

4.0 INFORMATION ON OUR GROUP

4.1 History

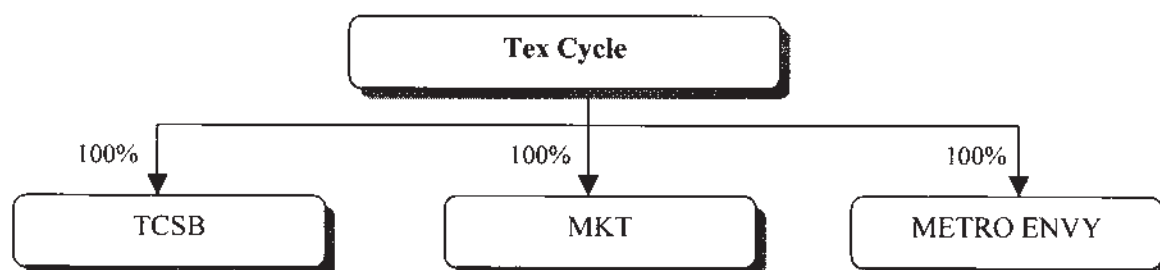
Our Company was incorporated in Malaysia as a private limited company on 17 February 2004 under the Companies Act, 1965 under the name Tex Cycle Technology (M) Sdn. Bhd. On 11 March 2004, it was converted into a public company and assumed its present name. Our Company was established to become the investment holding company of the Tex Cycle Group in conjunction with the listing of our Group on the MESDAQ Market.

Our authorised share capital is currently RM20,000,000 comprising 200,000,000 Tex Cycle Shares and our issued and paid-up share capital is RM12,579,300 comprising 125,793,000 Tex Cycle Shares. The changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
17-02-04	2	0.10	Cash	0.20
12-03-04	198	0.10	Cash	20
14-01-05	14,347,100	0.10	MKT Acquisition	1,434,730
14-01-05	91,445,700	0.10	TCSB Acquisition	10,479,300
14-01-05	20,000,000	0.10	Land Acquisition	12,579,300

Our core business activities are carried out by TCSB and MKT, which together form our Group's expertise in recycling and recovery of Scheduled Waste.

Our corporate structure is as follows:



The principal activities of our subsidiaries are as follows:

Subsidiaries	Date and country of incorporation	Equity interest held %	Issued and paid-up share capital	Principal activities
TCSB	18-09-84, Malaysia	100	RM500,000	Recovery and recycling of materials and containers contaminated with Scheduled Waste
MKT	13-03-95, Malaysia	100	RM1,000,000	Manufacturing and marketing of chemical products
Metro Envy	16-01-04, Malaysia	100	RM2	General trading and investment holding

4.0 INFORMATION ON OUR GROUP (Cont'd)

4.1.1 Subsidiaries

TCSB

TCSB began operations in 1984 as one of the pioneers in the recycling and recovery of Scheduled Waste. TCSB was principally undertaking the cleaning of contaminated textiles such as soiled rags and gloves. It began its operations in a small shophouse in Klang with only three workers.

In 1986, TCSB moved its operations to rented premises in Ampang to be closer to its customers. In 1992, TCSB was licensed by the DOE to handle Scheduled Waste in the S251 category which include rags, plastics, papers or filters contaminated with paint, ink or organic solvents from motor vehicle assembly plants, metal works, semiconductor plants, printing and packaging plants. Subsequently, TCSB expanded its business to service the electronic and automotive industries. During that time, cleaning processes and methods were less sophisticated. TCSB then began engaging in dialogues with the DOE to discuss methods of improving the quality of recycling in the industry and in 1995, developed a wastewater treatment system of a 'Standard B' quality.

In 1997, to accommodate its increased business volume, TCSB shifted its operations to rented premises in Taman Perindustrian Kinrara, an area designated for industrial activity. As its financial position improved, in 1999, TCSB purchased its current premises where its current operations are located. With its own premises, TCSB was able to improve its quality assurance by investing in extensive renovations to reinforce its foundations, containment and piping systems to ensure no seepage of contaminated waste into the underground water system. In 1998 and 2004, upon additional licences being granted by the DOE, TCSB's business extended to include the N023, N271 and S261 categories, which is treatment of containers contaminated with paint, ink, organic solvent or chemical residues except for cyanide, mercury, arsenic, polychlorinated biphenyl (BFT) or polychlorinated triphenyl (TFT) up to a maximum quantity of 10,000 kg per month.

Since 2002, TCSB has been able to treat the effluent (waste matter) from its cleaning process to a quality which surpasses the 'Standard B' quality, with only sludge being sent to Kualiti Alam for further treatment and disposal. All other products and by-products of its waste treatment services are reused and/or recycled. An average of 30% of its cleaned materials are returned to its customers, whereas the remainder is either sold to third parties for reuse, or if damaged, made into safe recyclable products (under the brand name of "TC SOAK-UP") which are then sold for reuse or supplied to existing customers. The products manufactured by TCSB include booms, pillows and wipes which are strong and absorbent for use in tough industrial conditions. Over the years TCSB has grown together with the country, and with its dedication to R&D, has endeavoured to protect our environment from contaminated Scheduled Waste and has established itself as a licensed professional Scheduled Waste recycler.

In 2003, TCSB was accredited the MS ISO 14001:1997 for environmental management systems. To the best of its knowledge, TCSB does not have any competitor in the country and possibly in Asia (save for Japan) that is able to clean material and containers of contaminated Scheduled Waste in categories S251 and N023, as well as treat the effluent from the cleaning process to a quality which surpasses the 'Standard B' quality.

MKT

MKT was incorporated on 13 March 1995 under the Companies Act, 1965 by Ho Siew Cheong, after years of research in the development of authorised products which render surveillance devices operating in the visual or near-infrared region ineffective. MKT began its operations in Serdang as a manufacturer of paint. In 1997, two years after the development of camouflage paint for commercial production by Ho Siew Cheong, MKT was able to penetrate the market by signing its first contract to supply camouflage paint to a defense industry customer. Today, MKT is the sole manufacturer/supplier of camouflage paint in the country.

4.0 INFORMATION ON OUR GROUP (Cont'd)

In 2001, MKT's laboratory developed chemical formulac/solutions for the process of treatment of contaminated waste and effluent. MKT now supplies TCSB with chemical solutions for waste treatment on an exclusive basis. These chemical cleaning solutions are specially formulated to complement TCSB's cleaning and wastewater treatment systems. Unlike ordinary off-the-shelf chemicals, they do not contribute as waste after the cleaning and treatment process. MKT's chemical solutions only serve as a catalyst to enhance the cleaning process as it uses water molecules as a reacting agent for cleaning. The end product is wastewater, which is treated by TCSB's in-house-designed wastewater treatment system. In April 2003, MKT moved its operations to Bandar Bukit Puchong.

Metro Envy

Metro Envy was incorporated on 16 January 2004 under the Companies Act, 1965. Its principal activities are general trading and investment holding. It is currently the holding company for the Land.

4.1.2 Restructuring Scheme

As an integral part of our Listing, we undertook a restructuring scheme, which was approved by the following:

- (i) SC (including FIC) in its letter dated 4 January 2005;
- (ii) Bursa Securities in its letter dated 10 January 2005; and
- (iii) MITI in its letter dated 5 May 2004.

The restructuring scheme entails the following:

(i) Acquisitions

On 12 April 2004, we entered into conditional sale and and purchase agreements for the following acquisitions:

(a) MKT Acquisition

We acquired the entire issued and paid-up share capital in MKT comprising 1,000,000 MKT Shares for a purchase consideration of RM1,434,710. The MKT Acquisition was fully satisfied by the issuance of 14,347,100 new Tex Cycle Shares at par as follows:

Vendors of MKT	Shareholdings in MKT		No. of new Tex Cycle Shares issued as consideration
	No of MKT Shares held	%	
Lt. Gen. (R) Dato' Jaffar Bin Mohamed	400,000	40.0	5,738,840
Yusseri Bin Said	300,000	30.0	4,304,130
Ho Siew Cheong	200,000	20.0	2,869,420
Ho Siew Choong	100,000	10.0	1,434,710
Total	1,000,000	100.0	14,347,100

The purchase consideration of RM1,434,710 for the MKT Acquisition was arrived at after taking into consideration the audited NTA of MKT as at 31 December 2003 and the attributable profit to our Group.

The 14,347,100 Tex Cycle Shares issued rank equally in all respects with the existing Tex Cycle Shares in issue.

4.0 INFORMATION ON OUR GROUP (Cont'd)

(b) TCSB Acquisition

We acquired the entire issued and paid-up share capital in TCSB comprising 500,000 TCSB Shares for a purchase consideration of RM9,144,570. The TCSB Acquisition was fully satisfied by the issuance of 91,445,700 new Tex Cycle Shares at par as follows:

Vendors of TCSB	Shareholdings in TCSB		No. of new Tex Cycle Shares issued as consideration
	No of TCSB Shares held	%	
Ho Siew Weng	50,000	10.0	9,144,570
Ho Siew Kee	50,000	10.0	9,144,570
Ho Siew Cheong	50,000	10.0	9,144,570
Ho Siew Choong	150,000	30.0	27,433,710
S. Perry	185,000	37.0	33,834,909
Ir. Tan Meng Leng	15,000	3.0	2,743,371
Total	500,000	100.0	91,445,700

The purchase consideration of RM9,144,570 for the TCSB Acquisition was arrived at after taking into consideration the audited NTA of TCSB as at 31 December 2003 and the attributable profit of TCSB to our Group.

The 91,445,700 Tex Cycle Shares issued rank equally in all respects with the existing Tex Cycle Shares in issue.

(c) Land Acquisition

The acquisition by Metro Envy of the Land from Metro-Engravers, for a purchase consideration of RM5,500,000 is to be satisfied partly by a cash payment of RM3,500,000 and the balance by the issuance of 20,000,000 new Tex Cycle Shares at par.

The purchase consideration of RM5,500,000 for the Land Acquisition was arrived at after taking into account the open market value of the Land of RM5,500,000 as appraised by Messrs City Valuers & Consultants Sdn. Bhd., an independent property valuers as stated in its report dated 7 January 2004.

We acquired the Land for the following reasons:

- We expect that as our current scheduled waste laundry services and container recovery recycle service treatment business grows, we will require additional storage space for our materials and a holding area for other containers and drums which have been cleaned and treated and awaiting return to clients or recycle/reuse via sale to third parties;
- The Land is strategically located along Jalan Kuchai Lama fronting the main road and with easy access to the North South Highway as well as the New Pantai Expressway; and
- We are preparing ourselves for the future for when new products and services are developed and additional storage space may be required.

4.0 INFORMATION ON OUR GROUP (Cont'd)

Metro-Engravers nominated the following individuals to receive the 20,000,000 new Tex Cycle Shares issued pursuant to the Land Acquisition:

Names of nominees	Distribution of new Tex Cycle Shares issued pursuant to the Land Acquisition
Ho Siew Weng	3,883,515
Ho Siew Kee	4,077,666
Ho Siew Cheong	3,883,501
Ho Siew Choong	4,077,518
Ho Mei Ling	388,400
Ho Mei Wah	388,400
Ho Mah Lee @ Ho Chwee Keng	3,301,000
	20,000,000

The cash consideration of RM3,500,000 will be payable to Metro-Engravers.

The 20,000,000 Tex Cycle Shares issued rank equally in all respects with the existing Tex Cycle Shares.

The TCSB Acquisition and the MKT Acquisition were completed on 14 January 2005, whilst the Land was presented for transfer to the Land Office ("Land Transfer") on 19 April 2005. Upon completion of the TCSB Acquisition, MKT Acquisition and the Land Transfer, our issued and paid-up share capital increased from RM200 comprising two hundred (200) Tex Cycle Shares to RM12,579,300 comprising 125,793,000 Tex Cycle Shares.

Messrs Zul Rafique & partners had on 26 March 2004 issued a legal opinion to state that the Acquisitions do not contravene Section 132G of the Companies Act, 1965.

(ii) **Public Issue**

Following the completion of the TCSB Acquisition, MKT Acquisition, and the Land Transfer, and in conjunction with the Listing, we will undertake a public issue of 45,000,000 new Tex Cycle Shares at an issue price of RM0.22 each.

The Public Issue of a total of 45,000,000 new Tex Cycle Shares representing approximately 26.3% of our enlarged share capital are to be issued to the following parties:

- (a) 2,800,000 Tex Cycle Shares representing 1.6% of our enlarged share capital have been reserved for our eligible Directors and employees;
- (b) 4,600,000 Tex Cycle Shares representing approximately 2.7% of our enlarged share capital have been reserved for application by Malaysian citizens, companies, co-operatives, societies and institutions; and
- (c) 37,600,000 Tex Cycle Shares representing approximately 22.0% of our enlarged share capital will be placed with Malaysian institutional investors and/or individual investors by the Placement Agent.

4.0 INFORMATION ON OUR GROUP (Cont'd)

Upon completion of the Public Issue, our issued and paid up share capital will increase from RM12,579,300 comprising 125,793,000 Tex Cycle Shares to RM17,079,300 comprising 170,793,000 Tex Cycle Shares. All the Public Issue Shares shall rank equally in all respects with the existing shares of Tex Cycle in issue, except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the allotment of the Public Issue Shares.

(iii) Listing and Quotation

Pursuant to the Public Issue, we will seek admission to the Official List of Bursa Securities and for the listing of and quotation for our entire enlarged issued and paid up share capital of RM17,079,300 comprising 170,793,000 Tex Cycle Shares on the MESDAQ Market.

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4.0 INFORMATION ON OUR GROUP (Cont'd)

4.2 Business Overview

4.2.1 Principal Activities

The principal activities of TCSB are recovery and recycling of material and containers contaminated with Scheduled Waste.

MKT develops camouflage products used primarily by the military and also chemical formulae/solutions for the process of treatment of contaminated waste and effluent.

Metro Envoy is a general trading and an investment holding company.

4.2.2 Principal Services and Products

(i) TCSB's services

TCSB collects and cleans contaminated waste in material and containers. After it cleans the material and containers, it returns the good material and containers to its client, or on-sells these items to other parties for reuse. The types of material it collects for treatment are contaminated rags, wipes, gloves, absorbent cloths and booms, pillows and socks. The cleaning service of contaminated material is called 'Scheduled Waste laundering services' while the cleaning service of containers is called 'container recovery-recycle services'.

TCSB manufactures and supplies new reusable material such as SOAK-UP absorbent booms and pillows and packages them into spillage kits. The EQA Regulations require the contractor, i.e., the person who undertakes the handling, transport or storage of the Scheduled Waste outside the premise of a waste generator to do all things practicable to contain and clean any accidental spillage or discharge of Scheduled Waste. The waste generator provides supporting assistance in any clean-up operation by ensuring that they have these materials at hand in the event of any spillage at their factories or workshops. TCSB also supplies gloves and rents wipes, which are 100% cotton, at competitive prices. The booms, pillows, wipes and gloves are highly absorbent and durable such that they are able to withstand tough industrial conditions.

The TC SOAK-UP booms and pillows (packaged as spillage kits) are made from recycled clean materials that can no longer be used by the customers as they may be damaged, torn, stained or not wanted by customers after cleaning. These materials are cut to various sizes, treated and subsequently stuffed into fabric casings which are sewn in-house. TCSB will only charge its customers for any cleaning services it renders for soiled TC SOAK-Ups. TCSB provides a total hassle-free service. Once TCSB has received clearance from the DOE to treat a customer's waste, it collects the contaminated materials and containers, sorts and counts the items, treats the waste and returns a minimum amount of cleaned material and containers to the customer for reuse. Presently, TCSB has its own transport department comprising 10 lorries to facilitate the collection of material and containers which are contaminated with Scheduled Waste. TCSB will resell or reuse damaged material and containers to manufacture safe recycled products and treat and appropriately dispose of waste effluent. TCSB also manages all the paperwork required pursuant to the relevant rules and regulations under the EQA.

Should a customer purchase gloves or rent wipes from TCSB and engage TCSB to treat this contaminated material from its factories, a service representative will monitor the client's usage and loss of material, and arrange for the free replacement of such lost material (normally between 2%-10% of annual usage) automatically.

Depending on the volume of waste material collected, wiper cloths are normally processed within 1~2 days, while gloves and other materials take under a week to clean and return/recycle/reuse.

4.0 INFORMATION ON OUR GROUP (Cont'd)

(ii) **MKT's products**

MKT produces the following products:

(a) **Camouflage paint**

These paints provide optimum camouflage in both the visual and near infra-red region, rendering surveillance devices ineffective. Customers who purchase the camouflage paint will also need to purchase the ancillary products manufactured by MKT. These products are hardeners, primer, hardener for top coat and reducers (solvents). The hardener is mixed with the primer at the time of application. The primer is an anti-rust layer and a bonding promoter for the top coat and metal surface. The hardener for the top coat is mixed with the top coat at the time of application in order to provide a strong inert layer which can last longer than most ordinary paint.

(b) **Camouflage net**

The camouflage net is a camouflage tool that softens the distinct outline of military hardware. MKT camouflage nets have approved infrared-reflecting characteristics and have also been treated to camouflage in the far or thermal infrared range. The net is rot proof and lightweight and comes with accessories such as ground pegs, extendable poles, mushroom heads, ground spikes, net joining clips, mallets, tough carry bags and a repair kit.

(c) **Camouflage canvas**

The camouflage canvas has approved infrared reflecting characteristics. The surface is dead matt and is fully waterproof.

(d) **Windscreen camouflage**

This is a stick-on layer on the windscreen of a vehicle and has approved infrared characteristics. The windscreen of a vehicle with the windscreen camouflage still enables the occupants to see outside. The windscreen camouflage will also eliminate the reflections typical of a glass surface.

(e) **Tyre camouflage system**

This camouflage system is a tyre infrared and visual camouflaging system which breaks up the unnatural round doughnut shape of tyres. It can also be used to provide the same camouflage capabilities to rubber dinghies, floats and wetsuits.

(f) **Face camouflage**

The face camouflage is a small pocket-sized face paint kit comprising 3 colours (dark green, dark brown and black) conforming to the "harimau belang" colour code of the Royal Malaysian Armed Forces. It is waterproof to ensure that it stays on longer and is hypoallergenic with minimal odour to maximise comfort to the user.

The abovementioned products in totality make up a complete camouflage system.

MKT also formulates and supplies chemical solutions for the treatment of contaminated waste and effluent to TCSB.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

4.2.3 Patents, Trademarks and Licences

We do not own any registered patents or trademarks.

Pursuant to the EQA, TCSB is a Prescribed Premises licenced by the DOE, Negeri Selangor as:

- an Off-site Recovery Facility, which licenses TCSB's premises to be used for the retrieval of material or product from any Scheduled Waste which is not produced on those premises;
- an Off-site Storage Facility, which licenses TCSB's premises to be used for the storage, collection or transfer of any Scheduled Waste which is not produced on those premises; and
- a Contractor that undertakes the handling, transport or storage of Scheduled Waste outside the premises of a Waste Generator.

As an Off-site Recovery Facility and an Off-site Storage Facility, TCSB is licenced to handle the following:

Description	Scheduled Waste Code	Monthly Quantity
Rags or filter which are contaminated with paint, ink, organic solvent, chemical residues except those containing cyanide or mercury	S251	62,400 kg
Used containers which are contaminated with paint, ink, organic solvent, chemical residues except those containing cyanide, mercury, arsenic, polychlorinated biphenyls and polychlorinated triphenyls	N023, N271, S261	10,000 kg

TCSB is required to maintain a list of Waste Generators to whom it provides services. Approval from the DG is required to be obtained as and when there is any addition to the Waste Generators. In this respect, TCSB is required to provide the DG with information on the lorries that are used by TCSB and details of the drivers in relation to the handling and transport of Scheduled Waste. TCSB expects that as the quantity of cleaning containers approaches 10,000 kg per month, it may need to undertake a supplementary EIA, to increase the volume of used containers it can clean per month. The abovementioned licences are renewable annually. There has never been an occasion in the past where TCSB had been unable to renew its licences. Further, since TCSB was awarded the licences, there has not been any incident or complaint against TCSB or non-compliance by TCSB under the EQA which would jeopardise the renewal of the Company's licences.

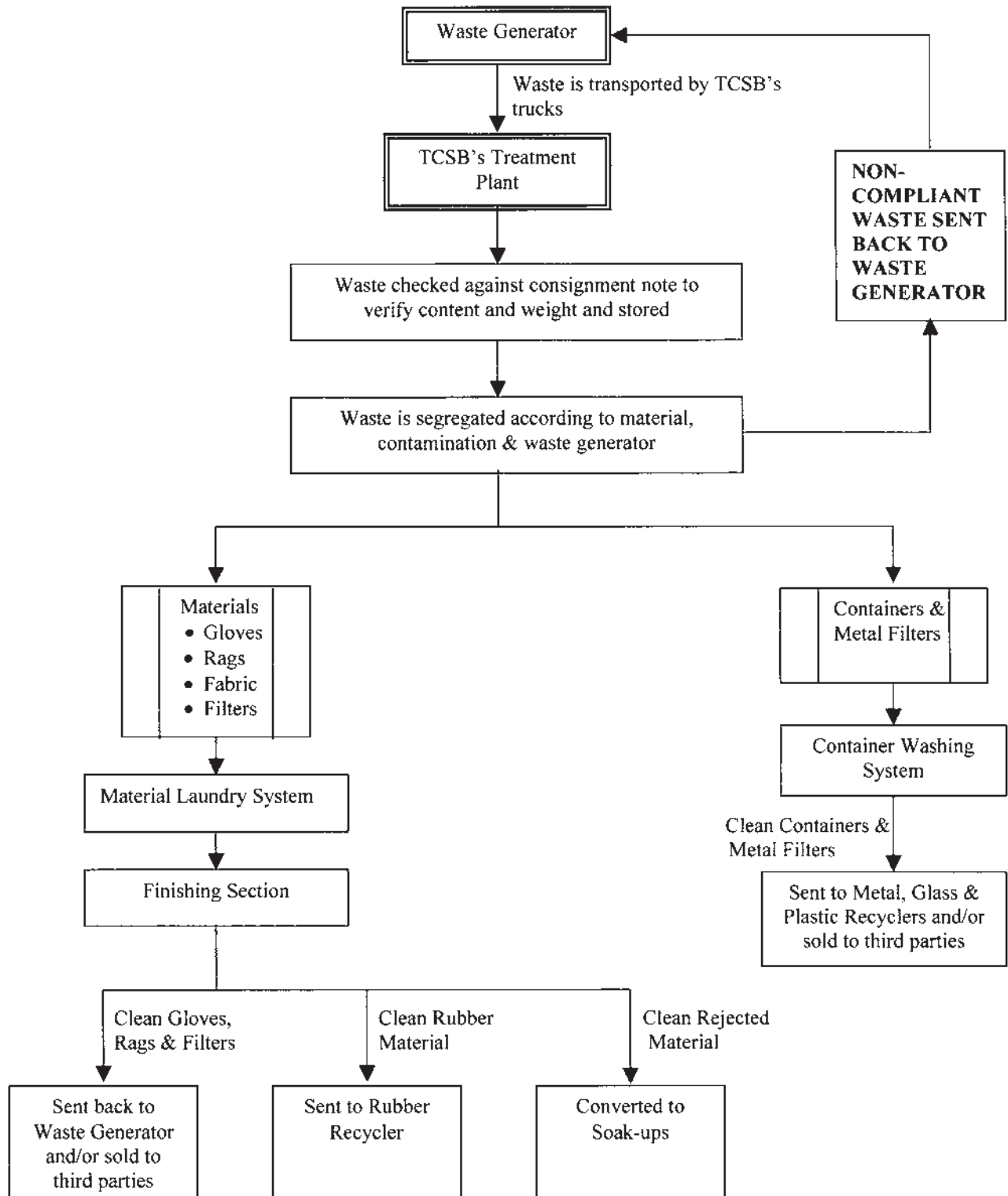
Further details on the licences are set out in Section 8.1 of this Prospectus.

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4.0 INFORMATION ON OUR GROUP (Cont'd)

4.2.4 Our Production Process Flows

(i) Process Flow for the Collection and Treatment of Contaminated Waste



4.0 INFORMATION ON OUR GROUP (Cont'd)

The heart of the whole recycling system is TCSB's wastewater treatment system.

The effluent from the material laundry service, the container washing system and the new container cleaning facility contains contaminants, which are suspended in the water (that is, wastewater). Wastewater is a complex combination of emulsified and dissolved oil, heavy metals and volatile hydrocarbons.

TCSB's wastewater treatment system is capable of treating different combinations of wastewater by layering different technologies into one system. These distinct technologies are reflected in the 3 phases the effluent is passed through:

- Flocculation phase
- Sludge remover phase
- Water polishing phase

The first phase is to remove the solid suspension from the wastewater, and this process is called flocculation. Flocculation takes place in a large vertical reaction tank, where 4 basic chemicals are used:

- Flocculation Starter
- Strong Alkali
- Flocculation Accelerator
- Balancer

Special pumps deliver these chemicals in precise amounts at the right timing sequence.

The Flocculation Starter, a chemical solution, is first pumped into the reaction tank to initiate the flocculation reaction, which in the process increases the acidity of the wastewater. The acidity has to be neutralized by a strong alkali for the next phase of the reaction.

Then the Flocculation Accelerator, another chemical solution, is added to accelerate the flocculation process to the optimum level where the particles are firmly held together. Another chemical solution called the Balancer is then added as a counter-balance against the variation in the pH of the water.

The whole process is controlled by preset programmes with feedback sensors which constantly monitor the progress of the chemical reactions in the tank. In addition, TCSB's process engineer monitors the reactions by sampling the wastewater at various intervals and makes any necessary adjustments that may be required by discharging appropriate amounts of additional chemicals into the reaction tank.

After the flocculation of emulsified waste, the wastewater is then sent to concrete sand-bed tanks to separate the emulsified waste from the wastewater. The sand-bed has a large surface to allow the cleaned water to slip pass the sand particles leaving a thick sludge behind. The sludge is then pumped through a filter press, which presses and dehydrates the sludge into a sludge cakes or powder. The sludge cakes/powder are then packed and stored for pick-up by Kualiti Alam for subsequent treatment and disposal.

The clear wastewater left behind is still contaminated with dissolved solvents and tiny oil particles. To remove these contaminants, the wastewater undergoes the final phase, which is the Polishing Phase. In this phase, the wastewater is first passed through a fine activated carbon chamber which will absorb tiny droplets of oil floating in the water. It is then sent through a high voltage differential chamber where the heavy metals are electrocuted out of the wastewater passing through.

4.0 INFORMATION ON OUR GROUP (Cont'd)

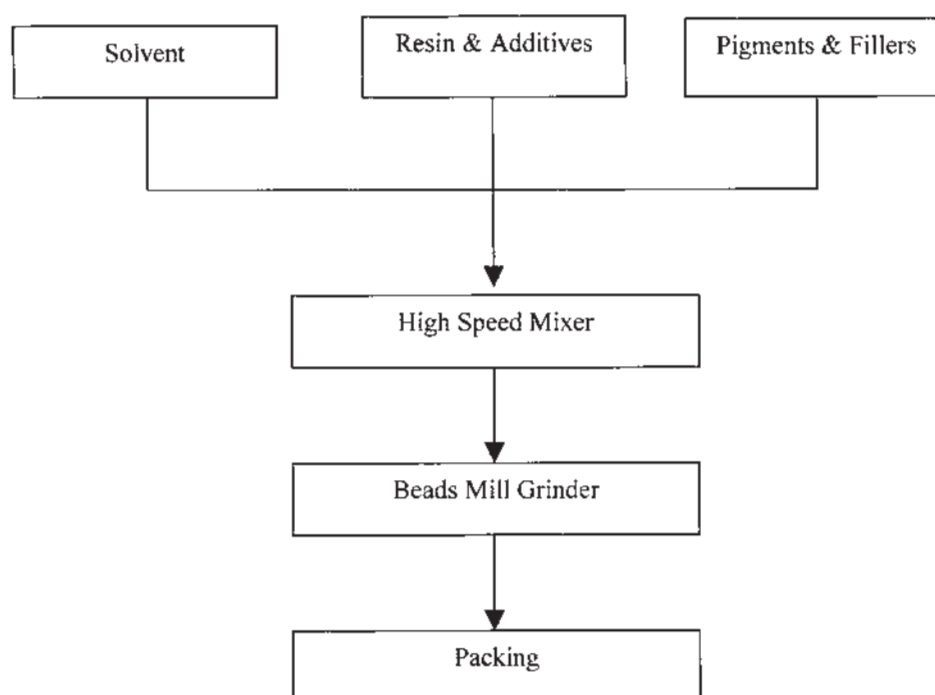
At this point the system takes advantage of oil-eating bacteria that is naturally present in oil in small amounts by providing a conducive breeding ground to promote their growth. The larger population of oil-eating bacteria rapidly eats up the oil in the water resulting in better levels of BOD (Biological Oxygen Demand) and COD (Content of Oxygen Demand). After the bacteria has completely eaten the oil, the bacteria itself has to be destroyed; otherwise there will be a high bacteria count in the water. The bacteria are removed by passing the water through a disinfectant chamber.

The resulting water is called recovered water which is of a standard surpassing the 'Standard B' quality. It can support life and be discharged into our drains and rivers. However, the water is sent to a holding tank to be reused in TCSB's material laundry service and the container cleaning facility.

TCSB's wastewater treatment system is mostly automated and controlled from a central control panel. The system has been designed and developed in-house by TCSB through its continuous R&D efforts since the 1990s.

To the best of their knowledge, the management of TCSB believes that TCSB's wastewater treatment system is one of its kind, locally and even in Asia (save for Japan), as it is built to handle a high concentration of Scheduled Waste removal from the wastewater and reuse of the water in the process.

(ii) Process Flow for the Production of Paint



The two main machines used in the process of manufacturing the "infrared reflecting character" mixture of the camouflage paint are the high speed mixer and the beads mill grinder.

The high speed mixer premixes resins, solvents and pigments into a homogenous form. This is to prepare the mixture for the next phase of the production process, which is the passing of the mixture through the chamber of the beads mill grinder. Small hardened beads in the chamber spinning at high speed breaks up the pigment particles in the mixtures to smaller sizes. This process disperses the pigment evenly in the mixture of solvent and resin to produce a final consistent product – paint.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

It takes only two (2) people to operate these machines. The production of paint at MKT is based on the 'just-in-time' delivery concept such that production is only undertaken upon receipt of an order from the customer. On an eight (8)-hour shift, MKT can produce up to 2,000 kg of paint or any other product contracted for, such as thinner, hardener, primer, hardener for top coat and reducer (solvent).

4.2.5 Estimated Market Coverage

TCSB is one (1) of the forty-three (43) Scheduled Waste recyclers licensed by the DOE to conduct off-site scheduled waste recovery activities. It is the only Scheduled Waste recycler which is licensed to treat the Waste Codes S251 and N023.

(Source: Executive Summary of the Independent Market Research Report)

Further information on the industry players are set out in Section 4.4.9 of this Prospectus.

4.2.6 Principal Markets and Marketing Modes

(i) Principal Markets

The principal market for TCSB's services is the manufacturing industry in Malaysia and in particular manufacturing companies that use rags, wipes, gloves and containers in their daily operations. These manufacturing companies are from a wide range of industries, such as electrical, electronics and engineering, printing, packaging, chemical and paint, pharmaceutical and healthcare, automobile and autoparts, food and plastic industries.

MKT supplies its camouflage products to the defence industry and its chemical and cleaning products exclusively to TCSB.

(ii) Marketing Modes

TCSB

The marketing and distribution of TCSB's products and services are handled by TCSB's sales network which comprises 6 personnel, 4 of whom are full-time employees and 2 of whom are paid on a commission basis. S. Perry and Ho Siew Weng are primarily responsible for the sales team. Each sales personnel is in charge of a particular geographical area, called a zone. The team 'cold calls' new customers following recommendations from existing customers and DOE references, according to their respective zones.

The sales team also attends various environmental awareness exhibitions and tradeshows sponsored by the DOE to market and create an awareness of TCSB's existence and services to a wider range of entities and potential customers. SIRIM and other private environmental consultants also refer their clients to TCSB.

Members of the sales team adopt a standard operating procedure once a potential customer has been identified. This sales team is also responsible for the collection of debt and servicing existing customers. The commission structure is based on a percentage of sales (5~10%) upon collection.

MKT

Yusseri Bin Said leads the marketing efforts for MKT. As the potential clientele for MKT's products comprise of a niche group, marketing is a sensitive area best undertaken with deliberate care and strategy. Ho Siew Cheong assists Yusseri Bin Said in his marketing efforts by providing technical support. MKT is exploring the Middle Eastern, Vietnamese, Thai and the Indian subcontinent markets for its products, while actively marketing its full range of products in Malaysia.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

4.2.7 Quality Control

TCSB

TCSB's current facility is built in accordance with the requirements of the DOE for safety, for both the workers and the external environment. With its own premises, TCSB was able to improve its quality assurance by investing in extensive renovations to reinforce its foundations, containment and piping systems to ensure no seepage of contaminated waste into the underground water system. TCSB was only issued its Off-site Recovery Facility and Off-site Storage Facility licences after a satisfactory inspection by the DOE.

The machines are built to work in such an environment with all safety considerations taken into account. Samples are taken at the discharge point of every treatment cycle and tested in-house by TCSB's process engineer, to ensure proper treatment of the wastewater. In addition, a sample of the discharged water is also taken and tested each month by an independent accredited laboratory for further verification.

MKT

MKT ensures the quality of its products by using the equipment at the STRIDE laboratory such as the viscosity cup to test the consistency of the product, the draw-down bar to test the colour matching and coverage, the finess testing gauge to test the finess of the product and gloss meter to test the glossiness of the product, etc. Further quality control is also conducted at the STRIDE laboratory.

4.2.8 R&D

(i) Policy on R&D

TCSB's R&D policy is to improve the efficiency of the treatment, recycling and reuse of waste, whereas MKT conducts R&D to increase the range and to improve the quality of its products.

(ii) Laboratory

R&D is conducted at TCSB's premises and its laboratory comprises a hatch kit, ozone detector and pH meter probe. The hatch kit is used to test for the level of COD (Content of Oxygen Demand) and the presence of heavy metals in the effluent water. The pH meter is used to test the acid/alkaline condition of the wastewater at various points of the treatment system as well as recovered water, while the ozone detector is used for detecting the ozone concentration in the air.

Water, air and noise monitoring are outsourced to a DOE-accredited laboratory. These tests are not done in-house as TCSB is not an accredited laboratory. Furthermore the DOE requires the use of an accredited laboratory to ensure independent non-biased reporting.

MKT does not have an extensive laboratory as it has a working relationship with STRIDE, the Ministry of Defence Research Department. The laboratory at STRIDE has a full range of equipment and an experienced team of qualified personnel from technicians to those holding doctorate qualifications in disciplines relating to defence technology. By working closely with STRIDE, MKT does not need to duplicate resources by having a similarly equipped laboratory.

4.0 INFORMATION ON OUR GROUP (Cont'd)

(iii) Personnel

TCSB's R&D Department comprises three (3) personnel, Ho Siew Choong, S. Perry and Ho Siew Cheong. The department was set up in 1997 after TCSB shifted its operations from Ampang to Puchong.

The R&D team's primary responsibility is to devise improvements to TCSB's cleaning services as well as the wastewater treatment process, in terms of quality of output, efficiency and cost effectiveness. In addition, the R&D team also develops new cleaning methods for other identified items/materials.

MKT's R&D activities are undertaken by Ho Siew Cheong.

(iv) Achievement in R&D

TCSB

Year	Achievement
1995	Designed and built a wastewater treatment system comprising a whole cleaning system, from the tanks to the flushing systems, work flow and effluent circulation systems; producing recovered water of a 'Standard B' quality.
2001	Designed and built a prototype to clean plastic and metal containers to be used in the container recovery/recycle service department. Developed new recyclable/reusable products, i.e., absorbent booms and pillows, which are strong and absorbent in quality and are suitable for tough industrial conditions. The fabric casing is strong as it is made of 100% cotton which has been weaved to TCSB's specification to facilitate maximum absorption.
2002	Designed and built an improved wastewater treatment system comprising a complete cleaning system, from the tanks to the flushing systems, work flow and effluent circulation systems; producing recovered water surpassing the 'Standard B' quality. The management of TCSB is not aware of any other recovery and recycling company in Malaysia that is able to treat their wastewater to this standard.
2003	Design and built the "triple rinse" container cleaning system for plastic and metal containers used in the container recovery/recycle service department.

MKT

Year	Achievement
1995	Development of near-infrared paint for military application.
1995	Formulation of chemicals for the wastewater treatment system to achieve a 'Standard B' quality.
2001	Formulation of radar absorbing materials.
2001	Formulation of chemicals for cleaning process in the Scheduled Waste laundry service department.
2003	Formulation of chemicals for cleaning plastic and metal containers to be used in TCSB's container recovery/recycle service department.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

(v) Current R&D projects/Present status of the Group

We do not have a fixed schedule for our R&D activities as R&D is an on-going process in our Group. However, we are currently undertaking the following projects to improve the efficiency of our recycling process:

Project	Status
The development of the "triple rinse" container cleaning system. The system uses air blast, water rinse and chemical wash to clean contaminated containers.	In the process of developing the second prototype.
Exploring methods of treating contaminants in sludge as well as ways it can convert the sludge into useful materials for reuse.	R&D is still on-going
To enhance the washing strength of detergents used.	R&D is still on-going

(vi) R&D Expenses

We spent the following amounts on R&D in the past three (3) years:

	2002	2003	2004
Amount spent on R&D (RM)	107,750	209,987	317,012
% of Group turnover	1.3	2.5	3.3

We plan to capitalise our future R&D accounts for future expenditure.

4.2.9 Interruptions in Operations

We did not experience any disruption in business which had a significant effect on our operations during the twelve (12)-month period prior to 16 June 2005, being the latest practicable date prior to the registration of this Prospectus.

4.2.10 Information on Employees

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, we had fifty-one (51) full-time employees as follows:

Category	No of Employees	%	Average Length of Service
Management	11*	21.5	4 years
Technician/Supervisor	6	11.8	5 years
Clerical	3	5.9	4 years
Factory/General Worker	31	60.8	8 years
Total	51	100.0	

Note:

* Comprising one (1) contract worker who is on a one (1) year renewable contract

4.0 INFORMATION ON OUR GROUP (Cont'd)

Training of employees

TCSB and MKT provide on the job training to all their employees. In addition, all employees in the Administration & Accounts, the Scheduled Waste laundry section, containers washing section, wastewater treatment section and transport department will undergo various formal training courses including the following: -

- MS ISO 14000:1997
- Environmental Management System
- TCSB's Environment Policy
- First aid training
- Occupational Health and Safety
- SHE & work safety
- Safety equipment
- Spillage management
- Personal Protective Equipment
- Housekeeping & prohibitions
- Recycling of Scheduled Waste
- Bomba training on fire fighting & evacuation
- Emergency response at facility during transportation
- Accident reporting

Our employees do not belong to any union and there have been no industrial disputes in the past.

4.2.11 Awards and Certifications

In 2003, TCSB was certified by SIRIM with MS ISO 14001:1997, for the environmental management systems-specification with guidance for use in relation to the provision of transportation, collection and recycling Scheduled Waste. This MS ISO award is valid up to 7 March 2006.

In 2003, TCSB was also presented with the Certificate of Participation for its participation in the Prime Minister's Hibiscus Award.

In 2004, TCSB was awarded the "Pemenang Kategori Industri Kecil Dan Sederhana Anugerah Alam Sekitar Negeri Selangor 2004".

TCSB has been shortlisted for the Prime Minister's Hibiscus Award 2005, the results of which are expected to be announced in the third quarter of 2005.

Further, TCSB has received numerous certificates of appreciation for conducting workshops and seminars and creating awareness to the public in respect of recycling Scheduled Wastes.

4.2.12 Location

TCSB's headquarters and recycling facility is located at No. 8, Jalan TPK 2/3, Taman Perindustrian Kinrara, Puchong, Selangor Darul Ehsan (PT 24401 HSM 23155 and PT 24405 HSM 23159, both at Mukim Petaling, Selangor). TCSB is the registered owner of this property. The land area is 4,088.63 square metres with a total built up area of approximately 3,080.34 square metres.

The facility spans 4,088.63 square metres and comprises the following:-

- delivery drop zone
- parking zone for TCSB's lorries
- counting and sorting area

4.0 INFORMATION ON OUR GROUP (Cont'd)

- laundering facility comprising 10 industrial washing machines and 4 dryers
- effluent treatment facility
- container cleaning facility
- storage area
- sewing area for manufacturing "TC SOAK-UPS" absorbent booms and pillows, with 2 sewing machines

This facility currently operates at 70% capacity based on one 12-hour shift. The effluent treatment facility is automated and has the capacity to treat up to 20 cubic metres of effluent per day. In addition, for the manufacture of TC SOAK-UPS, there are 2 full time staff using the 2 sewing machines to produce these booms and pillows. Two persons operating an 8-hour shift can make up to 100 TC SOAK-UP pieces.

MKT's operations are located at No 13, Jalan BP 4/1, Pusat Perindustrian Bukit Puchong, Bandar Bukit Puchong, Selangor Darul Ehsan (PT 43325 HSD 128758, Mukim Petaling, Selangor). MKT is the owner of this property. The facility has a built-up area of approximately 550 square metres and sits on a land area of 2,033 square metres. The land is designated for industrial use. The facility comprises:

- two mixing machines
- two grinding facilities
- laboratory

The optimum production volume of the factory is 2,000 kg of paint or any other product contracted for, such as thinner, hardener, primer, hardener for top coat and reducer (solvent) based on a single 8-hour shift. Production is currently dictated by the delivery times stipulated in the contracts-in-hand.

Metro Envy owns the Land. The Land is strategically located in Jalan Kuchai Lama fronting the main road with access to highways. There is a 3-storey building located at this site with a built-up area of 3,668.65 square metres. Approximately 57% of the building is presently being rented out to third parties.

Approximately 1,200 square metres of the land will be set aside for the storage of treated and cleaned material, containers and particularly for TCSB's containers which are large and occupying a lot of space. TCSB and MKT plan to construct a building for storage. This space will be able to accommodate up to 6,500 containers. In addition, the Land will cater for our future expansion.

4.2.13 Competitive advantages

Our Directors believe that we have distinct advantages over our competitors in terms of the following:

(i) Capital and Labour Intensiveness

The main barrier of entry to the Scheduled Waste recycling industry would most probably be the high initial capital investment into fixed assets, mainly for equipment. For new players, the high investment cost in setting up proper facilities with the relevant state-of-the-art equipment is a major factor that hinders participation. This is especially so for R&D purposes, which are vital to the survival of the company in an increasingly competitive environment.

Cost of machines, equipment, and technological expertise contribute to the high capital required to set up an integrated Scheduled Waste treatment facility. As for the recycling of Scheduled Waste such as laundering of soiled materials, high investment into facilities such as waste water treatment facilities, waste segregation and storage and container cleaning facilities are required in order to operate efficiently and profitably.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

(ii) **Knowledge and Technical Skill Intensive**

Due to the specialised and technical nature of the industry, the industry is dependent on professionals with the relevant technical know-how such as engineers and chemists. It is therefore vital that newcomers find appropriately trained experts to run the operations. These experts would be required to have high levels of experience and technical know-how in the management of highly toxic and hazardous waste.

(iii) **Investment in R&D**

Commitment to R&D activities is vital to the sustenance and growth of any waste management company. The increasing competition among players are constantly underscoring the necessity for companies to provide better quality services and products at lower costs than their competitors, and to also continuously come up with new advanced treatment systems that are more effective and efficient.

This requires a company to look into a certain level of investment in the setting up of an advanced R&D department with adequate equipment and capacity to fulfill the needs of professional engineers and expert innovators.

More established players would have the edge to import technological knowledge from overseas through strategic alliances to aid technology transfers and/or employ expatriates to team up with in-house teams. This would pose a great challenge to newcomers which may not have the capability to import such technologies at their initial setup stage, hence requiring a longer time to develop their own in-house technology without foreign experts.

4.3 Subsidiaries

4.3.1 Information on TCSB

(i) **History and Business**

TCSB was incorporated in Malaysia on 18 September 1984 under the Companies Act, 1965 as a private limited company. The company commenced operations in 1984 and is principally engaged in recovery and recycling of containers and materials contaminated with Scheduled Waste.

(ii) **Share Capital**

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, the authorised and issued and paid-up share capital of TCSB are as follows:

	RM
Authorised	
500,000 Ordinary shares of RM1.00 each	500,000
Issued and paid-up	
500,000 Ordinary shares of RM1.00 each	500,000

TCSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.0 INFORMATION ON OUR GROUP (Cont'd)

(iii) Changes in Share Capital

The changes in the paid-up share capital of TCSB since its incorporation up to 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
18-09-84	3	Cash	3
07-12-84	29,997	Cash	30,000
03-11-86	15,000	Cash	45,000
31-07-97	255,000	Cash	300,000
18-05-99	200,000	Cash	500,000

(iv) Profit and Dividend Record

Please refer to Section 10 for the profit and dividend record of TCSB.

(v) Major Shareholders

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, TCSB is wholly-owned by Tex Cycle.

(vi) Subsidiary and associated company

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, TCSB does not have any subsidiary or associated company.

4.3.2 Information on MKT

(i) History and Business

MKT was incorporated in Malaysia on 13 March 1995 under the Companies Act, 1965 as a private limited company. The company commenced operations in 1995 and is principally engaged in manufacturing and marketing of chemical products.

(ii) Share Capital

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, the authorised and issued and paid-up share capital of MKT are as follows:

	RM
Authorised	
5,000,000 Ordinary shares of RM1.00 each	5,000,000
Issued and paid-up	
1,000,000 Ordinary shares of RM1.00 each	1,000,000

MKT does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

(iii) Changes in Share Capital

The changes in the paid-up share capital of MKT since its incorporation up to 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
13-03-95	2	Cash	2
26-03-96	499,998	Cash	500,000
02-09-03	500,000	Bonus Issue of 1:1	1,000,000

(iv) Profit and Dividend Record

Please refer to Section 10 for the profit and dividend record of MKT.

(v) Major Shareholders

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, MKT is wholly-owned by Tex Cycle.

(vi) Subsidiary and associated company

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, MKT does not have any subsidiary or associated company.

4.3.3 Information on Metro Envy

(i) History and Business

Metro Envy was incorporated in Malaysia on 16 January 2004 under the Companies Act, 1965 as a private limited company. The company's principal activities are general trading and investment holding.

(ii) Share Capital

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, the authorised and issued paid-up share capital of Metro Envy are as follows:

	RM
Authorised	
100,000 Ordinary shares of RM1.00 each	100,000
Issued and paid-up	
2 Ordinary shares of RM1.00 each	2

Metro Envy does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

(iii) Changes in Share Capital

The changes in the paid-up share capital of MKT since its incorporation up to 16 June 2005 are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
16-01-2004	2	Cash	2

(iv) Profit and Dividend Record

Please refer to Section 10 for the profit and dividend record of Metro Envy.

(v) Major Shareholders

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, Metro Envy is wholly-owned by Tex Cycle.

(vi) Subsidiary and associated company

As at 16 June 2005, being the latest practicable date prior to the registration of this Prospectus, Metro Envy does not have any subsidiary or associated company.

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4.0 INFORMATION ON OUR GROUP (Cont'd)

4.4 Industry Overview

4.4.1 The Malaysian Economy

The Malaysian economy accelerated its growth momentum in the first half of 2004, after a strong take-off in 2003, and is expected to surpass earlier expectations with higher growth of 7% for the whole year. Positive signs of a firm economic recovery at the global front, particularly in the first six months as well as higher commodity prices, reinforced the 'feel-good' factor that contributed to further improvement in consumer and business sentiments. Growth has become more broad-based with all sectors registering positive growth. Domestic demand, particularly private consumption, continued to sustain growth for five consecutive years, while private investment, which picked up in 2003, became more entrenched, resulting in a private sector-led growth.

The broad-based growth is evident of the effective measures implemented by the Government to develop new sources of growth to reduce the nation's vulnerability to the external environment. Expanding at 10.5%, the manufacturing sector, which as become more diversified with higher-end, value-added and new emerging industries and products, remains a major contributor to growth. New growth areas in information and communication technology (ICT), strong expansion in financial services and revival in tourism activities supported growth in the services sector, enabling it to maintain its premier position in terms of share to GDP at 57%.

The synchronized upswing in the global economy and upsurge in electronics demand, as well as high prices for palm oil and crude oil, continued to propel export volume and earnings. Import growth was strong, particularly for intermediate and capital goods, reflecting robust domestic economic activities, fuelled by recovery in private investment and higher disposable income.

The outlook for 2005 will generally remain favourable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. However, entrenched domestic economic activities, coupled with a fairly favourable external environment, are expected to drive growth into 2005. Strong output growth is expected to emanate from all sectors, led by manufacturing and services with an increasingly higher contribution from private sector expenditure. Consequently, Malaysia is set to achieve another year of healthy growth of 6% in 2005.

(Source: Economic Report 2004/2005)

4.4.2 The Assessment/Structure of the Malaysian Waste Management Services Industry

The rapid rate of economic development in Malaysia has created serious problems for the country in terms of industrial pollution and poor land use planning. Almost 80% of the rivers are experiencing various stages of pollution. Rivers in the country which are considered very polluted have averaged a total of 12 over the five (5)-year period from 1999 to 2003 as compared to seven (7) in 1990.

Further, with the advent of industrialisation, new environmental problems have also emerged, in the form of toxic and hazardous waste, demanding immediate attention and containment measures. Thus, it is not surprising that a primary concern in Malaysia is the management and disposal of an increasing amount of waste which contributes to the environmental degradation in the nation. These waste include municipal solid waste generated by domestic, commercial and industrial sectors, municipal sewerage as well as toxic and hazardous waste.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

Waste management is fast becoming one of the key problems of the modern world, an issue that is intensified by the volume and complexity of waste discarded by society's domestic and industrial sectors. Many of the practices adopted in the past were aimed at short term solutions without sufficient regard or knowledge for the long term implications on health and the environment. This often leads to the need to take difficult and costly remedial action. With growing public awareness of the detrimental environmental effects of our current waste disposal methods, there is a significant onus of accountability for effective waste management. In this aspect, there is growing importance in the need for more research on recycling, waste minimisation, clean technologies, waste monitoring, and general education.

(Source: Executive Summary of the Independent Market Research Report)

4.4.3 Industry Life Cycle

The Scheduled Waste recycling services industry is solely dependent upon the demands from other industries. For example, the electrical & electronics (E&E) and printing and publishing industries are fundamental to the demand of the recycled wiper cloths and rags industry; likewise, the demand for recycled industrial containers such as grease/oil drums, industrial paints, is directly related to the automotive and petrochemical activities. The life cycle of the different sub-sectors within this industry is thus dependent on the related industries where the demand is derived from.

However, the lack of public awareness on the importance of proper Scheduled Waste management is a challenge to the Scheduled Waste recycling services industry. Many manufacturing industries are still resistant to spend on proper disposal of the waste generated from their plants, especially on Scheduled Waste which has to be disposed of in strict accordance with Government regulations. Demand for machining and equipment from the oil and gas, agriculture and higher value-added E&E industry is expected to be the important impetus of growth for the local Scheduled Waste recycling services industry. These waste generators would greatly contribute to the business opportunities of the Scheduled Waste recyclers.

Generally, there could be a lag in the demand behind the growth of the respective related industries. The high cost associated with most new equipment and the long lead-time necessary to bring new equipment into factory operation are the main reasons for the gradual change in production methods. The gradual change in production methods would also lead to a corresponding gradual change in adoption of cleaner production methods, which is an initiative stressed upon by the DOE to encourage waste minimisation at source and to promote a sustainable environment.

The Scheduled Waste recycling services industry is only at its infancy stage at this point of time. One major challenge is how successful the country is in its efforts to continue to promote the awareness of proper waste management. This factor has a direct impact on the Scheduled Waste recycling services industry.

(Source: Executive Summary of the Independent Market Research Report)

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4.0 INFORMATION ON OUR GROUP (Cont'd)

4.4.4 Characteristics of Scheduled Waste

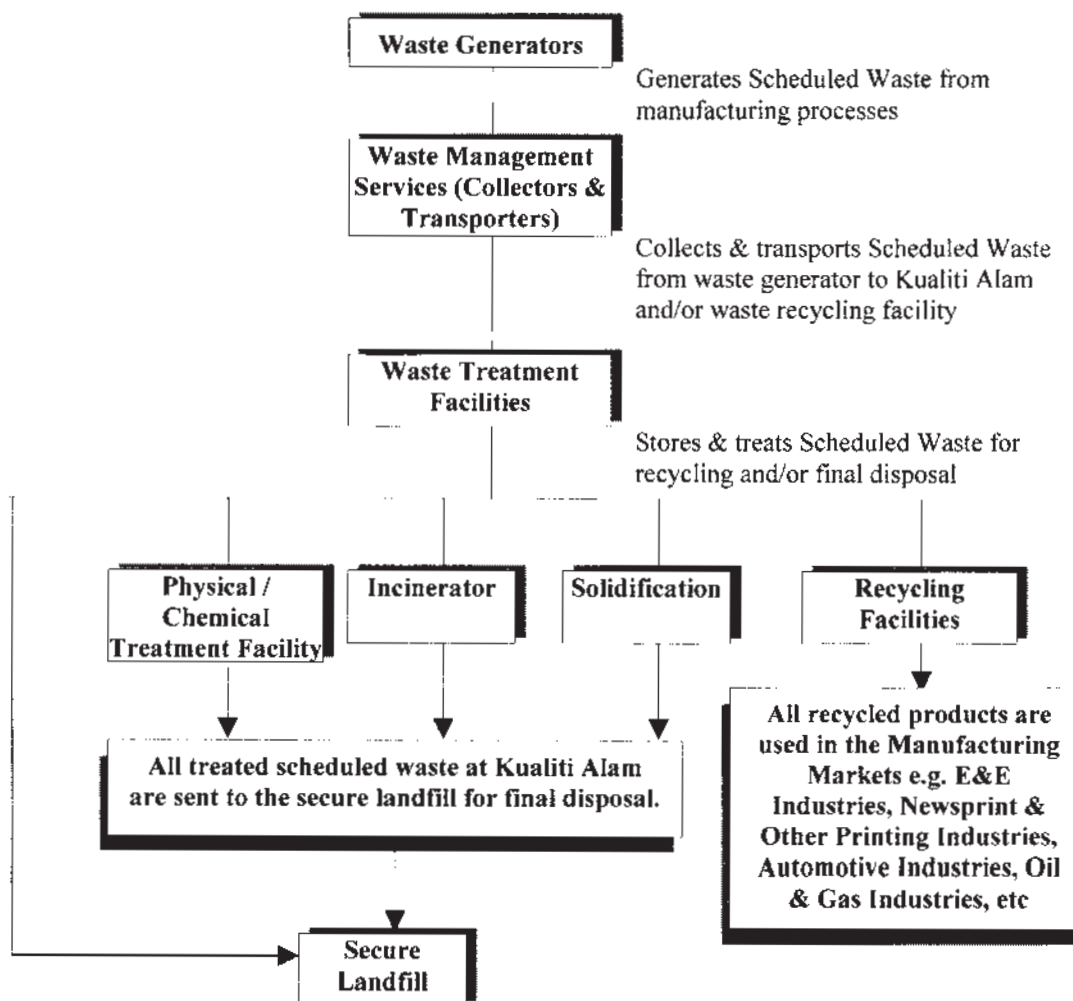
The term "toxic waste" is commonly used to refer to scheduled or industrial waste. However, whether a substance is toxic or not would depend on the type and amount of the material a person is exposed to. While all toxic wastes come under the "Scheduled Waste" category, not all Scheduled Waste are toxic. All Scheduled Waste are, however, hazardous. Hazardous waste have one or more of the following 4 main characteristics:

- **Ignitable:** these can create fires or explode under certain conditions;
- **Corrosive:** they are capable of corroding metals and include acids when there is a pH of less than or equal to 2 or greater than or equal to 12.5;
- **Reactive:** react violently with water or oil, e.g. cyanide electroplating waste; and/or
- **Toxic:** harmful when ingested or absorbed through the skin.

(Source: Executive Summary of the Independent Market Research Report)

4.4.5 Value Chain of Industry

The figure below depicts the value chain of the Scheduled Waste management services industry:



4.0 INFORMATION ON OUR GROUP (Cont'd)

The above value chain depicting the Scheduled Waste management services in Malaysia broadly categorises the industry players into the following:

- **Waste Generators:** These mainly comprise manufacturers which generate huge amounts of toxic and hazardous waste during their production processes;
- **Waste Transporters / Collectors:** These are licensed contractors approved by DOE to handle, transport or store Scheduled Waste outside the premises of Waste Generators; and
- **Waste Facilitators:** These are parties who treat Scheduled Waste to render it harmless to the human health and the environment for final disposal or to recycle for further use by waste generators or for other purpose.

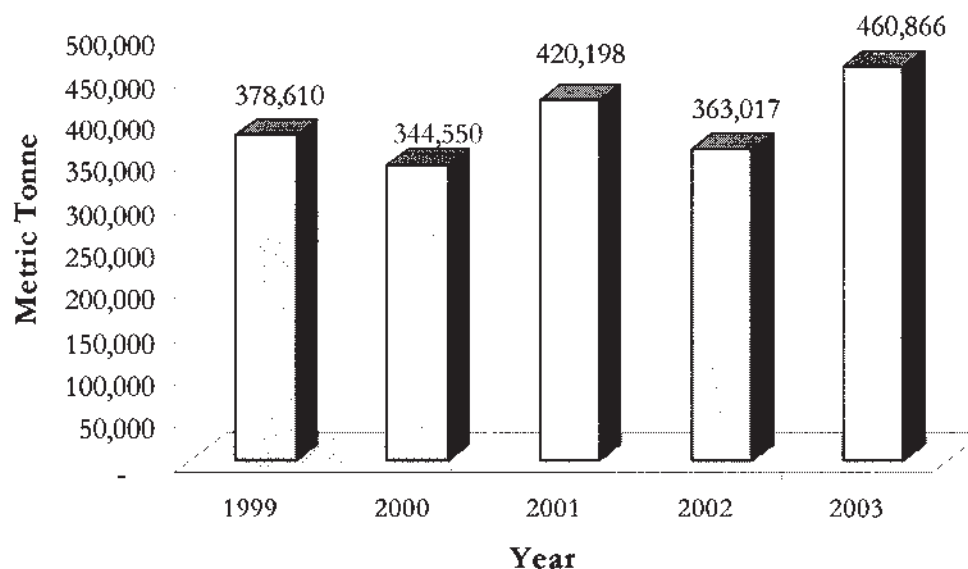
(Source: Executive Summary of the Independent Market Research Report)

4.4.6 Industry Growth Trends

According to the DOS Malaysia, there is no production data on recycled Scheduled Waste. This is because the DOS only tracks data that consists of three or more companies in operation. Another reason is the diverse properties and categories of Scheduled Waste, which can be attributed to the types of waste as listed in the First Schedule of the EQA Regulations.

Statistical data were obtained directly from the DOE at the Ministry of Science, Technology and Environment (MOSTE) of Malaysia. 460,866 tonnes of Scheduled Waste were generated by 5,139 Waste Generators based on notifications received by the DOE in 2003.

Quantity of Scheduled Waste Generated, 1999-2003



4.0 INFORMATION ON OUR GROUP (Cont'd)

4.4.7 Industry Nature

(i) Barriers to Entry

The Scheduled Waste recycling business is not meant for small players. There are several barriers to entry, which allow the industry to be dominated by more established and reputable companies.

(a) Knowledge and Technical Skill Intensive

Due to the specialized and technical nature of the industry, the industry is dependent on professionals with the relevant technical know-how such as chemists, chemical engineers and electrical/electronic technicians. It is therefore vital that newcomers find appropriately trained experts to run the operations. These experts would be required to have high levels of experience and technical know-how in the management of highly toxic and hazardous waste.

(b) High Investment into R&D

Commitment to R&D activities is vital to the sustenance and growth of any waste management company. The increasing competition among players are constantly underscoring the necessity for companies to provide better quality services and products at lower costs than their competitors, and also to continuously come up with new advanced treatment systems that are more effective and efficient.

This requires a company to look into a certain level of investment in the setting up of an advanced R&D department with adequate equipment and capacity to fulfil the needs of professional engineers and expert innovators.

More established players would have the edge to import technological knowledge from overseas through strategic alliances to aid technology transfers and/or employ expatriates to team up with in-house teams. This would pose a great challenge to newcomers which may not have the capability to import such technologies at their initial setup stage, hence requiring a longer time to develop their own technology in-house without foreign experts.

(c) High International Standards Certification

The Scheduled Waste recycling industry in Malaysia currently sees only a few players which have been certified by SIRIM with the prestigious MS ISO 14001. The ISO 14001 accreditation is an international standard used as a model for implementing an environmental management system that provides a solid framework for meeting environmental challenges. ISO 14001 has been proven by nearly 37,000 organisations in 112 countries by end of 2001 to be a useful tool to evolve from maintaining regulatory compliance to a position of improved productivity and enhanced competitive advantage.

An established industry player in the Scheduled Waste recycling industry which had obtained the ISO 14001 certification would have the competitive edge to sustain its existing network of customers and to further expand into the international market, where large Multinational Corporations (MNCs) would seek business partners that have been internationally acclaimed as meeting the highest standards of good environmental practice in the international context. This would certainly pose a major barrier to potential newcomers that would find it a costly and time-consuming process to achieve the same standards that have been set by existing industry players.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

(d) Established Rapport with Clients and Reputation within the Industry

The long period of time required to establish a track record in terms of building up relationships with clients, especially MNCs, can prove daunting to newcomers. It is mutually beneficial for both customers and suppliers to have long-standing contracts once the quality of services are accepted and recognised. Being in a business that has a direct or indirect impact on the environment, reliability and effectiveness of products and services as perceived by customers are extremely important. Well-established players normally would already have an extensive clientele base in various industries to market their products and services.

(ii) Raw Material Sourcing and Supplies

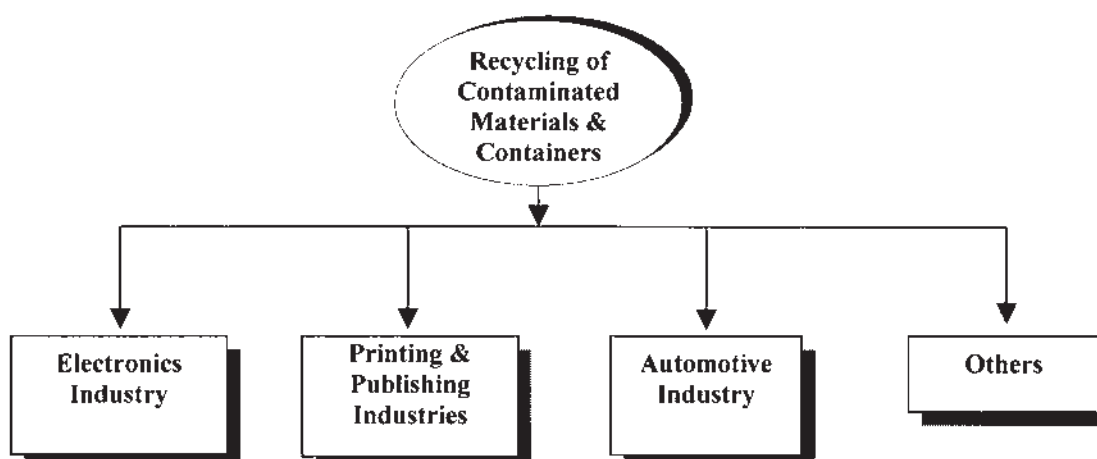
In the industry of recycling Scheduled Waste, raw materials are made easily available from numerous suppliers in the country. Suppliers operate in a highly competitive environment, each striving to establish long-term contracts with customers. Due to the numerous sources of suppliers and manufacturers, the availability of raw materials is ensured. Specifically to the recycling services of fabric, filters and containers contaminated with paint, ink, organic or inorganic chemicals, grease, solvents except cyanide and mercury, raw material supplies are generally widely available at reasonable prices. Exceptions arise in circumstances where the recycler supplies its own wipes to customers who, in turn, send their used and soiled wipes back to the recycler for laundering before being returned to the customers for reuse.

(Source: Executive Summary of the Independent Market Research Report)

4.4.8 Dependency on Other Industries

The demand for Scheduled Waste recycling services is significantly driven by the growth and trends of various industries that the players are servicing. The Scheduled Waste recyclers' performance is affected by the growth and needs of the major industries they service, such as the E&E, printing and publishing, automotive, and other household consumer appliances and industry machinery sectors.

Major Application Markets for Recycling Services of Contaminated Rags & Wiper Cloths



4.0 INFORMATION ON OUR GROUP *(Cont'd)*

Demand for Scheduled Waste recycling services is expected to be an increasing trend from major end-user markets because of the application of fabric materials such as gloves, rags and wiper cloths in the production processes and operations of machineries. Factory workers in manufacturing plants are normally required to don gloves when handling heavy machinery. The machine, in turn, needs to be cleaned, usually using rags and wiper cloths which soak up inks, grease, solvents and other contaminants. These soiled materials may contain flammable and corrosive properties. Through proper laundering, a wide range of recycled products is churned out from these soiled materials and can be reused for the same purposes. The industry also targets the petrochemical, packaging, food manufacturing, pharmaceutical and healthcare sectors.

(Source: Executive Summary of the Independent Market Research Report)

4.4.9 Industry Players and Competition

There are an estimated 43 players in the Scheduled Waste recycling services industry which are licensed under the DOE specifically for off-site recovery activities. The DOE had separately categorised scheduled waste transporters which are licensed to store and transport specific scheduled waste types to the approved premises of scheduled waste recyclers and/or recovery facilities. The number of players categorized by the types of facilities are as follows:

Facility	Major types of Scheduled Waste	Number of Companies
Off-site Recovery (including transportation)	Solder/brass/zinc/aluminium/lead dross, spent catalyst, metal/lead hydroxide, lead acid batteries, steel slag, spent aqueous acid, copper chloride solution, spent ferric chloride, sludge, waste oil/solvents, cloth/containers contaminated with ink/paint/organic solvents, photographic waste, electroplating solution	37
Off-site Recovery (approved recovery & utilisation of waste)	Calcium sulphate sludge, panel sludge, soap sludge, iron hydroxide sludge, aluminium hydroxide sludge, copper slag, phenolic resin paper	6
Off-site Storage (transportation to approved premises)	Solder/aluminium/zinc dross, spent aqueous acid solutions, waste oil, waste hydraulic oil, waste solvents, lead acid batteries, spent sulphuric acid, calcium sulphate/hydroxide sludge	59

The Scheduled Waste recycling services industry is made up of licensed contractors and transporters which are licensed by the DOE and are involved in the recycling/recovery of various types of Scheduled Waste. Contractors are parties that undertake the handling, transport or storage of Scheduled Waste outside the premises of waste generators.

This will be a challenging market due to the industry's specialized nature, and the industry players are exclusive and few as compared to the other markets. However, this industry is not totally unknown in the market due to the increasing public awareness of the importance of proper management and final disposal of Scheduled Waste.

(Source: Executive Summary of the Independent Market Research Report)

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

4.4.10 Government Legislation, Policies and Incentives

Legislations

The generation, handling, treatment, storage and disposal of Scheduled Waste are governed by 3 sets of legislations:

- The Environmental Quality (Scheduled Waste) Regulations 1989
- The Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Regulation, 1989
- The Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Order, 1989

These legislations specify the following requirements:

- Scheduled Waste shall as far as practicable, before disposal, be rendered innocuous (harmless);
- The generation of Scheduled Waste shall be reduced using the best practicable means;
- Waste Generators are to notify the DOE of any Scheduled Waste generated and keep up-to-date inventory of Scheduled Waste generated, treated and disposed of;
- Scheduled Waste may be stored, recovered and treated within the premises of a waste generator;
- Land farming, incineration, disposal, off-site recovery, off-site storage and off-site treatment of Scheduled Waste shall only be carried out at prescribed premise licensed by the DOE;
- Durable waste containers must be utilised with clear labels. Storage of waste shall be proper and adequate;
- Waste Generators shall conform to the requirements of the consignment note system when transporting waste to ensure it reaches the approved destination and are carried out by licensed contractors/transporters;
- Waste Generators shall provide information to a transporter regarding the nature of the waste transported and action to be taken in case of accidents.

A Waste Generator which intends to undertake the treatment of waste is required to obtain a licence to operate and obtain written permission to construct and written approval for the installation of incinerators, fuel burning equipment and chimneys. The DOE requires a Detailed Environmental Impact Assessment (DEIA) for the construction and activities of an on-site incineration plant (Scheduled and non-Scheduled Waste), off-site recovery plants, off-site wastewater treatment plants, on-site storage facilities and secure sanitary landfills, as well as projects involving land-clearing where 50% of the area or more having slopes exceeding 25 degrees (except quarry).

At this point in time, all off-site treatment and disposal of Scheduled Waste are not allowed until after 17 December 2010 with the signing of the concession agreement between the Government of Malaysia and Kualiti Alam. Only a licensed disposal facility operator is allowed to transport, dispose and treat waste classified as Scheduled Waste under the DOE regulations. In the event of unavailability of on-site facilities to treat and dispose certain Scheduled Waste materials, all such waste are required to be disposed off by Kualiti Alam.

Applications to export Scheduled Waste overseas will only be considered by the DOE for recovery purposes or reuse or for those waste that could not be handled by Kualiti Alam in Malaysia. In this aspect, approvals must be obtained from DG upon meeting the following criteria:

- there are no facilities or other better alternatives to manage the waste in Malaysia; and/or
- the waste in question are required for recovery purposes or reuse in the importing country.

4.0 INFORMATION ON OUR GROUP (Cont'd)

In addition, the following requirements must also be satisfied:

- written approval has been obtained from the competent authority of the importing country; and
- the waste handler/receiver in the importing country must be licensed or certified by the competent authority of the importing country.

Policies

To ensure the environment remains clean, an appropriate waste disposal system, particularly in towns, is essential. For this purpose, the Government had, in the Budget 2004, proposed to build a modern and safe waste incinerator plant. The plant, which is expected to cost RM1.5 billion, is even better than most waste incinerator plants in developed countries. In these countries, waste incinerator plants have been built in industrial or housing areas without any opposition from residents. In the Budget 2004, an allocation of RM1.9 billion for environmental management and preservation is provided under several ministries and agencies. Of the amount, a sum of RM680 million is provided for flood mitigation programme, particularly in overcoming flash floods, which often occur in Kuala Lumpur. In addition, a sum of RM462 million is provided for the management of solid waste and RM422 million for sewerage projects.

The Government hopes to minimize the dangers of Scheduled Waste exposure and enforce the handling of Scheduled Waste through chemical safety standards and a good Scheduled Waste management programme. There are proper transportation methods to dispose of or transport certain Scheduled Waste as provided by the guidelines set by the DOE. For example, the method of handling such waste particularly in packaging and labelling needs to conform to international codes of practice. An industry-driven initiative, the Malaysian Agenda for Waste Reduction (MAWAR) was launched and initiated by the DOE in April 1996 to encourage industries to formulate strategies to reduce waste. Waste minimisation is defined by the DOE under MAWAR as a method of pollution control and management that focuses on reducing the discharge of pollutants at their source to avoid subsequent handling, disposal and treatment.

Incentives

Pioneer Status, granted for companies storing, treating and disposing of toxic and hazardous waste, entails a 5-year partial exemption for companies from the payment of income tax. A company which has been granted pioneer status pays tax on 30% of its statutory income (derived after deducting revenue expenditure and capital allowances from the gross income), with the exemption period commencing from its Production Day (defined as the day its production level reaches 30% of its capacity). Alternatively, a company may apply for Investment Tax Allowance (ITA) whereby a company granted ITA may get an allowance of 60% on its qualifying capital expenditure (such as factory, plant, machinery or other equipment used for the approved project) incurred within 5 years from the date on which the first qualifying capital expenditure is incurred. ITA can be offset against 70% of statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilized. The remaining 30% of statutory income will be taxed at the prevailing company tax rate.

Additional incentives like Reinvestment Allowance (RA) and Accelerated Capital Allowance (ACA) are also granted to companies that provide facilities to store, treat and dispose waste of its own factory. They must have been in operation for at least 12 months and incur qualifying capital expenditure to expand production capacity, modernize and upgrade production facilities, diversify into related products, and automate its production facilities. RA can be offset against part or all of a company's statutory income for the year of assessment. Companies that reinvest in the manufacture of promoted products after 15-year period of eligibility for RA are eligible to apply for ACA. The ACA on capital expenditure is to be utilized within 3 years.

4.0 INFORMATION ON OUR GROUP (Cont'd)

In continued efforts to promote the application of cleaner technology by industries in their production processes, SIRIM had provided cleaner technology audits to 48 small and medium enterprises in the food, electroplating, textile and rubber products industries. MITI complemented these efforts by introducing incentives to encourage companies to adopt cleaner technology. This included, among others, the incentives for proper storage, treatment and disposal of toxic and hazardous waste; waste recycling activities; utilisation of biomass; as well as incentives to companies that are waste generators and wish to establish facilities to store, treat and dispose of their waste either on-site or off-site.

In its efforts to further reduce environmental pollution, the Government has made available other tariff related incentives including exemption from import duties and exemption from sales tax on related machinery and equipment.

(Source: Executive Summary of the Independent Market Research Report)

4.4.11 Prospects and Outlook of the Industry

The outlook for the Scheduled Waste recycling services industry is related and dependent upon other industries where demand is derived from. With regards to the recycling of contaminated materials and containers, the growth of this industry is linked to the performance of the industrial manufacturing markets particularly the E&E, printing and publishing, and automotive industries. The main drivers of growth for the recycled Scheduled Waste products lie in the performance of the application markets as provided below.

Electrical and Electronics (E&E) Industry

In 2004, the E&E sector is the leading industry in the manufacturing sector in terms of export, production and employment. Total export of E&E products was valued at RM241.5 billion or 64.2% of the total exports of the manufactured goods. The production of E&E amounted to RM183.1 billion or 44.9% of the total manufacturing sector. It also employed about 369,488 workers which represented 36.6% of the total employment in the manufacturing sector. In the same year, the government has approved 194 E&E projects with an estimated investment of RM8.6 billion. 66 of the approved projects were for new projects valued at RM5.56 billion while 128 projects valued at RM3.05 billion were for expansion or diversification.

In a dynamic environment, the E&E sector offers plenty of growth opportunities as Malaysia is expected to remain a preferred place for multinational corporations to invest with the local market progressing towards high value E&E production such as digital technologies.

The prospects of industries servicing the E&E sector, such as the Scheduled Waste recycling services industry, continue to remain favourable while Malaysia remains a major exporter of E&E products. Exports of E&E products accounted for 66.7% of total exports of manufactured goods in 2003 compared to 60.4% in 1994. Global demand for E&E products was attributed by the increase in telecommunication products such as mobile equipment & other computer peripherals due to proliferation of the digital economy. With increase in exports recorded in the U.S., Singapore, China, Japan and Europe in 2004, there will be higher external demand for local products including E&E products which had contributed significant export earnings of RM241.5 billion in 2004. This would bring about opportunities for local companies servicing the E&E sector to diversify their current market presence geographically. Expectations of positive growth for 2005 are expected to drive demand from emerging markets such as China, Russia, West Asia and India.

4.0 INFORMATION ON OUR GROUP (Cont'd)

Printing and Publishing Industries

In Malaysia, the printing and publishing industry is mainly catering the local market. The types of printing and publishing activities include printing of newspaper, books and magazines, packaging materials and security printing. In addition, this industry also carried out other printing activities such as greeting cards, calendars, diaries, signages, labels and stickers and wall coverings. In 2004, there was an estimated 126 companies involved in this industry with a workforce of about 23,950. With the advancement in technology, both the productivity and quality of the product have improved.

In 2004, the sales value of the printing and publishing industry has generated sales value of RM4.4 billion compared with RM3.9 billion in 2003. In the same year, the government has approved investments amounting to RM186 million for printing and publishing projects. The continuous efforts to enhance the output and efficiency would be a strong impetus for growth in the printing and publishing industries. Coupled with the increasing number of printing companies, the printing and publishing industries are generally expected to provide huge opportunities to the services industries such as Scheduled Waste recycling services.

Automotive Industry

In Malaysia, the automotive industry consists of 6 motor vehicle manufacturers, 9 assemblers and 24 franchise holders with a combined installed capacity of 891,000 units. In 2004, the industry had an estimated workforce of 52,600. The industry is also supported by local component manufacturers which produce automotive components and parts such as moulded plastic parts, metal parts, braking system etc.

In 2004, the Malaysian automotive industry achieved a total sale of 487,605 units of motor vehicles compared with 405,705 units in 2003. The healthy annual growth of 20.2% was due to improvement in consumer confidence, low interest rates, attractive car-financing packages and the introduction of new models. In terms of production, 471,975 units of motor vehicles were manufactured in 2004, resulting in an annual growth rate of 10.6%. In the same year, the government approved 101 automotive projects with an estimated investment of RM1.3 billion compared with 78 projects valued at RM 3.2 billion in 2003. Within the 101 approved projects, 54 projects were for new projects while the rest were for expansion and diversification of existing projects.

With respect to regional performance, the combined new vehicle sales in ASEAN's four (4) big markets - Indonesia, Malaysia, Thailand and the Philippines exceeded 1.2 million units in the January-November 2003 period, posting a healthy 10.0% growth over the previous year's corresponding period. The ASEAN motor vehicles market is expected to reach 1.6 million units in 2005 and 2.3 million by 2010. This, in turn, would translate into a huge potential growth for the automotive parts & components industry. There are 350 component manufacturers supplying parts and components to automotive manufacturers/assemblers in Malaysia. Sales of automotive parts and components amounted to RM4.2 billion in 2003. The global automotive market for light vehicle assembly is forecast to reach 62.5 million units of vehicles by 2009. Continuous growth will bring tremendous opportunities to TCSB as well as the other supporting players serving the automotive markets. Growth will increase for the next five (5) years where the huge demand comes mainly from the Asian, North America and West European market.

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4.0 INFORMATION ON OUR GROUP *(Cont'd)*

Conclusion

The growth of the Scheduled Waste recycling services industry is still at an early stage and is expected to flourish over the next few years. In general, business opportunities for environmental services and products grow in tandem with a country's industrial growth due to the increasing demand for better environmental management. As such, in Malaysia, there are yet ample business opportunities in the field of prevention and pollution control, clean and appropriate technology. This point is further strengthened by the fact that the manufacturing sector is still expanding as indicated by recent statistics from MIDA and MITI. There is generally an increase in emphasis for companies to act responsibly with regards to the environment and to make efforts to minimise the environmental impacts of their business activities. There will be a corresponding increase in use of waste recycling, instead of direct disposal. Companies which fail to comply with the new international trend on environmental protection and management in the manufacturing process risk losing their customers, particularly from the developed countries. For example, there are companies in Europe and the US that will only accept goods and services from manufacturers and service providers that have ISO 14000 certification for environment quality.

With stronger growth and improvements in demand from the diverse manufacturing activities in the manufacturing sector, especially the E&E and automotive industries, the manufacturing sector is expected to provide a continuous impetus for the business growth of scheduled waste recycling players such as TCSB. The outlook for this industry is positive as long as there is industrial advancement within the country and with growth in population, there will further exist an enduring need for better environmental management. Hence, demand for services offered by the Scheduled Waste recycling industry is expected to increase in the near future.

(Source: Executive Summary of the Independent Market Research Report)

4.5 Major Customers

TCSB

As at 31 December 2004, TCSB has approximately 696 registered customers. Its customers are mainly manufacturing companies that use rags, wipes and gloves in their factories. These companies are from a wide range of industries, such as:

- **Electrical, electronics and engineering** companies, such as BenQ Technologies Sdn. Bhd., Computer Forms (M) Berhad, Brother Industries Technology (M) Sdn. Bhd., Fujitsu Components (M) Sdn. Bhd., Hitachi Koki (M) Sdn. Bhd., Kenwood Electronics Tech. Sdn. Bhd., Panasonic Ha Air-conditioning (M) Sdn. Bhd., Konica Minolta Precision Engineering Sdn. Bhd., NEC Semiconductors Sdn. Bhd., Sanyo Electric (PG) Sdn. Bhd., AE Technology Sdn. Bhd., Unisem (M) Berhad, Formosa Prosonic Technic Sdn. Bhd., Samsung Electronics Display (M) Sdn. Bhd., Canon Electronics (M) Sdn. Bhd., Varitronix (M) Sdn. Bhd. and Kenseisha (M) Sdn. Bhd.;
- **Printing** companies such as The China Press Berhad, Broadway Printers Sdn. Bhd., New Straits Times (M) Bhd, Star Publications (M) Berhad, Nanyang Siang Pau Sdn. Bhd. and Utusan Melayu (M) Berhad.
- **Packaging** companies, such as United Packaging Industries Sdn. Bhd., South Island Packaging (PG) Sdn. Bhd., Goulene Packaging & Printing Sdn. Bhd. and Texchem Pack Sdn. Bhd.

4.0 INFORMATION ON OUR GROUP (Cont'd)

- **Chemical and paint based** companies such as BASF Petronas Chemicals Sdn. Bhd., Toyochem Sdn. Bhd., Tioxide (Malaysia) Sdn. Bhd., Kossan Paint (M) Sdn. Bhd. and ICI Paints (Malaysia) Sdn. Bhd.;
- **Pharmaceutical and healthcare** companies, such as Cardinal Health Malaysia 211 Sdn. Bhd., Johnson & Johnson Sdn. Bhd., B. Braun Medical Industries Sdn. Bhd. and UPHA Pharmaceuticals Mfg. (M) Sdn. Bhd.;
- **Automobile and autoparts** companies such as Auto Bavaria, Sapura Automotive Industries Sdn. Bhd., Volvo (Malaysia) Sdn. Bhd., Land Rover (Malaysia) Sdn. Bhd., Edaran Otomobil Nasional Berhad and Johnson Controls Automotive Holdings (M) Sdn. Bhd.;
- **Food companies** such as New Zealand Milk (M) Sdn. Bhd., Gardenia Bakeries (KL) Sdn. Bhd., Everyday Bakery & Confectionery Sdn. Bhd.; and
- **Plastic** companies such as Chong Wah Plastic Sdn. Bhd..

TCSB has a broad customer base of 696 registered customers and is not dependent on any of its customers for business as there is no individual customer contributing more than 10% of TCSB's turnover. The aggregate revenue generated from the top 10 customers is less than 25%.

The top 10 customers of TCSB in FYE 2004 are as follows:

No	Registered Customer	% of TCSB's Total Revenue	Length Of Relationship (years)	Industry
1	Star Publication (M) Bhd	4.6	19	Newspaper printer
2	Sime Coating Sdn. Bhd.	3.5	1	Paint manufacturer
3	News Straits Times Press (M) Bhd	2.9	17	Newspaper printer
4	NSK Micro Precision (M) Sdn. Bhd.	2.3	3	Precision engineering
5	JVC Electronics (M) Sdn. Bhd.	2.2	4	Electronics
6	Carsem Semiconductor Sdn. Bhd.	1.6	3	Electronics
7	SG Technology Industries Sdn. Bhd.	1.4	5	Electronics
8	Perodua Manufacturing Sdn. Bhd.	1.3	3	Car manufacturer
9	Matsushita Compressors & Motors Sdn. Bhd.	1.2	5	Household electricals
10	Polymatech (M) Sdn. Bhd.	1.2	2	Keypads manufacturer

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4.0 INFORMATION ON OUR GROUP (Cont'd)

MKT

The top 10 customers of MKT in FYE 2004 are as follows:

No	Registered Customer	% of MKT's Total Revenue	Length Of Relationship (years)	Industry
1	Defence industry customer*	77.2	9	Defence
2	TCSB	12.2	2	Recycling
3	Sam Chem Sdn. Bhd.	3.1	4	Chemical
4	Sri Jentayu Global Sdn. Bhd.	2.4	1	Defence
5	MMC Defence Sdn. Bhd.	2.2	5	Defence
6	MBDA UK Ltd.	1.0	2	Defence
7	Basic Chemical Synergy Sdn. Bhd.	0.8	3	Chemical
8	Rohas Composite Sdn. Bhd.	0.8	8	Defence
9	Eweny Chemical Sdn. Bhd.	0.3	1	Chemical
10	Pesaka Astana Sdn. Bhd.	Less than 0.1%	5	Defence

Note:

* Due to confidentiality clauses in the agreements with this customer, MKT is unable to disclose the name of this customer

The top customer of MKT accounted for 77.2% of MKT's total revenue for FYE 2004. Although MKT is dependent on its top customer, this dependency is mitigated by the following factors:

- (i) The revenue contribution of the top customer represents only 16.5% or RM1.8 million of the consolidated revenue of the Tex Cycle Group;
- (ii) MKT has a long term contract with the said customer for the supply of camouflage paints;
- (iii) To the best knowledge of our Directors, MKT is the only supplier of camouflage paints to the said customer.

4.6 Major Suppliers

TCSB

TCSB's principal raw materials comprise fabric, wipes, chemicals, additives and detergents, which are sourced locally, with the exception of the wipes which are imported from India. Most of the chemicals used for the Scheduled Waste laundering and container recovery-recycle services as well as the treatment of waste effluent are formulated and supplied by MKT. With the exception of the chemicals supplied by MKT, TCSB has a wide base of suppliers for each of the raw materials and hence is not dependent on a single supplier for any of its raw materials.

The supplier for the raw materials used in the manufacture of new reusable material, fabric for "TC SOAK-UP" absorbent booms and pillows, is Southern Enterprise. This supplier has been with TCSB for the last 5 years and is TCSB's sole supplier of fabric. However, there are many other companies that supply this fabric in similar quantity.

4.0 INFORMATION ON OUR GROUP (Cont'd)

The wipes are purchased from a third party in Pakistan, Saleem Textile Pte Ltd. These wipes are 100% cotton and woven to TCSB's specifications for maximum absorption. There are many textile manufacturers in Pakistan and India which are able to supply wipes of this quality and price to TCSB. The wipes are imported as there is no local manufacturer of 100% cotton wipes. TCSB is exploring the purchase of these wipes locally, but at best there may be local agents of foreign suppliers from Pakistan and India.

The top ten suppliers of TCSB for FYE 2004 are as follows:

No	Suppliers	Country	% of TCSB's Total Purchases	Length Of Relationship (years)	Products Purchased
1.	Central West Chemical Sdn. Bhd.	Malaysia	20.4	6	Chemicals
2.	MKT	Malaysia	13.3	5	Chemicals
3.	Syarikat Hin Kee	Malaysia	12.4	10	Detergents
4.	Southern Enterprise	Malaysia	9.0	5	Fabric for "TC SOAK-UP" absorbent booms and pillows
5.	Super Chem Enterprise	Malaysia	8.0	10	Additives
6.	Saleem Textile Pte Ltd	Pakistan	6.2	18	Wipes
7.	Kariwarten Enterprise	Malaysia	4.5	2	Wiper rags
8.	Eng Hong Leong Sdn. Bhd.	Malaysia	2.8	5	Chemicals
9.	Midori Distribution (M) Sdn. Bhd.	Malaysia	1.5	2	Bio-degradable bags
10.	LTM Bio Industries Sdn. Bhd.	Malaysia	1.4	2	Bio-degradable bags

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4.0 INFORMATION ON OUR GROUP (Cont'd)

MKT

As MKT's raw materials are common chemicals, there are many suppliers available in the market. MKT is not dependent on a single supplier for its raw materials.

MKT's top ten suppliers for FYE 2004 are as follows:

No	Suppliers	Country	% of MKT's Total Purchases	Length Of Relationship (years)	Products Purchased
1.	Basic Chem Sdn. Bhd.	Malaysia	14.8	3	Solvent
2.	Sam Chem Sdn. Bhd.	Malaysia	13.3	5	Chemicals
3.	Spectra Chemicals (M) Sdn. Bhd.	Malaysia	12.5	10	Additives
4.	Synthese (M) Sdn. Bhd.	Malaysia	10.5	6	Resins
5.	Worldwide Resins & Chemicals Sdn. Bhd.	Malaysia	8.0	5	Chemicals
6.	Super Chem Enterprise	Malaysia	7.6	2	Chemicals
7.	Bayderm Chem Synergy Sdn. Bhd.	Malaysia	6.7	10	Fillers
8.	Kilang Tin Sdn. Bhd.	Malaysia	6.6	10	Tins/drums
9.	JSP Packaging Enterprise	Malaysia	4.4	4	Paper box
10.	Bayer (M) Sdn. Bhd.	Malaysia	3.4	6	Pigment

4.7 Five (5)-Year Business Development Plan

A summary of our five (5)-year business development plan is as follows:

4.7.1 TCSB

TCSB has been and will continue to explore ways to:

- (i) expand its customer base in terms of:
 - increasing the number customers from the same type of industry, and
 - diversify into other industries which it currently does not service
- (ii) increase the type of products recycled
- (iii) expand its geographical reach, that is being able to provide its services to potential clients in areas it presently does not service

The specific areas it has identified over the next 5 years are as follows:

- Concentrate its marketing efforts specially on oil & gas, automotive, aviation and print-related companies
- Set up collection centres for contaminated material and containers in areas remote to their current facility in Puchong
- Set up and operate a new waste treatment plant in Thailand
- Explore the set up of a collection, cleaning and resale facility for contaminated containers (44gl drums) in the East Coast of Malaysia

4.0 INFORMATION ON OUR GROUP (Cont'd)

- Explore the treatment of other types of contaminated waste

Thailand

TCSB's Development Team has identified Thailand as a potential area for expanding their material and container cleaning business. A specific project team comprising 3 persons has been set up to evaluate the viability and feasibility of this venture, and address particular issues such as:

- the relevant Thai laws in relation to contaminants, including registration and licensing
- the ownership structure of the company undertaking the venture
- land ownership issues and cost
- suitable locations
- cost of construction of a facility
- size, type, location and frequency of demand
- pricing and pricing strategies
- size of the market for this business, its competitors and local barriers to entry

The members of the Thai project team are:

- Ho Siew Choong
- Mr. KN Gobinathan, an external project consultant, and
- Professor Dr. Kriengsak Chareonwongsak, as TCSB's business adviser in Thailand.

This team is to revert to management with their findings and recommendations by the third quarter of 2005. If the project is viable and financially feasible, it would take approximately eighteen months to set up and commence operations.

East Coast, Malaysia

The Development Team has also decided to explore the possibility of setting up a container cleaning facility in the East Coast of Malaysia to service the oil & gas industry and the chemical industry as well as the other businesses that support and rely on these industries. A specific project team will be assembled once the container cleaning facility in Puchong has become fully operational and teething issues (including standard contracting terms, pricing, transportation issues and operational issues) have been resolved.

Collection Centres

Another area of development identified is the setting up of collection centers for contaminated materials and containers. The Development Team has identified the possibility of the need to set up such centres to service customers in remote areas. Such collection centres would collect materials and containers from customers, sort the materials and temporarily store these items until it is transported to TCSB's recycling facility in Puchong.

Collection centers would improve the efficiency of collections and transportation of contaminated items to Puchong. These collection centers will have to be licensed and manned by a crew for local area collections, sorters, security and administration. TCSB is considering locating its first collection centre in East Malaysia so that it may be able to offer its services to businesses there, extending its geographical reach.

4.0 INFORMATION ON OUR GROUP *(Cont'd)*

4.7.2 MKT

MKT is focusing on developing a larger market for its camouflage paint and a market for its other camouflage products such as camouflage nets, windscreens, tyres, canvas and face paint. MKT will continue to pursue the introduction of its new products to the defence industry. MKT has also identified some of the geographical areas to explore new markets for its full range of products. These countries include Thailand, Vietnam, the Indian subcontinent and Middle Eastern countries, in particular, Yemen, UAE and Saudi Arabia.

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