

V. INFORMATION ON MSW

1. INFORMATION ON MSW

1.1 Incorporation

MSW was incorporated in Malaysia under the Companies Act, 1965 on 25 March 1971 as a private limited company under the name of Malaysia Steel Works (KL) Sdn Bhd. It was converted into a public limited company on 18 August 1997 and assumed the name Malaysia Steel Works (KL) Berhad. On 2 April 2003, it was converted into a private limited company and was subsequently re-converted into a public limited company on 14 November 2003 and assumed its present name. The principal activities of the Company are the manufacturing of steel bars and steel billets. MSW currently does not have any subsidiary or associated company.

1.2 Changes in share capital

The authorised share capital of MSW is RM100,000,000 comprising 200,000,000 MSW Shares. The issued and paid-up share capital of MSW is RM54,851,500 comprising 109,703,000 MSW Shares.

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

| Date of allotment | Par value | No. of ordinary shares allotted | Consideration/Type of issue | Total issued and paid-up share capital RM |
|-------------------|-----------|---------------------------------|---|---|
| 25.3.1971 | 1.00 | 3 | Subscribers' shares | 3 |
| 23.6.1972 | 1.00 | 1,607,297 | Cash | 1,607,300 |
| 23.6.1972 | 1.00 | 392,700 | Issued at par as consideration for the purchase of land | 2,000,000 |
| 23.5.1984 | 1.00 | 12,000,000 | Cash | 14,000,000 |
| 3.9.1987 | 1.00 | 6,500,000 | Bonus issue of approximately 0.46 ordinary shares of RM1.00 each for every 1 existing ordinary shares of RM1.00 each held in MSW from the capitalisation of the revaluation surplus account | 20,500,000 |
| 25.9.1992 | 1.00 | 5,500,000 | Issued at par pursuant to the assignment of debt to SSCSB | 26,000,000 |
| 21.2.1994 | 1.00 | 560,000 | Issued at premium of RM1.00 each pursuant to the conversion of advances to SSCSB | 26,560,000 |
| 15.2.1996 | 1.00 | 9,910,000 | Issued at par pursuant to the conversion of 9,910,000 redeemable convertible preference shares* | 36,470,000 |
| 26.5.1997 | 1.00 | 2,530,000 | Issued at par pursuant to the conversion of 2,530,000 redeemable convertible preference shares* | 39,000,000 |
| 2.6.2003 | 1.00 | 5,263,158 | Cash | 44,263,158 |
| 2.6.2003 | 1.00 | 10,588,235 | Issued at premium of approximately RM0.70 each pursuant to the conversion of debt to SSCSB | 54,851,393 |
| 29.9.2003 | 1.00 | 107 | Issued at par pursuant to the conversion of debt to SSCSB | 54,851,500 |
| 13.7.2004 | 0.50 | 109,703,000 | Sub-division of par value from RM1.00 to RM0.50 per ordinary share | 54,851,500 |

V. INFORMATION ON MSW (CONT'D)

Note:

- * *Being the conversion of 12,440,000 redeemable convertible preference shares into 12,440,000 ordinary shares of RM1.00 each in MSW at a conversion price of RM1.00. The aforesaid redeemable convertible preference shares were issued by MSW on 25 February 1994.*

2. LISTING EXERCISE

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of MSW on the Main Board of Bursa Securities, the Company undertook a flotation scheme which was approved by the MITI on 17 May 2004, 24 May 2004 and 1 September 2004, the SC on behalf of FIC on 11 May 2004 and 5 July 2004, and the SC on 11 May 2004, 29 June 2004 and 26 October 2004, involving the following inter-conditional transactions:

(i) Share Split

Sub-division of par value for every existing ordinary share in MSW from RM1.00 to RM0.50. The Share Split was completed on 13 July 2004 and upon completion of the Share Split, the issued and paid-up capital share capital of MSW comprises 109,703,000 MSW Shares.

(ii) Offer for Sale

Following the completion of the Share Split and in conjunction with the flotation of MSW, the Offerors will undertake an Offer for Sale of 17,100,000 MSW Shares at an offer price of RM1.30 per Offer Share to the Bumiputera investors approved by the MITI and to identified investors by way of private placement.

(iii) Public Issue

In conjunction with the flotation of MSW, the Company is implementing a public issue of 23,297,000 new MSW Shares at an issue price of RM1.30 per Issue Share to the Malaysian public, the eligible Directors and employees, customers and suppliers of MSW, and identified investors by way of private placement.

(iv) Listing and Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of MSW comprising 133,000,000 MSW Shares will be sought on the Main Board of Bursa Securities.

3. BUSINESS OVERVIEW

3.1 History and Business of MSW

MSW commenced business in 1971 by operating a cross country rolling mill in Malaysia producing mild steel bars with an annual capacity of 30,000 mt. The business grew to cater for the growing housing and construction sector and to keep pace with the accelerating industrialisation process of Malaysia. In 1989, MSW replaced its cross country rolling mill with a modern rolling mill which had a production capacity of 120,000 mt per year. This rolling mill was installed with modern computerised controls.

V. INFORMATION ON MSW (CONT'D)

From 1996 to 1998, the rolling mill was further upgraded to its present capacity of 250,000 mt per annum. Modern rolling technologies are used to ensure that MSW's production process is efficient and cost competitive. By July 1998, the mill was commissioned to its full capacity of 250,000 mt per annum. The Directors of MSW focused on moving upstream to increase its production margins and in line with the Directors' vision, a new billet plant was built in Bukit Raja, Selangor with the capacity to produce up to 350,000 mt of billets per annum. The billet plant was constructed and equipped with modern equipment sourced from a leading Italian manufacturer of steel equipment. The plant began operations in May 1998 and was fully commissioned in April 1999.

With a combined production floor area of 234,571 sq. ft., MSW is capable of producing up to 250,000 mt of steel bars and 350,000 mt of billets per annum. The rolling mill is automated and requires only a few key technical staff to operate whilst the billet plant is fully computerised at the primary production process encompassing the two-stage melting, refining and additives mixing, and billet casting. The computerised process continuously monitors all essential functions to optimise the consumption of energy, additives and consumables. The computer system will then monitor the performance of the plant and generate cost information on a "real time" basis. All aspects of the production process such as the level of energy, quantities of additives, production timing and sequence to cater for different products and production volumes are programmable and modulated by the computer system.

The principal locations of MSW's operations are as follows:

| Location and address of factory | Build up area sq. ft. | Actual capacity per annum mt | Maximum capacity per annum mt | Capacity utilisation | Remarks |
|--|-----------------------|------------------------------|-------------------------------|----------------------|---------|
| Rolling mill: | | | | | |
| HSD 161066, Lot No. PT29C Seksyen 28 Bandar Petaling Jaya District of Petaling Jaya Selangor Darul Ehsan | 63,187 | 168,200 | 250,000 | 67% | Owned |
| Billet plant | | | | | |
| Tapak Lot 2 (Part of Lot 13039) Kawasan Perusahaan Bukit Raja Selangor Darul Ehsan | 187,220 | 215,400 | 350,000 | 62% | Owned |

3.2 Principal Products

MSW produces steel bars including high tensile round and deformed bars as well as billets. The rounds bars are widely used in light structural construction whilst the deformed bars are primarily used in the construction of concrete structures of buildings and infrastructure-related projects.

The products manufactured by MSW ranges from upstream billets to the various sizes of steel bars being the downstream product.

| Type | Diameter Range |
|--|---|
| High Tensile Deformed Bars (2 grades produced: 460 and 510) | 10 mm, 12 mm, 16 mm, 20 mm, 22 mm, 25 mm and 32 mm |
| Mild Steel Round Bars | 10 mm, 12 mm, 16 mm, 20 mm, 22 mm, 25 mm and 32 mm |
| Billets (2 grades produced: Mild steel and vanadium alloy) | Cross section: 120 mm x 120 mm and 100 mm x 100 mm |

V. INFORMATION ON MSW (CONT'D)

The varying diameter determines the strength of the steel bars and is selected based on the design requirements of the civil structures. The products with diameter ranging from 10 – 20 mm are used for the construction of low rise buildings, low cost flats and light infrastructure works whilst the steel bars with diameters ranging from 20 – 32 mm are used for the construction of high rise buildings, factories, high density flats, heavy infrastructure construction e.g. bridges and reservoirs. High tensile deformed bars are more suitable for construction as they have ribs throughout the length of the steel bars which improves the bonding with the cement. Mild steel round bars are used in light construction and renovation works as they do not contain ribs along its length.

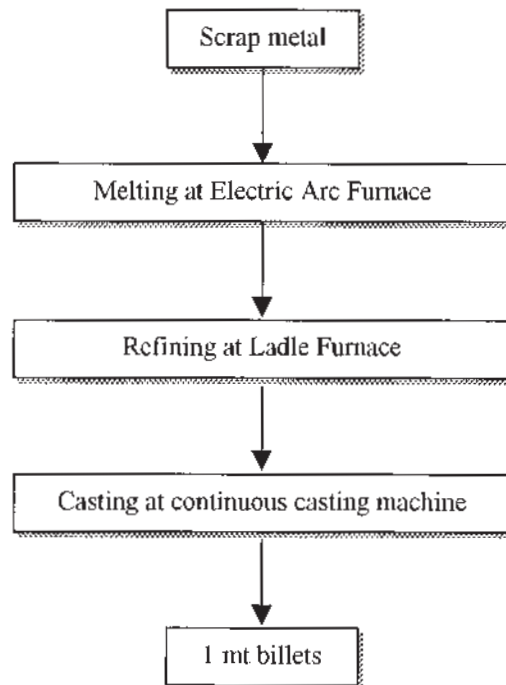
The products also vary in lengths which may be customised in accordance with specific orders from customers. Whilst the standard lengths are 12 metres, lengths can vary from 5.5 metres to 12 metres.

3.3 Manufacturing Process

The steel industry is an extensive and complex industry with various types of products as detailed in Section V(5.2) of this Prospectus. MSW's facilities focus on a segment of the steel industry under long products which consist of steel bars and billets.

(a) Manufacturing of Billets

An overview of the production process of billets in MSW's billet plant at Bukit Raja Industrial Area, Klang is illustrated below:



The **billet plant** has a scrapyard where all the scrap metal, being the main raw material is stocked and sorted according to different grades. The scrapyard has a storage capacity of approximately 10,000 mt scrap metal which is equivalent to the requirement for ten days of production. Either the hydraulic claw or the magnet crane is used to carry the scrap metal to the Scrap Charging Bucket.

V. INFORMATION ON MSW (CONT'D)

A Scrap Charging Bucket has a capacity of 20-30 mt and the filling process requires approximately 10 minutes. To improve efficiency, 3 buckets are used concurrently, i.e. whilst 1 bucket is transported to the next process, the 2 remaining buckets are being filled up by the claw or the magnet.

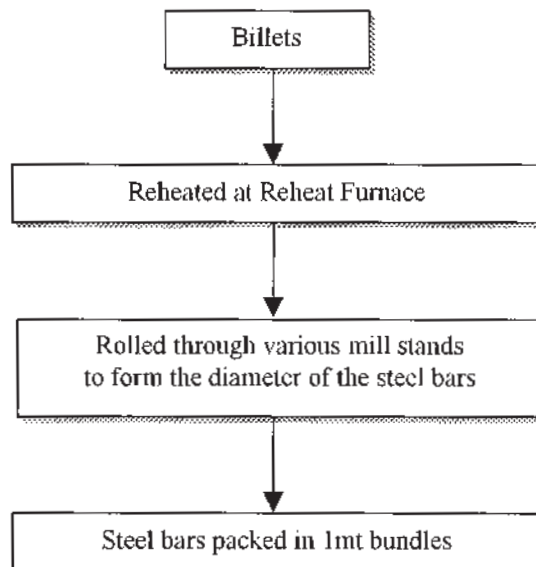
The Scrap Charging Bucket is then transported via an Electric Overhead Transport Crane ("EOT Crane") to the Electric Arc Furnace ("EAF"). The EAF represents the melting process for the scrap metal and the furnace has a melting capacity of 55 mt of liquid steel. This process utilises the Alternative Current ("A/C") technology to melt the scrap by passing high current through 3 electrodes. The scrap is melted by the heat generated by the oscillating electrodes which reaches 1630°C. The melting process for 55 mt of steel takes approximately 45 minutes. To determine the steel grade, other additives such as coke, ferro manganese, silicone manganese, ferro silicone, calcium fluoride, calcium oxide and others are added using computerised controls.

The EAF then releases the molten liquid steel into the Ladle Furnace which refines the molten steel to the required quality (i.e. the required metallurgical properties of the product). This second heating process requires 30 minutes at a temperature of 1620°C.

The Ladle Furnace is then transported via an EOT Crane to the Ladle Turret, which acts as a funnel for the refined molten steel to be poured into the Tundish. The "Tundish" is a vessel which holds the molten liquid steel while the liquid steel is being solidified and extracted through the moulds. The funnel releases the molten steel into the Tundish and the steel will then flow downward to fill up the mould. To extract the molten steel and to prevent it from solidifying in the midst of flowing down, rollers are used to pull the solidifying molten steel downwards. During the casting process, water is continuously sprayed to gradually cool the billets. A gas cutting system is used to cut the billets into the required length. The molten steel and billets are sampled by the quality control department to ensure that they meet the strict manufacturing standards. Each billet, weighing 1 mt, is then transferred to a billet cooling machine and is subsequently transferred on a daily basis to the rolling mill in Petaling Jaya.

(b) Manufacturing of Steel Bars

An overview of the production process of steel bars in MSW's rolling mill in Petaling Jaya is illustrated in the following diagram:



V. INFORMATION ON MSW (CONT'D)

The billets are transported by a crane from the billet yard to the roller table where it is transferred into the reheating furnace. The reheating furnace heats the billets to 1200°C which is the necessary temperature for the reshaping of the billet. The heated billet is then rolled through various mill stands where the diameter of the transfer bar is reduced gradually until the final diameter and shape is achieved. There are altogether 18 mill stands, of which the first 8 stands are classified as the Roughing Mill, the next 6 stands are classified as the Intermediate Mill and the final 4 stands are classified as the Finishing Mill. The mill stands are classified into 3 categories based on the motor power of the stand and the speed of the billets moving through the stand. A crop shear is then used to trim off the head and tail section of the billet that has been cooled in the process of rolling and is not suitable for further rolling at the intermediate and finishing mills. The smaller the final diameter of the finished product, the more stands the billets will need to be rolled through.

Upon achieving the desired final diameter, the steel produced is rolled past a finishing shear which measures the programmed length of steel bars and cuts the steel produced into the required length accordingly. The standard length for most steel bars is 12 metres.

MSW's rolling mill is one of the few rolling mills in Malaysia equipped with a Thermo Quenching device. This device allows the rolling mill to produce very high tensile steel bars using medium grade mild steel billets. The Thermo Quenching device uses controlled water jets to "thermodynamically" change the metallurgical properties of the surface of the steel bar which results in higher tensile strength for the finished goods whilst using a lower cost raw material. The twin channel or "canalleta" is used to increase the operating speed of the cooling bed in order for the cooling bed to have a higher bar storage capacity. The cold shear allows the bars to be cut into preselected smaller incremental lengths.

Steel bars are sampled by the quality control department at various stages of the rolling process to ensure the steel bars meet the desired manufacturing standards. The steel bars are then transferred on to the cooling bed and thereafter gathered at the bundling area. At the bundling area, the steel bars are weighed and packed into bundles of 1 mt and are transported via a conveyor to the storage warehouse and are ready for delivery to customers.

3.4 Production facilities and capacity/technology used

The machinery of both MSW's rolling mill and billet plant uses modern and updated technologicis.

The rolling mill uses Scholemann Stands from Germany and Asea Brown Boveri Direct Current Drives from Switzerland. The entire plant is computerised and automated, requiring only a small number of key technical staff to operate the mill. The high technology used further improves the plant's efficiency and cost effectiveness. Due to the technology used, MSW is able to produce high quality products at a lower cost of production (i.e. "Thermo Quenching device"). The high level of automation also manages to ensure minimal wastage during the rolling process.

V. INFORMATION ON MSW (CONT'D)

The billet plant uses technologies imported from Danicli s.p.a of Italy. The billet plant requires minimal supervision and is supported by a few key staff who operates the machinery beginning from the transportation of scrap to the Scrap Bucket to the melting, refining and casting process. All production and consumption data are fed into the computer's data bank and the chemical mix and other production processes are optimised by the computer. Equipped with the latest technologies, the billet plant is hence able to be highly efficient and cost competitive. The design of the Arc Furnace allows MSW to partially substitute very expensive electrical energy with chemical energy with the use of oxygen lances and jet burners. The automated alloy additives plant also ensures exact amount of additive is used and thus avoiding wastage. The large radius of continuous casting machines allows MSW to produce high grade billets.

3.5 Availability of resources

The main raw materials used by MSW are scrap metal, alloy additives and lime. The billet plant's requirement for scrap metal can be sourced both locally and overseas. Scrap metal is readily available in the international market as a basic commodity and is usually sourced from developed and industrialised countries where steel consumption is high. By being a smaller billet producer, MSW is able to source most of its scrap requirement from local suppliers. At present, the Directors of MSW are of the view that the supply of scrap metal from local suppliers is adequate for MSW's production purposes although MSW occasionally purchases imported scrap should the supply of local scrap metal be insufficient. MSW can source the scrap metal from international dealers/trading houses in foreign countries such as the United States of America, Japan, Singapore and the Philippines.

The Directors of MSW believe that any shortage in scrap metal will increase the price of scrap metal and consequently affect the demand for steel bars. The potential financial impact on MSW if there is an increase in the price of scrap metal and a decrease in the demand for steel bars is shown in Sections (IX) 7(i) and 7(ii) of this Prospectus respectively.

The steel making process, apart from billets which are manufactured internally, requires consumables such as graphite electrode, refractories and lance pipes to produce good quality steel billets. At present, most of these consumables have to be sourced overseas. MSW has a long term relationship with its suppliers and has a policy of purchasing in bulk to maximise discounts from the foreign suppliers, hence MSW is able to source these consumables at competitive prices.

3.6 Principal market and market share

MSW's products are principally sold throughout Malaysia through their dealers and trading houses. MSW's total turnover amounting to RM242.4 million for the financial year ended 31 December 2003 was derived mainly from the domestic market.

Based on the latest available statistics from MISIF, the Directors of MSW estimate that as at 31 December 2002, MSW's market share is approximately 12% of the steel bars market in Malaysia. The Directors of MSW are confident of maintaining the current estimated market share in the future as the Company possesses the necessary competitive production capacity and cost effectiveness as well as its strategic location in Klang Valley where major demand of steel is concentrated.

V. INFORMATION ON MSW (CONT'D)

3.7 Marketing and method of distribution

MSW has a well-diversified and established marketing network through numerous building material dealers and authorised distributors in Peninsular Malaysia. At present, MSW has 68 dealers and trading houses, including RB Trading Sdn Bhd, a subsidiary of Road Builder (M) Holdings Bhd, Hiap Teck Hardware Sdn Bhd, a subsidiary of Hiap Teck Venture Berhad, Anshin Steel Industries Sdn Bhd, Harrisons Trading (Peninsular) Sdn Bhd, a subsidiary of Harrisons Holdings (Malaysia) Berhad, Yinson Corporation Sdn Bhd, a subsidiary of Yinson Holdings Berhad and Ipmuda Berhad. MSW's products are distributed to various customers through a wide and diverse marketing network and as a result, there is no dependence on any single customer.

MSW has an established marketing department which is headed by a General Manager and a Sales Manager. The team is trained to be service oriented to meet customer needs. With the reputation of prompt delivery (especially to the Klang Valley locations) because of its proximity to its major customers, MSW requires a shorter lead time to fulfill its orders as compared to its competitors. In addition, consistent quality and competitive pricing has enabled the marketing team to secure and maintain customer loyalty for the Company.

3.8 Competitive advantage

MSW has been in the steel manufacturing business for 34 years since its establishment in 1971 to operate a cross country rolling mill and an electric arc furnace facility in Malaysia. The founders of MSW, the Tai family, have long been established in the steel industry and have also established a good long term business relationship with its customers such as Harrison Trading (Peninsular) Sdn Bhd, a subsidiary of Harrisons Holdings (Malaysia) Berhad and Yinson Corporation Sdn Bhd, a subsidiary of Yinson Holdings Berhad, which have had business dealings with MSW for more than 10 years.

MSW's billet plant and rolling mill are strategically located in Bukit Raja and Petaling Jaya, respectively. The strategic location within the Klang Valley and the Multimedia Super Corridor where there are extensive development and construction activities provides the Company with the added advantage of being close to its end customers and MSW is therefore able to fulfill orders with tight deadlines. In addition to the ability to provide faster delivery than its competitors situated outside the Klang Valley, the savings on logistic and handling costs are substantial and these savings can be passed on to the customers hence making MSW's products highly cost competitive.

MSW's products which meets both the Malaysian and British standards and are of export quality, have enabled the Company to penetrate the Association of South East Asian Nations ("ASEAN") markets with the implementation of AFTA since January 2003 which has contributed to additional sales for MSW.

3.9 Product diversity and quality

MSW is involved in the manufacturing and sales of high tensile deformed bars, mild steel round bars and steel billets. MSW manufactures its own steel billets which are used as the raw material for the production of the high tensile deformed bars and mild steel round bars. As a result of its own in-house steel billet production, MSW is able to maintain the quality of the steel billets and control the delivery time of steel billets, thus reducing the overall production lead time for steel bars.

V. INFORMATION ON MSW (CONT'D)

The management is aware that the quality of the steel billets and bars is important for the Company's products to remain competitive and has taken various initiatives such as employing visiting consultants from Europe and West Asia for the upgrading of the manufacturing equipment and process and constantly gathering feedback from its customers to keep abreast with their needs.

3.10 Quality control and accreditation

As MSW is involved in a highly competitive industry, quality is a crucial determinant of the success of the Company. The Company strives to ensure that all steel bars manufactured are of highest standards. The quality of MSW's products is affirmed by quality assurance procedures infused into each production process, starting with the quality of raw materials to the end product. MSW's products which are of export quality, complying with the international standard requirements and are certified by SIRIM to conform to Malaysian Standard 146 ("MS 146") and British Standard 4449 ("BS 4449"). MSW was awarded with the DIN EN ISO 9002 accreditation from Germanischer Lyold Certification GmbH on 11 December 1997 which expired on 11 December 2003. Subsequently, Germanischer Lyold Certification GmbH has renewed the ISO certification under DIN EN ISO 9001:2000 on 11 May 2004 which will expire on 11 May 2007.

Steel bar samples are taken from every heat (i.e. every production run) in accordance with the quality control procedures implemented to be tested for the following tests under the MS 146 : 1988 and BS 4449 : 1998 specification:

- (i) Tensile strength;
- (ii) Bend test of 180 degrees; and
- (iii) Rebend test of 45 degrees.

All steel bars inspection and testing are carried out in MSW's own fully equipped laboratory in the Petaling Jaya plant. All customers of MSW will be issued with a Mill Certificate which contains all relevant information of the product for every purchase from MSW in addition to a guarantee that conforms to MS 146: 1998 standard. The Mill Certificate contains the pertinent information of the products such as chemical composition and mechanical properties and hence gives the customers added assurance on the quality of the products.

In the billet plant/meltshop, a state-of-the-art spectrometer is used to analyse the chemical compositions of the steel to ensure that the billets produced meet the quality required by the rolling mill. In addition, maintenance of the machinery is performed regularly to minimise any unscheduled interruption in the production process.

3.11 Research and development

MSW regularly reviews the production process to improve efficiency and quality of production of the plant. The company has set up an internal Engineering Solution Group ("ESG") for both plants, consisting of personnel from various disciplines who constantly work on projects to improve the efficiency of the plant. The ESG teams monitor the cost of consumables and review alternative materials which have higher durability and longer life span. By a gradual process of various tests, the ESG teams have made significant contributions through improved efficiencies in production.

V. INFORMATION ON MSW (CONT'D)

Some of the major internal research and development projects successfully undertaken by the ESG teams in the past are listed below:

| Objective | Projects | Duration |
|--|---|----------|
| <ul style="list-style-type: none"> To optimise scrap usage | <ul style="list-style-type: none"> Development of software on blending of various types of scrap which results in a greater yield and lower cost of production of steel billets. | 30 days |
| <ul style="list-style-type: none"> To reduce the power consumption | <ul style="list-style-type: none"> Installation of a new lubrication system which indirectly reduced power consumption and the consumption of graphite electrode. | 27 days |
| <ul style="list-style-type: none"> Gas Cleaning Plant Filter Bag Purging System | <ul style="list-style-type: none"> Installation of a new system which has reduced the downtime and is less prone to failure (breakdown) resulting in lower maintenance expenses. | 30 days |
| <ul style="list-style-type: none"> Optimisation of Material Handling System | <ul style="list-style-type: none"> Modification on the Program Logistic Control to ensure clogging is minimised and machinery downtime is reduced thus increasing productivity. | 20 days |

At present, some of the current research and development projects undertaken by the ESG teams:

| Objective | Projects | Duration |
|---|--|----------|
| <ul style="list-style-type: none"> Delta Ring modification | <ul style="list-style-type: none"> Modification of the inner ring and Delta casing of the EAF roof to reduce downtime and increase productivity. | On going |
| <ul style="list-style-type: none"> To ease troubleshooting of the mould level control system | <ul style="list-style-type: none"> Development of the Continue Casting Machine mould level controller diagnostic kit and procedures to ease trouble shooting when problems occur in the mould level control system. | On going |

MSW has spent a total of RM250,000 on research and development during the last 3 financial years ended 31 December 2003. The amounts spent on research and development represents less than 1% of the annual turnover of the respective financial years.

3.12 Trademarks and Licences

Steel bars and billets are relatively homogenous products which does not require trademarking. The Malaysian steel industry is nonetheless protected by the restrictions of government licensing requirements for the manufacturing of steel products. The capital intensive requirements for the steel industry also poses a barrier for new entrants. MSW's products which are of export quality, complying with the international standard requirements and are certified by SIRIM to conform to Malaysian Standard 146 ("MS 146") and British Standard 4449 ("BS 4449"). Each steel bar produced by MSW promotes product recognition through a simple yet unique design which serves as MSW's identification mark that appears on every steel bar.

V. INFORMATION ON MSW (CONT'D)

MSW entered into a licence agreement with its substantial shareholder, SSCSB ("Licensor") on 5 August 2004 for the use of SSCSB's trademark in MSW's corporate logo whereupon the Licensor has granted to MSW and its future subsidiaries and associated companies a non-exclusive and non-transferable license to use the Trade Mark No. 98-11148 in Class 6 in Malaysia at a fee of RM100 per year upon the terms and conditions therein contained. The term of the agreement shall be for a period of 5 years commencing from 5 August 2004 with an option to renew for a further term to be mutually agreed by the parties, unless terminated by either party by written notice. The agreement provides that, *inter alia*, MSW shall indemnify the Licensor and its subsidiaries for any claims, losses, liabilities and damages, objection suits or allegation made by any person for alleged infringement proceedings, costs and expenses upon trademark rights owned or controlled by such person due to the use of the trademark.

3.13 Environmental concerns

The main waste product arising from the manufacture of steel bars is referred to as "scales" which can be used for landscaping and for resurfacing of roads. MSW has not encountered any problems in disposing its waste products. MSW currently complies with the Environmental Quality Act 1974 and Environment Quality (Clean Air) Regulation 1978, and has obtained all the necessary approvals from the Negeri Selangor/Wilayah Persekutuan Department of Environment for all of the pollution control equipment and facilities installed at its Bukit Raja manufacturing plant.

3.14 Long term contracts

MSW does not have any long-term contracts with its customers. Save as disclosed in Section XII(9) of this Prospectus, MSW does not have any long-term contracts with its suppliers.

3.15 Interruption in the Operations

MSW has not experienced any disruption in business which have had a significant effect on its business or operations for the past 12 months prior to the date of this Prospectus.

4. SUBSIDIARY AND ASSOCIATED COMPANY

As at the date of this Prospectus, MSW does not have any subsidiary or associated company.

5. INDUSTRY OVERVIEW**5.1 OVERVIEW OF 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.

V. INFORMATION ON MSW (CONT'D)

The broad-based growth is evident of the effective measures implemented by the Malaysian 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 has 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, 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 gross domestic product ("GDP") at 57%.

(Source: Economic Report 2004/2005)

The Manufacturing Industry

Growth of the manufacturing sector accelerated since September 2003, underpinned by double digit and broad-based growth in both export and domestic-oriented industries. Favourable external environment with continued strong growth in China, coupled with the firm recovery in the United States of America and sustained recovery in Japan, fuelled the higher demand for manufactured goods, particularly for electronic products. Meanwhile, growth in domestic-oriented industries strengthened on the back of the improved economic performance. With these positive developments driving the manufacturing sector, its contribution to GDP growth is expected to increase.

Output of construction-related industries expanded strongly by 20.5% for the first six months of 2004 (January-June 2003: 7%), driven by favourable external demand for steel tubes and pipes. Production of fabricated metal products, in particular, rose sharply by 31.2% (January-June 2003: 6%) while iron and steel increased at a moderate growth of 7.1% (January-June 2003: 8.7%). In contrast, output of non-metallic mineral products, such as concrete and cement recorded a contraction of 5.5% (January-June 2003: 11.6%) with the completion of several major public development projects.

(Source: Economic Report 2004/2005)

The Construction Industry

The construction sector recorded a marginal decline of 0.6% during the first half of 2004 largely due to lower public sector construction activity, especially in infrastructure projects. However, higher residential construction activity following stronger growth of housing starts of 36.8% during the second half of 2003 and some on-going infrastructure projects will provide sufficient support for the sector to record a positive growth of 0.5% in 2004 (2003: 1.9%).

The completion of several large infrastructure projects and the accelerated completion of the Eight Malaysian Plan projects, coupled with a lower number of new contracts awarded by the Government have contributed to slower activity in civil engineering works. Among the infrastructure projects completed in 2004 are Phase One of the East Coast Highway, SILK Highway, Penchala Link, New Pantai Expressway and Guthrie Corridor Expressway. Ongoing projects include the power station in Tanjung Bin, Johor, Bakun Hydro-Electric power project in Sarawak, Integrated Customs, Immigration and Quarantine Complex and Stormwater Management and Road Tunnelling for flood mitigation and traffic dispersal in Kuala Lumpur.

V. INFORMATION ON MSW (CONT'D)

Activity in the residential sub-sector, on the other hand, is expected to surge further in 2004, following strong growth in housing starts and higher number of housing approvals in the second half of 2003. Demand for houses remain strong during the first six months of 2004 with brisk sales registered, particularly for affordable properties in locations with good accessibility and public amenities. The demand was spurred in part by incentives offered under the economic package introduced by the Malaysian Government in May 2003. High-end units in prime locations also recorded good sales, reflecting changing tastes and quality lifestyles, following higher incomes. The sentiment was also boosted by low interest rates and attractive loan packages that helped raise the affordability of houses. Housing loan disbursement increased by 18.5% during the first six months of 2004. In addition, the new interest rate framework, which promotes healthy competition among banks and financial institutions, is expected to benefit house buyers.

(Source: Economic Report 2004/2005)

Incentives

The Malaysian Government has offered various incentives for the manufacturing sector in order to help stimulate the growth of the sector. Among them are the tax incentives such as:

(i) Pioneer Status

A company granted pioneer status enjoys a 5-year partial exemption from the payment of income tax. It will only have to pay tax on 30% of its statutory income, with exemption period commencing from its production day.

(ii) Investment Tax Allowance

As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance ("ITA"). A company granted ITA gets an allowance of 60% of qualifying capital expenditure (such as factory, plant, machinery or other equipment used for the approved project) incurred within five years from the date on which the first qualifying capital expenditure is incurred.

Companies can offset this allowance against 70% of their statutory income in the year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

(iii) Reinvestment Allowance

All manufacturing companies that have been in operation for at least 12 months and incur qualifying capital expenditure to expand production capacity, modernise and upgrade production facilities, diversify into related products, and automate its production facilities can obtain a Reinvestment Allowance ("RA").

The RA is 60% of qualifying capital expenditure incurred by the company, can be offset against 70% of its statutory income for the year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

(Source : MIDA)

V. INFORMATION ON MSW (CONT'D)

5.2 THE STEEL INDUSTRY

The steel industry forms the foundation of an advanced and industrialised economy. Most, if not all of the countries which have emerged as industrialised economies over the last four decades have regarded the development of their steel industry as a priority. This is because steel is the essential raw material used in the manufacturing sector, machinery and engineering industries, transportation equipment (automotive, railway and shipping) as well as the major ingredient for infrastructure projects. Hence, the steel-making capacities are often viewed as a national interest to add value to natural resources, ensure ready supply for the development of the manufacturing and construction sectors, substitute for import, save on foreign exchange and to generate further linkages with the rest of the economy.

The table below shows the structure of the Malaysian steel industry in 2002, by product and number of establishments.

Structure of the Steel Industry in Malaysia, 2002

| Sub-Sector | Product Type | Number of establishments | Rated capacity (000 mt) |
|-------------------------------|------------------------------|--------------------------|-------------------------|
| Primary Products | Scrap substitutes: | | |
| | Direct Reduced Iron (DRI) | 1 | 1,200 |
| | Hot Briquetted Iron (HBI) | 1 | 720 |
| | Crude steel (semi-finished): | | |
| | Billets | 6 | 4,400 |
| | Blooms | 1 | 750 |
| | Slabs | 1 | *2,500 |
| Rolling/Finished Products | Long products: | | |
| | Rolled Products | 51 | 5,000 |
| | Light Sections | 5 | 200 |
| | Medium to Heavy Sections | 1 | 700 |
| | Flat products: | | |
| | Hot-Rolled Coils | 1 | 2,000 |
| | Cold-Rolled Coils | 2 | 680 |
| | Plates | 1 | **200 |
| Secondary Products - Longs | Wire Mesh | 40 | 500 |
| | Galvanised Wire | 6 | 250 |
| | Hard Drawn Wire | 40 | 120 |
| | Bolts and Nuts | 15 | 150 |
| | Nails | 14 | 84 |
| | Welding Electrodes | 10 | 40 |
| | High Carbon | 4 | 154 |
| | Shafting Bars | 7 | 60 |
| | Others | 6 | 120 |
| Secondary Products - Flats | Steel and Cement-Lined Pipes | 31 | 2,300 |
| | Pipe Fittings | 4 | NA |
| | Tinplate | 1 | 250 |
| | Galvanising | 4 | 500 |
| | Colour Coating | 8 | 260 |
| | Roll-Formers | 45 | 500 |
| | Steel Service Centres | 40 | 1,500 |

V. INFORMATION ON MSW (CONT'D)

Notes:

* Inclusive of capacity from Megasteel Sdn Bhd to make hot-rolled coils.

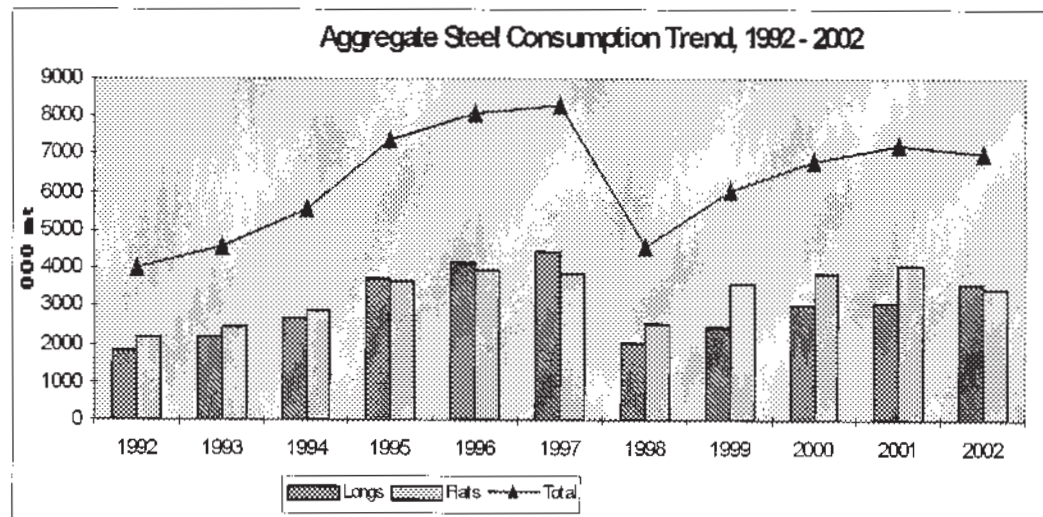
** Inclusive of capacity from Jikang Dimensi Sdn Bhd and Lion Plate Mill Sdn Bhd.

Overall, the steel industry in Malaysia is centred on the country's construction and manufacturing needs. Steel production is no longer dominated by long products such as bars and wire-rods as the importance of flats and steel sections has increased in recent years with the rapid development of the country and economic prosperity of its population. The major producers of bars and wire rods in the country are Perwaja Steel Sdn Bhd, Amsteel Mills Sdn Bhd, Southern Steel Bhd, Malayawata Bhd, Antara Steel Sdn Bhd and MSW. These are also the major producers for billets.

(Source: MISIF Report 2003)

5.3 GROWTH OF THE STEEL INDUSTRY

Malaysia's aggregate steel consumption trend for 1992 to 2002 is illustrated below:



In the decade preceding the 1997-1998 financial crisis, steel consumption grew steadily from 1.5 million mt in 1986 to 3.3 million mt in 1990, and 8.1 million mt in 1996. Consumption peaked in 1997 at 8.3 million mt despite signs of an economic slowdown. In 1998, steel consumption declined sharply as the crisis rooted itself in the real sector of the economy. Consumption nose-dived by an unprecedented 45% to 4.6 million mt in 1998, before picking up a strong 33% in 1999 to 6.1 million mt. In 2000, aggregate steel consumption recorded 6.9 million mt, with long products accounting for 44% of total consumption and flat products making up the remaining 56%.

In 2001, steel consumption grew 5% to 7.2 million mt before moderating to 7.0 million mt in 2002, a slight decline of 2%. Long products accounted for 51% of total aggregate steel consumption in 2002, up from 43% in 2001.

The consumption of long products stood at 3.6 million mt in 2002, up 15% from the previous year. Bars and wire rods made up the bulk of the consumption for longs in 2002, at 51% and 33% respectively. Sections accounted for 13% of all long products consumed. The consumption of flat products, on the other hand, stood at 3.4 million mt in 2002, down 15% from the previous year. Among the major categories of flat consumed during the year were hot-rolled sheets and strips (49%), cold-rolled sheets and coils (20%) and plates (7%).

V. INFORMATION ON MSW (CONT'D)

The ratio of flats to longs consumed is generally higher for most of the years. Longs outstripped flats only during the 1995-1997 period. A possible explanation for this trend is that construction activity was at its peak in the mid-1990s. The construction sector grew at an average annual rate of 13% from 1993-1997, fuelled by a buoyant real estate market as well as major infrastructure and building projects. Such projects resulted in the extensive use of rolled long products, such as bars, wire rods and sections. In 2002, the ratio was about even with longs accounting for 51% of total consumption.

The manufacturing sector, on the other hand, is a major consumer of finished flat products. Like the construction sector, the manufacturing sector also grew at an average annual rate of 13% between 1993-1997. This high growth rate was a key factor that contributed to the increase in consumption of flat products, prior to the economic crisis in 1997-1998. With the manufacturing sector growing strongly in 1999 and 2000, and the construction sector remaining relatively flat, the consumption of flats outstripped longs again in the last two years. In 2001, however, the manufacturing sector underwent a contraction of 6.2%. Although value-added expanded 4.4% in 2002, the consumption of flat products moderated as a result.

(Source: MISIF Report 2003)

5.4 OUTLOOK OF STEEL INDUSTRY

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. The emergence of these risks, that became apparent in the second half of 2004 and are expected to continue into 2005, will have a larger impact on growth next year. Global economic growth is projected to moderate to 4.4% in 2005 from 4.6% in 2004. The stronger macroeconomic fundamentals and resilience, backed by sturdy domestic demand and broad-based growth, will however, continue to support Malaysia's GDP growth, forecast at 6% in 2005.

Output growth in 2005 is expected to be broad based with the manufacturing and services sectors remaining the growth drivers. The manufacturing sector is envisaged to expand strongly, propelled by strengthened domestic demand and sustained performance of the external sector. Overall production is expected to grow more than 10%, while exports at 11.3%.

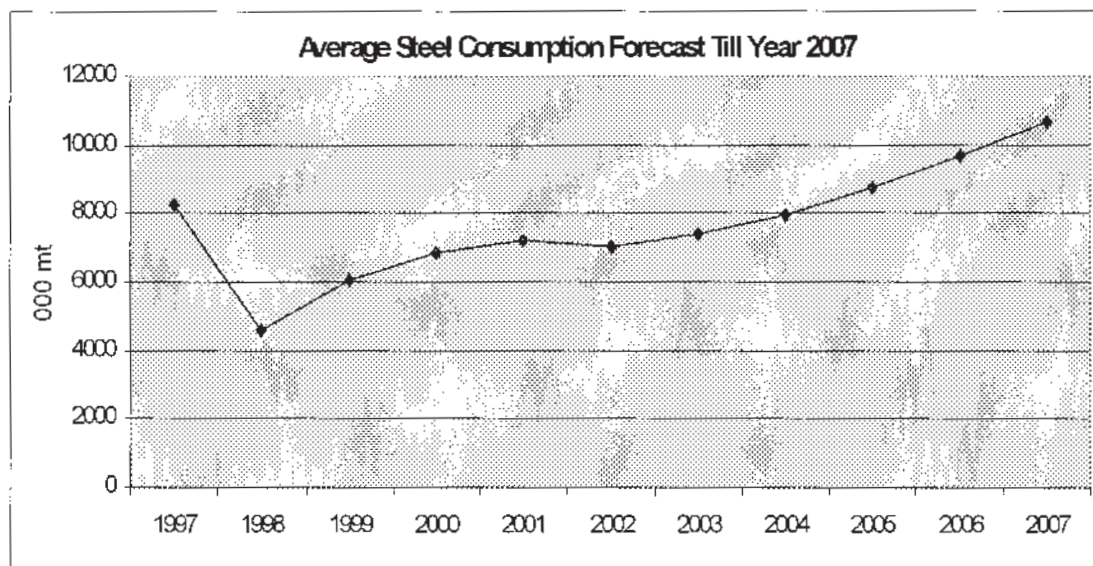
The construction sector is forecast to increase by 1.8% (2004: 0.5%), contributed partly by the civil-engineering sub-sector, following the implementation of new and on-going infrastructure projects such as the Phase Two of the East Coast Highway and Tanjung Bin Power Station in Johor. The housing sub-sector is also envisaged to remain robust, underpinned by higher incomes, low interest rates and easy access to loans.

(Source: Economic Report 2004/2005)

As the products from the steel industry play a key role in supporting the construction, infrastructure and manufacturing sectors and hence, any growth in the steel industry will be closely linked to the growth of the aforesaid sectors.

V. INFORMATION ON MSW (CONT'D)

In view of the positive outlook on the construction, infrastructure and manufacturing sectors, the steel consumption is forecast to expand, spurred by the implementation of infrastructure developmental projects and fiscal measures. Growth of the steel industry for the next five years (2003 – 2007) is expected to be around 5% to 15% annually as depicted by the chart below.



Note:

The above chart is based on the assumption that the steel consumption will grow by 5% and 8% in 2003 and 2004 respectively. It will then grow at 10% annually from 2005 to 2007.

(Source: MISIF Report 2003)

6. MAJOR CUSTOMERS

The details of the major customers of MSW contributing to 10% or more of MSW's turnover and the top 10 customers for the 9 months financial period ended 30 September 2004 are set out below:

| Major Customers | Products purchased | Contribution to MSW's turnover % | Length of business relationship Years |
|---------------------------------------|--------------------|----------------------------------|---------------------------------------|
| CMS Steel Bhd | Billets | 13.3 | 1 |
| Daewoo International Corporation | Billets | 9.4 | 1 |
| Metal One Asia Pte Ltd | Billets | 5.4 | 1 |
| M.K. Chaw Enterprise Sdn Bhd | Steel bars | 5.2 | 11 |
| Anshin Steel Industries Sdn Bhd | Billets | 4.5 | 12 |
| Quantum Consortium Sdn Bhd | Steel bars | 4.4 | 2 |
| Syarikat Yueng Fatt Marketing Sdn Bhd | Steel bars | 3.1 | 7 |
| Hiap Hin Chan Trading Co Sdn Bhd | Steel bars | 3.0 | 10 |
| Excelnor Industry Sdn Bhd | Steel bars | 2.6 | 2 |
| Affluent Synergy Sdn Bhd | Billets | 2.3 | 1 |

V. INFORMATION ON MSW (CONT'D)**7. MAJOR SUPPLIERS**

The details of the major suppliers of MSW contributing to 10% or more of MSW's purchases and the top 10 suppliers for the 9 months financial period ended 30 September 2004 are set out below:

| Major Suppliers | Products/Services supplied | Contribution to MSW's purchases % | Length of business relationship Years |
|---|--------------------------------|-----------------------------------|---------------------------------------|
| Chye Hup Heng Sdn Bhd | Scrap Metal | 37.9 | 3 |
| Sg Kemuning Sdn Bhd | Scrap Metal | 14.9 | 5 |
| Soon Seng Co (Selangor) Sdn Bhd | Scrap Metal | 11.8 | 6 |
| Tenaga Nasional Berhad | Electricity | 7.2 | 8 |
| Mitsubishi Corporation | Graphite Electrode | 2.9 | 6 |
| SMS Processor Sdn Bhd | Coke, Burnt Lime | 2.8 | 5 |
| Chhattisgarh Electricity Company Limited | Silicon Manganese | 1.8 | 2 |
| China Metals & Minerals Corp. Ltd | Ferro Alloy, Silicon Manganese | 1.5 | 1 |
| MOX Gases Sdn Bhd (formerly known as MOX Gases Berhad) | Industrial Gas | 1.2 | 9 |
| Finessco Corporation Pte Ltd | Silicon Manganese | 1.1 | 6 |

MSW has not encountered any problems in sourcing for raw materials or services and is not dependent on any particular supplier for its raw materials. To date, MSW is able to secure a steady supply of raw materials for its operations from various suppliers.

8. FUTURE PLANS, STRATEGIES AND PROSPECTS

MSW intends to focus on the production and marketing of high quality export grade billets, steel bars and sections and will continue to improve its efficiency and production capacity. The timing of implementing the expansion will depend on the pace of the economic recovery and the demand of the construction industry for steel.

MSW intends to widen the range of billets it produces to increase its exports to neighbouring ASEAN countries. This includes the sale of high grade and higher margin billets and steel bars to neighbouring countries such as Philippines, Singapore and Vietnam.

In its preparation to fully utilise the production capacity of its billet plant of 350,000 mt per annum, MSW intends to construct a section mill plant in the near term which uses billets for its raw materials. The section mill plant will produce various grades of channels and angles and is expected to open up new markets for MSW in the manufacturing sector.

V. INFORMATION ON MSW (CONT'D)**9. LANDED PROPERTIES**

Details of landed properties of MSW are as follows:

| Owner/ Location | Existing use | Approximate age of building years/Tenure | Date of certificate of fitness | Land area/ built-up area sq. ft. | Net book value as at 30 September 2004 RM 000 | Encumbrances |
|---|----------------------------------|--|--------------------------------------|--|---|--|
| MSW HSD 161066, Lot No. PT29C Seksyen 28 Bandar Petaling Jaya District of Petaling Jaya Selangor Darul Ehsan | Office, factory and warehouse | 22 years/ Leasehold for 99 years expiring on 15.04.2067 | 3.08.1982 | 130,897 sq. ft./ 63,187 sq. ft. | 4,921 | (i) First legal charge in favour of RHB Sakura Merchant Bankers Berhad ("RHB Sakura") as the trustee for Hong Leong Bank Berhad ("Hong Leong"), RHB Bank Berhad ("RHB Bank") and Standard Chartered Bank Malaysia Berhad being the financier in respect of the 1st syndicated loan granted to MSW; |
| | | | | | | (ii) Second legal charge in favour of RHB Sakura as the trustee for Hong Leong being the financier of the 2nd syndicated loan granted to MSW; |
| | | | | | | (iii) Third legal charge in favour of RHB Sakura as the trustee for Hong Leong being the financier of the 3rd syndicated loan granted to MSW; |
| | | | | | | (iv) Fourth and fifth legal charges in favour of Affin Bank Berhad ("Affin Bank") in respect of banking facilities granted to MSW; and |
| | | | | | | (v) Sixth legal charge in favour of United Overseas Bank (Malaysia) Berhad in respect of banking facilities granted to MSW. |
| MSW Tapak Lot 2 (Part of Lot 13039) Kawasan Perusahaan Bukit Raja Mukim Kapar District of Klang Selangor Darul Ehsan | Office, factory and warehouse | 4 years/ (c) Leasehold | (1). | 1,566,067 sq. ft./ 187,220 sq. ft. | 47,521 | Assignment of interests in the land in favour of EON Bank Berhad as the trustee of RHB Bank, Affin Bank and Bank Islam Malaysia Berhad in respect of the club deal facilities granted to MSW. |
| MSW GRN 33304 Lot 3780 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus | Bungalow | 20 years/ Freehold | 12.01.1985 | 5,403 sq. ft/ 1,334 sq. ft. | 145 | - |

V. INFORMATION ON MSW (CONT'D)*Notes:*

- (1) *The certificate of fitness for occupation ("CF") for this property has not been issued and an application for CF was made on 14 June 2004 to the Klang Municipal Council ("Council") after the terms and conditions of the Council's letter dated 5 September 1997 have been fully complied with. In addition, MSW has submitted the layout plan for a canteen and a "as built" building plan for a store on 14 June 2004 to the Council for approval, which is pending as at the date of this Prospectus. In this respect, the Directors of MSW undertake to comply with further conditions, if any, laid down by the relevant authorities to facilitate the issuance of the CF.*
- (2) *The issue document of title to the land has yet to be issued. Pursuant to the Sale and Purchase Agreement ("SPA") dated 20 March 1990 entered into between the Selangor State Development Corporation ("SSDC") and Tahan Steel Corporation Sdn Bhd ("TSC") and the SPA dated 16 April 1993 entered into between MSW and TSC, it is further stated that, when issued the document of title will be a Qualified Title with a leasehold period of 99 years and shall contain such express or implied conditions and restrictions in interest that the relevant authority may in its discretion impose including the restriction that the land alienated shall not be transferred, charged, leased or sold without the written consent of the relevant State Authority. Pending the issuance and the transfer of the land, SSDC as trustee has via its letter dated 6 August 1998 acknowledged that the land has been assigned to EON Bank Berhad by MSW via a Deed of Assignment dated 30 November 1994 and has no objection to the assignment subject to the consent of the State Authority when the individual document of title is registered. SSDC has confirmed via a letter dated 4 June 2003 that MSW is the beneficial owner of the land.*

Save as disclosed in the notes above, there are no restrictions in interest for the above properties and none of the existing use of the land in the above properties is in breach of the land-use conditions and/or permissible land use.

10. OTHER INFORMATION

As at the date of this Prospectus, there are no other approvals, major licences and permits obtained by MSW except for the details of such approvals, licences and permits, the conditions imposed and the status of compliance as disclosed below:

| Authorities | Date of issuance/ Expiry | Type of business/ transaction approved | Main conditions imposed | Status of compliance |
|--------------------|-------------------------------------|---|---|---|
| MITI | 26.12.1979; N/A | Manufacturing licence for round bars, angles and sections | Conditions of the licence amongst others are: (i) The entire shares of MSW shall be held by Malaysians with at least 30% to be reserved for Bumiputera and MSW must consult MITI before the allotment of the reserved shares. (ii) MSW shall as far as possible appoint Malaysian owned companies to distribute its products for the domestic market. MSW shall also appoint Bumiputera distributors to distribute at least 30% of its sales in the domestic market. The selection and appointment of the Bumiputera distributors shall be made in consultation with MITI. Appointment of non-Malaysian companies as distributors shall be made after obtaining prior approval from MITI. | *Met Met To be met To be met |
| | | | (iii) The MITI shall be informed of any appointment and changes to the Board of Directors. | To be met |

V. INFORMATION ON MSW (CONT'D)

| Authorities | Date of issuance/ Expiry | Type of business/ transaction approved | Main conditions imposed | Status of compliance |
|-------------|-----------------------------|--|---|----------------------|
| MITI | 22.7.1991; N/A | Manufacturing licence for steel wire rods | Conditions of the licence amongst others are: | |
| | | | (i) The entire shares of MSW shall be held by Malaysians with at least 30% to be reserved for Bumiputera and MSW must consult MITI before the allotment of the reserved shares. | *Met |
| | | | (ii) Any shares of the company held by non-Malaysian citizen shall not be sold without first obtaining written approval from MITI. | Met |
| | | | (iii) MSW shall as far as possible appoint Malaysian owned companies to distribute its products for the domestic market. | Met |
| | | | MSW shall also appoint Bumiputera distributors to distribute at least 30% of its sales in the domestic market. The selection and appointment of the Bumiputera distributors shall be made in consultation with MITI. | To be met |
| MITI | 8.7.1993; N/A | Changes in the equity conditions of the manufacturing licence | Appointment of non-Malaysian companies as distributors shall be made after obtaining prior approval from MITI. | To be met |
| | | | (iv) The MITI shall be informed of any appointment and changes to the Board of Directors. | To be met |
| | | | (v) MSW is permitted to install "rolling mill" to produce "steel wire rods" of which its production capacity shall not exceed 250,000 mt per year. MSW is also permitted to produce "steel billets" of which its capacity shall not exceed 400,000 mt per year for its own usage and export only. | Met |
| MITI | 8.7.1993; N/A | Changes in the equity conditions of the manufacturing licence | (i) At least 60% of the entire shares of MSW shall be held by Malaysian including 30% to be reserved for Bumiputera; and | Met |
| | | | (ii) MSW must export at least 40% of its production within 2 years from the date of the approval letter. | **To be met |
| SIRIM | 20.11.2003; 17.9.2005 | Licence to use the Certification Mark of SIRIM on Hot Rolled Deformed Steel Bars for the Reinforcement of Concrete | Nil | Not applicable |

Notes:

* MSW has obtained the approval from MITI via its letter dated 8 July 1993 to increase the foreign shareholdings up to 40% of the entire share capital of MSW.

** On 16 December 2004, MSW made an application to the MITI to seek for an extension of time up to 31 December 2005 to comply with the said condition.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

1. DIRECTORS**1.1** The profiles of the Directors of MSW are as follows:

Senator Dato' Ikhwan Salim bin Dato' Haji Sujak aged 48, was redesignated as the Non-Executive Chairman of MSW on 22 May 2003. He was a Non-Executive Director of MSW since 23 July 1998. He obtained a Bachelor of Science degree in Economics/Accounting in 1977 from Queen's University, Belfast, Ireland. He joined Nestle (M) Sdn Bhd as a Finance Executive in 1979. In 1980, he joined Bandar Management Sdn Bhd, a subsidiary of General Corporation Berhad as the Group Finance Planning Manager and upon restructuring his family's varied business operations in 1981, he was made the Director for the holding company, Jaya Holdings Sdn Bhd. He was appointed as Executive Chairman/Director of Konsortium Jaringan Selangor Sdn Bhd and he was also appointed as an Independent Director as well as a member of the audit committee of Glomac Berhad in 2000. Subsequently, he was appointed as Independent Directors of Kumpulan Perangsang Selangor Berhad in 2001 and Ayer Hitam Tin Dredging Malaysia Berhad in 2003. He was redesignated as the Chairman of Ayer Hitam Tin Dredging Malaysia Berhad in 2004. He was also a committee member of Automobile Association of Malaysia and the British Graduates Association of Malaysia. Since 2002, he has been a Council Member of the Petaling Jaya Municipal Council and is the Division Head of Petaling Jaya Utara Division of United Malay National Organisation.

Tai Hean Leng @ Tek Hean Leng aged 41, was appointed as an Executive Director of MSW on 25 April 1994. He is also the Managing Director/Chief Executive Officer of MSW. He obtained a Bachelor of Science degree in Mechanical Engineering from University of Southern California in 1987 and a Master of Business Administration degree from the University of Hull, United Kingdom in 1993. He began his practical training in 1987 as a Plant Manager in charge of Malaysian Industrial Products Sdn Bhd (formerly known as Soon Seng Industrial Products Sdn Bhd), which produces LPG gas cylinders and later moved on to Soon Seng Metal Products Sdn Bhd which produces steel drums and wheelbarrows for the domestic market. He is also involved in the formulation and implementation of MSW's corporate strategies as he is in charge of corporate planning, business expansion and operations. In his 18 years' business experience, he has successfully led the commissioning of a new rolling mill in Petaling Jaya, a high speed steel pipe mill for Malaysia Galvanised Iron Pipes Sdn Bhd and a colour coating line facility for Malaysia Galvanised Iron Works Sdn Bhd.

Lee Kean Binh aged 48, was appointed as an Executive Director of MSW on 4 June 2003. He is a Fellow Chartered Management Accountant and an Associate Chartered Company Secretary by profession and a member of the Malaysia Institute of Accountants. He has more than 24 years of extensive local and international experience in management, accounting and secretarial matters. Upon graduation in 1981, he joined Messrs. Porter Gee & Co, a public accounting firm in London as an auditor until 1983 when he returned to Malaysia and joined Transwater Engineering Sdn Bhd as an Accountant and Office Manager until 1985. From 1985 to 1990, he was with Gas Pantai Timur Sdn Bhd and from 1990 to 1993, he was with Sitt Tatt Berhad as a Senior Manager in Finance and Administration cum Company Secretary. He joined MSW in November 1993 as a Finance Manager.

Rosly bin Aziz aged 46, was appointed as a Non-Executive Director of MSW on 7 July 1997. He obtained a Bachelor of Economics (Honours) degree from Universiti Kebangsaan Malaysia in 1982 and joined Lembaga Pertubuhan Peladang (Ministry of Agriculture) as a Research Officer upon graduation. In 1984, he joined MIDA as an Economist for 12 years before joining Perusahaan Otomobil Kedua Sdn Bhd in 1996 where he is presently the General Manager in the Procurement and Vendor Development Department.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Raja Shamsul Kamal bin R. Shahruzzaman aged 44, was appointed as a Non-Executive Director of MSW on 1 November 2002. He holds a Bachelor of Civil Engineering degree with honours from the University of Newcastle upon Tyne, England in 1984. After a short stint with the Public Works Department in 1984, he joined Shah Alam Properties Sdn Bhd and formed the core project management team for the development of the Shah Alam town centre. In 1987, he joined Bank of Commerce Berhad (*now known as Bumiputra-Commerce Bank Berhad*) where he was assigned to the Corporate Banking Department and subsequently headed the Public Sector Unit until 1992. Thereafter he was seconded to Commerce Asset Leasing Sdn Bhd as the Chief Executive Officer. In 1996, he was appointed the General Manager at Commerce Asset Fund Managers Sdn Bhd before taking up his present position as Chief Executive Officer at CAV in mid-1997. He is also a Director of CAV and CAV Private Equity Management Sdn Bhd. Besides the above, he also sits on the Board of a number of private and public listed companies in Malaysia.

Lim Kim Hai aged 30, was appointed as an Independent Non-Executive Director of MSW on 26 July 2004. He is a graduate and member of the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia. He joined Tan Che & Associates as an Audit and Tax Assistant in 1995. In 1997, he joined WK Hong & Co as an Audit and Tax Manager and was promoted to Associate Partner in 2002. He also sits on the Board of several private limited companies in Malaysia.

Ng Wah Lok aged 45, was appointed as an Independent Non-Executive Director of MSW on 29 July 2004. He obtained his Bachelor of Engineering degree in 1984 and a Masters degree in Engineering Science in 1989 from the University of Malaya. Upon graduation, he worked as a Project Engineer for a research project in the University of Malaya developing a hand pump to eradicate waterborne diseases in rural areas. In 1989, he joined the Soon Seng Group of Companies as a Project Engineer in Malaysian Industrial Products Sdn Bhd (*formerly known as Soon Seng Industrial Products Sdn Bhd*). In 1993, he was appointed as the General Manager of MSW and was responsible for the upgrading of the rolling mill in Petaling Jaya and managed the expansion of the Bukit Raja plant in Klang. In 1999, he left MSW and resigned from his position as Senior General Manager and alternate Director of MSW. He is currently a Director of a private limited company and a public company in Malaysia.

1.2 The direct and indirect shareholdings of the Directors of MSW in MSW after the Offer for Sale and Public Issue are as follows:

| Name | <-----Direct interest-----> | | <-----Indirect interest-----> | |
|---|-----------------------------|--|-------------------------------|--|
| | No. of MSW Shares | Percentage of issued and paid-up share capital % | No. of MSW Shares | Percentage of issued and paid-up share capital % |
| Senator Dato' Ikhwan Salim bin Dato' Haji Sujak | *9,400,000 | 7.07 | - | - |
| Tai Hean Leng @ Tek Hean Leng | *1,200,000 | 0.90 | - | - |
| Lee Kean Binh | *650,000 | 0.49 | - | - |
| Rosly bin Aziz | *9,200,000 | 6.92 | - | - |
| Raja Shamsul Kamal bin R. Shahruzzaman | *450,000 | 0.34 | - | - |
| Lim Kim Hai | *100,000 | 0.08 | - | - |
| Ng Wah Lok | *80,000 | 0.06 | - | - |

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Note:

* *Include the Issue Shares allocated as part of the pink form allocation to eligible Directors of MSW and assuming that they subscribe in full for their respective allocations.*

- 1.3 Save as disclosed below, none of the Directors and substantial shareholders of MSW have any previous or existing directorships or substantial shareholdings in other public corporations for the past 2 years preceding the date of this Prospectus.

| Name | Nationality | Company | <-----Directorships-----> | | Substantial Direct shareholding % |
|---|-------------|---|---------------------------|---------------------|-----------------------------------|
| | | | Date of appointment | Date of resignation | |
| Senator Dato' Ikhwan Salim bin Dato' Haji Sujak | Malaysian | Glomac Berhad | 9.2.2000 | - | * |
| | | Kumpulan Perangsang Sclangor Berhad | 1.9.2001 | - | - |
| | | Ayer Hitam Tin Dredging Malaysia Berhad | 1.7.2003 | - | - |
| Raja Shamsul Kamal bin R.Shahruzzaman | Malaysian | Goodway Integrated Industries Berhad | 20.5.2004 | - | 0.23 |
| Ng Wah Lok | Malaysian | Eagles Dialysis Centre Berhad | 13.3.2004 | - | - |
| Dato' Hamzah bin Mohd Salleh | Malaysian | PDZ Holdings Berhad | 25.3.2002 | - | - |
| | | Furniweb Industrial Products Berhad | 21.7.2003 | - | 6.43 |

Note:

* *Less than 0.01%*

- 1.4 The aggregate remuneration paid to the Directors of the Company for services rendered to MSW in all capacities for the financial year ended 31 December 2003 amounted to RM213,000. For the financial year ended 31 December 2004, the amount payable to the Directors of the Company for services rendered to MSW in all capacities is estimated to be approximately RM250,000.

For the financial years ended 31 December 2003 and 31 December 2004, the number of Directors of the Company in the various remuneration bands are set out below:

| | Financial year ended 31 December 2003 | | Financial year ended 31 December 2004 | |
|-----------------------|--|-------------------------|--|-------------------------|
| | Executive Directors | Non-executive Directors | Executive Directors | Non-executive Directors |
| Below RM50,000 | 1 | 2 | - | 4 |
| RM50,001 - RM100,000 | 1 | - | - | - |
| RM100,001 - RM150,000 | 1 | - | 1 | - |
| RM150,001 - RM200,000 | 1 | - | 1 | - |

- 1.5 None of the Executive Directors of MSW are involved in any other businesses or corporations.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

2. AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

| Name | Responsibility | Directorship |
|---------------|---------------------------|-------------------------------|
| Lim Kim Hai | Chairman of the Committee | Non-Executive and Independent |
| Ng Wah Lok | Member of the Committee | Non-Executive and Independent |
| Lee Kean Binh | Member of the Committee | Executive |

3. KEY MANAGEMENT

3.1 The profiles of the key management of MSW are as disclosed below:

Lim Eng Soon aged 44, the General Manager of the rolling mill of MSW, graduated from Victoria University, Australia with a Bachelor of Engineering (Civil) degree in 1987. In 1996, he graduated with a Master in Business Administration degree from the University of Bath, United Kingdom. He worked as an Assistant Project Manager in a multi-national construction firm for two years before he joined L&M Limited in Singapore as the Special Project Manager to assist in the company's projects in various Asian countries. In 1993, he joined a Malaysian public listed company, Bescorp Industries Berhad as a Business Development Manager and was promoted to General Manager of one of its subsidiaries. He joined MSW in June 1999 as the General Manager to oversee the production and marketing departments. His other responsibilities also include the development of new business, human resources matters and new market opportunities.

Nicolas V. Borgonia aged 55, is a Filipino and he is the Plant Manager of MSW. He obtained a Bachelor of Science degree in Electrical Engineering from Cebu Institute of Technology, Philippines in 1973. He is a member of the Institute of Integrated Electrical Engineers of Philippines, the Maintenance Association of Philippines, the Energy Managers Association of Philippines and Philippines Instrumentation and Control Society. He obtained a licence in Professional Electrical Engineering from the Professional Regulation Commission of Philippines in 1977. He served in various positions in the engineering industry in various places including Zambia, Africa and Philippines. From 1985 to 1991, he was with Armco Marsteel Alloy Corporation, Philippines as a Plant Electrical Engineer. He joined MSW in 1992 and is responsible for the overall operations of MSW's steel bars rolling mill in Petaling Jaya and is actively involved in various plant modifications that improves the production efficiency.

Chung Theng Theng, aged 33, joined MSW as Human Resources Manager on 4 May 2004. She obtained her Diploma in Human Resource Management from Malaysian Institute of Personnel Management in 2001. She joined Mayflower Acme Tours Sdn Bhd in 1995 as a Human Resource Officer. In 2001, she joined Malaysia Hoya Lens Sdn Bhd as a Human Resource and Administration Executive. From 2003 to 2004, she was a Senior Executive of Personnel and General Affairs Department at MT Picture Display (M) Sdn Bhd. She is primarily responsible for recruitment, manpower planning, compensation and benefits, staff training and development, employee relations, administration of payroll and staff welfare for MSW. She is also a qualified lead auditor for ISO 9001: 2000 and ISO 14001.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 3.2 None of the key management of MSW has any direct or indirect interest in the Company save for the Issue Shares reserved for the eligible Directors and employees of MSW pursuant to the Public Issue as set out in Section III(2) of this Prospectus.
- 3.3 None of the key management of MSW is involved in any other businesses or corporations.

4. PROMOTERS

- 4.1 The promoters of MSW together with their shareholdings in the Company as at the date of this Prospectus are as follows:

| | Before the Offer for Sale <-----and Public Issue-----> | | After the Offer for Sale <-----and Public Issue-----> | |
|---|---|--|--|--|
| | No. of MSW Shares | Percentage of issued and paid-up share capital % | No. of MSW Shares | Percentage of issued and paid-up share capital % |
| SSCSB | 50,716,878 | 46.23 | **50,716,878 | 38.13 |
| Tai Ho Seng | 1,000,000 | 0.91 | 1,000,000 | 0.75 |
| Senator Dato' Ikhwan Salim bin Dato' Haji Sujak | 8,750,000 | 7.98 | *9,400,000 | 7.07 |
| Rosly bin Aziz | 8,750,000 | 7.98 | *9,200,000 | 6.92 |

Notes:

* Include the Issue Shares allocated as part of the pink form allocation to eligible Directors and employees of MSW and assuming that they subscribe in full for their respective allocations.

** Refer to Note 5 of Section II(2) for further details on SSCSB's shareholdings.

- 4.2 The profiles of Senator Dato' Ikhwan Salim bin Dato' Haji Sujak and Rosly bin Aziz are set out in Section VI(1.1) of this Prospectus while the profile of SSCSB is set out in Section VI (5.3) of this Prospectus. The profile of Tai Ho Seng is detailed below:

Tai Ho Seng, aged 75, is a promoter of MSW. He has more than 25 years of experience in various manufacturing operations such as steel bars production, pipes making and steel drums and he had travelled extensively to most parts of Europe and United States of America to source for mill equipment, raw materials procurement as well as looking into other business expansion.

- 4.3 Save as disclosed in Section VI(1.3) of this Prospectus, SSCSB, Tai Ho Seng, Senator Dato' Ikhwan Salim bin Dato' Haji Sujak and Rosly bin Aziz do not have any directorships or substantial shareholdings in other public corporations for the past 2 years preceding the date of this Prospectus.
- 4.4 The changes in the shareholdings of SSCSB, Tai Ho Seng, Senator Dato' Ikhwan Salim bin Dato' Haji Sujak and Rosly bin Aziz for the past 3 years preceding the date of this Prospectus are set out in Section VI(5.2) of this Prospectus.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)**5. SUBSTANTIAL SHAREHOLDERS**

5.1 The substantial shareholders of MSW together with their respective shareholdings in the shares of the Company as at the date of this Prospectus, before and after the Offer for Sale and Public Issue, are as follows:

| Name | Before the Offer for Sale and Public Issue | | | After the Offer for Sale and Public Issue | | |
|---|--|------------------------------------|---------------------------|---|------------------------------------|---------------------------|
| | MSW Shares | No. of and paid-up share capital % | Indirect interest | MSW Shares | No. of and paid-up share capital % | Indirect interest |
| SSCSB | 50,716,878 | 46.23 | - | ⁽¹⁾ 50,716,878 | 38.13 | - |
| Tai Ilo Seng | 1,000,000 | 0.91 | ⁽¹⁾ 50,716,878 | 1,000,000 | 0.75 | ⁽¹⁾ 50,716,878 |
| Estate of Tai Chet Siang | - | - | ⁽¹⁾ 50,716,878 | - | - | ⁽¹⁾ 50,716,878 |
| Mohammad Tahir bin Md Yussof | - | - | ⁽²⁾ 52,716,878 | - | - | ⁽²⁾ 52,716,878 |
| UER | - | - | ⁽²⁾ 52,716,878 | - | - | ⁽²⁾ 52,716,878 |
| Datin Ng Pk Lian | - | - | ⁽³⁾ 52,716,878 | - | - | ⁽³⁾ 52,716,878 |
| Tai May Chean | - | - | ⁽³⁾ 52,716,878 | - | - | ⁽³⁾ 52,716,878 |
| Senator Dato' Ikhwan Salim bin Dato' Haji Sujak | 8,750,000 | 7.98 | - | *9,400,000 | 7.07 | - |
| Rosly bin Aziz | 8,750,000 | 7.98 | - | *9,200,000 | 6.92 | - |
| CAV | 8,421,052 | 7.67 | - | 4,206,472 | 3.16 | - |
| Dato' Hamzah bin Mohd Salleh | 6,125,000 | 5.58 | - | ⁽⁴⁾ 12,125,000 | 9.12 | - |

Notes:

- * Include the Issue Shares allocated as part of the pink form allocation to eligible Directors and employees of MSW and assuming that they subscribe in full for their respective allocations.
- (1) Deemed interested by virtue of their substantial shareholdings in SSCSB.
- (2) Deemed interested by virtue of their respective substantial shareholdings in KRSE and SSCSB.
- (3) Deemed interested by virtue of their substantial shareholdings in UER, which in turn is a substantial shareholder in SSCSB and KRSE.
- (4) Include the 6,000,000 Offer Shares allocated by MITI pursuant to the Offer for Sale and assuming that he will subscribe in full for his allocation.
- (5) Refer to Note 5 of Section II(2) for further details on SSCSB's shareholdings.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

5.2 The changes in the direct shareholdings of the promoters and substantial shareholders of MSW for the past 3 years preceding the date of this Prospectus are as follows:

| Name | (1) As at 26.5.1997 | | (2) As at 2.6.2003 | | (3) As at 29.9.2003 | | (4) As at 3.10.2003 | | (5) As at 13.07.2004 | |
|---|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|-------------------------|--|
| | No. of ordinary shares of RM1.00 each | Percentage of issued and paid-up share capital % | No. of ordinary shares of RM1.00 each | Percentage of issued and paid-up share capital % | No. of ordinary shares of RM1.00 each | Percentage of issued and paid-up share capital % | No. of ordinary shares of RM1.00 each | Percentage of issued and paid-up share capital % | No. of MSW Shares | Percentage of issued and paid-up share capital % |
| SSCSB | 14,770,097 | 37.87 | 25,358,332 | 46.23 | 25,358,439 | 46.23 | 25,358,439 | 46.23 | 50,716,878 | 46.23 |
| Tai Ho Seng | 500,000 | 1.28 | 500,000 | 0.91 | 500,000 | 0.91 | 500,000 | 0.91 | 1,000,000 | 0.91 |
| Senator Dato' Ikhwan Salim bin Dato' Haji Sujak | 4,375,000 | 11.22 | 4,375,000 | 7.98 | 4,375,000 | 7.98 | 4,375,000 | 7.98 | 8,750,000 | 7.98 |
| Rosly bin Aziz | 4,375,000 | 11.22 | 4,375,000 | 7.98 | 4,375,000 | 7.98 | 4,375,000 | 7.98 | 8,750,000 | 7.98 |
| CAV | - | - | 4,210,526 | 7.67 | 4,210,526 | 7.67 | 4,210,526 | 7.67 | 8,421,052 | 7.67 |
| Dato' Hamzah bin Mohd Salleh | 1,750,000 | 4.49 | 1,750,000 | 3.19 | 1,750,000 | 3.19 | 3,062,500 | 5.58 | 6,125,000 | 5.58 |
| East Asia Fund Limited | 2,410,000 | 6.18 | 2,410,000 | 4.39 | 2,410,000 | 4.39 | 2,410,000 | 4.39 | 4,820,000 | 4.39 |

Notes:

- (1) Being the date of the latest Form 32A executed by MSW prior to the new issuance of shares as described in note (2) below.
- (2) Upon issuance of 4,210,526 and 1,052,632 new ordinary shares of RM1.00 each at an issue price of RM1.90 per ordinary share to CAV and CTY respectively, and upon issuance of 10,588,255 new ordinary shares of RM1.00 each to SSCSB for the conversion of advances due to SSCSB at a conversion price of RM1.70 per ordinary share.
- (3) Additional issuance of 107 new ordinary share of RM1.00 each to SSCSB for the conversion of advances due to SSCSB at a conversion price of RM1.00 per ordinary share.
- (4) Being the transfer of 1,312,500 ordinary shares of RM1.00 each from Dato' Hamzah bin Mohd Salleh.
- (5) Upon completion of Share Split.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

5.3 The profiles of SSCSB, a direct substantial shareholder and promoter of MSW and UER, an indirect substantial shareholder of MSW and Dato' Hamzah bin Mohd Salleh, a direct substantial shareholder of MSW, are set out below:

- (i) SSCSB was incorporated in Malaysia under the Companies Act, 1965 on 31 December 1965 as a private limited company. The principal activity of the company is investment holding. The details of its directors and substantial shareholders as at 7 January 2005 are as follows:

| Name | Nationality | Direct | | Indirect | |
|---------------------------------|-------------|------------------------|--|------------------------|--|
| | | No. of ordinary shares | Percentage of issued and paid-up share capital % | No. of ordinary shares | Percentage of issued and paid-up share capital % |
| Directors | | | | | |
| Dato' Tai E King @ Tek Eng Khen | Malaysian | - | - | - | - |
| Tai Swee Kian | Malaysian | - | - | - | - |
| Tai Kok Thye | Malaysian | - | - | - | - |
| Tay Kwok Peng | Malaysian | - | - | - | - |
| Substantial shareholders | | | | | |
| UER | Malaysia | 6,508 | 25.00 | - | - |
| Mohammad Tahir bin Md Yussol' | Malaysian | 6,508 | 25.00 | - | - |
| Tai Ho Seng | Malaysian | 6,508 | 25.00 | - | - |
| Estate of Tai Chet Siang | Malaysian | 6,508 | 25.00 | - | - |
| Datin Ng Pik Lian | Malaysian | - | - | *6,508 | 25.00 |
| Tai May Chean | Malaysian | - | - | *6,508 | 25.00 |

Note:

- * Deemed interested by virtue of their substantial shareholdings in UER, which in turn, is a substantial shareholder in SSCSB and KRSB.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- (ii) UER was incorporated in Malaysia under the Companies Act, 1965 on 8 January 1997 as a private limited company. The principal activity of the company is investment holding. The details of its directors and substantial shareholders as at 7 January 2005 are as follows:

| Name | Nationality | <----- Direct -----> | | <----- Indirect -----> | |
|---------------------------------|-------------|------------------------|--|------------------------|--|
| | | No. of ordinary shares | Percentage of issued and paid-up share capital % | No. of ordinary shares | Percentage of issued and paid-up share capital % |
| Directors | | | | | |
| Datin Ng Pik Lian | Malaysian | 1 | 50.00 | - | - |
| Tai May Chean | Malaysian | 1 | 50.00 | - | - |
| Substantial shareholders | | | | | |
| Datin Ng Pik Lian | Malaysian | 1 | 50.00 | - | - |
| Tai May Chean | Malaysian | 1 | 50.00 | - | - |

- (iii) **Dato' Hamzah bin Mohd Salleh** aged 56, is a substantial shareholder of MSW. He graduated with a Diploma in Management in 1980 from the Malaysian Institute of Management and a Master's Degree in Business Administration in 1989 from the University of Bath, United Kingdom. He was an Audit Assistant with Price Waterhouse & Co (*currently known as PricewaterhouseCoopers*) from 1969 to 1975 and then worked for 5 years as Finance and Administration Manager in Pillar Naco Malaysia Sdn Bhd, which deals with architectural metal fabrication. From 1980 to 1993, he held various senior managerial positions in Pemas Sime Darby Group and the Sime Darby Group of companies. Presently, he is the Chief Executive Officer of Spanco Sdn Bhd, a fleet management specialist. He is also a Director of PDZ Holdings Berhad since 2002, and Furniweb Industrial Products Berhad since 2003, both of which are listed on Bursa Securities. In addition, he is also a director of various other private companies.

6. SERVICE AGREEMENTS

None of the Directors and the key management of MSW has any existing or proposed service agreements with the Company.

7. FAMILY RELATIONSHIPS AND ASSOCIATION

Save as disclosed below, there is no other family relationship and association between the substantial shareholders, promoters, Directors of the Company and the key management of MSW:

- (i) Datin Ng Pik Lian is the mother of Tai Hean Leng @ Tek Hean Leng and Tai May Chean;
- (ii) Datin Ng Pik Lian and Tai May Chean are the directors and substantial shareholders of UER and the indirect substantial shareholders of SSCSB; and
- (iii) Tai Ho Seng is the uncle of Tai Hean Leng @ Tek Hean Leng and Tai May Chean and the brother-in-law of Datin Ng Pik Lian.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

8. EMPLOYEES

As at 7 January 2005, MSW has a total of 323 employees. None of the employees of MSW are members of any union and there has been no industrial dispute in the past. The management enjoys a cordial and harmonious relationship with its employees. The breakdown of the total number of employees into categories and the average number of years of service as at 7 January 2005 is as follows:

| Category | Total number of employees | Average number of years of service |
|-----------------------------|---------------------------|------------------------------------|
| Managerial and professional | 25 | 5 |
| Technical and supervisory | 170 | 6 |
| Clerical | 21 | 5 |
| General workers | 40 | 6 |
| Factory workers | 67 | 4 |

MSW has in placed an annual training schedule where training programmes are designed and used to improve and develop the skills, productivity and knowledge of its workers in order to achieve and contribute to the Company's corporate goals. The Company plans to carry out training programmes covering various topics such as leadership and supervisory skills for managers and supervisors, ISO 9002, computer competency and occupational safety and health courses for all staff. The training and development programmes undertaken by the Company between January 2003 and December 2004 are as follows:

| Type of programme | No. of programmes | |
|-------------------|-------------------|------------------|
| | Completed | On-going/planned |
| Technical | 9 | 9 |
| Managerial | 5 | 5 |
| Others | 3 | 3 |
| Total | 17 | 17 |

9. DECLARATION

Save as disclosed below, none of the Directors and key management of MSW is or was involved in the following events (whether in or outside Malaysia):

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was an executive officer or key personnel; or
- (b) charged and/or convicted in criminal proceedings or is a named subject of pending criminal proceedings; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Senator Dato' Ikhwan Salim bin Dato' Haji Sujak, was a director and shareholder of Jaya Car Rentals Sdn Bhd which was presented with a winding-up petition on 30 May 2003 and subsequently wound-up. He was also a director and shareholder of Wanza Sdn Bhd which was presented with a winding-up petition on 24 March 2001 and subsequently wound-up.

Senator Dato' Ikhwan Salim bin Dato' Haji Sujak has declared that he was a non-executive director of the aforesaid companies and was not involved in the day-to-day management of the companies and has not been disqualified to act as a Director under Section 130A of the Companies Act 1965.

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