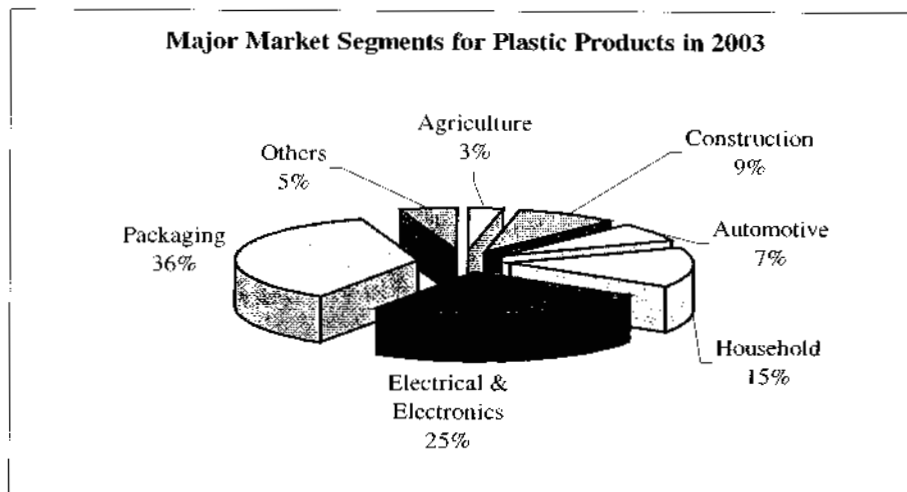
The businesses of GSCB relate to the manufacture of plastic injection moulded products. The injection moulding process mainly caters for the injection moulded products for the E&E industry, automotive industry and household products.

(Source: An Overview of the Malaysian Plastics Industry (2002), MPMA)

6. INDUSTRY OVERVIEW *(cont'd)*

6.4.2 Industry structure

The consumption (based on sales value) of plastics by market sector in Malaysia can be summarised as follows:



In 2003, the major plastics consumption was from the packaging sector at 36%, followed by the E&E sector at 25%. The agriculture sector accounted for the least at 3%.

(Source: Performance of the Malaysian Plastics Industry 2003, MPMA)

6.4.3 Government legislation, policies and incentives

The Government has implemented several policies to promote and assist in the development of the plastics industry in Malaysia. Among the legislation, policies and incentives introduced by the Government are as follows:

(i) Government tax incentives

Generally, the various tax incentives available in the plastics industry are as follows:

- (a) pioneer status;
- (b) investment tax allowance;
- (c) reinvestment allowance;
- (d) export incentives;
- (e) R&D incentives; and
- (f) import duty exemption on machinery and plastic resin.

6. INDUSTRY OVERVIEW (cont'd)**(ii) Other incentives**

To promote the use, manufacture and processing of plastics in Malaysia, the MPMA was established as a progressive trade association providing leadership and quality services to its members and the plastics industry. The major projects organised by MPMA are as follows:

(a) MPMA Plastics Technology Training Centre

The objective of the training centre is to provide facilities for developing and upgrading manpower skills, to act as a vehicle for technology transfer from foreign to the local plastics industry and to assist in the establishment of links between the plastics industry and the government, research institutions, local or foreign training agencies. It was first initiated in Penang in March 1993 and expanded to Johor and Selangor in 1996.

(b) Standards writing

MPMA was the first trade association to be appointed as a Standards Writing Organisation by the Standards and Industrial Research Institute of Malaysia (SIRIM) to undertake the task of developing industry standards on intermediate and plastic finished products.

(c) Plastics Waste Management Taskforce

It was formed in 1992 together with the Department of Environment under the Ministry of Natural Resources and Environment and the plastics resin producers. The main objective is to manage plastics waste in an environmentally sound manner. It is also committed to play a proactive role in setting up an effective system of managing plastic waste.

(d) E-Plastics community

The portal was established in 2001, designed to lead MPMA's members towards an e-plastics community by providing information, knowledge, promotion, commerce and collaborative facilities. It would allow local manufacturers to cluster and consolidate their resources to interact and trade electronically amongst themselves and with their trading partners directly at www.mpma.org.my.

(e) Malaysian Plastics Design Centre

It was initiated in 1995 with assistance and support from MITI which allocated a launching grant of RM1.5 million for the project. The main objective is to develop new designs for plastic products aimed at creating own brand names for Malaysian-made plastic products. Services provided ranged from conceptual design to product prototyping. It was also in collaboration with the German-Malaysian Institute to organise training courses on product design, mould design, mould making and CAD/CAM/CNC programming.

(Source: Malaysian Plastics Industry Directory 2003/2004 and An overview of the Malaysian Plastics Industry (2002), MPMA)

6. INDUSTRY OVERVIEW *(cont'd)*

6.4.4 Factors contributing to the future growth of the plastics industry

The following factors are the main contributors to the future growth of the plastics industry:

(i) Increasing usage of new applications of plastics

The current per capita consumption of plastics in Malaysia is only about 55kg, which is still low compared to the average per capita consumption of 80kg to 100kg in developed countries. Every year, new resins are developed for better quality, stronger performance and wider applications of plastics in emerging industry sectors such as telecommunications, medical, pharmaceutical and aerospace.

(ii) Potential to replace other materials

Competitive pricing, better resins and additives would allow plastics to replace metal, paper, wood and glass in many applications. Furthermore, due to its flexibility and workability, plastics can be easily moulded, extruded or formed and designed to conform to various required physical properties. Therefore, plastics are increasingly being used to replace traditional materials and to penetrate new fields of application because it is energy-efficient, light weight, is relatively cheaper to produce and offers superior quality than the existing materials which it replaces.

(iii) High quality of manufacturing ability

The plastics industry in Malaysia has been a supporting industry to many reputable MNCs such as Matsushita, Sony, Sharp Roxy, Intel and Motorola. Therefore, the Malaysian plastics manufacturers have the technical competence to produce high quality plastic products and are capable of competing in the export market due to their ability to produce high quality and competitively priced products.

(iv) Removal of trade barriers

The removal of trade barriers through the World Trade Organisation Free Trade Area and ASEAN Free Trade Area would provide the opportunities for the local plastics manufacturers to expand their market share to other countries within the region. With their manufacturing flexibility and high quality manufacturing ability, the Malaysian plastics manufacturers are expected to be able to compete in the global market.

(Source: Overview of the Malaysian Plastics Industry (2002), MPMA)

(v) Shorter lifecycle of products

Concurrent with the emergence of the wider and improving applications for plastics, product lifecycles (in particular E&E products) have become shorter. In addition, E&E products such as, but no limited to mobile phones, laptop computers and DVD players are constantly evolving whereby new models continue to be introduced with high frequency. The shortening of the product lifecycles and myriad of product choices will fuel the increase in consumption of plastics.

(Source: Management discussion of the GSCB Group)

6. INDUSTRY OVERVIEW *(cont'd)*

6.5 Future prospects

The Malaysian plastics industry experienced a strong growth in 2003. Despite the negative impact of the SARS and war against Iraq during the first half, the industry recovered strongly in the second half, particularly, the export sector.

The prospect for 2004 is very promising as the world major economies including the US, European Union ("EU") and Japan are expected to improve. According to a report by the World Bank, the US economy is expected to grow by 4.6% in 2004 against 3.2% in 2003, Japan will grow by 3.1% compared to 2.7% in 2003 and the growth for EU will be increased from 0.4% in 2003 to 1.7% in 2004. The improvement in these major economies will augur well for the Malaysian economy as they are the main export markets for our products.

The projected growth of the Malaysian economy in 2004 is projected at 6.5% and would be spearheaded by the manufacturing sector, which is expected to grow by 10.6% against the 8.2% growth in 2003. With the positive outlook of the manufacturing sector, the plastics industry is expected to achieve a growth of between 8% and 10% for 2004 with a total turnover to exceed RM10 billion for the first time.

(Source: Performance of the Malaysian Plastics Industry 2003, MPMA)

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7. INFORMATION ON THE GSCB GROUP

7.1 History

GSCB was incorporated in Malaysia under the Act on 8 November 2003 as a public company under its present name.

The principal activity of the Company is that of investment holding while the principal activities of its subsidiaries are as set out in Section 7.5 below. GSCB obtained its certificate of commencement of business operations on 19 November 2003.

7.2 Share capital

The authorised, and issued and fully paid-up share capital of GSCB as at 8 July 2004 are as follows:

	No. of shares	Par value RM	Total RM
Authorised			
Ordinary shares	100,000,000	0.50	50,000,000
Issued and fully paid-up			
Ordinary shares	64,301,600	0.50	32,150,800

The changes in the issued and fully paid-up share capital of the Company since its incorporation to 8 July 2004 are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
08.11.03	2	1.00	Cash; Subscribers' shares	2
17.05.04	4	0.50	Share split to RM0.50	2
31.05.04	64,301,596	0.50	Issued pursuant to the Acquisitions	32,150,800

7.3 Restructuring and listing exercise

In conjunction with, and as an integral part of the Listing, the Company undertook a restructuring exercise, which was approved by the following authorities:

- (a) MITI which was obtained on 3 March 2004; and
- (b) SC which was obtained on 7 May 2004.

In addition, under the Guidelines of FIC in relation to Acquisitions, Mergers and Takeovers, 1974 the SC, vide its letter dated 7 May 2004 has no objections to the indicative equity structure of GSCB after the Listing as set out in Section 10.1 of this Prospectus.

7.3.1 Share split

On 17 May 2004, GSCB split its two (2) ordinary shares of RM1.00 each, to four (4) GSCB Shares.

7. INFORMATION ON THE GSCB GROUP (cont'd)

7.3.2 Acquisitions

On 20 November 2003, GSCB entered into a sale and purchase agreement with the vendors of Ge-Shen, vendors of GWJ and vendors of Ezec for the acquisition of 100% of the issued and paid-up share capital of Ge-Shen, 100% of the issued and paid-up share capital of GWJ and 100% of the issued and paid-up share capital of Ezec respectively, details of which are as set out below:

(a) Acquisition of Ge-Shen

GSCB acquired 5,642,000 ordinary shares representing 100% equity interest in Ge-Shen for a purchase consideration of RM27,948,800 or approximately RM4.95 per share. The purchase consideration for Ge-Shen was arrived at based on a net PE Multiple of 3.28 times and Ge-Shen's forecast PAT for the financial year ending 31 December 2004.

The total purchase consideration was satisfied wholly by the issuance of 55,897,600 new GSCB Shares at an issue price of RM0.50 per GSCB Share.

The vendors of Ge-Shen, their respective shareholdings therein and the number of GSCB Shares issued to them pursuant to the Acquisition of Ge-Shen are as follows:

Vendors	Shareholdings in Ge-Shen		No. of new GSCB Shares
	No. of shares held	% held	
Wong Yee Keh	1,468,480	26.03	14,548,832
Han Hun Kwong	686,420	12.17	6,800,642
Teo Chin Swee	946,100	16.77	9,373,400
Aw Joon Thong	398,400	7.06	3,947,112
Liew Kwai Lan	450,000	7.97	4,458,334
Sesi Bintang	1,028,835	18.24	10,193,088
SDC-NS	663,765	11.76	6,576,192
	5,642,000	100.00	55,897,600

(b) Acquisition of GWJ

GSCB acquired 1,650,000 ordinary shares representing 100% equity interest in GWJ for a purchase consideration of RM732,998 or approximately RM0.44 per share. The purchase consideration for GWJ was arrived at based on a net PE Multiple of 3.20 times and GWJ's forecast PAT for the financial year ending 31 December 2004.

The total purchase consideration was satisfied wholly by the issuance of 1,465,996 new GSCB Shares at an issue price of RM0.50 per GSCB Share.

The vendors of GWJ, their respective shareholdings therein and the number of GSCB Shares issued to them pursuant to the Acquisition of GWJ are as follows:

Vendors	Shareholdings in GWJ		No. of new GSCB Shares
	No. of shares held	% held	
Wong Yee Keh	874,500	53.00	776,978
Han Hun Kwong	330,000	20.00	293,198
Teo Chin Swee	313,500	19.00	278,540
Aw Joon Thong	132,000	8.00	117,280
	1,650,000	100.00	1,465,996

7. INFORMATION ON THE GSCB GROUP (cont'd)

(c) Acquisition of Ezeq

GSCB acquired 100,000 ordinary shares representing 100% equity interest in Ezeq for a purchase consideration of RM3,469,000 or approximately RM34.69 per share. The purchase consideration was arrived at based on a net PE Multiple of 3.20 times and Ezeq's forecast PAT for the financial year ending 31 December 2004.

The total purchase consideration was satisfied wholly by the issuance of 6,938,000 GSCB Shares at an issue price of RM0.50 per GSCB Share.

The vendors of Ezeq, their respective shareholdings therein and the number of GSCB Shares issued to them pursuant to the Acquisition of Ezeq are as follows:

Vendors	Shareholdings in Ezeq		No. of new GSCB Shares
	No. of shares held	% held	
Wong Yee Keh	53,000	53.00	3,677,140
Han Hun Kwong	20,000	20.00	1,387,600
Teo Chin Swee	19,000	19.00	1,318,220
Aw Joon Thong	8,000	8.00	555,040
	100,000	100.00	6,938,000

The Acquisitions were completed on 31 May 2004. The 64,301,596 new GSCB Shares issued pursuant to the Acquisitions rank *pari passu* in all respects with the existing ordinary shares of GSCB and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

In order to facilitate the moratorium on the disposal of GSCB Shares as set out in Section 10.2 of this Prospectus, the Offerors entered into a sale of shares agreement on 2 June 2004 with GSRSB (which was completed on even date), for the disposal of the following number of GSCB Shares to GSRSB as follows:

Offerors	No. of GSCB Shares issued under the Acquisition	No. of GSCB Shares transferred to GSRSB	Balance held by Offerors
Wong Yee Keh	19,002,950	16,345,530	2,657,420
Han Hun Kwong	8,481,440	7,478,641	1,002,799
Teo Chin Swee	10,970,160	8,757,517	2,212,643
Aw Joon Thong	4,619,432	3,418,312	1,201,120
	43,073,982	36,000,000	7,073,982

Upon completion of the Acquisitions, the issued and fully paid-up share capital of GSCB increased from RM2.00 comprising four (4) ordinary shares of RM0.50 each to RM32,150,800 comprising 64,301,600 ordinary shares of RM0.50 each.

7.3.3 Offer for Sale

5,014,000 Offer Shares will be offered by the Offerors for application by the Malaysian public at an issue price of RM0.95.

7.3.4 Public Issue

In conjunction with the Listing, GSCB will undertake a public issue of 15,698,400 new GSCB Shares at the issue price of RM0.95 per Issue Share.

7. INFORMATION ON THE GSCB GROUP *(cont'd)*

Upon completion of the Public Issue, the issued and fully paid-up share capital of GSCB will increase from RM32,150,800 comprising 64,301,600 GSCB Shares of RM0.50 each to RM40,000,000 comprising 80,000,000 GSCB Shares.

7.3.5 Listing and quotation

Upon the completion of the IPO, GSCB will apply to Bursa Securities for the listing of and quotation for the entire issued and paid-up share capital of GSCB on the Second Board of Bursa Securities.

7.4 Business overview

The GSCB Group is principally involved in the manufacturing of all kinds of plastic moulded products and components, design and fabricating of precision plastic engineering tooling, modification, repair and servicing of moulds. Although each of the subsidiaries in the GSCB Group specialises in different operating aspects within the plastic injection moulding industry, the subsidiaries operate closely with each other whereby GWJ and Ezeq produces the tooling and moulds which are then applied by Ge-Shen for the manufacture of its products. For the financial year ended 31 December 2003 and the four (4) month period ended 30 April 2004, approximately 27% and 21% respectively of the total sales of the GSCB Group were to foreign companies. Further details on the history and business of each subsidiary are as follows:

(i) Ge-Shen

Ge-Shen was incorporated in Malaysia under the Act on 28 December 1995 with the purpose of manufacturing high precision plastic components used in E&E related products industry.

Ge-Shen is a licenced manufacturing company with approval from MITI and has been licenced by the Royal Malaysian Customs and Excise as a Licenced Manufacturing Warehouse company. In July 1998, Ge-Shen was presented with the certification of ISO9002 Quality Management System (Certificate No: 713), which was later upgraded to ISO9002 version year 2000 in 2001.

Since its establishment, Ge-Shen has mainly manufactured for several MNCs, including Panasonic AVC Networks Johor (M) Sdn Bhd (*formerly known as Matsushita Audio Video (M) Sdn Bhd*), Brother Group of Companies, Kenwood Electronics Technologies (M) Sdn Bhd, Pioneer Electronics Asia Centre Pte Ltd, Venture Corporation Limited and Mitsubishi Electronics (M) Sdn Bhd. Ge-Shen has a healthy working relationship with the aforementioned MNCs. The length of relationships with the majority of the aforementioned MNCs vary from five (5) to eight (8) years. As such, the Directors are of the view that the loyalty of the MNC customers will remain strong and recurring orders will continue for the foreseeable future.

To date, Ge-Shen has an integrated plastic injection moulding facility ranging from injection moulding to spraying, printing and assembly operations which serves as a "one-stop service centre" in relation to the production of plastic injection moulded parts.

7. INFORMATION ON THE GSCB GROUP (cont'd)

Production process

The details of the production process of Ge-Shen are as follows:

(a) Procurement of raw materials and moulds

The raw materials and moulds required for the injection moulding process comprise of plastic resins which are procured in accordance with the customers' specifications from the raw materials suppliers. Based on the financial year ended 31 December 2003 and the four (4) month period ended 30 April 2004, approximately 64.02% and 55.16% respectively of the fabrication of moulds were sourced within the Group.

(b) Injection moulding

The raw materials of such resin are melted at high temperature and injected into moulds procured to produce plastic injection moulded parts and components through the plastic injection moulding process. Each injection moulding machine of Ge-Shen is equipped with a robotic arm to enhance the quality of the injected products. The plastic injection moulded parts and components are then subject to a final quality control inspection and packaged before being delivered to customers or are subject to secondary processes as detailed below.

(c) Secondary processes

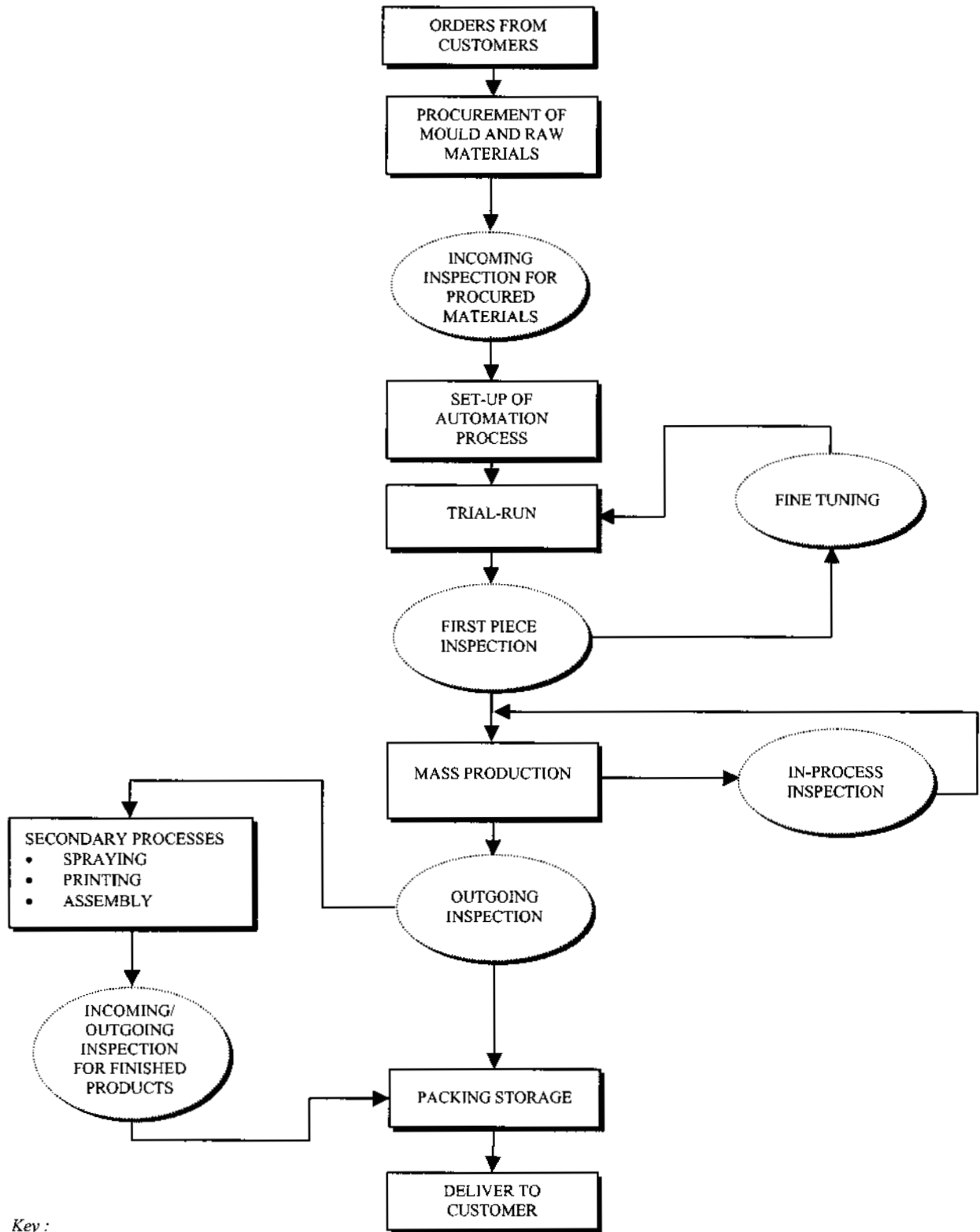
Secondary processes are processes which add value to moulded parts and components whereby these processes enhance the appearance of the moulded parts and components and convert them into finished products as per the specification and requirements of the customers. These processes usually require plastic paint spraying in specific colours, printing of manufacturers brand names and features, hot stamping, heat induction, heat melting and hot rolling of the E&E products. Upon completion of the secondary processes, the plastic parts or components are subjected to a final quality control inspection before being packaged and delivered to customers or are assembled as detailed below.

(e) Assembly processes

Plastic parts and components from the secondary processes are assembled into other plastic parts and components in accordance with the specifications and stringent requirements of the customers. Upon the completion of this process, the assembled plastic parts and components are subjected to a final quality control inspection before being packaged and delivered to customers.

7. INFORMATION ON THE GSCB GROUP (cont'd)

The manufacturing process of the plastics injection moulding is illustrated below:



Key :

□ - Denoting manufacturing processes

○ - Denoting quality control processes

7. INFORMATION ON THE GSCB GROUP (cont'd)

Products

The major products manufactured by Ge-Shen are as follows:

Products description	Final products	Industries	Principal brand names
Home and car audio	CD player, DVD player, video player and audio speakers	E&E	Pioneer, Kenwood, Panasonic and Mitsubishi
Office automation	Printer, scanner, typewriter and fax machine	E&E	Brother and TEC

The E&E products industry is the main industry to which Ge-Shen supplies its products.

Quality control ("QC")

In order to ensure that the products conform to the customers' specification and are of high quality, various types of inspection process are put in place to ensure such standards are met. The various stages of inspection by the company is highlighted in the manufacturing process of the plastics injection moulding diagram.

Incoming inspection for procured materials

Raw materials procured from the Group's suppliers are inspected and checked to ensure that they are in good condition and are per the specifications set by the MNC customers.

First piece inspection

Before commencement of a new set-up mass production run, trial-runs are carried out and the first-off production pieces are inspected by the QC inspectors, whereby visual and dimensional inspections are carried out on the trial samples to ensure they are in compliance with customers' approved samples and specifications as per the blue prints. Subsequently, a report known as the Set-up First Article Inspection Report is produced by the QC inspectors which is then reviewed by the QC supervisor as a final QC procedure before the commencement of the mass production run.

In-process inspection

In-process inspections are carried out every two (2) hourly intervals during a production run which is in accordance to pre-determined accepted quality levels set by the MNC customers. The in-process inspections are to ensure that the mass production run products are per the specifications and the reference acceptance criterias based on the customers' approval sample and the quality inspection manual. Subsequently, the results of the inspection will be recorded in another report known as the In-Process Inspection Report. The QC supervisor shall on his or her part ensure that the In-Process Inspection Reports are properly maintained.

7. INFORMATION ON THE GSCB GROUP (cont'd)

Outgoing inspection

In order to ensure that the quality of the goods delivered to the customers are high, all products are inspected prior to delivery. Storekeepers are authorised to receive only the parts approved by the QC department where acceptance criterias are per the customers' approval samples and quality inspection manual. Furthermore, outgoing inspections are carried out in accordance to pre-determined accepted quality levels set by the MNC customers. Such high level of QC is used mainly to ensure that only parts which meet the customers' standards are delivered. The results of the outgoing inspection are maintained in the Outgoing Inspection Report. Rejected parts shall either be reworked or scrapped.

Incoming/outgoing inspection for finished products

Incoming/outgoing inspection will be performed by the QC inspectors for every incoming/outgoing lot item after the secondary processes. Storekeepers are only authorised to accept products approved by the QC inspectors for delivery to customers. The results of inspection will be recorded in the QC Inspection Report.

Statistics QC

In order to monitor the quality performance effectively, various QC statistics such as total lot inspected/total lot rejected of incoming inspection, in process inspection and outgoing inspection are maintained and monitored. All inspection activities are compiled into a QC statistical report and are continuously monitored by the management with the intention to reduce wastage and further improve the quality of the products.

As an indication of the quality of the products produced by Ge-Shen, the following awards have been received by Ge-Shen from its MNC customers:

Year of receipt	Description of award	Source of award
1999	Best Supplier Award - Bronze	Kenwood Electronics Technologies (M) Sdn Bhd
2000	Best Supplier Award - Bronze	Kenwood Electronics Technologies (M) Sdn Bhd
2001	Supplier Appreciation Award	Brother Group of Companies Malaysia
2002	Best Contribution Award	Brother Group of Companies Malaysia
2003	Delivery Award 2003	Brother Group of Companies Malaysia
2003	Cost Award 2003	Brother Group of Companies Malaysia
2003	Best Supplier Award 2003	Brother Group of Companies Malaysia
2003	Best Supplier Quality Development Task Force Award	Brother Group of Companies Malaysia
2004	Best Quality Award 2004	Pioneer Electronics Asia Centre Pte Ltd

Principal markets

The plastic parts and components manufactured by Ge-Shen for its MNC customers are used by the MNCs to complete their E&E products for sale to end consumers. GSCB estimates that the end E&E products are predominantly sold in Japan (40%), Europe (30%) and the US (30%). The MNC customers of Ge-Shen are located in south Malaysia and Singapore with manufacturing facilities located relatively near to Ge-Shen's business operations.

7. INFORMATION ON THE GSCB GROUP (cont'd)

The major customers of Ge-Shen based on revenue are as follows:

Customer	Products Sold	Length of relationship (years)	Financial year ended 31 December 2003		Four (4) month period ended 30 April 2004	
			RM 000	%	RM 000	%
Panasonic AVC Networks Johor (M) Sdn Bhd (formerly known as Matsushita Audio Video (M) Sdn Bhd)	Home audio, video, key board and speaker	8	17,551	26.87	8,641	39.37
Brother Industries (Johor) Sdn Bhd	Office automation	7	20,968	32.10	5,345	24.35
Kenwood Electronics Technologies (M) Sdn Bhd	Home audio, video and car audio	7	4,655	7.13	830	3.78
Pioneer Electronics Asia Centre Pte Ltd	Home audio, DVD and car audio	4	5,463	8.36	2,309	10.52
Panasonic AVC Networks (S) Pte Ltd (formerly known as Matsushita Electronics (S) Pte Ltd)	Home audio and speaker	2	5,713	8.75	98	0.45
Sanko Gosei Technology Pte Ltd	Office automation	2	3,426	5.24	1,356	6.18
TEC Singapore Pte Ltd	Office automation	2	1,951	2.99	582	2.65
OGPC Industries Sdn Bhd	Home audio	1	681	1.04	1,767	8.05
Orca Innovation Sdn Bhd	Decorative product	1	496	0.76	184	0.84
Classic Advantage Sdn Bhd	Office automation	1	1,965	3.01	-	-
Venture Corporation Ltd	Tooling	*	-	-	269	1.23

Note:

* Less than one (1) year.

There are no formal long term contracts entered into between Ge-Shen and its major customers. The usual course of dealings between the parties are such that the respective customer will issue purchase orders and Ge-Shen will deliver the required goods within the time stipulated in the respective purchase orders. Payment is within the agreed credit period.

Manufacturing facilities

Ge-Shen has a total of five (5) manufacturing facilities. The head office is located at No. 11, Jalan Riang 23, Taman Gembira, 82100 Johor Bahru, Johor. Three (3) of the manufacturing facilities are located next to the head office whereas the other two (2) manufacturing facilities are located less than five (5) minutes from the Group's head office. Ge-Shen has a total land area of approximately 298,000 square feet and a built-up area of approximately 128,000 square feet which houses its head office and manufacturing facilities.

Ge-Shen has a program of continuously upgrading its machinery and QC processes to keep up with the increasing demands and stringent requirements of its MNC customers as well as the challenges from globalisation. Ge-Shen currently operates on three (3) shifts of eight (8) hours per shift on a daily basis for its injection moulding processes and secondary processes. The capacity of Ge-Shen consists of 51 units of injection moulding machines ranging from 50 tonnes to 850 tonnes and each machine is equipped with a robotic arm. The machines normally operate at an average capacity of approximately 80% with the balance capacity being made available for new products or additional orders.

Ge-Shen has also equipped itself with numerous automated and robotic machinery to meet the high precision requirements in the production of injection moulded parts and components for its MNC customers. Such machinery allow Ge-Shen to operate daily on a 24 hour basis with minimum reliance on its labour force. This allows Ge-Shen to meet the JIT practices of its MNC clients without compromising on the quality of its products.

7. INFORMATION ON THE GSCB GROUP (cont'd)

In the past 12 months up to 8 July 2004, there has not been any major interruptions in the business which have had a significant effect to the operations of Ge-Shen.

(ii) GWJ**History and business**

GWJ was incorporated in Malaysia under the Act on 25 August 2001. The business of GWJ comprises tooling, fabrication and repair, and modification of moulds for plastic injection moulding of exterior components.

GWJ was set up as a joint venture between certain Directors of Ge-Shen, namely Teo Chin Swee and Aw Joon Thong with Woo Jeon Precision Co Ltd (South Korea) ("Woo Jeon") to provide the tooling facilities to Ge-Shen and Woo Jeon as well as enabling the transfer of technology and shifting of knowledge of precision tooling from Woo Jeon to GWJ. By December 2002, the Directors of Ge-Shen were of the view that the transfer of technology was complete and GWJ was able to operate independently on its own. Currently, GWJ provides tooling facilities of less than 220 tonnes predominantly to Ge-Shen.

Production process

The details of the production process of GWJ are as follows:

(a) Tooling order and technical drawings discussion

Upon receipt of the tooling order from the customer, the technical team will conduct a technical consultation and enter into discussions with the design and engineering personnel of the customer relating to the design requirements for any potential issues such as the material usage and tooling flows before the fabrication process.

(b) Mould fabrication

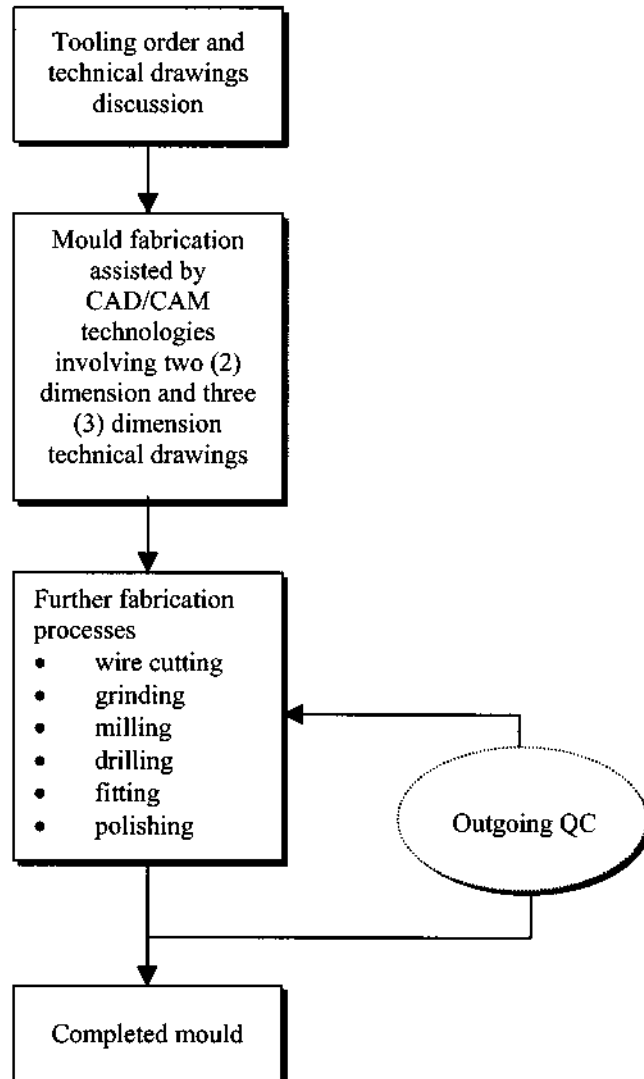
During the mould fabrication process, the confirmed mould specification and dimension is programmed by the company's designer and programmer into the CAD/CAM software whereby two (2) dimension and three (3) dimension drawings are carried out before transferring the designs into machines. The machines will then shape the mould block according to the specification as programmed. Such computerised process are more time efficient and reduces the margin for error as any change will be done through the CAD/CAM software whereby the machines will rectify the necessary adjustments.

(c) Further fabrication process

Further processes such as wire cutting, grinding, milling, drilling, fitting and polishing are required to fix the fabricated parts together into a complete precision mould.

7. INFORMATION ON THE GSCB GROUP (cont'd)

The manufacturing process of plastic injection moulding is as shown below:



Products

GWJ provides a complete range of services in precision engineering tooling fabrication of less than 220 tonnes. Tooling fabrication by the company presently are carried out in accordance to the specifications of its clients and its tooling are for the plastic injection moulding of parts and components for home audio, video, car audio, speaker and office automation.

QC

In order to ensure that only high quality products are despatched to its customers, various types of inspection processes are carried out at various stages by the company.

Upon full completion of the moulds, they are tested and inspected again by the QC inspectors to ensure that the finished moulds are per the clients requirements before delivery.

7. INFORMATION ON THE GSCB GROUP (cont'd)

Principal markets

The high precision engineering moulds manufactured by GWJ are all sold to the MNC customers via Ge-Shen which are then used for injection moulding for E&E products manufactured by Ge-Shen.

GWJ does not normally deal directly with the end customers, but contributes its products to the end customers via Ge-Shen. The usual course of dealings between the parties are such that the end customers will issue purchase orders and Ge-Shen will deliver the required goods within the time stipulated in respect of the purchase order. Payment will be made within the agreed credit term.

Manufacturing facilities

GWJ's manufacturing facilities are located at No. 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru, Johor. GWJ rents approximately 3,400 square feet of the floor space of the abovementioned premises. The company operates one (1) shift of eight (8) hours per day with machine capacity reaching up to 70% except for CAD/CAM mould fabrication division which operates two (2) shifts of eight (8) hours. Since the commencement of GWJ's operations, the company has managed to produce an average of 120 moulds per annum.

The production facilities of GWJ are capable of designing, fabricating, repairing, modifying and servicing moulds. The manufacturing facilities of GWJ are equipped with sophisticated equipment and machines capable of producing high precision moulds within a very short period of time.

The management of GSCB are of the view that the only evident constraint GWJ faces is the lack of skilled labour particularly in mould making. In mitigating this risk, GWJ is looking to supplement its workforce by hiring the necessary skilled labour from India.

(iii) Ezec**History and business**

Ezec was incorporated in Malaysia under the Act on 4 September 2000. The business of Ezec comprises design and fabrication of precision plastic engineering tooling, modification, repair and servicing for Ge-Shen.

Ezec is a pioneer status company licensed by MITI. Its operations are located at the same premises as Ge-Shen at No.11, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru, Johor. The involvement of Ezec in precise tooling designing and fabricating will enhance the overall performance of the Group through improvement in the production of parts and components for the moulds that are used in the plastics injection moulding processes. The moulds if designed properly will help reduce the rejection level of the plastic injection moulded parts and components in the said processes. As such, Ezec plays a vital part of the production chain flow in relation to the manufacturing processes carried out by the Group.

7. INFORMATION ON THE GSCB GROUP (cont'd)

The company commenced its manufacturing of precision plastic moulds in September 2002 and has proven its capability to design, produce and complete specific tooling in accordance to customers' specifications and within the timeframe set by clients. The ability to design and produce quality moulds requires capital investment in technology, upgrading of knowledge of its well trained workforce, periodic maintenance of machinery and a well outlined process control system. The Directors of GSCB are of the view that Ezec has and will continue to possess the aforementioned criterias necessary to ensure the moulds designed and produced are of high quality.

Production process

The production process of Ezec are similar to GWJ's production process in terms of tooling order and technical drawings discussion, mould fabrication and other fabrication processes.

Products

Ezec provides its customers with a complete range of services in precision engineering tooling fabrication within the range of 220 to 850 tonnes. Tooling fabrication by the company presently are carried out in accordance to the specifications of its clients and its tooling are for the plastic injection moulding of parts and components for home audio, video, car audio, speaker, office automation, and computer parts and components.

Principal markets

The high precision engineering moulds manufactured by Ezec are sold to the MNC customers via Ge-Shen which are then used for injection moulding for E&E products manufactured by Ge-Shen.

Similar to GWJ, Ezec does not deal directly with the end customers, but contributes its products to the end customers via Ge-Shen. The usual course of dealings between the parties are such that the respective customer will issue purchase orders and Ge-Shen will deliver the required goods within the time stipulated in respect to the purchase order. Payment will be made within the agreed credit term.

Manufacturing facilities

Ezec's manufacturing facilities are located within Ge-Shen's head office at No. 11, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru, Johor. Ezec rents approximately 33% of the floor space of the abovementioned premises comprising a total floor area of approximately 5,600 square feet, on two (2) floors. The company operates one (1) shift of eight (8) hours per day with machine capacity reaching up to 70%, except for CAD/CAM mould fabrication division which operates two (2) shifts of eight (8) hours. Since the commencement of Ezec's operations, the company has managed to produce an average of 60 moulds per annum.

The production facilities of Ezec are capable of designing, fabricating, repairing, modifying and servicing of moulds. The manufacturing facilities of Ezec are equipped with sophisticated equipment and machines capable of producing high precision moulds within a very short period of time.

The management of GSCB are of the view that the only evident constraint Ezec faces is the lack of skilled labour particularly in mould making. In mitigating this risk, Ezec is looking to supplement its workforce by hiring the necessary skilled labour from India.

7. INFORMATION ON THE GSCB GROUP (cont'd)

7.5 Subsidiaries

(i) Ge-Shen

Ge-Shen, a subsidiary of GSCB was incorporated in Malaysia under the Act on 28 December 1995 as a private limited company. The principal activity of Ge-Shen is that of manufacturing of all kinds of plastic moulded products and components.

As at 8 July 2004, the authorised share capital of Ge-Shen was RM10,000,000 comprising of 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Ge-Shen was RM5,642,000 comprising of 5,642,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of Ge-Shen since its incorporation are provided below:

Date of allotment	No. of shares issued	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
28.12.1995	3	1.00	Subscribers' shares	3
14.05.1996	499,997	1.00	Cash	500,000
05.03.1998	500,000	1.00	Cash	1,000,000
19.06.2000	938,111	1.00	Cash	1,938,111
07.12.2000	703,889	1.00	Cash	2,642,000
22.01.2002	3,000,000	1.00	Cash	5,642,000

As at 8 July 2004, Ge-Shen does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Ge-Shen has no subsidiaries or associated companies.

As at 8 July 2004, Ge-Shen has 630 employees.

(ii) GWJ

GWJ, a subsidiary of GSCB was incorporated in Malaysia under the Act on 25 August 2001 as a private limited company. The principal activity of GWJ is that of manufacturing of plastic mould, tools and die.

As at 8 July 2004, the authorised share capital of GWJ was RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of GWJ was RM1,650,000 comprising of 1,650,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of GWJ since its incorporation are provided below:

Date of allotment	No. of shares issued	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
25.08.2001	3	1.00	Subscribers' shares	3
10.12.2001	1,649,997	1.00	Cash	1,650,000

As at 8 July 2004, GWJ does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, GWJ has no subsidiaries or associated companies.

As at 8 July 2004, GWJ has 45 employees.

7. INFORMATION ON THE GSCB GROUP (cont'd)

(iii) Ezec

Ezec, a subsidiary of GSCB was incorporated in Malaysia under the Act on 4 September 2000 as a private limited company. The principal activity of Ezec is that of manufacturing of plastic mould, tools and die.

As at 8 July 2004, the authorised share capital of Ezec was RM500,000 comprising of 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Ezec was RM100,000 comprising of 100,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of Ezec since its incorporation are provided below:

Date of allotment	No. of shares issued	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
04.09.00	4	1.00	Subscribers' shares	4
03.04.02	99,996	1.00	Cash	100,000

As at 8 July 2004, Ezec does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Ezec has no subsidiaries or associated companies.

As at 8 July 2004, Ezec has 20 employees.

7.6 Market presence of the GSCB Group

Ge-Shen has been involved in the manufacturing of injection plastic moulded products and components since its incorporation on 28 December 1995. Since then, the GSCB Group has grown internally into a company with a sizeable turnover of approximately RM65 million and PAT of approximately RM8.3 million (based on the proforma results of the Group for the financial year ended 31 December 2003). This internal growth and expansion was made possible due to the loyalty of its customers principally Panasonic AVC Networks Johor (M) Sdn Bhd (formerly known as Matsuhita Audio Video (M) Sdn Bhd), the Brother Group of Companies, Kenwood Electronics Technologies (M) Sdn Bhd and Pioneer Electronics Asia Centre Pte Ltd who have been with Ge-Shen as customers, ranging from five (5) to eight (8) years. Such customer loyalty bears testimony to the quality of Ge-Shen's products and services.

The manufacturing of injection moulded parts and components and precision mould making for MNCs requires a relatively high capital investment in automated machinery and equipment as well as requiring the company's work force to have the relevant technical knowledge of the operating processes for plastic injection moulding such as (but not limited to) having a sound understanding of the characteristics of plastic resins and also having hands-on experience and knowledge of operating the automated machinery. As such, the barriers to entry of the plastic injection moulding industry is relatively high and not many new entrant manufacturers have the required skill set, experience or scale of operations of the likes of Ge-Shen to operate on an economical level and also to meet the stringent requirements set by the MNC customers.

The success of the GSCB Group can be attributed to the Group's objectives of providing competitive prices for its products, ensuring customer satisfaction (in particular, meeting the delivery and JIT requirements of the MNC customers) and that its products are of a high quality. New customers are often through referrals. The Group also provides pre-production services such as collaborating with its clients to discuss on the design requirements and providing value-added advice such as the type of resin to be used for production. In addition, the senior management and its marketing and sales team place great emphasis on having a good rapport with its major suppliers as well as its customers. The Group works closely with its customers to ensure that the requirements and products specifications of its customers are met.

7. INFORMATION ON THE GSCB GROUP *(cont'd)*

The majority of GSCB's products are assembled by the MNCs into E&E products which are then exported to Japan, Europe and the US.

The Directors are unable to ascertain the Group's market share within the plastics industry in Malaysia as the Directors are not aware of the existence of any industry report providing definitive data on the specific area of plastic injection moulding in which the GSCB Group participates.

7.7 Competitiveness of the GSCB Group

7.7.1 "One-stop service centre" in relation to the production of plastic injection moulded parts and an OEM manufacturer for certain products

The GSCB Group prides itself as a "one-stop service centre" in relation to the production of plastic injection moulded parts whereby it offers services from the process of mould making to the final process of assembling the plastic injection moulded parts into end products.

As a one-stop service centre, the GSCB Group allows its customers to procure the required services from a single supplier rather than procuring the necessary services from various suppliers. As such, the customers do not have to co-ordinate the transfer of moulds or semi-finished plastic parts from one (1) supplier to the other. Such an integrated manufacturing facility provides the GSCB Group with a competitive edge over its competitors and is also advantageous to the customer as transportation costs and production lead time is saved.

In addition, since the first quarter for the financial year ending 31 December 2004, the Group has embarked on being a full OEM manufacturer (for Panasonic AVC Networks Johor (M) Sdn Bhd *(formerly known as Matsushita Audio Video (M) Sdn Bhd)* for the manufacture of satellite speakers) and intends to procure more manufacturing orders for OEM products for the second half of the financial year ending 31 December 2004.

7.7.2 In-house mould making services

The GSCB Group is of the view that its mould making services further differentiates the Group from its competitors who usually subcontract the tooling of moulds to specialised mould makers. When a manufacturer of plastic injection moulding subcontracts the tooling of moulds to external mould makers, a certain degree of control is lost as it is reliant on the external mould makers to deliver the moulds on time. The Group believes it has good control in managing the turnaround time of producing moulds and that its design and fabrication of moulds are of high quality. As at 8 July 2004, the Group is 65 strong in terms of staff employed in GWJ and Ezec. Both companies are involved in the fabrication of moulds.

7.7.3 Time to market

Due to the shorter lifecycle and frequent changes for E&E products, the time to market for E&E products is important. With the Group's integrated plastic injection moulding facility, the available in-house mould making services and the constant interaction with its clients on the design and development stage, the Group is able to meet or reduce the time to market of its clients' products which in turn enables the MNC customers to launch their products on time.

7.7.4 Knowledge of processes

The Group provides value added input by advising their clients on the suitability of the usage of plastic resin in relation to the clients' products. In addition, the Group has the knowledge and ability to produce sophisticated surfaces to provide quality finishing to the product. Such value added services and knowledge on the usage of raw materials provide the Group an extra competitive edge over its competitors.

7. INFORMATION ON THE GSCB GROUP *(cont'd)*

7.8 Sources of raw materials of the GSCB Group

The major raw materials used in the plastic injection moulding process of the Group consist of plastic resins whilst the raw materials required for its secondary processes include paint, thinner, foil and ink. Amongst the plastic resins used are polyethylene, polystyrene, polypropylene, acrylonitrile butadiene styrene, polyacetal, acrylic and polycarbonate.

The major raw materials suppliers of the GSCB Group are as follows:

Suppliers	Products purchased	Length of relationship (years)	Purchases for the financial year ended 31.12.03		Purchases for the four (4) month period ended 30.04.04	
			RM 000	%	RM 000	%
Inabata Malaysia Sdn Bhd	Plastic resin	8	4,443	20.11	1,890	19.31
Inabata Singapore Pte Ltd	Plastic resin	8	2,605	11.79	911	9.30
Nagase Singapore Pte Ltd	Plastic resin	6	689	3.12	66	0.61
Multi Square Sdn Bhd	Paint and thinner	5	553	2.50	478	4.89
Woo Jeon Precision Ltd	Moulds	4	1,492	6.75	-	-
Sanko Gosei Technology (S) Pte Ltd	Plastic resin	3	1,925	8.71	613	6.26
K. Yamada Industries Sdn Bhd	Component parts	3	185	0.67	562	5.74
Tomen International (M) Sdn Bhd	Plastic resin	3	1,147	5.19	525	5.36
V Tech Mould & Plastic Sdn Bhd	Moulds	3	880	3.98	68	0.63
Matsushita Electric (Taiwan) Co. Ltd	Component parts	2	2	0.01	659	6.73
Ciplas Itochu Plastic Pte Ltd	Plastic resin	2	678	3.07	108	1.01
Metro Weath Polymer Sdn Bhd	Plastic resin	1	198	0.72	556	5.68
Amura Seiko Tooling Pte Ltd	Tooling	1	309	1.12	468	4.79
Pan Soundtech Electronics Sdn Bhd	Component parts	1	2	0.01	428	4.37
EW Plastic Sdn Bhd	Component parts	1	1,592	7.20	58	0.54

The Group is not overallly dependent on any one (1) single supplier for its main raw material, namely plastic resin. Save for Inabata Malaysia Sdn Bhd and Inabata Singapore Pte Ltd (for the financial year/period under review), none of the suppliers supplied more than 10% of the Group's plastic resin requirement.

7.9 R&D of the GSCB Group

As the products of the Group are produced in accordance to its customers' specifications, the Group does not undertake formalised research on the development of new products and applications. The Group has an engineering team consisting of four (4) engineers whereby the said engineering team studies the entire manufacturing process of the Group and attempts to improve the efficiency of the said process, the quality of the products produced and the speed of producing the products. In addition, the Group is in collaboration with its customers namely Panasonic AVC Networks Johor (M) Sdn Bhd (*formerly known as Matsushita Audio Video (M) Sdn Bhd*) and Brother Group of Companies in exploring the possibilities of replacing non-plastic components such as metal and wood with plastic.

7.10 Future prospects of the GSCB Group

The GSCB Group intends to expand its existing operations and activities through the diversification of products and expansion of its present production facilities. The Group has also built on its current position as a full OEM manufacturer (for Panasonic AVC Networks Johor (M) Sdn Bhd (*formerly known as Matsushita Audio Video (M) Sdn Bhd*) for the manufacture of satellite speakers) and as a "one-stop service centre" in terms of production of plastic injection moulded parts by procuring more manufacturing orders for OEM products for second half of the financial year ending 31 December 2004.

7. INFORMATION ON THE GSCB GROUP (cont'd)

The Group believes that in order to stay ahead and remain competitive within the plastic injection moulding industry, it has to undertake more complex and high end products (such as multi-coloured home audio products with multi-features and DVD players) from its MNC customers. Such high end products would fetch higher margins and would also require better craftsmanship when producing and fabricating the moulds. The Group is of the view that it has the appropriate resources to produce high end plastic products that differentiates GSCB from its competitors.

In order to achieve the above, the Group intends to carry out the following:

(i) Acquisition of new machinery and factory sites

The Group intends to expand its current operations by acquiring new factory sites within the vicinity of its current operating location to house its other prospective OEM manufacturing activities and to invest in additional plastic injection moulding machinery. In addition, the Group intends to invest in a new clean room and a roto-spraying system for the further expansion of its secondary manufacturing processes.

(ii) Procuring of higher margin products

In addition to the plastic injected products currently produced by the Group, the Group intends to further expand on procuring more manufacturing orders for OEM products and further concentrate on products requiring secondary processes whereby margins obtained are higher due to greater value-added services.

(iii) Time to market

The Group intends to further improve its integrated moulding facilities and reduce the lead time of its mould making activities with the intention to reduce the time to market and logistics and administration costs of its clients' product enabling the MNC customers to launch their products on time.

7.11 Information on employees

As at 8 July 2004, the employment structure of the GSCB Group is as follows:

Category of employee	Malaysian	Foreigners	Total	Approximate average years of service
Managerial and professional	21	-	21	7
Technical and supervisory	61	15	76	5
Clerical and related occupations	42	-	42	6
General workers	24	10	34	5
Factory workers				
- skilled	127	73	200	7
- unskilled	94	228	322	3
Total	369	326	695	

The Group employs a total of 695 employees comprising of 369 Malaysians and 326 foreigners. As at 8 July 2004, the employees of the Group do not belong to any organised unions and there has been no major industrial dispute in the past between the management and the employees of the Group.

As at 8 July 2004, all the foreign workers, which comprise of 46.91% of the total employees of the Group, are employees with temporary passes for employment. The tenure for the passes varies for each worker and they are renewable upon expiry.

7. INFORMATION ON THE GSCB GROUP (cont'd)

Training and development programmes

The Group has in place a formalised training and development programme for its employees which sets out the procedures with regards to the training for its new employees, on the job training, in-house training, external training, safety regulations and training evaluation.

The head of human resources is responsible for maintaining the training records of the employees and is also responsible for liaising with the various department heads to ensure the efficient implementation and the adequacy of the training and development available to the staff of the Group.

The training and development programmes provided by the Group to its employees for the past 12 months prior to the date of this Prospectus can be broadly classified into two (2) categories namely, standard training programmes and customised training programmes.

(i) Standard training programmes

The standard training programmes include induction programmes for new employees, on the job training on safety regulations, operational aspects of the job, company policies, objectives and quality policies.

Every new employee will undergo an induction programme conducted by the head of human resources and the various head of departments, covering the company's background and business operations, organisation charts, company policies, objectives, quality policies, company rules and regulations, information on the facilities available and also safety regulations.

On the job training is also provided to the employees whereby the training is streamlined based on the various department's training programme checklist encompassing the following, but not limited to the understanding of job requirements, operating of machines, safety precautions, quality control and other specific requirements relating to various departments.

The training and development programmes which conform with the ISO9002 procedures and requirements in terms of staff training and development are conducted periodically to ensure that the employees are aware of the changes in processes, technology and customer needs.

(ii) Customised training programmes

Each head of department will carry out an annual appraisal of his/her staff in their respective departments. Through the annual appraisal, the head of departments will summarise the training needs required for his/her department to the head of human resources. As such, if the training programme requested falls outside the scope of the training available under the training programme checklist, customised training programmes will be set up to facilitate the required training.

In addition, employees of the Group are identified and selected to attend external training for the purpose of enhancing their skills and knowledge in their various departments. These training and development programmes are generally carried out by external training organisations and qualified trainers and upon completion of the external training, materials of the programmes are kept for record purposes and training evaluation forms are required to be filled up by the participants of the programme.

7. INFORMATION ON THE GSCB GROUP (cont'd)

7.12 Properties

The landed properties of the Group are as follows:

Registered/ Beneficial owner	Title/Postal address/Location	Description/ Conditions of title and restrictions in interest/ Existing use	Encumbrances	Tenure/ Age of building (years)	Total land area (square feet)	Total built-up area (square feet)	Date of acquisition and amounts paid (RM 000)	Audited net book value as at 30.04.04 (RM 000)
Ge-Shen	HSD 6134, Lot 3927, Mukim of Tebrau, Johor Bahru, Johor	Single storey detached factory (with a two storey office section engineering purposes at the front).	Fixed charge by Bank	legal Freehold/11	29,450	16,000	26.04.02/ 2,100	2,251
	Postal address of No. 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru	The land shall be used for the purpose of light industry and other uses connected with it.						
	A certificate of fitness for occupation was issued on 30 May 1992.	Used for the production of plastic injection moulding and the production of moulds.						
Ge-Shen	HSD 197314, Lot 3928, Mukim of Tebrau, Johor Bahru, Johor	Single storey, light industry, detached factory (with a two storey office section at the front).	Fixed charge by Bank	legal Freehold/12	33,425	17,100	01.08.97/ 2,860	2,840
	Postal address of No. 11, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru	The land must be used solely for light industry.						
	A certificate of fitness for occupation was issued on 6 July 1991.	Used as the main office and for the production of plastic injection moulding and for the production of moulds.						
Ge-Shen	HSD 6133, Lot 3926, Mukim of Tebrau, Johor Bahru, Johor	Two (2) storey detached factory.	Fixed charge by Public Bank	legal Freehold/9	33,425	24,788	29.08.03/ 1,950	2,014
	Postal address of No. 7 Jalan Riang 23, Taman Gembira 81200 Johor Bahru	The land must be used as a factory for the purpose of light industry and any other uses connected with it.						
	A certificate of fitness for occupation was issued on 18 April 1994.	Used for the assembly of final products, for spraying and storage.						

None of the landed properties above have been revalued in conjunction with the Listing.

7. INFORMATION ON THE GSCB GROUP (cont'd)

7.13 Licences

Details of the licences material to the business and operations owned by the Group are as follows:

Owner	Issuer	Date of issuance/ expiry	Details	Main conditions imposed	Status of compliance
Ge-Shen	Majlis Bandaraya Johor Bahru ("MBJB")	01.01.04 to 31.12.04*	Business licence for No. 11, Jalan Riang 23 Taman Gembira 81200 Johor Bahru.	No conditions imposed.	Not applicable.
	MBJB	01.01.04 to 31.12.04*	Business licence for the manufacturing of plastic components at No. 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru	No conditions imposed.	Not applicable.
	MBJB	N/A	Industrial licence for No. 9, Jalan Riang 23 Taman Gembira 81200 Johor Bahru.	The only activity allowed on the premise is of "plastic moulding" only. Ge-Shen is to ensure the discharge of sewage, industrial effluents and foreign materials are in accordance with the required regulations.	Met.
	Royal Malaysian Customs	01.04.03 to 31.03.05*	To warehouse in the premises of goods and to manufacture plastic injection moulding parts, sub-assembly for electronic parts and secondary processes.	No taxable goods other than the raw materials/components and machines for direct use which has been approved by the State Custom's Director can be kept at the licenced warehouse. 100% of the produce is to be directly/indirectly exported.	Met.
	MITI	11.11.02	Manufacturing licence for plastic injection moulded parts for E&E industries and sub-assembly of plastic parts.	At least 70% and 30% equity interest of Ge-Shen must be held by Malaysians and Bumiputera investors respectively. Ge-Shen is given two (2) years from 15 January 2003 to ensure the equity conditions are met.	Met.
GWJ	MBJB	N/A	Industrial licence for No. 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	The only activity allowed on the premise is of "plastic moulding" only. GWJ is to ensure the discharge of sewage, industrial effluents and foreign materials are in accordance with the required regulations.	Met.
Ezec	MITI	19.09.02	Pioneer Status for the company under the Promotion of Investment Act 1986.	At least 15% of the entire workforce must comprise of staff at managerial, technical and supervisory level. "Value-added" output of the company has to be at least 45%.	Met.

7. INFORMATION ON THE GSCB GROUP (cont'd)

Owner	Issuer	Date of issuance/ expiry	Details	Main conditions imposed	Status of compliance
	MITI	15.08.02	Manufacturing licence for moulding for plastic industry	No material conditions imposed.	Not applicable.
	MBJB	N/A	Industrial licence for No. 11, Jalan Riang 23 Taman Gembira 81200 Johor Bahru.	The only activity allowed on the premise is of "plastic moulding" only. Ezec is to ensure the discharge of sewage, industrial effluents and foreign materials are in accordance with the required regulations.	Met.

Note:

Upon expiry, the relevant companies will renew the licences with the relevant authorities.

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