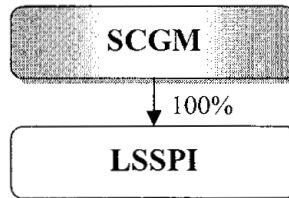


5. INFORMATION ON OUR GROUP

5.1 History

Our Company was incorporated in Malaysia on 29 June 2007 under the Act as a public limited company. Our Company is an investment holding company while our subsidiary, LSSPI is principally involved in the manufacturing and trading of plastic products. The structure of our Group is as follows:



Our Group's operations started when Mr. Lee Hock Seng and Mr. Lee Hock Chai, our Executive Chairman/Managing Director and Executive Director respectively, founded LSSPI in May 1984. Our management decided to set up LSSPI as they believed plastic-based packaging would become a large part of consumers' lifestyle in the near future, and foresaw that the industry held growth potentials.

Equipped with two (2) semi-automated vacuum forming machines and employing eight (8) employees, we started off producing mainly food packaging from two (2) rented shop houses in Kulai, Johor. In 1992, we relocated to our present factory to cater for the expansion of our operations. Within the same year, we purchased our first high-speed automated thermo-vacuum forming machine.

Then in 2004, we purchased our first extruder and diversified into the manufacturing of thermoplastic or extrusion sheets. Extrusion sheets are semi-raw materials used in the production of our packaging products.

We have since disposed of the two (2) semi-automated vacuum forming machines, and currently own thirty-one (31) high-speed automated thermo-vacuum forming machines, twenty (20) press cutting machines, two (2) extruders and one (1) CNC machine as at 31 December 2007. Meanwhile, our employees have increased from eight (8) to three hundred and thirty-six (336) employees as at 31 December 2007.

Our business activities presently encompass manufacturing and trading of thermo-vacuum formed plastic packaging and extrusion sheets. Our services include customised design and development of new packaging for our customers, from the conceptual stage and design engineering to preparation of the mould and tooling, and mass production of the end products.

Our thermo-vacuum formed plastic packaging is used in the packaging of food, E&E, medical and numerous other types of products. We have more than 5,000 different moulds in current use to form thermo-vacuum formed plastic packaging and have the capabilities to thermo-vacuum form both single-layer and multilayer extrusion sheets.

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5. INFORMATION ON OUR GROUP (Cont'd)

The different types of extrusion sheets that we are able to thermo-vacuum form into plastic packaging are listed below:

Extrusion sheet	Description
APET	Commonly used for food packaging applications due to its superior clarity and excellent barrier properties. Also widely used to make tray or blister packages.
PET-G	PET-G is noted for its thermoforming versatility, its impact resistance (toughness), and its retention of optical clarity after bending or forming. These properties allow PET-G to be widely used in packaging applications. Other applications include point-of-sale retail displays, signs, drinks, bottle and smart cards.
GAG	GAG is a three (3)-layer extrusion sheet, whereby the top and bottom layers consist of PET-G sheets, while the middle layer consists of APET sheet. It retains the characteristics of, and is used in the same application markets as, PET-G extrusion sheets.
HIPS	Has much better impact resistance than normal polystyrene. Commonly used for demanding end-user applications in the food, dairy and medical packaging industries. Its properties ensure compliance with strict food and medical regulations.
PP	Chemically resistant and almost completely impervious to water. Examples of applications include storage bins, bottles and dishwasher safe food containers.
OPS	Unaffected by contact with food, including meat fats. Applications include packaging of sandwiches and salad, amongst others.
PVC	Compatible with many different kinds of additives, PVC can be clear or coloured and rigid or flexible. Formulation of the compound is the key to PVC's "added value". PVC can be used in the forming food packaging and medical products packaging, amongst others.

As for our extrusion sheets, we have the capabilities to produce APET, PET-G, GAG, HIPS and PP sheets. We plan to manufacture PET-C sheets in the future.

5.2 Share Capital

Presently, our authorised share capital is RM100,000,000 comprising 200,000,000 Shares. The issued and paid-up share capital is RM34,000,000 comprising 68,000,000 Shares.

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

Date of allotment	No. of Shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
29.6.07	2	1.00	Subscribers' shares	2
27.7.07	4	0.50	Share split	2
30.7.07	1,996	0.50	Cash	1,000
18.12.07	60,854,000	0.50	Acquisition	30,428,000
19.12.07	7,144,000	0.50	Rights Issue	34,000,000

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 Flotation Exercise

In conjunction with, and as an integral part of the listing and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities, we undertook the following exercises which were approved by the following authorities:

- (i) SC vide its letter dated 14 November 2007;
- (ii) FIC (through SC), vide the SC's letter dated 14 November 2007; and
- (iii) MITI vide its letter dated 25 September 2007.

5.3.1 Acquisition

SCGM entered into a conditional share sale agreement dated 14 August 2007 with the vendors of LSSPI for the acquisition of the entire issued and paid up share capital of LSSPI comprising 2,200,000 shares of RM1.00 each for a consideration of RM30,427,000, satisfied by the issuance of 60,854,000 new SCGM Shares at par to the Promoters in the following manner:

	No. of shares acquired	% of share capital	Purchase consideration RM	No. of SCGM Shares issued
Lee Hock Seng	700,000	31.81	9,682,000	19,364,000
Lee Hock Guan	500,000	22.73	6,915,000	13,830,000
Lee Hock Chai	500,000	22.73	6,915,000	13,830,000
Lee Hock Meng	500,000	22.73	6,915,000	13,830,000
	2,200,000	100.00	30,427,000	60,854,000

The purchase consideration of RM30,427,000 for the Acquisition was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited NTA of LSSPI as at 30 April 2007 of RM30,427,621.

The Acquisition was completed on 18 December 2007.

5.3.2 Rights Issue

Upon completion of the Acquisition, we undertook a rights issue of 7,144,000 new Shares on a renounceable basis at an issue price of RM0.50 per Share on a basis of approximately ten (10) Rights Shares for every eighty five (85) SCGM Shares held.

The Rights Issue was completed on 19 December 2007 and our issued and paid up share capital was increased from RM30,428,000 comprising 60,856,000 Shares to RM34,000,000 comprising 68,000,000 Shares.

Please refer to Section 7.1.5 of this Prospectus for the change in shareholding of the Promoters upon completion of the Rights Issue.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3.3 IPO

5.3.3.1 Public Issue

The 12,000,000 new Shares to be issued at the IPO Price pursuant to the Public Issue, which represent 15.00% of our enlarged issued and paid-up share capital will be allocated in the following manner:

(i) Malaysian Public

6,000,000 Public Issue Shares, representing 7.50% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via ballot, of which 30% will be set aside for Bumiputera investors.

(ii) Eligible Directors and employees, and other persons who have contributed to the success of our Group

4,500,000 Public Issue Shares, representing approximately 5.62% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors and employees, and other persons who have contributed to the success of our Group.

(iii) Selected investors by way of private placement

1,500,000 Public Issue Shares, representing approximately 1.88% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

5.3.3.2 Offer for Sale

The offer for sale of 24,000,000 Shares, representing 30.00% of our enlarged issued and paid-up share capital at an offer price of RM0.78 per Share are payable in full upon application, is subject to the terms and conditions of this Prospectus and have been reserved for Bumiputera investors to be approved by the MITI.

The details of the shares offered for sale by the Offerors are as follows:

Offerors	No. of SCGM Shares to be offered	% of the enlarged share capital
Lee Hock Seng	7,638,000	9.54
Lee Hock Guan	5,454,000	6.82
Lee Hock Chai	5,454,000	6.82
Lee Hock Meng	5,454,000	6.82
TOTAL	24,000,000	30.00

Upon completion of the IPO, our issued and paid-up share capital will increase from RM34,000,000 comprising 68,000,000 Shares to RM40,000,000 comprising 80,000,000 Shares, credited as fully issued and paid-up.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3.4 Share Transfer

During the prescription period, the Promoters will transfer a portion of their Shares amounting to 24,000,000 SCGM Shares to SLSB for a total consideration of RM12.00 million to be satisfied via the issuance of 1,000 ordinary shares of RM1.00 each in SLSB to be issued at par and the balance of RM11.99 million will remain as amount owing from SLSB to the Promoters. Further details of the Share Transfer are as set out below:

Promoters	Before the Share Transfer		After the Share Transfer	
	No. of Shares held	No. of Shares to be transferred	No. of Shares held	% of the enlarged share capital
Lee Hock Seng	14,000,000	7,635,000	6,365,000	7.96
Lee Hock Guan	10,000,000	5,455,000	4,545,000	5.68
Lee Hock Chai	10,000,000	5,455,000	4,545,000	5.68
Lee Hock Meng	10,000,000	5,455,000	4,545,000	5.68
TOTAL	44,000,000	24,000,000	20,000,000	25.00

5.3.5 Listing

Upon completion of the IPO, we will seek a listing of and quotation for our entire issued and paid-up share capital of RM40,000,000 comprising 80,000,000 Shares on the Second Board of Bursa Securities.

5.4 Business Overview of Our Group

5.4.1 Products

Our products are categorised into the following:

5.4.1.1 Thermo-Vacuum Formed Plastic Packaging

We have more than 5,000 different moulds in current use to form thermo-vacuum formed plastic packaging products. We have the capabilities to thermo-vacuum form single-layer and multilayer extrusion sheets into plastic packaging, with thickness ranging from less than 0.11mm to 2mm, the extrusion sheets we use in our thermo-vacuum forming process are APET, PET-G, GAG, PVC, HIPS, PP and OPS sheets.

Our packaging is used to pack a variety of food products, including sandwiches, cakes, chocolates, biscuits, salads and moon cakes. Meanwhile, we are able to produce antistatic and black conductive trays to hold semi-finished electronic products, such as liquid crystal display and hard disk drive parts, as well as packaging to store end-products, such as computer software.

Thermo-vacuum formed plastic packaging for food products should not contain any components that could migrate into the food, including harmful chemicals, contaminants and other relevant ingredients. They should also adequately protect the quality, freshness and safety of the food products, and ideally add to the appeal of the product by having attractive designs.

5. INFORMATION ON OUR GROUP (Cont'd)

Similarly, thermo-vacuum formed plastic packaging for electronic products should adequately protect the products, for example from theft and/or damage, and at the same time provide total product visibility to showcase the products, if it is displayed in retail outlets.

Our thermo-vacuum formed plastic packaging is capable of both providing protection to our customers' products as well as adding an aesthetic value to these products, which enhances their value and presentation.

5.4.1.2 Extrusion Sheets

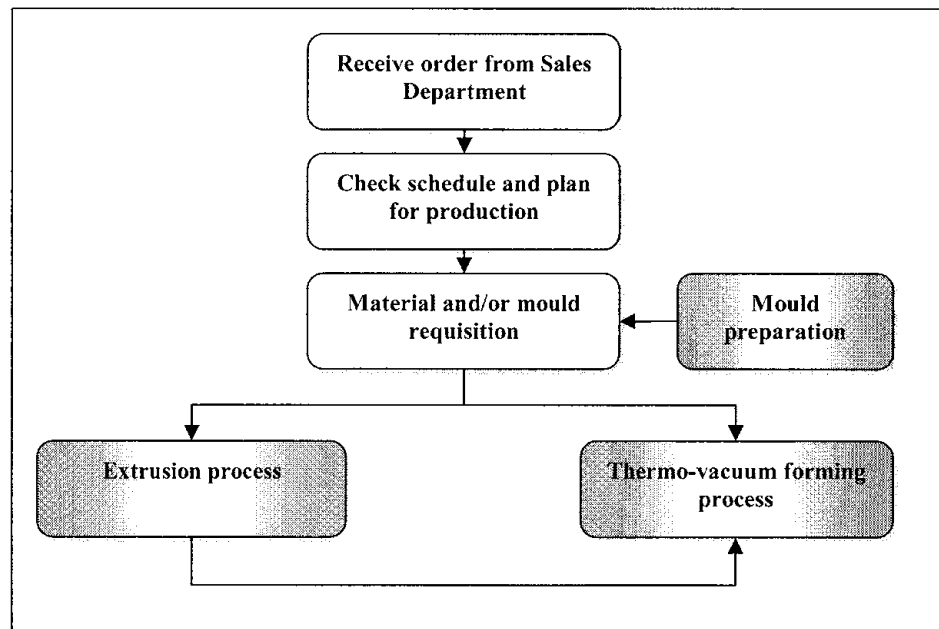
We produce extrusion sheets, namely, APET, PET-G, GAG, HIPS and PP sheets. These extrusion sheets are semi-raw materials used in the production of thermo-vacuum formed plastic packaging.

We began producing HIPS and PP sheets in September 2004. Subsequently in March 2007, we started producing APET, PET-G and GAG sheets. Our HIPS, PP, APET, PET-G and GAG sheets are either used as semi-raw materials in our production of thermo-vacuum formed plastic packaging or sold to our customers.

In FYE 2006, sales of our extrusion sheets to external customers contributed approximately 5.0% to our total revenue. This percentage increased to 10.5% in FYE 2007.

5.4.2 Mould Preparation and Production Process

An overview of our production process is shown below:



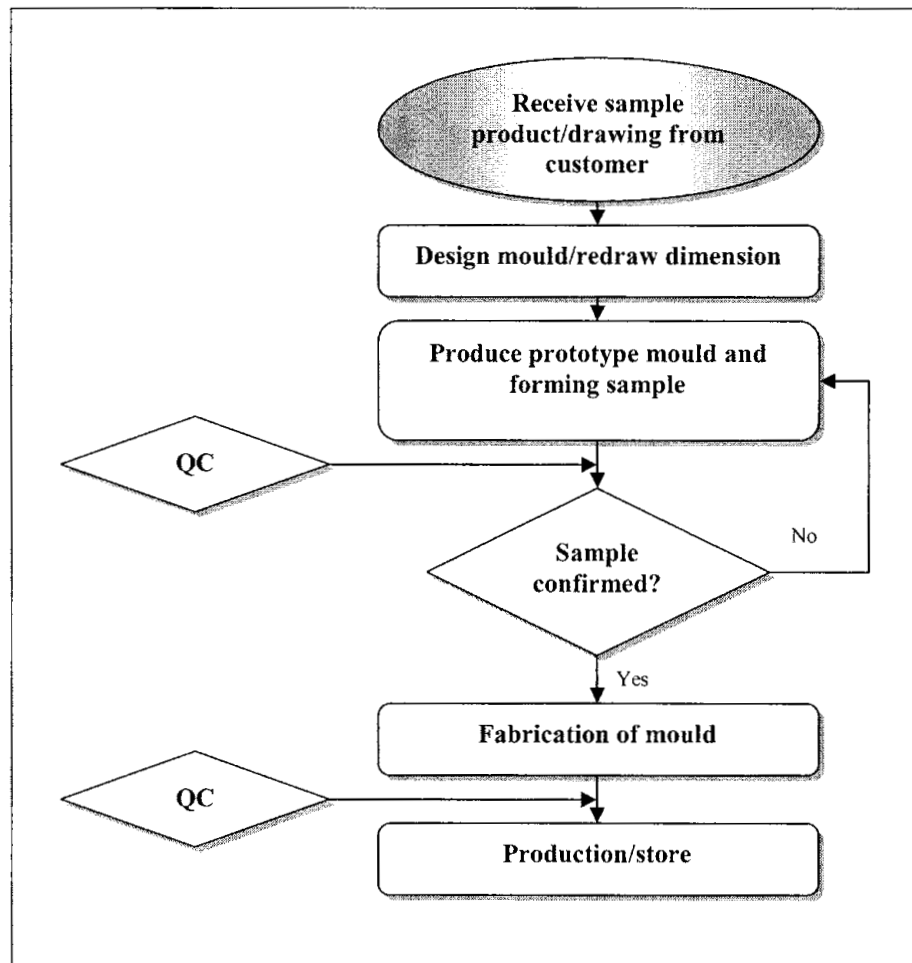
Once orders are received from our Sales Department, our Production Department would check our internal schedule and plan the production timeline as well as request for the required materials and/or moulds. Depending on the production process, materials required are plastic resins, colour masterbatches and additives, or extrusion sheets.

5. INFORMATION ON OUR GROUP (Cont'd)

Plastic resins, colour masterbatches and additives are purchased from our suppliers. Meanwhile, extrusion sheets are either internally produced or sourced from our suppliers. On the other hand, moulds used in our thermo-vacuum forming process are designed and prepared internally by our Moulding Department, based on customers' requirements.

Once we have all the required materials and/or moulds, we would conduct the extrusion process and/or thermo-vacuum forming process, depending on the customer requirements.

Mould Preparation



Our customers normally provide us with either a sample of the product that needs to be packaged, or a drawing of the packaging they require. If we receive a product sample, we would proceed with mould design. Moulds determine the shape and dimension of the thermo-vacuum formed plastic packaging produced. On the other hand, if we receive a rough sketch of the packaging required and the dimensions are inaccurate, we would redraw the dimensions for the mould.

A prototype mould is produced based on the mould design. This prototype mould is fixed onto our forming machine to form a sample packaging, which is sent for QC checks to ensure that the mould and the sample packaging formed are as per specifications. The sample packaging is also sent to customers for their approval. The prototype mould is modified, if necessary, until it meets specified requirements.

5. INFORMATION ON OUR GROUP (Cont'd)

The prototype mould is then used as a master mould, to form a set of identical moulds for the thermo-vacuum forming process. Each thermo-vacuum formed plastic packaging has one (1) mould design. However, a set of identical moulds with the same design is usually made to maximise the number of moulds assembled on a base plate. This allows more thermo-vacuum formed plastic packaging to be produced at one time and reduce the wastage of extrusion sheets.

Once the moulds are formed, we conduct parts work. Parts work involves drilling small air passages in the moulds, thereby allowing vacuum to remove air from the area between the sheet and the mould shape as well as hold the sheet against the mould's surface during the thermo-vacuum forming process. All the moulds are then assembled on a base plate, and finishing is conducted to polish and clean the moulds' surface.

A final QC check is conducted before the moulds are sent to the production line or to the store. The moulds are visually checked to see if there are any differences in size. If there are differences, the moulds are modified or new moulds are fabricated. Once the mould passes the QC check, they are sent either to the production line or to produce thermo-vacuum formed plastic packaging for our customers or to the store to be kept until such production process is required.

We have the capabilities to produce four (4) different types of moulds, the details of which are as follows:

(i) Aluminium

Aluminium moulds are mainly used to form packaging with more precise dimensions, such as packaging for electronic products. Our aluminium moulds are designed using CAD/CAM software and formed using CNC milling machine.

The CAD software produces the mould design, while the CAM software controls the CNC milling machine to ensure that moulds are made as per requirements. Meanwhile, the CNC milling machine conducts turning and machining processes, to change the shape and surface finishing of the aluminium into the required mould design.

Our aluminium moulds are durable and can normally last for approximately ten (10) years, depending on the usage. Although we do not currently produce all of our aluminium moulds, we plan to purchase one (1) additional new CNC milling machine in the financial year ending 30 April 2009 to allow us to produce more aluminium moulds in a shorter time frame.

(ii) Epoxy

Epoxy moulds are produced when aluminium powder is mixed with two (2) types of resins to harden it, and then cast using a plastic tray. The plastic tray is a duplicate from a master mould. Although epoxy is softer than aluminium, it is more economical. Furthermore, our epoxy moulds are durable and can also last for approximately ten (10) years, depending on the usage. We presently produce our own epoxy moulds.

5. INFORMATION ON OUR GROUP (Cont'd)

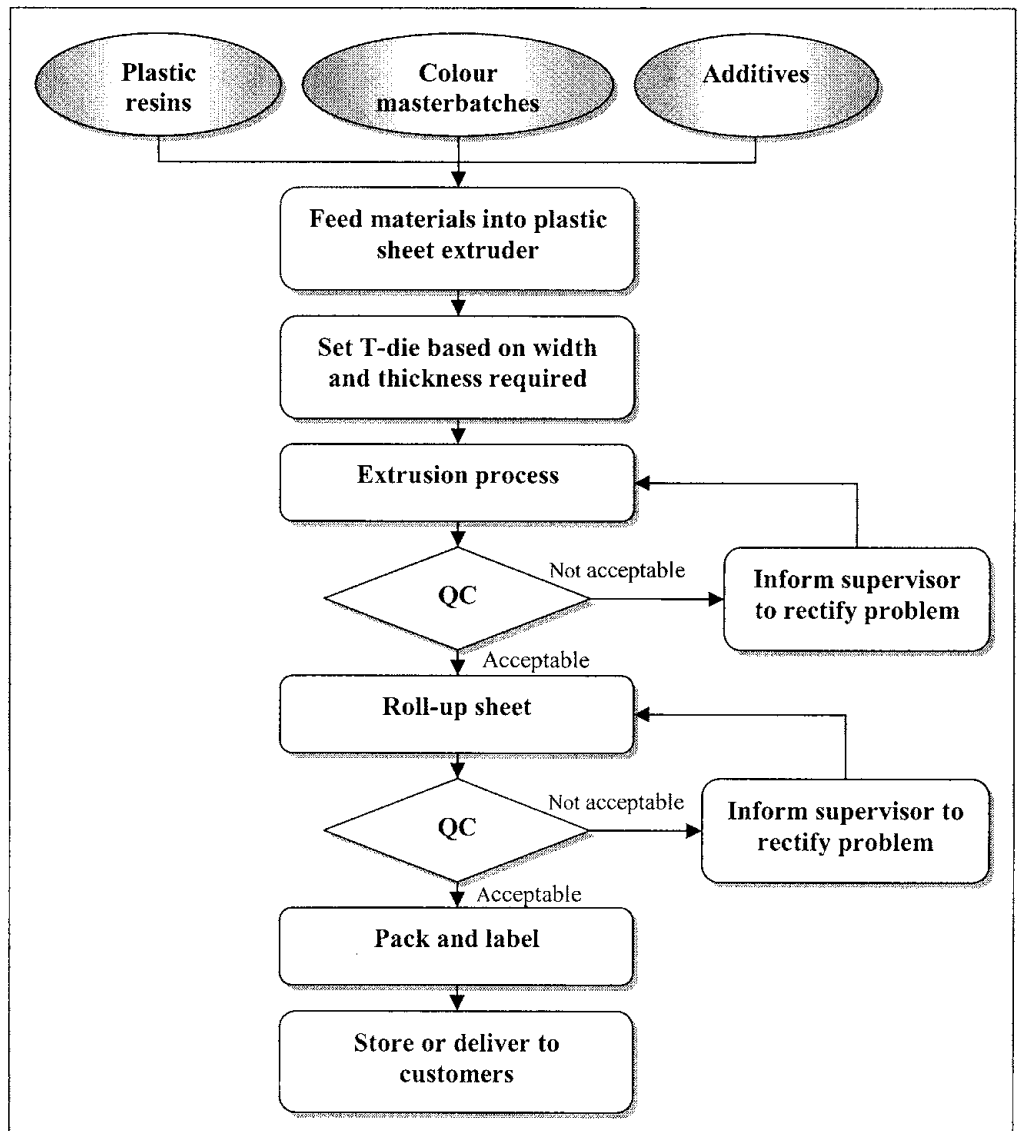
(iii) Plaster stone

Plaster stone is normally used to make prototype/master moulds. It is cast out by mixing plaster powder with water, and then left to harden. Moulds made of plaster stone are not as durable as aluminium or epoxy moulds, but they are more economical and can be easily modified should customers require changes to be made. We presently produce our own plaster stone moulds.

(iv) Wood

Wood moulds are shaped into the design/pattern as required. Similar to plaster stone, wood moulds are not as durable as aluminium or epoxy moulds, and are used to make prototype/master moulds only. We presently produce our own wood moulds.

Extrusion Sheets Production Process Flow



5. INFORMATION ON OUR GROUP (Cont'd)

Materials are fed through a top-mounted hopper into the barrel of the extruder. A barrel is a hollow cylindrical container positioned horizontally in an extruder. Materials fed into the barrel are as follows:

▪ Resins	-	Raw thermoplastic material in the form of small beads
▪ Colour masterbatches	-	To add specific colour to the end-product
▪ Additives	-	An anti-blocking additive is added to prevent self-adhesion of plastic film or sheet, making it easier to handle

Besides the barrel, the main components within the extruder are the screw, screen pack, T-die and cooling rolls. The T-die, which provides the final product with its profile, is adjusted according to product specifications. The extrusion process commences once the T-die is set.

The materials enter through the feed throat (i.e. an opening near the rear of the barrel) and come in contact with the screw, which is located within the barrel. The rotating screw forces the materials forward into the barrel, which is heated to the desired melt temperature of the molten plastic. The plastic resins melt gradually as they are pushed through the barrel. At the front of the barrel, the molten plastic leaves the screw and travels through a screen pack to remove any contaminants in the melt. After passing through the screen pack, the molten plastic enters the T-die and plastic sheeting is formed. The extrusion sheets are then cooled by pulling them through a set of cooling rolls.

A QC check is conducted on the thickness of the extrusion sheets. The ideal thickness depends on customers' orders and we set a 2% tolerance on thickness variations. If the thickness is not acceptable, the supervisors would be informed to rectify the problem. If it is acceptable, the sheets would be rolled-up.

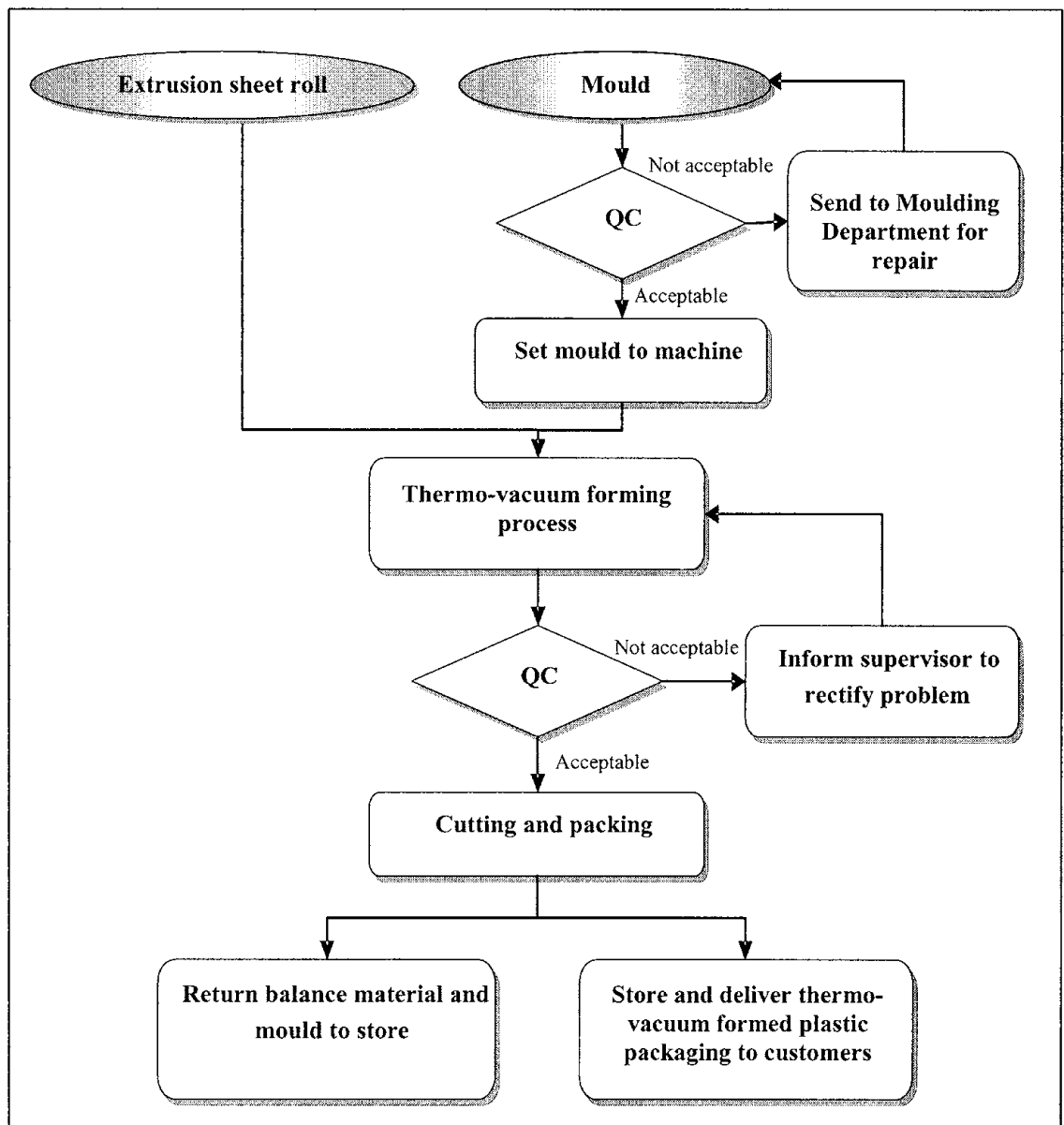
Another QC check would be conducted to check on the weight of each roll of extrusion sheets. The ideal weight depends on customers' orders and we set a 0.1 kilogram tolerance on weight variations for each roll of extrusion sheets. If it is not acceptable, the supervisors would be informed to rectify the problem. On the other hand, if it is acceptable, each roll of extrusion sheets would be packed and properly labelled. QC equipment used to check the thickness and weight of the extrusion sheets are described in Section 5.4.12 of this Prospectus.

The extrusion sheet rolls are stored until they are required for the thermo-vacuum forming process, or delivered to customers. The extrusion sheet rolls must be stored in a spacious, dry area with room temperature of $\pm 30^{\circ}\text{C}$, to prevent damage from heat, humidity and contamination. Our warehouse meets this requirement.

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5. INFORMATION ON OUR GROUP (Cont'd)

Thermo-vacuum forming process



The required moulds and extrusion sheet rolls are requested from the store. The moulds are checked to ensure that they are in good conditions and are clean. If they are not acceptable, they are sent back to the Moulding Department for repair or cleaning. If they are acceptable, they are set to the high-speed automated thermo-vacuum forming machine. The thermo-vacuum forming process commences once the extrusion sheet roll and moulds are attached to/fixed on the machine.

The machine is adjusted to the forming temperature (i.e. ranging from 80°C to 100°C) and time scale, depending on the thickness of the extrusion sheet. Infrared heaters inside the machine ensure consistent temperature is maintained. Once the sheet softens and is stretchable, it is stretched over and forced against the contours of the moulds. Vacuum is used to remove air from the area between the sheet and the mould shape, and hold the sheet against the mould's surface.

5. INFORMATION ON OUR GROUP (Cont'd)

The formed part is then allowed to cool. Once cooled, the formed part is released by a reverse pressure activated through the vacuum system. The formed part is stripped from the moulds and transferred to the trimming section.

A QC check is conducted on the first twenty (20) formed parts produced to ensure that they meet customers' requirements. Subsequently, the formed parts are checked at random during the production process. If the formed parts are not acceptable, the supervisor would be informed to rectify the problem. If the formed parts are acceptable, the production will continue until completion of order.

At the trimming section, the formed parts are die-cut into required shapes and sizes using press cutting machines and die-cut tools. The trimmed materials can be reground, mixed with virgin plastic and reprocessed into usable sheets. The trimmed parts are then packed.

Balance materials and moulds are returned to the store at the end of the production process. Meanwhile, the packed trimmed parts or thermo-vacuum formed plastic packaging would be marked and labelled for identification and traceability, stored in specialised warehouses with room temperature of $\pm 30^{\circ}\text{C}$ to prevent damage from heat, humidity and contamination, and consequently delivered to customers.

5.4.3 Principal Markets

We have market presence in Malaysia, Singapore, HKSAR, Dubai U.A.E., Brunei, USA, French Polynesia, Australia, Indonesia, Thailand, Pakistan, India, Kuwait and Bahrain through our extensive marketing and distribution network.

For the six (6) months FPE 31 October 2007, the analysis of our Group's revenue by local and foreign markets is as follows:

Revenue	RM'000	%
Local sales		
Malaysia	20,983	66.29
Foreign sales		
Singapore	7,784	24.59
HKSAR	361	1.14
Dubai U.A.E.	476	1.50
Brunei	304	0.96
USA	89	0.28
French Polynesia	141	0.45
Australia	76	0.24
Indonesia	345	1.09
Thailand	925	2.92
Pakistan	49	0.15
India	25	0.08
Kuwait	85	0.27
Bahrain	8	0.04
TOTAL	31,651	100.00

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.4 Production capacity

Our production lines and their production capacity and output levels are as follows:

Machinery or Equipment	Maximum Production Capacity ¹ (per annum)	Actual Production Output (per annum) ²	Utilisation Rate
Thermo-vacuum Forming Process			
High-speed automated thermo-vacuum forming machine	480,000,000 pieces	433,808,615 pieces	90.38%
Press cutting machine ³	Not applicable	Not applicable	Not applicable
Extrusion Process			
Single-layer sheet extruder – HIPS, PP	1,600,000 kilograms	1,306,199 kilograms	81.64%
Three (3)-layer PET extruder	2,500,000 kilograms	259,155 kilograms	10.34%
Mould Preparation Process			
CNC milling machine ⁴	Not applicable	Not applicable	Not applicable
Milling machine ⁴	Not applicable	Not applicable	Not applicable

Notes:

1. Based on six (6) day week and three (3) shifts per day, of total 24-hours.
2. For the FYE 2007.
3. Press cutting machine's capacity is not tracked as it depends on a number of factors, including number of formed sheets and formed parts cut at one time, and efficiency of machine operators. However, its production output is directly correlated to output of the high-speed automated thermo-vacuum forming machine.
4. CNC milling machine and milling machine's capacity and output are not tracked as they depend on the number of customer orders received, which varies from year-to-year. Nevertheless, approximately 700 to 750 moulds were produced for the FYE 2007.

We do not foresee any major constraint to the Group's production capacity as the Group plans to purchase five (5) high-speed automated thermo-vacuum forming machines and one (1) extruder machine to cater for its production capacity expansion within the next three (3) years.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.5 Approvals, Major Licences and Permits

As at 31 December 2007, save as disclosed below, there are no other approvals, major licences or permits obtained by our Group.

Type	Issuance Date (Validity Period)	Issuing Body/ Governing Body/ Authority	Licence/Registration/ Serial No.
Seksyen 14(2) Akta Kastam 1967 – Exemption on import duty for import of PVC rigid film – thickness 0.11mm – 0.14mm	9 Feb 2006 (17 Dec 2005 – 16 Dec 2007)*	Ministry of Finance	(8.20)116/5/1-14447(35)
Seksyen 14(2) Akta Kastam 1967 - for import of PVC rigid film and APET sheet	28 Feb 2007 (3 Mar 2007 – 2 Mar 2008)	Ministry of Finance	(8.20)116/5/1-14447(38)
Manufacturing License Industrial Co-ordination Act 1975 – for manufacture of PVC tray, PVC plastic containers	28 May 1999 (no expiry date)	MITI	Licence No.: A 012031 Serial No.: A 018526
Manufacturing License Industrial Co-ordination Act 1975 – for manufacture of APET tray	30 Apr 2002 (no expiry date)	MITI	Licence No.: A 012031 Serial No.: A 018526
Common Effective Preferential Tariff	17 May 2007 (17 May 2007 – 17 May 2009)	MITI	MITI(JB)S3/3/CEPT/M2
Manufacturing Licence Industrial Co-ordination Act, 1975 for manufacture of plastic containers, plastic sheets/films	9 Jun 2007 (no expiry date)	MITI	Licence No.: A 012031 Serial No.: A 018526
CJ2 Licence under Sales Tax Act 1972 – Manufacturing Licence	24 Mar 2006 (with effect from 1 Jul 1984, no expiry date)	Royal Malaysian Customs	J31-A025472/84

Note:

* We have submitted an application for renewal of this license on 29 December 2007, the approval of which is pending from the Ministry of Finance.

For all the licences and/or approvals above, there are no equity conditions attached.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.6 Trademarks and Industrial Designs

We regard our intellectual property as critical to our continued success and have taken steps to protect our rights by registering the following trademarks and industrial designs with the Intellectual Property Corporation of Malaysia (“IPC”):

Trademark	Country	Class	Trademark No.	Date of Registration	Expiry Date
Company logo (LSSPI)	Malaysia	16	95003499	15.04.1995	15.04.2012
Company logo (LSSPI)	Malaysia	17	95003501	15.04.1995	15.04.2012

Industrial Designs	Country	Class	Registration No.	Date of Registration	Expiry Date
Tempscan Cover	Malaysia	**	MY03-00404	10.07.2003	10.07.2013
Packing Cases	Malaysia	**	MY03-00632*	09.10.2003	09.10.2013
Packing Cases	Malaysia	**	MY03-00633*	09.10.2003	09.10.2013
Packing Cases	Malaysia	**	MY06-00350	18.05.2006	18.05.2016
Packing Cases	Malaysia	**	MY06-00351	18.05.2006	18.05.2016
Packing Cases	Malaysia	**	MY06-00352	18.05.2006	18.05.2016
Packing Cases	Malaysia	**	MY06-00353	18.05.2006	18.05.2016
Packing Cases	Malaysia	**	MY06-00354	18.05.2006	18.05.2016

Notes:

* All packing cases are registered to LSSPI except for MY 03-00632 and MY 03-00633, which are registered under the name of our Managing Director, Mr. Lee Hock Seng.

** Not stated.

5.4.7 Material Contracts/Agreements

Save as disclosed in Section 15 of this Prospectus, our Group currently does not depend on any other contracts or arrangements including patents, licences, industrial, commercial or financial contracts or new manufacturing processes, which are material to our business or profitability.

5.4.8 Modes of Marketing

Our Group utilises the following strategies to promote the sales of our products:

- (i) One of our modes of marketing is through referrals from existing customers. We provide good service to our current customers, and as such, these customers would recommend us to other potential customers. We take care of our all our customers by tailoring our services to meet their specialised needs. We are able to provide a full range of service, including:

- **Design**

When a customer needs a new packaging product from us, we would study their products and produce designs that are cost efficient, aesthetically appealing and in the right size as well as reliable, durable and heat resistant, amongst others.

5. INFORMATION ON OUR GROUP (Cont'd)

- **Mould making**

We also have the capabilities to produce the moulds in-house, which provide us and our customers with cost savings and shorter lead time. While customers are given the option of keeping the moulds used to form their packaging products, the moulds are mainly kept in our stores for the convenience of our customers.

- **Produce or purchase required materials**

Furthermore, we advise our customers on the most suitable materials to be used in their packaging and have the resources to either produce the materials in-house (i.e. the APET, PET-G, GAG, HIPS and PP sheets) or purchase the required materials from our wide number of suppliers.

- **Thermo-vacuum forming of plastic packaging**

Besides that, we have the capabilities to thermo-vacuum form single-layer and multilayer sheets into plastic packaging. We have the capabilities to thermo-vacuum form APET, PET-G, GAG, HIPS, PP, OPS and PVC sheets.

- **Delivery and customer service**

We place great emphasis on on-time delivery of end products to customers. Furthermore, we listen to our customers when they provide feedback and swiftly respond to any complaints, in order to better meet the needs of our customers.

We also have a customer service division to cater to our customers' needs. All customer calls are answered by our sales coordinators, and we ensure that our customers' needs are met on time. For the convenience of our customers, we have an integrated on-line networking system with them, whereby our invoice billing and statement of accounts are all conducted via the Enterprise Resource Planning system.

(ii) Another mode of marketing is through the Internet. We use e-mails to keep in contact, communicate and transact with our suppliers and customers. Furthermore, we advertise our products and any of our new innovations via our websites, which can be accessed via the following addresses:

- leesoonsengplastic.com;
- plastictray.com
- apettray.com;
- apetsheet.com;
- pettray.com;
- thermoscancover.com; or
- opstray.com.

Our websites enable us to increase our exposure in the market. Customers and potential customers can also place an enquiry or order via the online enquiry form on our website, or through our e-mail address, namely lss@lsspi.com.

5. INFORMATION ON OUR GROUP (Cont'd)

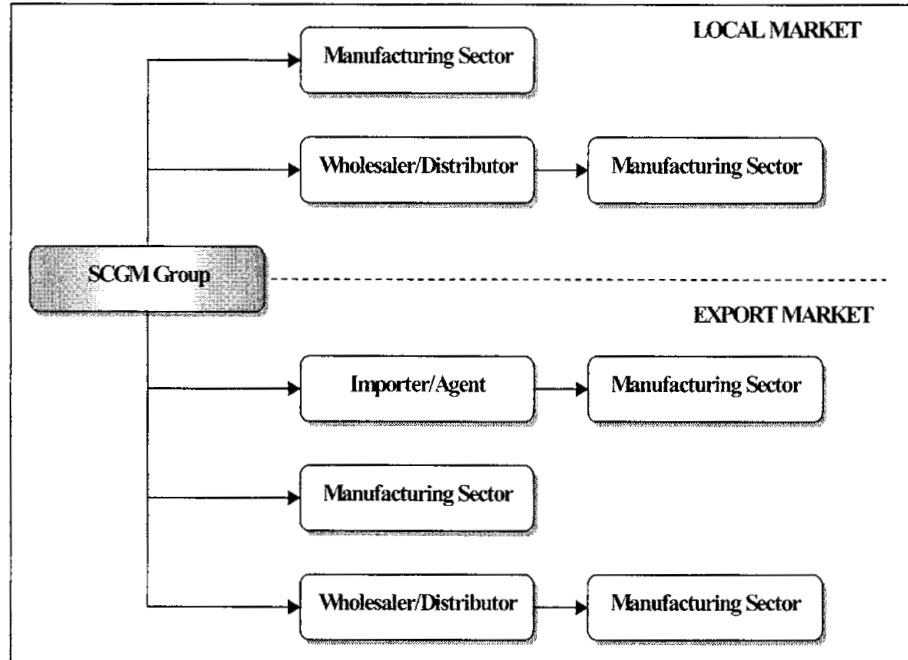
- (iii) We have also participated in several trade fairs and exhibitions since 1997, to promote and introduce our products to potential customers. Trade fairs and exhibitions attended in the past are as follows:

Year	Event	Country
1997	Asian Food Processing and Packaging	Malaysia
1999	SMIDEC – SMI Showcase Kuala Lumpur	Malaysia
1999 and 2000	Malaysia International Machinery Fair	Malaysia
2000	Plastic Mould and Die	Malaysia
2001	S-Matex Sarawak Industrial and Technology Exhibition	Malaysia
2001 to 2007	Malaysia International Food Processing and Packaging	Malaysia
2002	Food Pack Malaysia	Malaysia
2002	Indonesia International Industrial Machinery Fair (INDOMAF)	Indonesia
2002	Manufacturing Indonesia	Indonesia
2002	Asian Plastic (ASEANPLAS), International Trade for Plastic and Rubber	Singapore
2003	Saudi Food	Saudi Arabia
2004	K2004 Dusseldorf, Germany	Germany
2004	Vietnam International Plastic Packaging, Printing and Food Processing Industry Show	Vietnam
2006	Manufacturing Johor	Malaysia
2006	Malaysia Import and Export Commodities Exhibition	Malaysia
2006	Sial Paris	France
2006	Vietnam International Food Processing and Packaging Industry Exhibition (Linkage)	Vietnam
2006 and 2007	The Gulf Food	UAE
2007	Chinese Import and Export Commodities Exhibition	PRC
2007	Thaifex – World of Food Asia	Thailand
2007	Asia Food Expo, Manila	Philippines
2007	Asia-Europe Meetings Trade & Investment Fair on Small and Medium Enterprises 2007	PRC

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.9 Distribution Channels

Our Group's distribution channels in conducting our business locally and internationally are illustrated as follows:



For local distribution, we presently own a fleet of six (6) trucks that we use to transport our products to customers in Central and Southern Peninsular Malaysia. This allows us to provide quick and efficient delivery services to these customers. We also hire freight forwarding companies to transport our products to customers in Northern Peninsular Malaysia and East Malaysia. We only hire freight forwarding companies that are able to deliver products to our customers in good condition and within the stipulated time frame.

For overseas distribution, we are capable of distributing our products directly to our overseas customers, but we prefer to focus on searching for foreign agents and appointing distributors in every country of export. This allows us to benefit from these agents and distributors' local knowledge as well as affords us some cost savings. When developing business partnerships with potential distributors, we choose those that specialise in specific industries, such as the food industry.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.10 Technology

Our technology lies in our machines' capabilities, as described below:

Major Manufacturing Processes	Technology Utilised
Thermo-vacuum forming	<p>High-speed automated thermo-vacuum forming machine</p> <p>An automated, high precision, high speed and reliable machine used to form thermo-vacuum formed plastic packaging.</p> <p>Thermo-vacuum formed plastic packaging produced is consistent in appearance and quality, resulting in low rejection rates. Our rejection rate as at 31 December 2007 is approximately 3.1% of our total production output.</p>
Major Manufacturing Processes	Technology Utilised
Extrusion	<p>Single-layer extruder and three (3)-layer PET extruder</p> <p>Automated machines used to melt plastic resins and form extrusion sheets.</p>
Mould preparation	<p>CNC milling machine</p> <p>An automated machine used to produce aluminium moulds. These moulds are then used in the thermo-vacuum forming process.</p> <p>The CNC milling machine conducts turning and machining processes, to change the shape and surface finishing of a material into the required mould design. Moulds produced are consistent in appearance and quality.</p>

Besides that, we utilise information technology in our daily operations. For example, we use an Enterprise Resource Planning system to fully integrate our accounting and our enterprise networking system. This reduces operational expenses, saves time and allows various analyses to be performed accurately. We also have a human resource management system, which enables us to manage the attendance and records of our employees.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.11 RDD

(i) RDD policies

Our RDD activities are conducted by our Moulding Department, which is responsible for:

- (a) designing and developing moulds based on customers' requirements;
- (b) advising customers on the most suitable type of extrusion sheets to use for their packaging; and
- (c) conducting market research on products available overseas as well as analysing market requirements, and then designing and developing new products based on these findings (e.g. Tempscan cover).

Our Moulding Department's objectives are as follows:

- (a) to continuously improve our products based on feedbacks from our customers as well as latest developments in the industry we operate in;
- (b) to produce new and innovative products that are currently not available in the market; and
- (c) to experiment with new production methods to produce more economical products with the same quality.

Our Group is committed to carrying out RDD in order to create competitive advantages through the following strategies:

- (a) produce samples of designs and conduct extensive tests prior to production to ensure only quality products are produced;
- (b) protect intellectual property via trade marks, industrial design registrations and clauses in employment contracts; and
- (c) strive to keep abreast with latest trends and technologies, with regards to thermo-vacuum forming and extrusion processes.

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5. INFORMATION ON OUR GROUP (Cont'd)

(ii) RDD facilities and team

Our Moulding Department is based in our factory located at Lot 3316, Batu 24½, Jalan Kulai–Air Itam, 81000 Kulai, Johor. Our whole mould preparation process, from design of moulds to development and fabrication of moulds, is conducted within this premise. This premise also houses our forming machine, which we utilise to form sample thermo-vacuum plastic packaging using prototype moulds. The samples are sent to our QC Department for inspection as well as to customers for their review. Besides that, our CNC milling machine and other milling machines are also housed within this premise.

As at 31 December 2007, our Group has seven (7) personnel in charge of RDD, activities, details of which are as follows:

Name	Qualification / Experience	Responsibility
Lee Hock Chai	More than twenty (20) years of experience in product design	Heads the team and oversees the research, design and development activities
Liew Han Yan	More than fourteen (14) years of experience in mould and tool making processes	Assists in matters relating to scheduling of moulds and die-cut tools fabrication
Chong Hin Yoon	Completed the training course on Mould Design and Making for Small and Medium Enterprises in Taiwan and has more than six (6) years of experience in product design	Assists in matters relating to handling of fabrication and modification activities for existing and new products
Chai Wai Wai	More than two (2) years of experience in mould and sample development	Assists in matters relating to development of moulds and samples
Wong Khai Loon	More than six (6) years of experience in production processes	Assists in matters relating to ensuring the quality of products and moulds produced
Chai Chwan Fuat	More than six (6) years of experience in production processes	Assists in matters relating to production process improvements
Tai Chin Lian	Electrical and Electronic Engineering Degree from the University of Plymouth, United Kingdom	Assists in matters relating to RDD of new products and designs

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Achievement in RDD

Our main RDD accomplishments are highlighted as follows:

Year	RDD Achievements
1984	<ul style="list-style-type: none"> ▪ Commenced customised packaging design, based on customers' sample products and drawings. ▪ Commenced design and development of plaster stone and wood moulds, which are used as prototype/master moulds. ▪ Commenced design and development of epoxy moulds, which are used as prototype/master moulds and in the thermo-vacuum forming process.
2001	<ul style="list-style-type: none"> ▪ Process improvement in quality management, according to MS ISO 9002:1994 standards was obtained.
2003	<ul style="list-style-type: none"> ▪ Process improvement in quality management, according to MS ISO 9001:2000 standards (our MS ISO 9002: 1994 was successfully upgraded to the MS ISO 9001: 2000 certification in 2003) was obtained. ▪ Successfully designed, developed and registered the industrial design of the Tempscan Cover, under registration number of MY03-00404. Tempscan Covers are covers for the nozzle of ear thermometers. During the Severe Acute Respiratory Syndrome (SARS) crisis, our Tempscan Covers were widely used in the PRC and HKSAR. This is because one of the methods to detect SARS was screening for fever and our disposable covers allowed hygienic checking of temperatures. ▪ Successfully designed, developed and registered the industrial designs of two (2) OPS packing cases, under registration numbers of MY 03-00632 and MY 03-00633.
2006	<ul style="list-style-type: none"> ▪ Process improvement in quality management, according to HACCP standards was obtained. ▪ Successfully designed, developed and registered the industrial designs of five (5) OPS packing cases, under registration numbers of MY 06-00350, MY 06-00351, MY 06-00352, MY 06-00353 and MY 06-00354. ▪ Commenced design and development of aluminium moulds, which are used as prototype/master moulds and in the thermo-vacuum forming process.

(iv) Plan and timetable for proposed future RDD

Presently, our RDD activities mainly concentrate on the design and development of customised moulds for customers, as and when there are orders for new packaging designs.

We plan to continuously upgrade our CAD/CAM software with the latest releases in order to provide better mould designs for our customers. Furthermore, we plan to purchase an additional CNC milling machine in the financial year ending 30 April 2009, so that we can produce more aluminium moulds in a shorter time frame.

5. INFORMATION ON OUR GROUP (Cont'd)

(v) RDD Costs

Our Group's RDD cost and the corresponding percentage of RDD cost to revenue over the past three (3) FYE 2007 and for the six (6) month FPE 31 October 2007 are as follows:

	FYE			Six (6) months FPE 31 October 2007
	2005	2006	2007	
Material cost (RM)	405,446	487,145	459,069	204,104
Staff salary (RM)	178,258	223,544	265,923	163,713
Total Investments (RM)	583,704	710,689	724,992	367,817
Amount spent as a percentage of revenue (%)	1.6	1.8	1.5	1.2

Our Group believes that since RDD is a key business activity, we are committed to continue developing the capability to utilise new technology to improve our current product range. More importantly, our Group considers RDD activities to be a strategic necessity in order to create competitive advantages.

5.4.12 QC

Quality Management System

We place a strong emphasis on our product quality. We practice strict QC at various points of our production process. From the receipt of raw and semi-raw materials to the delivery of our end-products to our customers, stringent checks are implemented to ensure that our customers receive the highest quality products. Any detection of non-conforming processes are recorded and referenced during development of new products.

The table below shows the major specifications checked during our QC processes:

QC Activities	Equipment Used
Check that the incoming materials are in correct quantity.	Weighing scale
Measure thickness of extrusion sheets produced in-house, while it is being extruded.	Scanner*
Measure the extrusion sheets' thickness, to ensure that the extrusion sheets produced in-house and those received from suppliers meet customer order requirements.	Micrometer
Measure the static or conductive resistance on a material is within specifications.	Surface resistance checker
Measure the dimension of a tool or thermo-vacuum formed plastic packaging, to ensure that it follows specifications.	Calibre
Measure thermo-vacuum formed plastic packaging and extrusion rolls' weight to ensure that they follow requirements.	Weighing scale

Note:

* Scanner is attached to the three (3)-layer extruder and it is a radiation-free scanner.

5. INFORMATION ON OUR GROUP (Cont'd)

We strictly adhere to the requirements of the MS ISO 9001:2000 and HACCP certifications in our manufacturing processes. We received our MS ISO 9002:1994 certification in 2001, and it was subsequently upgraded to the MS ISO 9001:2000 in 2003. Meanwhile, we received our HACCP certification in 2007. These certifications are further elaborated below:

Document Name	Description
MS ISO 9001:2000	<p>Ensures that the quality of our services is satisfactory and defines the means by which we continuously maintain and improve the quality of our services.</p> <p>The system sets out the procedures, policies, objectives and organisation for quality in managing our business processes, from incoming of raw and semi-raw materials and packing materials to the production process and storage of finished products as well as delivery of products to customers.</p>
HACCP	<p>The HACCP system is a preventive system assuring the safe production of food products.</p> <p>With the system in place, we would be able to control and monitor our risks in production by identifying the possible food hazards in our raw material, process steps and environment, thus providing us with a preventive maintenance system in line with commitment to produce safe food products.</p>

Furthermore, we send our food packaging to be tested by external authorities to ensure that it is safe to store food products. Examples of these external authorities are SIRIM QAS International Sdn Bhd as well as ALS Technichem (S) Pte Ltd and Analytical Laboratories (S) Pte Ltd in Singapore.

5.4.13 Demand and Seasonality

Demand for our products are dependent on the performance of the various industries that we serve, such as the food, electronics, packaging and medical industries. Nevertheless, we have a wide number of customers from different industries, thus we are able to cushion any decrease in demand from any particular industry or group of industries. Except for the festive season in January and February, demand for our Group's products is not seasonal.

5.4.14 Interruptions in Business

Our Group did not experience any material disruption in our business activities which had a significant effect on our operations during the past twelve (12) months ended 31 December 2007.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.15 Employees

As at 31 December 2007, our Group has staff strength of 336 employees and are classified into the following categories:

Employee Category	Average years of service			Total
	< 1 year	1 to 5 years	> 5 years	
Management team	2	2	10	14
Technical / RDD	5	16	4	25
Engineering/ QC/ Supervisory	2	13	20	35
Sales and Marketing	2	4	2	8
Administrative and Clerical	10	12	6	28
Production	97	80	25	202
General Workers/ Lorry Drivers	7	10	7	24
Total	125	137	74	336

Our 145 Malaysian employees are employed on a permanent basis, while our 191 foreign employees are employed mainly on three (3)-year contract terms. These contracts can be extended upon expiry, depending on the performance of the employees as well as our staffing requirements. Our Directors confirm that the foreign workers have valid working permits and are not in breach of immigration laws.

The table below depicts the breakdown of our employees by permanent and contract staff as at 31 December 2007:

Employee Category	Permanent	Contractual	Total
Management Team	14	-	14
Technical / RDD	7	18	25
Engineering/ QC/ Supervisory	21	14	35
Sales and Marketing	8	-	8
Administrative and Clerical	28	-	28
Production	51	151	202
General Workers/Lorry Drivers	16	8	24
Total	145	191	336

Our employees are not members of any labour unions and there have been no industrial disputes in the past between our employees and management. Our management maintains a close and cordial relationship with our employees and together we strive to create a safe and comfortable working environment.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.16 Employee Training

We believe that continuous training improves the overall quality and efficiency of our workforce. As such, we provide in-house training as well as send our employees for external training programmes. The training programmes cover areas such as safety and health, quality and production control, software application as well as machine operations and maintenance, depending on the relevance to the individual employees' job scope. Our Group's training and development objectives own aim to equipment the employees with the relevant knowledge and skills necessary to enhance their work performances and technical skills. The training programmes also serve to develop our in-house personnel as part of our management succession plan.

Some of the previously undertaken programmes are Collecting Difficult Account, Time Management System, 7 Habits for Highly Effective People, HACCP Internal Auditor Training and Strategic Marketing Planning and Development.

5.4.17 Major Raw and Semi-Raw Materials

We produce both thermo-vacuum plastic packaging and extrusion sheets. Plastic resins are the main raw materials used in the production of extrusion sheets. Meanwhile, extrusion sheets are the principal materials used in the production of thermo-vacuum plastic packaging. The different types of plastic resins and extrusion sheets that we use as at 31 October 2007 are shown below:

Type	Description	In-house production/Supplier
Plastic Resins		
APET	To form extrusion sheets	Malaysia
PET-G	To form extrusion sheets	Malaysia
HIPS	To form extrusion sheets	Malaysia
PP	To form extrusion sheets	Malaysia
Extrusion Sheets		
APET, PET-G and GAG	To produce thermo-vacuum formed plastic packaging for food as well as electrical and electronic products	Produced in-house
HIPS	To produce thermo-vacuum formed plastic packaging for electrical and electronic products	Produced in-house
PP	To produce thermo-vacuum formed plastic packaging for electrical and electronic products	Produced in-house
OPS	To produce thermo-vacuum formed plastic packaging for food products	Taiwan
PVC and PVC Antistatic	To produce thermo-vacuum formed plastic packaging for food, electrical and electronic products, and for display packaging	Malaysia, Taiwan

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.18 Sources and Availability of Raw and Semi-Raw Materials

We have the capabilities to produce our own semi-raw materials, namely APET, PET-G, GAG, HIPS and PP sheets. As at 31 October 2007, these in-house produced materials constituted approximately 56.36% of the total materials used in our production. This affords us with cost savings, as we do not need to purchase these extrusion sheets from external manufacturers, unless we are unable to meet the demands from our thermo-vacuum forming activities. We also have better control over the quality of our semi-raw materials, and we are able to reduce the lead time we need to produce our thermo-vacuum formed plastic packaging.

Besides that, we have the capability to recycle APET, PET-G, GAG, HIPS and PP scraps or rejected products, and add them with virgin materials to produce new APET, PET-G, GAG, HIPS and PP sheets. This provides us with further cost savings. As at 31 October 2007, approximately 23.11% of the materials used in our extrusion sheets production process were recycled materials.

Meanwhile, we source for our plastic resins as well as OPS and PVC sheets from a wide number of suppliers and are not overly reliant on one (1) supplier. Due to our large supplier base, we have access to a regular supply of materials at competitive prices. These materials are readily available locally or overseas, such as from Taiwan. As at 31 October 2007, approximately 36.95% of our materials are imported, while the rest are sourced from local suppliers. To-date, we have never encountered any shortages of supply.

Over the years, we have maintained good working relationships with all our suppliers. We have established a good track record with them by being prompt paymasters. Hence, we are confident that our suppliers would continue to support us and be able to meet our increasing raw and semi-raw material requirements, in view of the expected increase in our production output.

Meanwhile, crude oil is the main material used in the production of plastic. As a result of escalating crude oil prices, we have made efforts to reduce our production and material costs. By using high-speed automated thermo-vacuum forming machines and press cutting machines, we are able to increase our production output, while utilising less manpower. Furthermore, by producing our own materials, namely APET, PET-G, GAG, HIPS and PP sheets, as well as recycling and reusing the scraps and rejected products from our production processes, we are able to further reduce our production costs.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.19 Awards and Achievements

Our Group has obtained several awards and recognition for our efforts and accomplishment within the industry as follows:

Year	Type	Awarded by
2001	MS ISO 9002:1994	United Kingdom Accreditation Service and SGS Malaysia Sdn Bhd
2001	Johor Industry Quality Award	Chief Minister of Johor with cooperation from the Committee on Industrial Development, Entrepreneurship, Small and Medium Industry, Science and Technology Johor of the Johor State Government
2001 – 2007	Enterprise 50 Award	Small and Medium Industries Development Corporation and Accenture (2001, 2002, 2003)/Deloitte Kassim Chan (2004, 2005)/Deloitte Consulting Malaysia (2006, 2007)
2003	MS ISO 9001:2000	United Kingdom Accreditation Service and SGS Malaysia Sdn Bhd
2003	SMI-BSA International Best Overall Award	Small & Medium Industries (SMI) Association of Malaysia
2003	Best Vendor Award	Cadbury Confectionery (M) Sdn Bhd
2003 – 2007	Golden Bull Award	Nanyang Siang Pau Sdn Bhd
2004	SMI-DIGI ICT Adoption Award	SMI Association of Malaysia
2005	SMB Best Overall Award	SMI Association of Malaysia
2006	SMB Innovation Excellence Award	SMI Association of Malaysia
2006	Chemical Substance Management System Certification	Seiko Epson Corporation
2007	Good/Acceptable Supplier for period of July to December 2006	Danone Biscuits Manufacturing (M) Sdn Bhd
2007	HACCP certification	Moody International Certification (Malaysia) Sdn Bhd
2007	SME Best Overall Award	SMI Association of Malaysia
2007	The Brand Laureate – SMEs Chapter Award	Asia Pacific Brands Foundation

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.20 Location of Operations

Our operations are located in the following premises:

Property Description (land/building)	Location/ Address	Land Area/Built-up Area (square feet)	Activities
Headquarters	Lot 3304 Batu 24½ Jalan Kulai–Air Itam 81000 Kulai Johor	136,277/70,000	<ul style="list-style-type: none"> Administration, operations and marketing of SCGM Group's products and services. Manufacturing of SCGM Group's thermo-vacuum formed plastic packaging. Storage facility for SCGM Group's manufactured thermo-vacuum formed plastic packaging.
Factory	Lot 3316 Batu 24½ Jalan Kulai–Air Itam 81000 Kulai Johor	138,030/80,000	<ul style="list-style-type: none"> Manufacturing of SCGM Group's extrusion sheets. RDD of SCGM Group's products. Storage facility for SCGM Group's manufactured extrusion sheets. To house future production office
Sales Office	No. 1, Jalan PU 5 Taman Puchong Utama 47100 Puchong Selangor	2,772/4,500	<ul style="list-style-type: none"> Sales and marketing of SCGM Group's products and services.

5.4.21 Competitive Advantage

(i) **More than twenty-three (23) years Experience in the Plastic Packaging Industry**

With more than twenty-three (23) years of experience and efforts, we have established a good reputation in the industry. We place strong emphasis on our product quality and conduct stringent quality control over all our production processes to ensure that our products conform to the highest standards to meet or exceed our customers' requirements.

Furthermore, due to our experience in this business, we have the required financial resources and marketing network to sustain our current markets, while continuing to expand into new markets overseas. Together with our experienced and knowledgeable management and workforce, we have expertise in the technology, operational and marketing aspects of our industry. To keep in-the-know within our industry, we actively participate in various international trade fairs and exhibitions.

5. INFORMATION ON OUR GROUP (Cont'd)

Although we have been in this industry for more than twenty-three (23) years, we are still constantly striving to improve our present production processes and develop new innovative products. We aim to produce new products with excellent designs, which are not currently available in the market.

(ii) Provide Custom-Made Products

Our products are tailored to meet the specialised needs of our customers. When a customer needs a new packaging product from us, we would study their products and produce designs that are suitable for their products. We also ensure that the end-product is cost efficient, aesthetically appealing, in the right size, reliable, durable and heat resistant, amongst others.

We presently have seven (7) personnel who specialise in RDD of moulds to be used in the production of our customers' customised thermo-vacuum formed plastic packaging.

(iii) Cost Leadership

We increase the efficiency of our production by using high-speed automated thermo-vacuum forming machines and press cutting machines. The said machines require less manpower and provide increased output. As such, we are able to achieve economies of scale.

In addition, we currently have our own extruders. These extruders enable us to produce our own semi-raw materials, namely APET, PET-G, GAG, HIPS and PP sheets. As such, we have better control over the quality of our semi-raw materials. It also enables us to lower our cost of purchasing semi-raw materials and reduce the lead time we need to produce our thermo-vacuum formed plastic packaging.

Besides that, our design and tooling work are conducted in-house, which keeps our lead time down and tooling costs low.

(iv) Excellent Customer Service

We place great emphasis on on-time delivery of end products to customers. Furthermore, we have a customer service division to cater to our customers' needs. We listen to our customers when they provide feedback as well as swiftly respond to any complaints in order to better meet the needs of our customers.

As a testament of the excellent customer service we provide our customers, we have seventy nine (79) customers who have more than ten (10) years of relationship with us, as at 31 December 2007.

(v) Large Production Line

We own thirty-one (31) high-speed automated thermo-vacuum forming machines, twenty (20) press cutting machines, two (2) extruders and one (1) CNC machine as at 31 December 2007. Our machines comply with the "restriction of the use of certain hazardous substances in electrical and electronic equipment" directive ("**Directive**"). This Directive bans the placing on the European Union market of new electrical and electronic equipment containing more than agreed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl and polybrominated diphenyl ether flame retardants.

5. INFORMATION ON OUR GROUP (Cont'd)

(vi) Mould-Making Facilities

We are capable of making our own moulds in-house. This allows us to provide high quality products at reasonable prices. By manufacturing our own moulds in-house, we are able to design the value-added engineering aspects into our moulds, which affect efficiency and quality in production. If CAD/CAM designs are provided by our customers, we are able to quickly turn this information into patterns/designs and create moulds in a few hours or days, as compared to a few weeks or months. This provides our customers and us with a shorter time-to-market and lowers our cost of production.

Besides that, with our innovative mould making abilities, we are able to produce multiple numbers of identical moulds for one (1) product. We normally develop a number of identical moulds to produce one (1) type of thermo-vacuum formed plastic packaging. This allows us to maximise the use of the extrusion sheets, thereby lowering costs, increasing volume of output and decreasing plastic scraps.

We also design the size of these moulds, to achieve the maximum amount of moulds on a base plate as well as to fit perfectly into the mounting system in our high-speed automated thermo-vacuum forming machines. By maximising the available forming area of the machine, the ideal number of moulds would increase our manufacturing capacity per cycle time and significantly reduce our downtime for mould changes.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5 Major Customers

Between FYE 2005 and FPE 31 October 2007, we have only had one (1) customer that contributed more than 10% of our turnover, namely Perfect Packaging Pte Ltd (“**Perfect Packaging**”) in FYE 2006. Perfect Packaging is one of our agents in Singapore. As such, to illustrate our major customers, we have chosen to disclose those customers individually contributing more than 5.0% of our turnover in the last three (3) FYE 2007 and for the six (6) months FPE 31 October 2007 in the table below:

	Name	Country	Sales Contribution (RM'000)	Sales Contribution (%)	Length of Relationship (Years)	Products Sold
FYE 2005						
1	Perfect Packaging	Singapore	3,074	8.6	8	Thermo-vacuum formed plastic packaging
2	Formpak Industries Sdn Bhd (“ Formpak ”)	Malaysia	1,792	5.0	4	Extrusion sheets
3	Munchy Food Industries Sdn Bhd (“ Munchy Food ”)	Malaysia	1,289	3.6	12	Thermo-vacuum formed plastic packaging
FYE 2006						
1	Perfect Packaging	Singapore	4,255	10.7	9	Thermo-vacuum formed plastic packaging
2	Munchy Food	Malaysia	1,791	4.5	13	Thermo-vacuum formed plastic packaging
3	Formpak	Malaysia	1,485	3.7	5	Extrusion sheets
FYE 2007						
1	Perfect Packaging	Singapore	3,290	6.7	10	Thermo-vacuum formed plastic packaging
2	Munchy Food	Malaysia	2,768	5.6	14	Thermo-vacuum formed plastic packaging
3	Formpak	Malaysia	2,335	4.7	6	Extrusion sheets
Six (6) months FPE 31 October 2007						
1	Durapower Sdn Bhd (“ Durapower ”)	Malaysia	2,529	8.0	3	Resins, plastic scrap and APET sheet
2	Perfect Packaging	Singapore	1,688	5.3	10	Thermo-vacuum formed plastic packaging
3	Munchy Food	Malaysia	1,558	4.9	14	Thermo-vacuum formed plastic packaging

5. INFORMATION ON OUR GROUP (Cont'd)

Based on the above table, Perfect Packaging's contribution to our turnover decreased to approximately 5.3% and mainly due to the increase in our Group's total sales for the six (6) months FPE 31 October 2007.

We maintain long term relationships with our customers. As at 31 October 2007, we have seventy nine (79) customers, including Perfect Packaging and Munchy Food, who have been our customers for more than ten (10) years. These seventy nine (79) customers contribute more than 42% of our sales for the FPE 31 October 2007. Meanwhile, Formpak has been our customer for more than six (6) years. These customers have remained loyal to us due to the quality of our products and timely delivery of all orders.

For the six (6) months FPE 31 October 2007, Durapower had emerged as one of our major customers for plastic scrap/resins as well as being a major supplier. Due to the need to fulfil capacity for our production, a portion of our required production of extrusion sheets were completed by Durapower on a temporary basis, until we receive our single-layer sheet extruder for HIPS and PP sheets in the financial year ending 30 April 2008. In this unique relationship, Durapower will buy scrap and APET sheet from us and will subsequently sell back the completed extrusion sheets to us. Our Board expects this relationship to be in existence only up to the delivery of our aforementioned new extruder machine.

We are not dependent on our major customers as we have a large base of customers in Malaysia and overseas. Our thermo-vacuum formed plastic packaging is also used to package more than one type of product, namely food, E&E and medical products, amongst others.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.6 Major Suppliers

Our major suppliers, namely those individually contributing to more than 10% of our purchases in the last three (3) FYE 2007 and for the six (6) months FPE 31 October 2007 are shown in the table below:

	Name	Country	Purchase Contribution (RM'000)	Purchase Contribution (%)	Length of Relationship (Years)	Products Purchased
FYE 2005						
1	Nan Ya Plastic Corporation ("Nan Ya Plastic")	Taiwan	10,351	45.4	15	PVC sheets
2	Scientex Resources Sdn Bhd ("Scientex Resources")	Malaysia	3,365	14.8	10	PVC sheets
3	Packerman Sdn Bhd ("Packerman")	Malaysia	2,817	12.4	9	APET, HIPS and PP sheets
4	Petrochemical (M) Sdn Bhd ("Petrochemical")	Malaysia	1,924	8.4	1	Plastic resins - HIPS
5	Cheng Fong Plastic Co., Ltd. ("Cheng Fong Plastic")	Taiwan	992	4.4	1	OPS sheets
FYE 2006						
1	Nan Ya Plastic	Taiwan	9,087	39.8	16	PVC sheets
2	Scientex Resources	Malaysia	3,772	16.5	11	PVC sheets
3	Petrochemical	Malaysia	2,420	10.6	2	Plastic resins - HIPS
4	Cheng Fong Plastic	Taiwan	1,387	6.1	2	OPS sheets
5	Packerman	Malaysia	1,299	5.7	10	APET, HIPS and PP sheets
FYE 2007						
1	Nan Ya Plastic	Taiwan	9,476	33.6	17	PVC sheets
2	Petrochemical	Malaysia	3,183	11.3	3	Plastic resins - HIPS
3	Cheng Fong Plastic	Taiwan	3,037	10.7	3	OPS sheets
4	Scientex Resources	Malaysia	2,775	9.8	12	PVC sheets
5	Packerman	Malaysia	76	0.3	11	APET, HIPS and PP sheets
Six (6) Months FPE 31 October 2007						
1	Nan Ya Plastic	Taiwan	4,040	22.27	17	PVC sheets
2	MPI Polyester Industries Sdn Bhd ("MPI Polyester")	Malaysia	3,980	21.96	1	Plastic resins
3	Petrochemical	Malaysia	3,126	17.24	3	Plastic resins - HIPS
4	Durapower	Malaysia	2,807	15.48	3	Recycled resins
5	Nan Ya Rigid Film (Guang Zhou) Co.	PRC	1,339	7.38	1	PVC sheets

5. INFORMATION ON OUR GROUP (Cont'd)

We have five (5) suppliers in the last three (3) FYE 2007 and four (4) suppliers for the six (6) months FPE 31 October 2007, who have individually contributed more than 10% of our total purchases. In the last three (3) FYE 2005 to 2007 and the six (6) months FPE 31 October 2007, our Group's top supplier which contributed more than 10% of our total purchases is Nan Ya Plastic. Nan Ya Plastic accounted for 45.4%, 39.8%, 33.6% and 22.3% of total purchases for the FYE 2005, FYE 2006, FYE 2007 and for the six (6) months FPE 31 October 2007, respectively. As such, Nan Ya Plastic is one of the major suppliers of our Group for the supply of PVC sheets.

Over the last seventeen (17) years and due to strong business relationship with Nan Ya Plastic, our Group has enjoyed favourable pricing, longer credit terms and excellent after sales service and support. Amongst other things, our Group has consistently maintained recurring orders of high volume as well as ensured that prompt payments were made, which had also positively contributed to the existing business relationship with Nan Ya Plastic.

Nevertheless, in order to reduce the risks of dependency on Nan Ya Plastic, we are also sourcing PVC sheets from other suppliers such as Scientex Resources, as well as gradually reducing the purchases of PVC sheets from Nan Ya Plastic. Our Group has many choices when it comes to purchasing PVC sheets due to its availability from other suppliers in Malaysia, if required.

On total purchase as a whole, the percentage of PVC, HIPS, PP and APET sheets purchased as compared to our total purchases have gradually decreased over the last three (3) FYE 2007 and for the six (6) months FPE 31 October 2007 because we began purchasing more plastic resins and OPS sheets.

Plastic resins were purchased because we began manufacturing some of our own extrusion sheets in FYE 2005. This can be seen from the increases in our purchase of plastic resins from Petrochemical and MPI Polyester between FYE 2005 and up to the six (6) months FPE 31 October 2007. Our production of APET, PET-G, GAG, HIPS and PP sheet since FYE 2005 has also contributed to the reduction of our purchases of these extrusion sheets from suppliers. Meanwhile, our purchases of OPS sheets have also increased because we encourage our customers to use OPS sheets, which are safe to store food products, to produce their packaging.

We maintain long-term relationships with most of our suppliers. Our management believes that we are not dependent on any single major supplier and that the risk of over dependency on any of the major suppliers is not material due to the availability of a large pool of local suppliers in the Malaysian market, which also supply the same raw materials.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7 Future Plans, Strategies and Prospects of our Group**5.7.1 Overview of Future Plans and Strategies**

Our future plans for the Group are detailed below:

(i) Expansion of production lines

We plan to invest approximately RM3.1 million from our utilisation of proceeds to expand our production lines. As at 31 December 2007, we have thirty-one (31) high-speed automated thermo-vacuum forming machines. Due to the increase of demand for our products from our customers, we plan to increase our production lines by investing in an additional five (5) high-speed automated thermo-vacuum forming machines between financial year ending 30 April 2008 and financial year ending 30 April 2009.

One of the high-speed automated thermo-vacuum forming machines that we intend to purchase is the thermo-press machine to produce "egg trays" with lock clip. We plan to purchase this machine in financial year ending 30 April 2008 because we have previously received requests for this type of packaging from our customers.

We also plan to purchase two (2) sets of cutting machines, namely one (1) in the financial year ending 30 April 2008 and the other in the financial year ending 30 April 2009.

Meanwhile, we presently own two (2) extruders. These machines help us to reduce the cost of our semi-raw materials and increase the supplies of HIPS and PP sheets in the market. In the financial year ending 30 April 2008, we plan to purchase another one (1) unit of single-layer sheet extruder for HIPS and PP sheets.

(ii) Increase in manufacturing facilities

In 2005, we purchased one (1) unit of double storey terrace factory at Lot 3059, Taman Nagasari, 13600 Prai, Pulau Pinang. We plan to commence production of thermo-vacuum formed plastic packaging from this factory, for our customers in Northern Peninsular Malaysia, in financial year ending 30 April 2010. Presently, we are renting out this premise.

Meanwhile, in 2005, we acquired two (2) pieces of freehold land at Lot 3281 & 3282, Batu 24½, Jalan Kulai-Air Itam, 81000 Kulai, Johor. This premise will be used for future expansion of our thermo-vacuum formed plastic packaging production lines in Johor. We plan to commence construction of factory buildings and offices as well as commence operations in this premise after the financial year ending 30 April 2010.

Furthermore, we plan to set up a manufacturing facility in Thailand. We have yet to purchase any factory or land in Thailand, but we plan to start producing extrusion sheets in Thailand in the financial year ending 30 April 2010 to capture the demand for this product in the country.

(iii) Further improve mould design capabilities

We intend to continuously upgrade our CAD/CAM software with the latest releases, in order to provide better mould designs for our customers. In addition, we plan to purchase an additional CNC milling machine in the financial year ending 30 April 2009, which would allow us to produce more aluminium moulds in a shorter time frame.

5. INFORMATION ON OUR GROUP (Cont'd)

(iv) Continue with present marketing efforts

We plan to continue participating in local and overseas trade fairs and exhibitions, in order to promote and introduce our products to potential customers.

(v) Meet new certification standards

Besides that, we are working towards meeting the ISO 22000:2005 certification standards in the financial year ending 30 April 2010. The ISO 22000:2005 specifies requirements for a food safety management system where an organisation in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption.

(vi) Introduce new products

We plan to start producing PET-C extrusion sheets in the financial year ending 2010, if we receive sufficient demands from our customers. The PET-C extrusion sheets can be produced using the three (3)-layer PET extruder, which we presently use to produce our APET, PET-G and GAG sheets.

5.7.2 Prospects of our Group

Our Group is one of the leading thermo-vacuum formed plastic packaging manufacturers with more than 5,000 types of thermo-vacuum formed plastic packaging products and a total of thirty-one (31) forming machines. Our Group produces extrusion sheets over and above our own production need i.e. to be sold to other parties as well. Over the years, we have expanded to markets such as the USA, Dubai U.A.E., HKSAR and Singapore. The prospects of our Group to capture more market share in global high growth industries such as the semiconductor and pharmaceutical industries is promising, based on our Group's successful track record in venturing into overseas markets, as well as the vast opportunities available in these industries.

Driven by growing population as well as other factors such as growing importance for quality plastic packaging products, the thermo-vacuum formed plastic packaging industry prospects look bright and promising, especially for companies such as our Group, which has design and development capabilities, established market presence and advanced automation process that ensures production of quality products.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8 Information on our Subsidiary

Our Group has no associated company as at 31 December 2007. Further details on our subsidiary company are as follow:

(i) History and business

LSSPI was incorporated as a private limited company in Malaysia under the Act on 4 May 1984 and commenced its business operations on even date.

LSSPI is principally involved in the manufacturing and trading of plastic products.

(ii) Share capital

The present authorised and issued and paid-up share capital of LSSPI is as follows:

Type	No. of shares	Par value RM	Total RM
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	2,200,000	1.00	2,200,000

Details of the changes in the issued and paid-up share capital of LSSPI since the date of incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
4.05.1984	2	Subscribers' shares	2
5.07.1984	50,000	Cash	50,002
23.02.1989	50,000	Cash	100,002
5.05.1992	299,998	Cash	400,000
16.05.1994	400,000	Cash	800,000
20.02.1995	200,000	Cash	1,000,000
6.06.1997	500,000	Cash	1,500,000
31.05.2000	500,000	Cash	2,000,000
16.04.2007	200,000	Cash	2,200,000

(iii) Substantial shareholders

The Promoters own the entire equity interest in LSSPI.

(iv) Subsidiary and associated companies

As at 31 December 2007, LSSPI does not have any subsidiary or associated company.