
1. CORPORATE DIRECTORY

DIRECTORS OF UMSN

Name	Address	Occupation	Nationality
Cheng Wong <i>(Executive Chairman / Managing Director)</i>	No. 34, Jalan TR 8/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Yong Meow Fatt <i>(Executive Director)</i>	No. BT1505 (2A-14-5) Endah Villa Condominium Jalan 2/149B Taman Sri Endah 57000 Kuala Lumpur	Company Director	Malaysian
Dee Kok Yong <i>(Executive Director)</i>	G-18-7 (Jasmine) Jalan PJU 6 Persiaran Surian Pelangi Damansara 46200 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Lim Peng @ Lim Pang Tun <i>(Independent Non-Executive Director)</i>	61, Jalan SS 20/6 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Accountant	Malaysian
Lee Kok Yong <i>(Independent Non-Executive Director)</i>	No. 120, Jalan Terasek Bangsar Baru 59100 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Lim Peng @ Lim Pang Tun	Chairman	Independent Non-Executive Director
Lee Kok Yong	Member	Independent Non-Executive Director
Cheng Wong	Member	Executive Chairman / Managing Director

1. **CORPORATE DIRECTORY** *(cont'd)*

- COMPANY SECRETARIES** : Mah Li Chen
(MAICSA 7022751)
No. 33, Jalan BRP 4/6
Bukit Rahman Putra
Seksyen U20
40160 Shah Alam
Selangor Darul Ehsan
- Tan Ley Theng
(MAICSA 7030358)
203, Jalan Sri Petaling 2
Bandar Baru Sri Petaling
57000 Kuala Lumpur
- REGISTERED OFFICE/
MANAGEMENT OFFICE** : Lot 5, Batu 17½, Jalan Ipoh
Rawang Industrial Estate
48000 Rawang
Selangor Darul Ehsan
- Telephone No: (03) 6091 2626
Website: www.unitedms.com.my
Email: enquiry@unitedms.com.my
- PRINCIPAL BANKER** : United Overseas Bank (Malaysia) Berhad (271809-K)
Bangunan UOB
39-45, Jalan Othman
46000 Petaling Jaya
Selangor Darul Ehsan
- Telephone No: (03) 7788 3333
- AUDITORS AND REPORTING
ACCOUNTANTS** : Horwath (AF 1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
- Telephone No: (03) 2166 0000
- SOLICITORS FOR THE
LISTING EXERCISE** : Messrs Teh & Lee
Advocates and Solicitors
Unit 23-3, 3rd Floor
The Boulevard Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone No: (03) 2283 2800

1. CORPORATE DIRECTORY (cont'd)

VALUER	:	KGV-Lambert Smith Hampton (M) Sdn Bhd (125852-D) B-9-9, Blok B Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No: (03) 2161 5355
ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12 th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur Telephone No: (03) 2161 3355
REGISTRAR	:	PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Telephone No: (03) 7725 4888
ADVISER / UNDERWRITER	:	RHB Sakura Merchant Bankers Berhad (19663-P) Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Telephone No: (03) 9287 3888
LISTING SOUGHT	:	Second Board of Bursa Securities

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2. INFORMATION SUMMARY

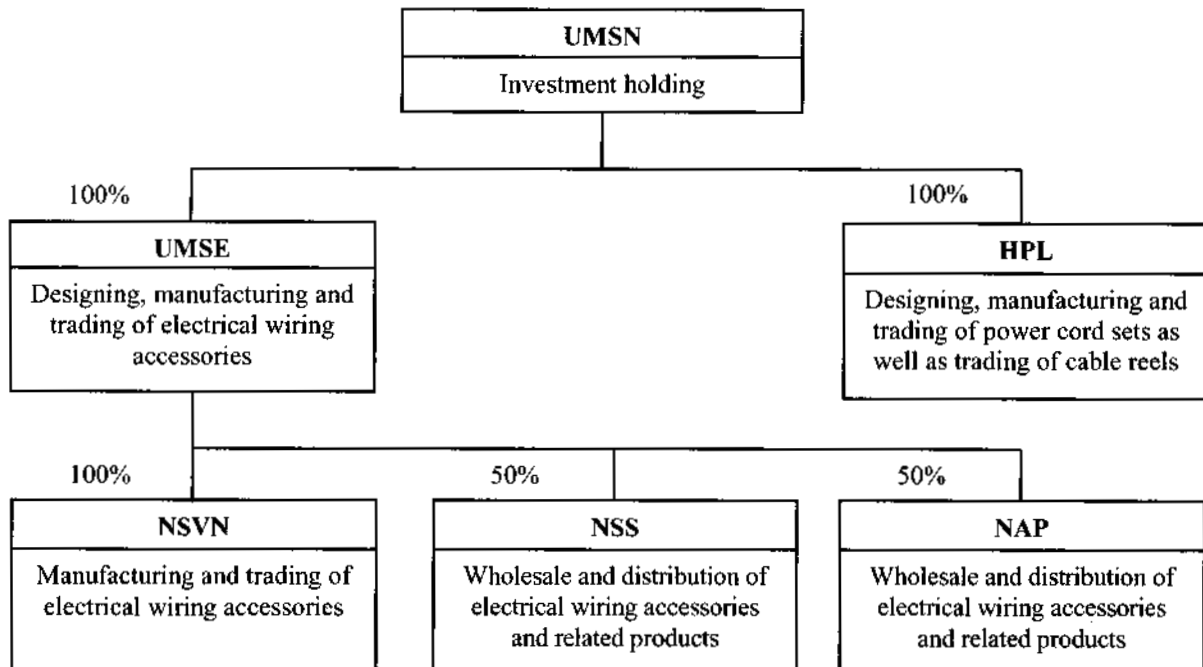
THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE UMSN GROUP. INVESTORS SHOULD THEREFORE READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN THE IPO SHARES.

2.1 HISTORY AND BUSINESS

UMSN was incorporated as a private limited company in Malaysia under the Act on 26 April 2004 under the name UMS-Neiken Group Sdn Bhd. The Company was subsequently converted into a public company and assumed its present name on 17 August 2004.

The Company is principally an investment holding company with subsidiaries, which are principally involved in the designing, manufacturing and trading of electrical wiring accessories.

The UMSN Group's corporate structure is as follows:



For further details on the history and business of the UMSN Group, please refer to Sections 6.1 and 6.5 of this Prospectus.

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2. INFORMATION SUMMARY *(cont'd)*

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

The following information summary on the Promoters, substantial shareholders, Directors, key management and key technical personnel of the UMSN Group is extracted from and should be read in conjunction with the information set out in Section 7 of this Prospectus.

2.2.1 Promoters

The direct and indirect interests of the Promoters and their respective shareholdings in UMSN after the IPO are as follows:

Promoters	Nationality/ Country of incorporation	←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
UMSH	Malaysia	38,348,420	47.94	-	-
Paul Ip Tai Hoi	British National (Overseas)	5,362,743	6.70	38,348,420 ⁽¹⁾	47.94
Cheng Wong	Malaysian	144,794	0.18	38,348,420 ⁽²⁾	47.94

Notes:

- (1) Deemed interested by virtue of his direct shareholding in UMSH pursuant to Section 6A of the Act
(2) Deemed interested by virtue of his direct shareholding in UMSH and indirect shareholding in UMSH held via CESB pursuant to Section 6A of the Act

2.2.2 Substantial shareholders

The substantial shareholders of UMSN as at the date of this Prospectus and their respective shareholdings in UMSN after the IPO are as follows:

Substantial shareholders	Nationality/ Country of incorporation	←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
UMSH	Malaysia	38,348,420	47.94	-	-
Paul Ip Tai Hoi	British National (Overseas)	5,362,743	6.70	38,348,420 ⁽¹⁾	47.94
Cheng Wong	Malaysian	144,794	0.18	38,348,420 ⁽²⁾	47.94
CESB	Malaysia	-	-	38,348,420 ⁽¹⁾	47.94
Dee Kim Huay	Malaysian	-	-	38,348,420 ⁽³⁾	47.94

Notes:

- (1) Deemed interested by virtue of his / its direct shareholding in UMSH pursuant to Section 6A of the Act
(2) Deemed interested by virtue of his direct shareholding in UMSH and indirect shareholding in UMSH held via CESB pursuant to Section 6A of the Act
(3) Deemed interested by virtue of her indirect shareholding in UMSH held via CESB pursuant to Section 6A of the Act

2. INFORMATION SUMMARY (cont'd)

Certain Bumiputera investors may emerge as substantial shareholders of UMSN after the IPO in the event they fully subscribe to their respective allocations approved by MITI pursuant to the Offer for Sale. However, all references to the substantial shareholders in this Prospectus do not include them as they are not substantial shareholders of UMSN as at the date of this Prospectus.

2.2.3 Directors

The direct and indirect interests of the Directors of UMSN and their respective shareholdings in UMSN after the IPO are as follows:

Directors	Designation	←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Cheng Wong	Executive Chairman / Managing Director	144,794	0.18	38,348,420 ⁽¹⁾	47.94
Yong Meow Fatt	Executive Director	180,000 ⁽²⁾	0.23	-	-
Dee Kok Yong	Executive Director	50,000 ⁽²⁾	0.06	-	-
Lim Peng @ Lim Pang Tun	Independent Non- Executive Director	50,000 ⁽²⁾	0.06	-	-
Lee Kok Yong	Independent Non- Executive Director	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his direct shareholding in UMSH and indirect shareholding in UMSH held via CESB pursuant to Section 6A of the Act
- (2) Assuming full subscription of the Issue Shares allocated to, inter-alia, the eligible Directors of the UMSN Group pursuant to the pink forms allocation

2.2.4 Key management and key technical personnel

The direct and indirect interests of the key management and key technical personnel of the UMSN Group and their respective shareholdings in UMSN after the IPO are as follows:

Key management / key technical personnel	Designation	←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Cheng Wong	Managing Director	144,794	0.18	38,348,420 ⁽¹⁾	47.94
Yong Meow Fatt	Executive Director	180,000 ⁽²⁾	0.23	-	-
Lawrence Lee	General Manager of HPL	1,072,549	1.34	-	-
Cheng Siow Wei	Assistant to Managing Director	25,000 ⁽²⁾	0.03	-	-
Liew Set Mooi	Assistant to Managing Director	40,000 ⁽²⁾	0.05	-	-
Dee Kok Yong	Marketing Manager of UMSE (Export Division)	50,000 ⁽²⁾	0.06	-	-

2. INFORMATION SUMMARY (cont'd)

Key management / key technical personnel	Designation	←-----After IPO-----→			
		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Chuang Ah Chai	Marketing Manager of UMSE (Domestic Division)	40,000 ⁽²⁾	0.05	-	-
Ong Siew Hong	Factory / Production Manager of UMSE	75,000 ⁽²⁾	0.09	-	-
Chin Choon Aik	Assistant Factory Manager of UMSE	20,000 ⁽²⁾	0.03	-	-
Foo Kon Fah	Quality Assurance Manager of UMSE	25,000 ⁽²⁾	0.03	-	-
Chi Chee Pyng	Research and Development Manager of UMSE	25,000 ⁽²⁾	0.03	-	-

Notes:

- (1) Deemed interested by virtue of his direct shareholding in UMSH and indirect shareholding in UMSH held via CESB pursuant to Section 6A of the Act
- (2) Assuming full subscription of the Issue Shares allocated to, inter-alia, the eligible Directors and employees of the UMSN Group pursuant to the pink forms allocation

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2. INFORMATION SUMMARY *(cont'd)*

2.3 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the proforma Group's financial performance for the past 4 FYE 31 December 2004 based on the assumption that the current Group structure has been in existence throughout the years under review and the Group's audited consolidated results for the FYE 31 December 2005. The proforma consolidated results have been prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

FYE 31 December	Proforma				Audited 2005 RM'000
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	
Turnover	37,580	44,993	56,604	63,804	73,650
EBITDA	6,800	7,271	10,914	10,757	11,459
Depreciation and amortisation	(1,459)	(1,508)	(1,822)	(1,671)	(1,987)
Interest expense	(581)	(555)	(574)	(592)	(770)
Interest income	47	38	42	85	125
PBT	4,807	5,246	8,560	8,579	8,827
Taxation	(1,227)	(1,291)	(1,815)	(1,667)	(2,146)
PAT	3,580	3,955	6,745	6,912	6,681
Pre-acquisition profits	-	-	-	-	(4,948)
PAT attributable to shareholders	3,580	3,955	6,745	6,912	1,733
Number of Shares assumed in issue after Acquisitions ('000) ⁽¹⁾	66,785	66,785	66,785	66,785	66,785
Gross earnings per share (sen)	7.2	7.9	12.8	12.8	13.2
Net earnings per share (sen)	5.4	5.9	10.1	10.3	10.0
Effective tax rate (%)	25.5	24.6	21.2	19.4	24.3
Gross dividend rate (%)	1.3	2.6	3.3	3.8	19.6

Notes:

- (1) The assumed number of Shares is based on the enlarged share capital of UMSN upon completion of the Acquisitions but before the Rights Issue and Public Issue
- (2) There were no exceptional or extraordinary items during the financial years under review. The results in all the financial years under review were not subject to any auditors' qualification
- (3) The results of HPL throughout the years under review were time-apportioned based on its audited financial statements for the respective financial years ended 31 March and the actual 9 months audited results for the financial period ended 31 December 2005

2. INFORMATION SUMMARY (cont'd)

2.4 PROFORMA CONSOLIDATED BALANCE SHEETS OF UMSN AS AT 31 DECEMBER 2005

The proforma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects of the Flotation Scheme assuming that it had been effected on 31 December 2005. The proforma consolidated balance sheets below should be read in conjunction with the accompanying notes included in the Proforma Consolidated Balance Sheets set out in Section 11.3 of this Prospectus.

	As at 31 December 2005 # RM'000	Proforma I After Rights Issue RM'000	Proforma II After I and Public Issue RM'000	Proforma III After II and full exercise of ESOS Option RM'000
Non-current assets				
Property, plant and equipment	16,027	16,027	16,027	16,027
Investments in shares	3	3	3	3
Investments in associates	114	114	114	114
Development expenditure	895	895	895	895
	<u>17,039</u>	<u>17,039</u>	<u>17,039</u>	<u>17,039</u>
Current assets				
Inventories	15,944	15,944	15,944	15,944
Trade receivables	21,559	21,559	21,559	21,559
Other receivables, deposits and prepayments	3,579	3,579	3,579	3,579
Amount owing by intermediate holding company	1,816	-	-	-
Amount owing by associates	399	399	399	399
Amount owing by related parties	10,134	5,432	5,432	5,432
Tax recoverable	13	13	13	13
Fixed deposits with licensed banks	5,735	5,735	5,735	5,735
Cash and bank balances	714	7,649	7,899	17,499
	<u>59,893</u>	<u>60,310</u>	<u>60,560</u>	<u>70,160</u>
Current liabilities				
Trade payables	4,616	4,616	4,616	4,616
Other payables and accruals	2,290	2,290	2,290	2,290
Amount owing to related parties	4,737	4,737	4,737	4,737
Provision for taxation	275	275	275	275
Short term bank borrowings	22,968	22,968	17,618	17,618
Bank overdrafts	3,350	3,350	3,350	3,350
Dividend payable	1,440	-	-	-
	<u>39,676</u>	<u>38,236</u>	<u>32,886</u>	<u>32,886</u>
Net current (liabilities) / assets	<u>20,217</u>	<u>22,074</u>	<u>27,674</u>	<u>37,274</u>
	<u>37,256</u>	<u>39,113</u>	<u>44,713</u>	<u>54,313</u>
(Represented) / Financed by:				
Share capital	33,393	35,250	40,000	46,000
Share premium	-	-	850	4,450
Retained profits	283	283	283	283
Negative goodwill	923	923	923	923
Foreign currency translation reserves	62	62	62	62
Shareholders' equity	<u>34,661</u>	<u>36,518</u>	<u>42,118</u>	<u>51,718</u>
Non-current liabilities				
Term Loan	1,050	1,050	1,050	1,050
Deferred taxation	1,545	1,545	1,545	1,545
	<u>37,256</u>	<u>39,113</u>	<u>44,713</u>	<u>54,313</u>
Number of ordinary shares of RM0.50 each in issue ('000)	<u>66,785</u>	<u>70,500</u>	<u>80,000</u>	<u>92,000</u>
Net tangible assets per ordinary share (RM)	<u>0.51</u>	<u>0.51</u>	<u>0.52</u>	<u>0.55</u>

2. INFORMATION SUMMARY (cont'd)

Notes:

The Acquisition of UMSE and the Acquisition of HPL were completed on 8 September 2005 and 30 September 2005, respectively

2.5 PRINCIPAL STATISTICS OF THE IPO

2.5.1 Share capital

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM0.50 each	50,000,000
<i>Issued and fully paid-up</i>	
70,500,000 ordinary shares of RM0.50 each	35,250,000
<i>To be issued pursuant to the Public Issue</i>	
9,500,000 new ordinary shares of RM0.50 each	4,750,000
Enlarged issued and fully paid-up share capital	40,000,000
<i>To be offered pursuant to the Offer for Sale</i>	
24,000,000 ordinary shares of RM0.50 each	12,000,000

UMSN proposes to establish an ESOS in order to retain and motivate eligible Directors and employees of the UMSN ESOS Group who have contributed to the success of the UMSN Group. The ESOS will allow the granting of Options to the eligible Directors and employees of the UMSN ESOS Group to subscribe for new Shares of up to 15% of the Company's issued and paid-up share capital at any point in time for the duration of the Scheme. Based on the enlarged issued and paid-up share capital of 80,000,000 Shares upon Listing, and assuming that the maximum number of Shares available under the ESOS are exercised, the issued and paid-up share capital of UMSN will increase to RM46,000,000 comprising 92,000,000 Shares after the Listing. Please refer to Section 6.4 of this Prospectus for details of the ESOS.

2.5.2 Classes of shares and rights

There is only one class of shares in UMSN being the ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The IPO Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

The new Shares to be allotted upon any exercise of Options shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up UMSN Shares for any dividends or other distributions, if the date of allotment is on or before the Entitlement Date and subject to all the provisions of the Articles of Association of the Company. "Entitlement Date" means the date as at the close of business on which shareholders must be registered in the Record of Depositors with Bursa Depository in order to participate in any dividends, rights, allotments or other distributions.

For further details on the share capital of UMSN, please refer to Section 3.3 of this Prospectus.

2.5.3 IPO Price

The IPO Price in respect of the IPO Shares is RM0.80 per Share. For further details on the basis of arriving at the IPO Price, please refer to Section 3.6 of this Prospectus.

2. INFORMATION SUMMARY *(cont'd)*

2.5.4 Proforma consolidated NTA as at 31 December 2005

The following information has been extracted from and should be read in conjunction with the accompanying notes included in the Proforma Consolidated Balance Sheets set out in Section 11.3 of this Prospectus.

Proforma consolidated NTA (RM'000) <i>(after taking into account the Flotation Scheme and deducting estimated listing expenses of RM2,000,000)</i>	41,223
Proforma consolidated NTA per Share (RM) <i>(based on the enlarged issued and paid-up share capital of 80,000,000 Shares)</i>	0.52

2.5.5 Consolidated profit forecast

The following table sets out a summary of the consolidated profit forecast of UMSN for the financial year ending 31 December 2006 and should be read in conjunction with the accompanying notes included in the consolidated profit forecast set out in Section 11.2.3 of this Prospectus.

Financial year ending 31 December	Forecast 2006 RM'000
Revenue	88,084
Consolidated PBT	10,333
Less: Taxation	(2,530)
Consolidated PAT	7,803
Weighted average number of Shares in issue ('000) ⁽¹⁾	76,059
Gross EPS (sen)	13.59
Net EPS (sen)	10.26
Gross PE Multiple ⁽²⁾ (times)	5.9
Net PE Multiple ⁽²⁾ (times)	7.8

Notes:

(1) On the assumption that the Rights Issue and Public Issue are completed on 15 March 2006 and 30 April 2006, respectively

(2) Computed based on the IPO Price of RM0.80 per IPO Share

Further details on the consolidated profit forecast of UMSN and the principal bases and assumptions are set out in Section 11.2.3 of this Prospectus.

2. INFORMATION SUMMARY *(cont'd)*

2.5.6 Dividend forecast

The following table sets out a summary of the dividend forecast for the financial year ending 31 December 2006 and should be read in conjunction with the accompanying notes included in the dividend forecast set out in Section 11.2.5 of this Prospectus.

Financial year ending 31 December	Forecast 2006
Dividend per Share (sen)	
Gross dividend per Share	5.8
Net dividend per Share	4.2
Dividend yield (%)	
Gross dividend yield based on the IPO Price of RM0.80 per Share	7.3
Net dividend yield based on the IPO Price of RM0.80 per Share	5.2
Net dividend cover (times)	2.3

2.6 RISK FACTORS

An investment in the Shares to be listed on Bursa Securities involves a certain degree of risk. Applicants for the IPO Shares should therefore rely on their own evaluations and are advised to carefully consider the following summary of risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:

- Economic, political and regulatory risks
- No prior market for UMSN Shares
- Competition
- Dependence on Directors, key management and key technical personnel
- Licensing
- Insurance coverage
- Borrowings
- Breakout of fire and energy crisis
- Foreign currency risk
- Dependence on major suppliers
- Dependence on major customers
- Security and systems disruptions
- New products
- Ownership and control
- Failure or delay in listing
- Consolidated profit forecast and forward looking statements

For details on the risk factors, please refer to Section 4 of this Prospectus.

2. INFORMATION SUMMARY *(cont'd)*

2.7 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Rights Issue of approximately RM1.86 million and Public Issue of approximately RM7.60 million will accrue entirely to the Company and shall be utilised in the following manner:

	RM'000	Timeframe for utilisation
Repayment of bank borrowings	5,350	Within 6 months after Listing
Working capital	2,107	Within 12 months after Listing
Estimated listing expenses*	2,000	Within 6 months after Listing
Total proceeds	9,457	

Note:

* *If actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes*

The Offer for Sale is expected to raise gross proceeds of approximately RM19.2 million which shall accrue to the Offerors and no part of the proceeds is receivable by UMSN.

The Directors of UMSN intend to utilise the proceeds arising from the exercise of the Options for the Group's working capital purposes.

Further details of the utilisation of proceeds and estimated listing expenses are set out in Section 3.7 of this Prospectus.

2.8 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL CAPITAL COMMITMENTS AND MATERIAL LITIGATION

2.8.1 Working capital

The Directors of UMSN are of the opinion that after taking into account the cashflow position, the banking facilities available and the total gross proceeds to be raised from the Rights Issue and Public Issue, the UMSN Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

2.8.2 Borrowings

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), the UMSN Group has total borrowings of approximately RM24.02 million comprising term loans, bank overdrafts and trade facilities, all of which are interest-bearing, as set out below:

Types of borrowings	Payable within 12 months	Payable after 12 months
	RM'000	RM'000
Term loans	1,331	1,050
Bank overdrafts	1,587	-
Trade facilities	20,052	-
Total	22,970	1,050

2. INFORMATION SUMMARY *(cont'd)*

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), the Group does not have any foreign currency denominated borrowings, save for the borrowings by HPL amounting to HK\$14.23 million (or RM6.97 million assuming an exchange rate of HK\$1.00:RM0.4898 as at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus)) and NSVN amounting to US\$206,467 (or RM765,063 assuming an exchange rate of US\$1.00:RM3.7055 as at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus)).

The Group has not defaulted in any of its payments of either interest and/or principal sums in respect of any borrowings throughout the past 1 financial year and the subsequent period thereof immediately preceding the date of this Prospectus.

2.8.3 Contingent liabilities

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), the Directors of UMSN are not aware of any material contingent liabilities which have become enforceable or are likely to become enforceable, which in the opinion of the Directors of UMSN, will or may substantially affect the ability of the UMSN Group or the Company to meet their obligations as and when they fall due.

2.8.4 Material capital commitments

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), the Directors of UMSN are not aware of any material capital commitments incurred or known to be incurred by UMSN or its subsidiaries, which upon becoming enforceable, may have a material impact on the profit or net asset value of the UMSN Group, save as disclosed below:

	RM
Approved and contracted for	1,141,467
Approved but not contracted for	-
Total	1,141,467

2.8.5 Material litigation

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), neither UMSN nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of UMSN or its subsidiaries and the Directors of UMSN have no knowledge of any proceedings pending or threatened against UMSN or its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the position and business of UMSN or its subsidiaries.

Further details of working capital, borrowings, contingent liabilities, material capital commitment and material litigation are set out in Section 11.1.5 of this Prospectus.

3. PARTICULARS OF THE IPO

3.1 INTRODUCTION

This Prospectus is dated 3 April 2006.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC obtained vide its letter dated 18 April 2005 shall not be taken to indicate that the SC recommends the IPO and investors should rely on their own evaluation to assess the merits and risks of the IPO.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of UMSN as securities to be deposited into the CDS. In consequence thereof, the Shares issued through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Approval-in-principle has been obtained from Bursa Securities on 21 October 2004 for, *inter-alia*, the admission of UMSN to the Official List of the Second Board of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company, including the IPO Shares which are the subject of this Prospectus, on the Second Board of Bursa Securities. The entire enlarged issued and paid-up share capital of UMSN will be admitted to the Official List of the Second Board and official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and an undertaking that notices of allotment will be issued and despatched to all the successful applicants.

Pursuant to the Listing Requirements, an applicant must have at least 25% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned in full without interest.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application MUST have CDS accounts. Where an applicant does not presently have a CDS account, he should open a CDS account at an ADA prior to making an application for the IPO Shares. In the case of an application by way of Application Form, an applicant must state his CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, an applicant shall furnish his CDS account number to the Participating Financial Institutions by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. In the case of an application by way of Internet Share Application, an applicant shall furnish his CDS account number to the Internet Participating Financial Institution by way of keying in his CDS account number into the online application form. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application or Internet Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by UMSN, the Offerors and the Adviser. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of UMSN or the Group since the date of this Prospectus.

3. PARTICULARS OF THE IPO (cont'd)

The distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for or an offer to sell any IPO Shares in any jurisdiction in which such invitation or offer is not authorised or lawful or to any persons to whom it is unlawful to make such an invitation or offer.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com, or via hyperlink to Bursa Securities' website through the websites of RHB Bank Berhad at www.rhbbank.com.my and Malayan Banking Berhad at www.maybank2u.com.my and at the website of CIMB Securities Sdn Bhd at www.eipocimb.com.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. The listing of UMSN Shares and the admission to the Official List of the Second Board of Bursa Securities is not to be taken as an indication of the merits of the Company or its Shares.

If you are in any doubt about this Prospectus, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3.2 IMPORTANT TENTATIVE DATES

The indicative timing of events leading up to the Listing is set out below:

Event	Tentative date
Opening date of application	3 April 2006
Closing date of application	10 April 2006
Balloting date	13 April 2006
Allotment date	18 April 2006
Listing date	26 April 2006

This timetable is tentative and is subject to changes, which may be necessary to facilitate implementation procedures. The application period will remain open until 5.00 p.m. on 10 April 2006 or for such further period(s) that the Directors, Offerors and Underwriter may in their absolute discretion mutually decide. Should there be an extension of the closing date, the balloting, allotment and listing dates will be extended accordingly.

Where the closing date for the application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

3. PARTICULARS OF THE IPO (cont'd)

3.3 SHARE CAPITAL

	RM
Authorised	
100,000,000 ordinary shares of RM0.50 each	50,000,000
Issued and fully paid-up	
70,500,000 ordinary shares of RM0.50 each	35,250,000
To be issued pursuant to the Public Issue	
9,500,000 new ordinary shares of RM0.50 each	4,750,000
Enlarged issued and fully paid-up share capital	40,000,000
To be offered pursuant to the Offer for Sale	
24,000,000 ordinary shares of RM0.50 each	12,000,000

The IPO Price of RM0.80 per IPO Share is payable in full upon application.

There is only one class of shares in UMSN, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The IPO Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in respect of any surplus in the event of liquidation of the Company.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney or by other duly authorised representative, and on a show of hands, every person present who is a shareholder or proxy or attorney or representative of a shareholder, shall have 1 vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each Share held by him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.

UMSN proposes to establish an ESOS to retain and motivate eligible Directors and employees of the UMSN ESOS Group who have contributed to the success of the Group. The ESOS will allow the granting of Options to eligible Directors and employees of the UMSN ESOS Group to subscribe for new UMSN Shares of up to 15% of the Company's issued and paid-up share capital at any point in time for the duration of the Scheme. Based on the enlarged share capital of 80,000,000 Shares upon listing and assuming that the maximum 12,000,000 Options available under the ESOS are fully exercised, the issued and paid-up share capital will increase to RM46,000,000 comprising 92,000,000 Shares after the Listing. Please refer to Section 6.4 of this Prospectus for details of the ESOS.

3. PARTICULARS OF THE IPO (cont'd)

3.4 DETAILS OF THE IPO

The IPO Shares shall be subject to the terms and conditions of this Prospectus, and upon acceptance, the IPO Shares will be allocated in the following manner:

(i) **Bumiputera investors**

24,000,000 Offer Shares, representing 30% of the enlarged issued and paid-up share capital of UMSN have been reserved for Bumiputera investors and institutions nominated/approved by MITI. The Offerors for the Offer Shares are as follows:

Offerors	Number of Shares offered pursuant to the Offer for Sale
UMSH	19,792,841
Paul Ip Tai Hoi	2,767,867
Lawrence Lee	553,574
Andrew Pang Chun Yue	553,574
Mah Chin Heng	166,072
Cheng Onn	91,340
Cheng Wong	74,732
	24,000,000

(ii) **Eligible Directors, employees and business associates of the UMSN Group**

3,500,000 Issue Shares representing approximately 4.38% of the enlarged issued and paid-up share capital of UMSN have been reserved for the eligible Directors, employees and business associates of the UMSN Group.

Of the 3,500,000 Issue Shares, 891,000 Issue Shares have been allocated to 237 eligible employees of the Group based on, *inter-alia*, performance, staff grades and length of service.

An aggregated amount of 280,000 Issue Shares have been allocated to 3 eligible Directors of UMSN in the following manner:

Directors	Designation	No. of Issue Shares allocated
Yong Meow Fatt	Executive Director	180,000
Dee Kok Yong	Executive Director	50,000
Lim Peng @ Lim Pang Tun	Independent Non-Executive Director	50,000

The remaining 2,329,000 Issue Shares have been allocated to 318 eligible business associates who have contributed to the success of the UMSN Group based on, *inter-alia*, the transaction value and the length of relationship with the Group.

3. PARTICULARS OF THE IPO (*cont'd*)

(iii) Malaysian public

6,000,000 Issue Shares representing 7.50% of the enlarged issued and paid-up share capital of UMSN will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The 24,000,000 Offer Shares in respect of paragraph (i) above are not underwritten as irrevocable undertakings to subscribe for the said Offer Shares have been given by the respective Bumiputera investors.

The Issue Shares in respect of paragraphs (ii) and (iii) above are fully underwritten. Any Issue Shares in respect of paragraph (ii) above which are not subscribed by the eligible Directors, employees and business associates of the UMSN Group will initially be made available for application by the Malaysian public, and if undersubscribed, such Issue Shares will be made available for subscription by the Underwriter (details of which are set out in Sections 3.8 and 3.9 of this Prospectus).

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares will either be underwritten by the Underwriter and/or subscribed by the Bumiputera investors pursuant to their respective written irrevocable undertakings.

3.5 PURPOSES OF THE IPO

The purposes of the IPO are as follows:

- (i) to provide an opportunity for Bumiputera investors, the Malaysian investing public and institutions and eligible Directors, employees and business associates of the UMSN Group to participate in the continuing growth of the Group by way of equity participation;
- (ii) to provide the Group access to the capital market to raise funds for future expansion and continued growth; and
- (iii) to obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of UMSN comprising 80,000,000 Shares on the Second Board of Bursa Securities.

3.6 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM0.80 per IPO Share was determined and agreed upon by the Company, Offerors and RHB Sakura as the Underwriter based on various factors after taking into account the following:

- (i) the Group's operating and financial history as outlined in Sections 6 and 11 respectively of this Prospectus;
- (ii) the prospects of the Group and the industry in which the Group operates as outlined in Section 5 of this Prospectus;
- (iii) the prevailing equity market condition;
- (iv) the forecast net PE Multiple of approximately 7.8 times based on the forecast consolidated net EPS of UMSN of approximately 10.26 sen (computed based on the consolidated PAT after IPO and the weighted average number of Shares in issue) for the financial year ending 31 December 2006; and
- (v) the proforma consolidated NTA per Share of UMSN of RM0.52 as at 31 December 2005 after the Flotation Scheme and net of estimated listing expenses.

3. PARTICULARS OF THE IPO (cont'd)

However, investors should also take note that the market price of the Shares upon and subsequent to the listing of UMSN on Bursa Securities are subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares being traded.

3.7 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Rights Issue of approximately RM1.86 million and Public Issue of approximately RM7.60 million will accrue entirely to the Company and shall be utilised in the following manner:

		RM'000	Timeframe for utilisation
Repayment of bank borrowings	Note (1)	5,350	Within 6 months after Listing
Working capital	Note (2)	2,107	Within 12 months after Listing
Estimated listing expenses*	Note (3)	2,000	Within 6 months after Listing
Total proceeds		9,457	

Notes:

- * If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes

(1) Repayment of bank borrowings

The Group intends to utilise proceeds from the Rights Issue and Public Issue for the repayment of UMSE's trade facilities. As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), the trade facilities of UMSE amounted to approximately RM27.2 million, out of which, facilities utilised were approximately RM14.4 million. The facilities have been utilised to finance the working capital requirements of UMSE.

The utilisation of RM5.35 million to repay UMSE's trade facilities will result in estimated interest savings of approximately RM267,500 per annum, assuming an average interest rate of 5.00% per annum. At the time of the receipt of proceeds from the Rights Issue and Public Issue, part of the outstanding amount of the aforesaid trade facilities could have been repaid using internally generated funds. Any amount of internally generated funds used to repay the aforesaid balances would be replenished using the proceeds from the Rights Issue and Public Issue.

(2) Working capital

Approximately RM2.10 million will be utilised as working capital to support the core business of the Group, which includes financing its raw materials purchases and operating expenses.

(3) Estimated listing expenses

The details of the estimated listing expenses are as follows:

	RM'000
Professional fees	700
Authorities' fees	100
Advertisement and printing expenses	150
Brokerage fees	80
Underwriting commission	150
Issuing House's fees	70
Contingencies	750
	2,000

3. PARTICULARS OF THE IPO (cont'd)

The Offer for Sale is expected to raise gross proceeds of approximately RM19.2 million. This amount shall accrue to the Offerors and no part of the proceeds is receivable by UMSN. The Offerors shall bear all expenses and fees incidental to the Offer for Sale such as stamp duty, registration and share transfer fees relating to the Offer Shares.

The financial impact of the utilisation of proceeds on the UMSN Group for the financial year ending 31 December 2006 is summarised as follows:

	After Flotation Scheme RM'000	Incremental effects associated with utilisation of proceeds from Rights Issue and Public Issue ⁽¹⁾ RM'000
Consolidated PAT	7,803	178

Note:

(1) Represents the interest savings for 8 months for the financial year ending 31 December 2006 assuming the bank borrowings are repaid in early May 2006.

3.8 BROKERAGE AND UNDERWRITING COMMISSION

(i) Brokerage

Brokerage relating to the Issue Shares is payable by the Company at the rate of 1.0% of the issue price of RM0.80 per Issue Share in respect of successful applications which bear the stamps of RHB Sakura, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

(ii) Underwriting commission

The Underwriter has agreed to underwrite the 6,000,000 Issue Shares to be issued to the Malaysian public. The Underwriter has further agreed to underwrite the 3,500,000 Issue Shares reserved for the eligible Directors, employees and business associates of the UMSN Group. Underwriting commission is payable by the Company at the rate of 1.75% of the issue price of RM0.80 per Issue Share.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

An underwriting agreement has been entered into between the Company and RHB Sakura, being the Underwriter, on 9 March 2006 to underwrite the Issue Shares mentioned in Section 3.4(ii) and 3.4(iii) above (the "Underwritten Shares"). The salient terms of the underwriting agreement are summarised as follows:

- (i) Pursuant to Clause 4.1 of the Underwriting Agreement, the obligations of the Underwriter to underwrite the Underwritten Shares is conditional upon, *inter alia*, the following:
 - (a) the acceptance for registration with the SC and the lodgement with the Registrar of Companies of Malaysia, respectively, of the Prospectus together with copies of all documents required under Section 42 of the Act prior to the issuance of the Prospectus to the public;

3. PARTICULARS OF THE IPO (cont'd)

- (b) there having been, as at any time hereafter up to and including the closing date for the application for the Shares, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and its subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1 and 3.2 of the Underwriting Agreement if they are repeated on and as of the closing date;
 - (c) the issue, offering and subscription of the Issue Shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (d) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (e) the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13 of the Underwriting Agreement;
 - (f) the delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 4.1(b) of the Underwriting Agreement; and
 - (g) the delivery to the Underwriter on the closing date for the application for the Shares of such reports and confirmations dated the closing date from the Board of Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in Clause 3 of the Underwriting Agreement as though they have been given and/or made on such date;
- (ii) In the event any of the conditions set forth in Clause 4.1 of the Underwriting Agreement are not satisfied by the closing date for the application for the Shares, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than 3 market days after the closing date and upon such termination the Company and the Underwriter shall be released and discharged from their obligations save for the Company's obligations pursuant to Clause 3.3 and 13 of the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. Each party shall in such event return any and all moneys paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in Clause 13 of the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

3. PARTICULARS OF THE IPO (cont'd)

- (iii) Pursuant to Clause 14.1 of the Underwriting Agreement, notwithstanding anything therein contained, the Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (a) there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the closing date for the application for the Shares, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the UMSN Group, the success of the Public Issue, or the distribution of the Issue Shares; or
 - (b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the UMSN Group and the success of the Public Issue, or the distribution of the Issue Shares; or
 - (c) there shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of the Company or any of its subsidiaries; or
 - (d) there shall have occurred, happened or come into effect any of the following circumstances:
 - any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or any of its subsidiaries and the success of the Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - if in the reasonable opinion of the Underwriter that the success of the Public Issue is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below 850 points and remaining below 850 points for 3 consecutive market days at any time between the date of the Underwriting Agreement and up to and including the closing date for the application for the Shares.

3. **PARTICULARS OF THE IPO** *(cont'd)*

- (e) there is failure on the part of the Company to perform any of their respective obligations contained in the Underwriting Agreement.

- (iv) Pursuant to Clause 14.2 of the Underwriting Agreement, upon such notice(s) being given under Clause 14.1 of the Underwriting Agreement, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies and for any antecedent breach, and its undertaking to indemnify the Underwriter pursuant to the provisions of Clause 3.3 of the Underwriting Agreement.

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4. RISK FACTORS

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION AND ARE ADVISED TO CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE UMSN GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN BEFORE APPLYING FOR THE IPO SHARES.

4.1 ECONOMIC, POLITICAL AND REGULATORY RISKS

The UMSN Group's business, prospects, financial condition and level of profitability may be affected by changes in the economic, political and regulatory environment in Malaysia. Further, as the Group's products are also marketed mainly in countries in the Middle East and Africa, Brunei, Singapore, UK, Hong Kong, China and Denmark, the Group's business, prospects, financial condition and level of profitability may also be affected by changes in the economic, political and regulatory environment in those respective countries. Any adverse changes in the economic, political and regulatory environment in these countries could materially and adversely impact the business and financial performance of the Group. These risks include risk of war, economic downturn, changes in interest rates and unfavourable Government policies such as the introduction of new regulations, import duties and tariffs.

Whilst the UMSN Group practices prudent financial management and efficient operating procedures, there is no assurance that adverse economic, political and regulatory developments, which are beyond the Group's control, will not materially affect the performance of the UMSN Group.

4.2 NO PRIOR MARKET FOR UMSN SHARES

The IPO Price of RM0.80 per Share has been determined after taking into consideration a number of factors, including but not limited to, the Group's operating and financial history, its prospects and the prospects of the industry in which the Group operates and prevailing equity market condition. Prior to the IPO, there has been no market for UMSN Shares. Consequently, there can be no assurance that an active market for the Shares will develop upon its listing on the Second Board of Bursa Securities, or if developed, that such market will be sustained.

4.3 COMPETITION

The Group faces competition from various competitors including Malaysian and foreign companies in the electrical wiring accessories market.

The management of UMSN believes that the quality of its products is a key factor in maintaining or increasing its market share. The Group's strength lies also in its efforts to continuously improve its products in terms of quality, features and overall design, its wide network of distributors in more than 25 countries worldwide as well as its established UMS[®], 'HP' and neiken[™] brand names.

The Group has embarked on various initiatives aimed at enhancing the quality of its products. These initiatives include implementing in-house product and design training, undertaking R&D activities to conceptualise and commercialise new designs, developing new and improved products, attending various trade fairs and exhibitions such as the Hannover Fair (Germany), Riyadh Exhibition (Saudi Arabia) and Hong Kong Electronics Fair (Hong Kong) as well as constantly gathering feedback from customers and suppliers.

However, there can be no assurance that the UMSN Group will be able to maintain or strengthen its existing market share or that the Group will not be affected by the competitive strategies adopted by other players within the industry.

4. RISK FACTORS (cont'd)

4.4 DEPENDENCE ON DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

The UMSN Group believes that its continued success will depend, to a significant extent, upon the abilities, continued efforts and teamwork of its existing Directors, key management and key technical personnel. The future success of the UMSN Group will also depend to a significant extent upon the ability of the UMSN Group to attract and retain skilled personnel. The loss of any significant number of the UMSN Group's Directors or key management or key technical personnel, could adversely affect the UMSN Group's performance.

The Directors of UMSN recognise the importance of the UMSN Group's ability to attract and retain skilled personnel and have in place human resource strategies which include encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. In addition, the Company has set aside a portion of the Public Issue for the eligible Directors and employees of the Group and proposes to implement an ESOS in order to provide an opportunity for eligible Directors and employees to participate in the continuing growth of the Company by way of equity participation as well as to instil loyalty amongst the employees of the Group. However, there can be no assurance that the above measures will be successful in attracting and retaining key personnel or ensuring a smooth transition should changes occur.

4.5 LICENSING

The activities of the UMSN Group are governed by local and foreign licences which are held by its subsidiaries, namely UMSE, HPL and NSVN.

These licences impose conditions which may result in revocation of the licences should the subsidiary companies of UMSN fail to meet these conditions. In the event that these licences are revoked, this may result in an adverse impact on the operations of the Group. Certain licences held by the Group are also subject to periodic renewals. However, there can be no assurance that the Group would be able to renew such licences, and even if they were renewed, there can be no assurance that they will not be revoked or suspended prior to their expiration. Notwithstanding the aforesaid, the Group has not breached any conditions imposed by these licences nor has it encountered any problems in renewing the licences since it began operations.

Although the Directors of UMSN will continue to endeavour to ensure compliance with the licences' conditions, there can be no assurance that any non-compliance with the existing or any new conditions will not result in the non-renewal or revocation of the licences, which may have a material effect on the Group's business.

Details of the Group's licences and status of compliance are set out in Section 6.5.5 of this Prospectus.

4.6 INSURANCE COVERAGE

The Group is aware of the adverse consequences arising from inadequate insurance coverage on its assets, including its production factory, plant and equipment. As large sums of investment have been put into these assets, the Group has ensured that they are adequately covered by insurance. Additionally, in order to maintain such risks at a minimum level, the Group reviews and ensures adequate coverage for its assets on a continual basis. Although the Group has taken the necessary measures to ensure that the insurance coverage taken by the Group would be adequate to compensate for the replacement cost of the assets or any consequential loss arising thereof, there can be no assurance that the insurance coverage would be adequate or that the Group will be able to obtain new insurance coverage in the event that a claim has been made on the existing policies.

4. RISK FACTORS (cont'd)

In this regard, the Group has insurance coverage for fire, fire and allied perils, consequential loss, fire material damage, burglary, foreign workers compensation, equipment all risk, electrical equipment, motor, money, house owner, all risk, group medical and group personal accident. Further details on the insurance coverage of the Group are set out in Section 16.8 of this Prospectus.

4.7 BORROWINGS

Total bank borrowings for the UMSE Group and HPL as at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), amounted to approximately RM17.05 million and RM6.97 million respectively with an average interest rate of approximately 5.00% per annum for the borrowings of both the UMSE Group and HPL.

Any increase in interest rates will increase the burden of the Group with respect to interest payments of the loans depending on the total outstanding loans at the point in time. Additionally, there can be no assurance that the business performance of the Group would remain favourable in the event of adverse changes in the interest rates. The Directors of UMSN seek to minimise this risk by utilising RM5.35 million of the proceeds from the Rights Issue and Public Issue to part repay the bank borrowings.

4.8 BREAKOUT OF FIRE AND ENERGY CRISIS

The breakout of fire or an energy crisis could adversely impact the operations of the UMSN Group due to business disruption.

In the event of a fire, the Group may not be able to adequately meet its sales demand. As a result, profitability would be adversely impacted. In order to mitigate this risk, the Group has taken adequate care by having in place adequate insurance coverage. In addition, the Group places emphasis on proper fire safety procedures being implemented and practised at its premises. This includes the prohibition of smoking in the factory area, installation of fire fighting equipment at designated areas, regular inspection of fire fighting equipment by a fire contractor and certification of fire extinguishers by the fire department.

The UMSN Group also faced periodic interruptions to sources of energy in its operations in China in 2004 and 2005 due to shortage of energy supply experienced in the region. In order to mitigate this risk, HPL has installed back-up generators to ensure that operations are able to resume with minimal interruptions, in the event of an energy crisis.

However, there can be no assurance that there would not be any outbreak of fire and should a fire or prolonged energy crisis occur, it may have a material impact on the Group's financial and business performance.

4.9 FOREIGN CURRENCY RISK

For the FYE 31 December 2005, approximately 44% of UMSE's sales are exported to countries outside Malaysia and approximately 52% of its raw materials are imported. On the other hand, about 65% of HPL's sales are to the UK for the FYE 31 December 2005. This results in exposure to foreign currency fluctuations for both UMSE and HPL.

UMSE's sales and purchases to/from overseas are predominantly denominated in US\$. On 21 July 2005, the Malaysian Government had replaced the pegging of the RM to the US\$ with a managed float system. This system is likely to minimise wide fluctuations in foreign exchange and provide some stability for those business transactions conducted in US\$, as opposed to a free float system. This will, to a certain extent, reduce the risks related to foreign currency fluctuations. However, there is no assurance that the managed float system will remain or that any adjustments to the said managed float system will not adversely affect the Group.

4. RISK FACTORS (cont'd)

With regards to the exposure of HPL to foreign currency risks as a result of its sales to the UK, HPL will assign a designated personnel to perform continuous monitoring of foreign currency movements.

However, there is no assurance that the abovesaid measures will be adequate or that the foreign currency fluctuations will not adversely impact the Group.

4.10 DEPENDENCE ON MAJOR SUPPLIERS

For the FYE 31 December 2005, only HPE contributes to more than 10% of total purchases of the UMSN Group. HPE, which mainly supplies cable reels for the Group's trading segment, is a company controlled by Paul Ip Tai Hoi (a substantial shareholder of UMSN) via High Project Holding Ltd. HPL has entered into a supply contract with HPE for the purchase of cables and cable reels from HPE for a duration of 3 years expiring on 31 July 2007 with an option for renewal at the end of the tenure. Save for HPE, the Group has not entered into any long-term contracts with its other suppliers as the Directors of UMSN are confident that the established relationship that they have nurtured with its suppliers of an average of approximately 5 years for its top 10 suppliers for the FYE 31 December 2005, will ensure regular and adequate supply of raw materials in the foreseeable future.

Notwithstanding the above, there can be no assurance that the Group's operations will not be adversely affected should there be any inadequate supply or delays in the delivery of raw material. The UMSN Group seeks to mitigate this risk by having a policy of maintaining multiple suppliers for each type of raw material to eliminate over-dependency on any of the suppliers for its business. Furthermore, the major raw materials used by the Group, such as urea formaldehyde, plastic moulding compounds, terminal nuts and screws, flexible cables as well as brass strips are readily available and therefore dependence on any particular supplier is minimal.

4.11 DEPENDENCE ON MAJOR CUSTOMERS

For the FYE 31 December 2005, none of the Group's customers contributed to more than 10% of total sales of the Group. However, for the FYE 31 December 2004, Jo-EI Electric Ltd contributed to more than 10% of total sales of the Group. The Group has maintained a long-term relationship of 5 years with Jo-EI Electric Ltd. In addition, Jo-EI Electric Ltd currently purchases a wide range of electrical wiring accessories from Ming Kee, a company owned by Paul Ip Tai Hoi, a substantial shareholder of UMSN, and has been a customer of Ming Kee for the past 15 years. As such, the Group is able to leverage on this relationship to market its products to Jo-EI Electric Ltd.

The Group has not entered into any long-term contracts with its customers. With the Group's proven track record, stringent quality control requirements and wide and comprehensive range of products, the Directors of UMSN are of the opinion that the Group is well positioned to continue securing businesses from its customers. Further, the Group has a pool of 233 Malaysian and more than 40 foreign wholesalers and distributors for marketing and distribution of its products.

Notwithstanding the above, there is no assurance that the Group will be able to enjoy the continuing support of its major customers and that there would be no significant change in the demand and price of its products, and that the change would not adversely affect the profitability of the Group.

4. RISK FACTORS (cont'd)

4.12 SECURITY AND SYSTEMS DISRUPTIONS

The UMSN Group's production facilities are dependent on the uptime of its manufacturing lines. As such, there is a risk that there might be disruptions to such systems/automation, which would affect the Group's overall operations and ability to meet demand. The Group mitigates this risk through periodic review of its processes and by ensuring that any possible disruptions are reasonably pre-empted or quickly rectified. The Group has not experienced any major service disruption for the past years, save for the energy crisis experienced by HPL in China in 2004 and 2005, and will continue to ensure viability of services by taking necessary preventive measures such as installing back-up generators as mentioned in Section 4.8 of this Prospectus.

4.13 NEW PRODUCTS

In order to expand its market coverage, the Group via UMSE, intends to launch its power cord sets by the 4th quarter of 2006. Further, the Group intends to penetrate the ICT industry through the launch of its own fibre optic patch cables (used to transmit data and signal at high speed over a network) via its subsidiary, HPL, in the 2nd quarter of 2006.

The development and commercialisation of new products carry certain risks. There can be no assurance that the Group will not experience any difficulties in design and marketing that could delay or prevent the development, introduction or marketing of its new range of products.

In the event that the Group is not able to develop new products or if the Group's new products fail to achieve market acceptance, or one or more of the Group's competitors introduce products that better address customer needs or for any reason gain market share, the Group's business, operating results and financial conditions may be adversely affected.

However, the Group to a certain extent has taken steps to mitigate these risks by ensuring the viability and profitability of each investment in product development through thorough market and consumer research prior to undertaking such developments.

4.14 OWNERSHIP AND CONTROL

The Promoters of UMSN as named in Section 7.1 of this Prospectus collectively holds an aggregate of 43,855,957 Shares, which represents approximately 55% of the enlarged issued and paid-up share capital of UMSN upon completion of the Public Issue.

Depending on how the Promoters choose to vote and the size of their collective shareholdings, the controlling shareholders will have a significant influence over matters that require the passing of ordinary resolutions from the Company's shareholders, unless they are required to abstain from voting by law and/or relevant authorities.

4.15 FAILURE OR DELAY IN LISTING

The listing exercise of UMSN is exposed to the risk that it may fail or be delayed should any of the following events occur:

- The Bumiputera investors nominated/approved by MITI fail to subscribe to the Offer Shares allocated to them;
- UMSN or RHB Sakura fails to honour their respective obligations pursuant to the terms and conditions of the Underwriting Agreement; and/or

4. RISK FACTORS (cont'd)

- UMSN is unable to meet the public spread requirement of at least 25% of the issued and paid-up share capital of the Company being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each.

4.16 CONSOLIDATED PROFIT FORECAST AND FORWARD LOOKING STATEMENTS

This Prospectus contains the consolidated profit forecast of UMSN (details of which are set out in Section 11.2 of this Prospectus) which have been prepared based on various bases and assumptions that the Directors of UMSN consider to be reasonable based on prevailing market and operating conditions. These bases and assumptions are subject to uncertainties and contingencies that are often outside the control of the UMSN Group. There is no assurance that the actual results of the UMSN Group will not differ materially from the consolidated profit forecast in the event that the market and operating conditions vary from those assumed.

In addition, certain statements in this Prospectus are based on historical data, which may not be reflective of future results. Other forward looking statements regarding the Group's financial position, business strategy, plans and prospects are subject to inherent uncertainties, unknown risks or other factors which may cause the actual performance or achievements to differ materially from those expressed in such forward looking statements.

Potential investors will be deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit forecast that are contained herein.

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5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

THE FOLLOWING DISCUSSION ON THE GLOBAL AND MALAYSIAN ECONOMY AND THE INDUSTRY IN WHICH THE UMSN GROUP OPERATES IS NOT INTENDED TO BE EXHAUSTIVE BUT REFLECTS SOME OF THE FACTORS WHICH ARE CONSIDERED RELEVANT TO UNDERSTANDING THE BUSINESS AND PROFITABILITY OF THE UMSN GROUP BASED ON PREVAILING REGULATIONS, ECONOMIC TRENDS AND DEVELOPMENTS.

5.1 INTRODUCTION

The UMSN Group is principally involved in the manufacturing of electrical wiring accessories. The Group's products are driven mainly by the construction and property development sectors as well as the electrical and electronics industry. Apart from distributing its products in the Malaysian market, the Group currently markets its products mainly to countries in the Middle East and Africa, Brunei, Singapore, UK, Hong Kong, China and Denmark.

5.2 GLOBAL ECONOMIC OVERVIEW

5.2.1 Developments in 2005

The world economy is expected to expand at a more moderate pace in 2005 in the midst of sharply higher oil prices as well as tighter monetary policy in the US. While the pace of global growth will be somewhat lower, it will, nonetheless, continue to remain strong with further expansion in economic activities.

World economic growth, which had recorded a thirty-year high of 5.1% in 2004, is estimated to moderate to 4.3% in 2005. Global growth continues to be led by China and the US, with growth rates of 9% and 3.5%, respectively. Most countries in emerging Asia are expected to post satisfactory growth rates, albeit below 2004 levels. The recovery in Japan is envisaged to continue to be sustained, underpinned by rising corporate investment and private consumption as well as a rebound in exports. Performance in the Euro area is anticipated to improve, although differing widely across the region, as the weak euro boosts export competitiveness. The US, currently in its fourth year of expansion, continues to outperform other major industrial countries, despite high energy prices and interest rate hikes. Its real GDP growth recorded 3.3% in the second quarter (Q1 2005: 3.8%) of 2005. This is mainly due to increases in personal consumption, exports, equipment and software, residential fixed investment and government spending, which was partly offset by a deceleration in private inventory investment. With the outlook for the next 6 months remaining stable, real GDP for the year is forecast at 3.5%.

The UK economy performed marginally better in the second quarter with a GDP growth of 0.5% (Q1 2005: 0.4%), as high interest rates and rising oil prices continued to dampen consumer and business spending. Although growth in the services sector remained robust, manufacturing output declined while transport and communication as well as the housing market stagnated.

(Source: Economic Report 2005/2006)

5.2.2 Outlook in 2006

The year 2006 will face greater challenges arising from high oil prices, tightening monetary policies especially in the US, widening global imbalances as well as continued geo-political tensions and security concerns. Nevertheless, given the resilience of major economies, the global economy is expected to expand at 4.3%, supported by China and the US. Economic growth in China is forecast to continue, but at a slightly lower rate of 8.2%, providing the impetus for growth in Asia in general and the ASEAN region in particular, while the US is projected to register a growth of 3.3%. In Japan, growth is projected to be firm at 2% as deflation eases and domestic demand sustains.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

Economic activity in the euro area is also expected to improve, although uneven across the region, at 1.8%. The expected improvement is on account of favourable financing conditions, rise in business confidence amid signs of recovery in the services and manufacturing sectors and a strong external sector. As for the UK, growth prospects are envisaged to improve by 2.2% with the services sector spurring growth, supported by a more accommodative monetary policy.

(Source: Economic Report 2005/2006)

5.3 MALAYSIAN ECONOMIC OVERVIEW**5.3.1 Malaysian economy in 2005**

The Malaysian economy remains resilient despite moderation in the growth of global economy amidst high oil prices and less accommodative monetary policy, particularly in the US. The nation continues to sustain its growth momentum, with strong domestic demand providing the impetus for the expansion in domestic economic activities.

Economic fundamentals have further strengthened while domestic demand continued to be resilient amidst firm consumer spending as well as continued uptrend in private investment activities. These factors, coupled with pro-active measures by the Government to promote economic activities provided the enabling environment for the Malaysian economy to expand favourably, albeit at a lower rate of 4.9% in the first half of 2005, compared with 8.1% during the same period of 2004. Despite sharp increases in oil prices, the Malaysian economy is expected to register 5.1% growth in the second half of the year, with growth for the year averaging 5%. This projection is premised on a growth of 4.8% in the Leading Index for January-June 2005, which indicates continued expansion in the second half of 2005. Growth is expected to be broad based with major sectors recording positive growth, backed by recovery in global electronics demand. The continuing build-up in international reserves arising from larger current account surplus and inflows of foreign capital has also strengthened domestic macroeconomic fundamentals.

The expansion in the economy is reflected by positive growth in all sectors, except construction. The main drivers of growth are the services, manufacturing and the primary commodity sectors. Strong domestic consumption is expected to drive the services sector, especially in wholesale and retail trade, hotels and restaurants; transport, storage, and communication; and financial services sub-sectors. The recovery of global electronics demand will accelerate manufacturing exports, resulting in a stronger momentum in manufacturing production in the second half of the year. Meanwhile, stable commodity prices will help sustain the growth momentum of the agriculture sector. Growth in private consumption remains firm, arising from higher household income. Private investment is expected to further strengthen, reinforced by continued accommodative and more flexible monetary policy as well as higher inflow of foreign direct investments (FDI).

In tandem with the expansion in economic activities, national income as measured by Gross National Product (GNP), is estimated to increase by 9.1% to RM463,546 million (2004: 14.1%; RM425,060 million), with per capita income rising by 6.8% to reach RM17,741 (2004: 11.7%; RM16,616). Based on purchasing power parity (PPP), per capita income is expected to increase by 7.2% to US\$10,323 (2004: 7.4%; US\$9,630).

(Source: Economic Report 2005/2006)

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

5.3.2 Prospects of the Malaysian economy in 2006

The Malaysian economy is expected to maintain its growth momentum in 2006 in line with sustained private sector activities, favourable external environment and Government's continuing efforts to further diversify the economy through new sources of growth. Growth is expected to be broad-based with expansion in all sectors, driven by private investment spending and strong activities in the services sector. Accordingly, real GDP growth is forecast to expand by 5.5% in 2006 and per capita income envisaged to rise further by 7.1% to RM18,995 (2005: 6.8%; RM17,741). In terms of purchasing power parity, per capita income will increase by 6.9% to USD11,030 (2005: 7.2%; USD10,323).

All sectors are projected to record positive growth with manufacturing and services sectors continuing to be the key drivers of growth. The manufacturing sector is expected to grow at a higher rate following the strengthening of global electronics demand and the continuing strong pace of domestic economic activities. The services sector will continue to strengthen with all sub-sectors recording positive growth. Growth in the services sector is expected to be supported by continued expansion in new services activities such as information and communications technology-related and business outsourcing services, as well as private healthcare and education services. The agriculture sector is projected to continue on its expansion path, on account of continuing efforts to diversify and modernise the sector, particularly the production of food commodities to help reduce high imports. The construction sector is envisaged to stage a turnaround, boosted by the commencement of new infrastructure projects under the 9th Malaysia Plan.

(Source: Economic Report 2005/2006)

5.4 OVERVIEW OF THE MALAYSIAN MANUFACTURING SECTOR**5.4.1 Overview in 2005**

Output of the manufacturing sector grew moderately during the first 7 months of 2005 resulting from the slowdown in global economy, led by softer demand for semiconductors. Further growth is anticipated in the second half of 2005, mainly due to increasing demand for convergent products, particularly telecommunication appliances, consumer electronics and personal computers, thus, pushing manufacturing to a higher value plane.

In the first 7 months of 2005, a more pronounced and broad-based expansion was recorded in domestic-oriented industries with almost all, except construction-related industries, registering substantial growth. Plastics and chemicals, food as well as transport equipment industries gained impressively, supported by robust domestic economic activities and rising disposable income. This helped cushion the contraction in output of non-metallic minerals as well as iron and steel products. In contrast, most export-oriented industries showed a lower growth trend. Despite slower growth, the subsector continues to contribute more than 50% to overall manufacturing output. Malaysia, the leading producer of natural rubber gloves, also maintained its industry competitiveness in terms of both output and export earnings.

Overall output of export-oriented industries moderated by 0.1% during the first 7 months of 2005. The moderation was due to the global downcycle for electrical and electronics ("E&E") products, in particular semiconductors, since the last quarter of 2004. Consequently, manufacturers made adjustments to their production and inventories. Despite the downcycle, semiconductors' contribution to the manufacturing sector remained high at 34.4%. Capacity utilisation of the industry, which is usually higher than the average of the manufacturing sector, also remained high at above 85% as manufacturers in the industry anticipated stronger demand in the second half of 2005.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

Vibrant design and development (D&D) activities in the electronic and ICT industries, particularly software and systems development as well as high-tech knowledge-based manufacturing processes also contributed to the rebound in the E&E sub-sector. These industries are also expected to benefit from dynamic changes in consumer electronics, brought about by changes in technologies, innovation and new products in the market. Leading the technology growth are digital convergent products, such as eco-friendly flat-screen panel television sets, digital cameras, digital video disc (DVD) players and camera-phones and entertainment boutique outlets. The industry also benefited from new development in auto-electronics such as systems and sensors for safety (airbags and antilock brakes) and dedicated auto-entertainment and information devices (navigation and entertainment circuits and display control systems).

In addition, the E&E industry also attracted new entrants such as electronic manufacturing service (EMS) companies. Some of these EMS companies, which are original design manufacturers (ODM), have developed into contract manufacturers for established companies, manufacturing products at more competitive prices under their own or the latter's brand.

Registering a 4.4% growth in the first half of 2005, the manufacturing sector is envisaged to pick up pace in the second half, leading to a 4.8% growth for the year (2004: 9.8%), following better prospects in global electronics demand.

(Source: Economic Report 2005/2006)

5.4.2 Outlook in 2006

The manufacturing sector is expected to grow at a higher rate following the strengthening of global electronics demand and the continuing strong pace of domestic economic activities. Following recovery in global electronics demand in the second half of 2005, growth of the manufacturing sector is anticipated to grow by 4.9% (2005: 4.8%). The landscape of the manufacturing sector is expected to change in tandem with new developments and the shift towards technology-driven manufacturing processes with more R&D activities. New developments include advanced technologies such as nanotechnology, biotechnology and advanced manufacturing practices, which encompass high knowledge-content processing technologies. These developments are expected to contribute positively to growth of the manufacturing sector.

(Source: Economic Report 2005/2006)

5.5 OVERVIEW OF THE CONSTRUCTION AND PROPERTY DEVELOPMENT SECTORS**5.5.1 Overview in 2005**

The construction sector contracted by 2.2% during the first half of 2005 (January-June 2004: -0.3%) due mainly to lower civil engineering activity. The residential sub-sector, however, remained active while the non-residential sub-sector improved further during the period as business confidence and consumer sentiment remained strong. For the year as a whole, the sector is envisaged to register a smaller contraction of 1.1% (2004: -1.5%) on account of some improvement in civil engineering activity in the second half.

Activity in the civil engineering sub-sector tapered off during the first half of 2005, partly due to the reduction in the number and value of infrastructure contracts awarded compared to the corresponding period last year. Increasing private sector construction activities, especially in oil and gas fabrication works as well as water pipe-laying projects, cushioned the contraction in public civil engineering works. The implementation of the RM500 million maintenance works on existing public buildings and facilities is expected to further support the sub-sector.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

Activity in the residential sub-sector, on the other hand, remained encouraging during the first half of 2005 on the back of favourable economic and business conditions, rising household income, attractive loan packages, low mortgage rates, favourable labour market conditions as well as increasing proportion of young working population to support demand for housing. A total of 95,858 houses were added during the period, resulting in total existing stocks increasing by 2.8% to 3.558 million units. Housing starts edged up 5.9% (January-June 2004: 2.1%), with 83.5% comprising terraced and strata titled units. Backed by higher disposable income and a preference for better quality housing as well as new lifestyle-based features, sales of new housing schemes priced at RM250,000 and above, strengthened to 32% during the first half of 2005 (January-June 2004: 19.1%). In the second quarter of 2005, house prices continued to trend upwards, albeit moderately, as reflected in the 1.7% increase in the House Price Index (Q2 2004: 5.7%).

In the non-residential segment, office space increased by 522,231 square ("sq.") metres, representing 3.7% of the total stock of 14.004 million sq. metres as at end-June 2005 (end-June 2004: 432,761 sq. metres; 3.2%; 13.482 million sq. metres), mostly in the Klang Valley. Occupancy rate of office space remained high at 83% during the period (end-June 2004: 82.1%), encouraged by stronger performance of the private sector, especially service-related businesses, including relocation of regional and operational headquarters of foreign companies. Meanwhile, total existing space in shopping complexes rose by 304,430 sq. metres or 4.1% of the total stock of 7.281 million sq. metres as at end-June 2005 (end-June 2004: 600,049 sq. metres; 8.6%; 6.976 million sq. metres). The occupancy rate of shopping complexes rose to 80.2% (end-June 2004: 78.9%) supported by favourable business conditions and increased consumer spending.

Property transactions increased marginally by 0.5% in the first half of 2005 with the value amounting to RM28,508 million (January-June 2004: 41.9%; RM28,139 million). Residential transactions contracted by 1.3% during the period while transactions for industrial, commercial and agriculture sub-sectors increased by 9%, 7.6% and 4.4%, respectively. Overall property transactions involving foreigners swelled by 51.3% during the first half of 2005 with the value reaching RM7,553 million (January-June 2004: 78.3%; RM6,917 million). As for residential transactions, the volume rose sharply by 50.8% with a total value of RM2,161 million during the period (January-June 2004: 87.2%; RM879 million).

In response to limited domestic construction opportunities in the last 2 years, local construction companies, which have garnered considerable experience and built up their reputation during boom times have ventured abroad. From 1987 to June 2005, Malaysian construction companies completed a total of 246 projects abroad worth RM13.1 billion. Another 50 projects valued at RM13.9 billion are ongoing. Most of these projects are in India and the Gulf and ASEAN countries, involving the construction of highways, residential units and commercial buildings.

5.5.2 Outlook in 2006

The construction sector is set to recover next year. Growth is expected to increase by 3% (2005: -1.1%), spurred by a turnaround in the civil-engineering sub-sector, following implementation of new infrastructure projects under the 9MP. Likewise, activities in the residential and non-residential sub-sectors are also envisaged to remain active, supported by sustained demand for houses and purpose-built offices.

(Source: Economic Report 2005/2006)

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(cont'd)*

5.6 OVERVIEW OF THE ELECTRICAL AND ELECTRONICS INDUSTRY

The E&E industry in Malaysia can be categorised into 4 sub-sectors, namely industrial electronics, consumer electronics, electronic components and electrical products. The industry has attained world-class capabilities and is the largest contributor to the country's manufacturing output, exports and employment. Based on Malaysian Industrial Development Authority (MIDA)'s records, there are 1,385 companies in operation with investments of RM72.2 billion and employment of more than 548,000 persons or 18.3% of total employment in the manufacturing sector.

Sales of the E&E industry in 2005 amounted to RM184.7 billion or 43.5% of total sales of manufactured products. Exports of E&E products recorded an increase of 9.6% in export earnings to RM264.7 billion in 2005 from RM241.5 billion in 2004, accounting for 64.1% of total exports of manufactured products.

Total investments of approximately RM13.8 billion approved in the E&E industry in 2005 were in the following sub-sectors:

Industrial Electronics	-	RM4.8 billion (34.7%) 56 projects
Consumer Electronics	-	RM223.8 million (1.6%) 14 projects
Electronics Components	-	RM8.1 billion (58.6%) 103 projects
Electrical Products	-	RM705.9 million (5.1%) 53 projects

The overall increase in E&E exports was contributed mainly by the industrial electronics sub-sector, which registered an increase of 11.2% to RM103.2 billion in 2005 (January-November) from RM92.8 billion in 2004 (January-November). Exports of electronic components amounted to RM91.7 billion in 2005 (January-November), representing a marginal increase from RM91.5 billion in 2004 (January-November). Exports of electrical products registered an increase of 45.9% to RM25.1 billion in 2005 (January-November) from RM17.2 billion in 2004 (January-November).

The electrical products industry is categorised into 3 sub-sectors, namely electrical industrial equipment, electrical components and electrical household appliances. As at the end of 2005, a total of 382 companies were in operation, employing about 31,000 persons. Major electrical products produced in the country include electrical household appliances (such as air-conditioners, refrigerators, washing machines, vacuum cleaners, electric fans, instant water heaters, rice cookers, blenders and microwave ovens), wires and cables, electrical industrial equipment (such as switchgears, distribution transformers and electric motors) and other electrical products (such as batteries, lightings and electrical fittings).

In 2005 (January-November), exports of electrical products amounted to RM25.1 billion, an increase of 45.9% compared with 2004. Major products exported were electrical switches, switchgears, relays, air-conditioners, electrical household appliances, electric distribution equipment, transformers, batteries and electric accumulators. Major export destinations were the US, Singapore, China, Thailand, Japan, Hong Kong, the Middle East, Pakistan and India.

The electrical industrial equipment sub-sector covers products such as electrical apparatus for power and industrial lightings. Exports of electrical industrial equipment in 2005 (January-November) amounted to RM16.8 billion, representing more than a two-fold increase compared with 2004. Major products exported were switchgears, transformers and electric motors.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS *(cont'd)*

The electrical components sub-sector covers products such as cables, wires and conductors, and industrial components and parts. Exports of electrical components amounted to RM3 billion in 2005 (January-November). Major products exported were wires and cables, circuit breakers, terminal blocks and coils.

The electrical household appliances sub-sector covers 'white goods' such as air-conditioners, vacuum cleaners, microwave ovens and other home appliances such as grinders, electric kettles and electric irons. An increasing number of companies in this sub-sector are concentrating on the production of higher-end products such as multi-feature air-conditioners, power motors and precision parts.

An increasing number of companies operating in Malaysia are involved in the design, development and manufacture of electrical products for the export market. The promotion of Malaysian brands and the production of energy efficient and intelligent products will create new opportunities for further growth in the industry.

The E&E industry attracted substantial investments in 2005 in both new and expansion/diversification projects. The approved projects, proposed both by local and foreign companies in 2005, were mainly in higher value-added products with advanced technologies such as Third Generation Code Division Multiple Access (3G CDMA) mobile phones, motherboards, 1" hard disk drives, Micro-Electro-Mechanical Systems (MEMS) devices, Liquid Crystal Display (LCD) televisions, lithographic optical elements and Radio Frequency Identification (RFID) transmitters. A notable trend among Multi-National Corporations operating in the E&E industry in Malaysia is their willingness to invest in R&D activities, product development centres and process improvement facilities to cater for their global operations.

Malaysia today is seen as a country capable of hosting high-end activities. The emergence of virtual manufacturing projects is also an indication that Malaysian supporting industries, vendors and service providers are in a position to manufacture OEM brands of high-end products for the global market. Malaysian companies are also integrating into the regional and global networks of the E&E industry. The projects approved in the E&E industry when implemented, will have a significant impact on the industry as well as contribute to:

- creation of employment for more than 47,000 persons;
- increase in exports of E&E products; and
- strengthening Malaysia's position as an R&D centre for the E&E industry.

(Source: Performance of the Manufacturing and Related Service Sectors 2005, Malaysian Industrial Development Authority)

5.7 LAWS AND REGULATIONS

The electrical wiring accessories industry in Malaysia is governed by the Suruhanjaya Tenaga. Accordingly, all electrical wiring accessories products manufactured and marketed for the Malaysian market are categorised as control items by the Suruhanjaya Tenaga and, as such, must be approved by the Suruhanjaya Tenaga and certified under the SIRIM QAS Product Certification scheme.

The Group also exports its products to countries in the Middle East and Africa, Brunei, Singapore, UK, Hong Kong, China and Denmark, which are subject to the respective countries' laws, regulations and standards such as the British Standards (BS) and the International Electrotechnical Commission Standards (IEC).

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

In compliance with regulatory standards and requirements imposed by authorities in the Malaysian and foreign markets, the products manufactured by UMSE have been tested for compliance by accredited testing laboratories including Intertek Testing Services Hong Kong Limited (Hong Kong), Parkside Laboratories Limited (New Zealand), SIRIM QAS International Sdn Bhd (Malaysia) and PSB Corporation Pte Ltd (Singapore). In addition, the power cord sets manufactured by HPL have been tested and certified for compliance with the relevant standards by, amongst others, the British Standards Institute (UK), Japan Electrical Safety and Environment Technology Laboratories (Japan), Russian Centre for Tests and Certification (Russia), Verband der Elektrotechnik Elektronik (Germany), Singapore Institution of Scientific and Industrial Research (Singapore), Singapore Consumer Protection Board (Singapore), Korea Electrical Testing Institute (Korea), Comite Electrotechnique Belge (Belgium) and UL Standard (US).

5.8 PROSPECTS AND FUTURE PLANS OF THE UMSN GROUP

The Group plans to consolidate and strengthen its position in Malaysia and in the countries that the Group currently serves as well as expand into new geographical markets. The strategies that the Group has identified to achieve its objectives are as follows:

(i) Product diversification

The Group intends to further expand its existing range of products by introducing new products and product ranges, in line with its strategy of being a one-stop manufacturer of electrical wiring accessories.

As part of its strategy, the Group via UMSE plans to introduce power cord sets to complement its existing products. The power cord sets are currently in its final stages of development and are expected to be launched by the 4th quarter of 2006.

In addition, the Group intends to penetrate the ICT industry through the manufacturing and sale of fibre optic patch cables (used to transmit data and signal at high speed over a network) via its subsidiary, HPL, and targets the commencement of this business activity in the 2nd quarter of 2006. In line with this, a new clean room facility of approximately 3,000 square feet has been installed for the production of the fibre optic patch cables in Dongguan, China.

Further, the Group intends to have a wider range of products for both its urea formaldehyde and plastic moulding compound based products to meet different customer requirements in its target markets.

(ii) Market diversification

The Group's existing range of products under the brand name of UMS[®] caters mainly to the medium-low end of the electrical wiring accessories market. As part of its market diversification strategy, the Group ventured into the medium-high end market segment by introducing a new range of products sold under its neiken[™] brand name, which was launched in September 2004. The Directors of UMSN believe that by identifying and segmenting different target markets, the Group's market coverage and target customers would increase in the future, thereby enhancing the earnings of the Group.

UMSE's range of power cord sets will also enable it to diversify its market to cater to other market segments such as the consumer electrical and electronics appliances industry as well as the computer industry. Initial plans are in place to penetrate this market on a Business-to-Business ("B2B") basis whereby UMSE will manufacture power cord sets for consumer electrical and electronics manufacturers. In addition, the Group intends to penetrate the ICT industry through the launch of its own fibre optic patch cables (used to transmit data and signal at high speed over a network) via its subsidiary, HPL, in the 2nd quarter of 2006.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

(iii) Geographical market expansion

Global demand for quality electrical wiring accessories has provided opportunities for the Group to expand. By focusing on expanding its market base geographically, the Group seeks to increase its profitability while at the same time reduce the risks associated with the adverse changes in the economic and regulatory environment of a single country.

Currently, UMSE's customers are mainly located in Malaysia as well as countries in the Middle East and Africa, Brunei and Singapore, while HPL has its main customers located in the UK, Hong Kong, China and Denmark.

In line with the Group's future expansion plans and with the Group's familiarity with regulatory standards and requirements imposed by authorities in the Malaysian and foreign markets, UMSE intends to expand further into its existing markets and penetrate into new markets such as Vietnam, Indonesia and Sri Lanka while HPL's expansion plans will include Australia and other European countries.

The following summarises the Group's strategy for some of its target foreign markets:

Target Markets	Strategy
Vietnam	With the completion of its new manufacturing facility in Vietnam in October 2005, UMSE, via its wholly owned subsidiary, NSVN, is targeting to sell its neiken™ products in the Vietnam market as well as other ASEAN countries. The Directors of UMSN expect the production to commence in the 2 nd quarter of 2006. This will further expand the Group's overseas markets. Vietnam was chosen due to its availability of low-cost labour, political stability, strong economic growth and large population of 80 million people. Vietnam also has high import duties and tariff barriers, which will benefit the Group by protecting its business interests there.
Indonesia	Indonesia's large population makes it an attractive market for the Group's range of products. UMSE has plans to appoint a sole distributor to handle the marketing and distribution of the Group's products in the country.
Sri Lanka	UMSE has appointed a sole distributor in Sri Lanka in a move to penetrate the market in Sri Lanka.
Australia	HPL has plans to further explore the Australian market. The power cord sets produced by HPL have been sent to various potential customers for testing.

Further, UMSE had set up a marketing office cum warehouse in Singapore via its associated company, NSS to facilitate the marketing and distribution of its products in Singapore. UMSE also intends to appoint more distributors through its associated company, NAP to cater to other countries within Africa as its large population represents a potential market in which the Group can tap.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS (cont'd)

In addition, the Group via HPL also plans to increase its sales force in China in order to cater for the growing market for power cord sets as well as the sale of the proposed fibre optic patch cables (used to transmit data and signal at high speed over a network) to be launched in the 2nd quarter of 2006. With HPL's current presence in China, the Group is already familiar with existing market trends and customer needs, hence enabling it to effectively market its power cord sets and fibre optic patch cables. With the increase in the number of Multi-National Corporations (MNCs) relocating their factories to China and with the country's increasing industrial production growth rates, the Group is confident that it will be able to attract new customers in China for its products. In addition, China's major cities are growing at a rapid rate and with the rate of urbanisation, the need for networking cables to support the ICT infrastructure will also increase. This will present the Group with a potential market for its fibre optic patch cables.

(iv) Continuous investment in R&D

The Group, through UMSE, has plans to improve on its technical expertise by continually reinvesting in R&D efforts. This will ensure that UMSE remains up-to-date on the latest technology with regards to the manufacturing of electrical wiring accessories and its ability to meet regulatory standards and requirements imposed by authorities in the Malaysian and foreign markets.

Additionally, with its R&D efforts, UMSE expects a reduction in its production cost by reducing wastage and increasing efficiency. Through R&D, UMSE is also able to keep abreast with consumer preference and trends, which will enable it to identify and develop new products or new product ranges to meet consumers' requirements such as the power cord sets which is expected to be launched by the 4th quarter of 2006. UMSE also plans to have a wider range of products for both its urea formaldehyde and plastic moulding compound based products to meet different customer requirements in its target markets.

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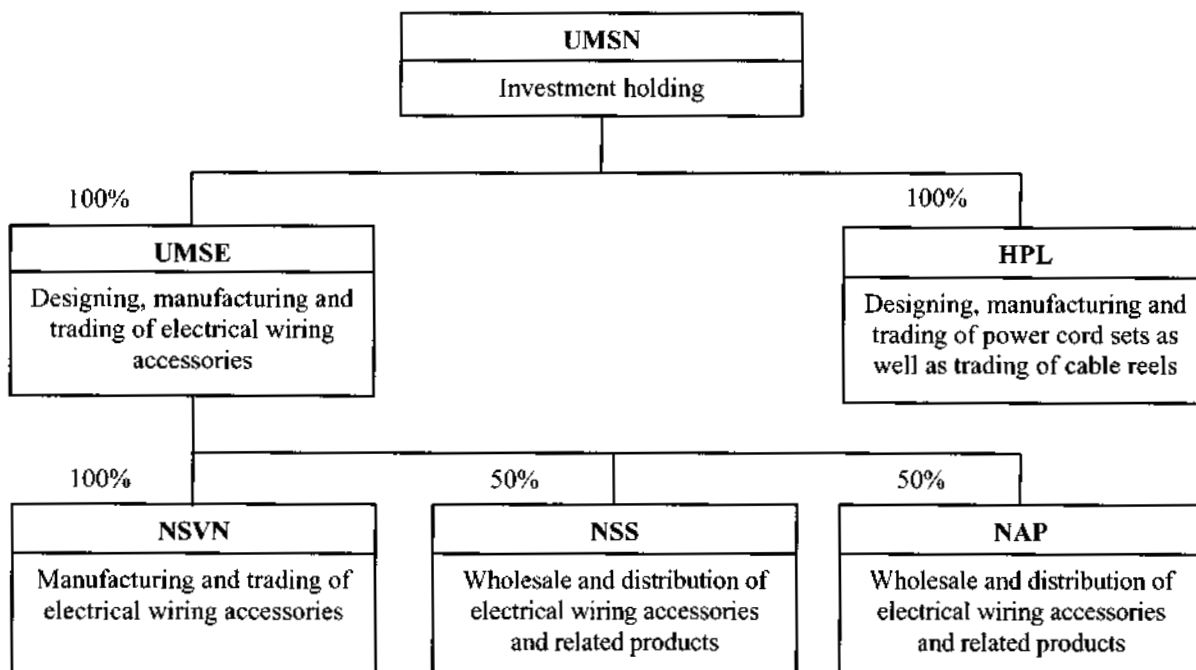
6. INFORMATION ON THE UMSN GROUP

6.1 HISTORY AND BUSINESS

UMSN was incorporated as a private limited company in Malaysia under the Act on 26 April 2004 under the name UMS-Neiken Group Sdn Bhd. The Company was subsequently converted into a public company and assumed its present name on 17 August 2004.

The Company is principally an investment holding company with subsidiaries, which are principally involved in the designing, manufacturing and trading of electrical wiring accessories.

The UMSN Group's corporate structure is as follows:



The operations of the UMSN Group commenced with the incorporation of UMSE in Malaysia on 23 December 1980 as a private limited company. UMSE began its operations in 1981 from a small premises in Batu Caves, Selangor as a manufacturer of electrical wiring accessories with around 20 employees.

UMSE started off initially by supplying 2 types of products for the Malaysian market with a production capacity of approximately 400,000 units per annum. As business grew due to increasing demand for its products and to cater for the increase in its products range, UMSE in 1994 moved to a wholly-owned, larger and better-equipped premises in Lot 5, Batu 17½, Jalan Ipoh, Rawang Industrial Estate, Rawang, Selangor Darul Ehsan measuring 49,020 square feet, with a production capacity of approximately 5,000,000 units per annum. In line with this, UMSE increased its number of employees to around 120 people.

In 1993, with increasing global demand, UMSE began exporting its products. In its efforts to increase production capacity and meet demands for its products in both the Malaysian and foreign markets, UMSE increased its production facility at its existing main manufacturing premises and set up additional production lines in a rented facility in Batang Kali, Selangor in 2001. Following this, UMSE's production capacity increased to approximately 9,000,000 units per annum.

On 1 July 2004, UMSE then relocated its production facility in Batang Kali, Selangor, to a new, wholly-owned plant located at Lot 659, Jalan Bukit Rawang, Taman Bukit Rawang Jaya, Batu 20, 48000 Rawang, Selangor Darul Ehsan which measures 21,200 square feet with a production capacity of 7,400,000 units per annum. The total production capacity as at the end of 2005 was 16,000,000 units per annum.

6. INFORMATION ON THE UMSN GROUP (cont'd)

UMSE is both an OEM and OBM manufacturer. UMSE's OBM products carry the UMS® and neiken™ labels and cater for the industrial, residential and commercial sectors. The UMS® product range are sold in Malaysia and in 19 other countries worldwide including countries in the Middle East and Africa, Brunei and Singapore whereas the neiken™ product range are sold mainly in the overseas markets. UMSE also carries out OEM services mainly for Clipsal Middle East FZC.

As a testimony of UMSE's achievements and contribution to the electrical and electronics industry, UMSE was a recipient of several awards such as the 'Certificate of Achievement Enterprise 50' awarded by Andersen Consulting and the Small and Medium Industries Development Corporation ("SMIDEC") in 1999, 'SIRIM Customer of the Year 2002' in 2002 as well as the 'Golden Bull Award 2003' and 'Golden Bull Award 2004' by Nanyang Siang Pau and 'Certificate of Achievement, Small and Medium Industries (SMI) - Best Product Award' in 2004 by Small and Medium Industries (SMI) Association of Malaysia. Further details on the awards received by UMSE are set out in Section 6.5.15 of this Prospectus.

UMSE is the main revenue contributor for the Group, accounting for approximately 54.92% of the Group's turnover based on the proforma consolidated results for the FYE 31 December 2005.

HPL was incorporated in Hong Kong on 12 August 1993. HPL is principally involved in the manufacturing of power cord sets as well as trading of cable reels. HPL is both an OEM and OBM manufacturer and caters mainly to markets in Hong Kong, China, UK and Denmark. While it manufactures power cord sets for the larger multinational companies such as Samsung Electronics Malaysia Sdn Bhd, HPL's own brand of products are marketed under the brand name of 'HP'. In addition, it is involved in the trading of cable reels. HPL obtains its cables and cable reels mainly from HPE, a company owned by Paul Ip Tai Hoi, who is a substantial shareholder of UMSN. HPL's cable reels are mainly exported to the UK.

HPL currently operates from its head office in Hong Kong, with its manufacturing facilities located in Dongguan, China. Its manufacturing facility in China has a production capacity of approximately 7,200,000 units of power cord sets per annum.

NSVN was incorporated in Vietnam under the Law of Foreign Investment in Vietnam, 1996 on 29 July 2004 as a private limited company. NSVN is principally involved in manufacturing and trading of electrical wiring accessories. With the recent completion of its new manufacturing facility in Vietnam in October 2005, NSVN is targeting to sell its neiken™ products in the Vietnam market as well as other ASEAN countries. The Directors of UMSN expect the production to commence in the 2nd quarter of 2006. This will further expand the Group's overseas market. As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), NSVN has commenced trial run on its manufacturing facilities. The management of NSVN had applied for the Certificate of Project Completion for its factory building, which is currently pending issuance from the local authorities.

On 5 April 2005, NAP was incorporated by UMSE in the Republic of Botswana as a joint venture with 2 individuals based in Botswana for the purpose of engaging in wholesale and distribution of electrical wiring accessories and related products in the African countries. These 2 individuals have been involved in the Botswana electrical wiring accessories business for the past 28 years and are expected to contribute significantly to the success of NAP. NAP commenced operations on 20 October 2005.

Further, on 1 August 2005 UMSE invested in NSS, a joint venture with 2 individuals based in Singapore to engage in wholesale and distribution of electrical wiring accessories and related products for the Singaporean market. These 2 individuals have been involved in the Singapore electrical wiring accessories business for more than 13 years and are expected to contribute significantly to the success of NSS. NSS commenced operations on 19 October 2005.

NSVN is a wholly owned subsidiary of UMSE whilst both NSS and NAP are associated companies of UMSE.

6. INFORMATION ON THE UMSN GROUP (cont'd)

6.2 SHARE CAPITAL

The present authorised share capital of UMSN is RM50,000,000 comprising 100,000,000 Shares.

The present issued and paid-up capital of UMSN is RM35,250,000 comprising 70,500,000 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up share capital of UMSN will be RM40,000,000 comprising 80,000,000 Shares.

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

Date of allotment	No. of Shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
26.04.2004	200	0.50	Subscribers' shares	100
08.09.2005	55,077,894	0.50	Acquisition of UMSE	27,539,047
30.09.2005	11,707,378	0.50	Acquisition of HPL	33,392,736
15.03.2006	3,714,528	0.50	Rights Issue on the basis of 195 Shares for every existing 3,506 Shares	35,250,000

As at 3 March 2006 (being the latest practicable date prior to the printing of this Prospectus), there are no outstanding warrants, options, convertible securities or uncalled capital in UMSN. The ESOS will be established after the issuance of this Prospectus but prior to Listing. The Directors of UMSN intend to grant such number of Options comprising up to 500,000 new Shares prior to the Listing at an exercise price of RM0.80 per Share. However, these Options are only be exercisable after Listing.

6.3 FLOTATION SCHEME

In conjunction with, and as an integral part of the Listing, the Company undertook a restructuring exercise, which was approved by MITI on 19 October 2004, the SC on 18 April 2005 and the SC (under the FIC Guidelines) on 18 April 2005.

Details of the restructuring exercise are as follows:

(i) Revaluation of Landed Properties

In conjunction with the Flotation Scheme, UMSE undertook a revaluation exercise of 2 of its landed properties as follows:

Registered owner	Location	Date of valuation	Open market value RM
UMSE	GRN 86298 Lot No 182, Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	06.08.2004	5,000,000
UMSE	Developer's Sub Plot No E, Taman Bukit Rawang Jaya, Rawang, Selangor Darul Ehsan	25.06.2004	2,800,000

6. INFORMATION ON THE UMSN GROUP (cont'd)

The revaluation was carried out by KGV-Lambert Smith Hampton (M) Sdn Bhd, an independent registered valuer, using the comparison and investment methods of valuation. The revaluation surplus of RM719,029 (net of deferred tax) based on the net book value of the said properties as at 31 August 2005 has been incorporated into the books of UMSE for the FYE 31 December 2005.

(ii) Dividend Payment

UMSE and HPL had declared and subsequently made a dividend payout to their respective shareholders prior to the Acquisitions from earnings generated between 1 January 2004 and 31 August 2005, which amounted to RM10.95 million.

Note:

Subsequent to the Acquisitions, UMSE declared and made a dividend payout to UMSN of RM1.58 million based on the post-acquisition earnings from 1 September 2005 to 31 December 2005, of which RM1.44 million interim dividend was declared on 31 December 2005 and paid by UMSN to its shareholders on 13 March 2006.

(iii) Acquisition of UMSE

On 29 July 2004, UMSN entered into a conditional sale and purchase agreement with UMSH for the acquisition of 8,550,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of UMSE for a total purchase consideration of RM27,538,947. The said purchase consideration was wholly satisfied by the issuance of 55,077,894 new Shares to UMSH at par.

The purchase consideration of RM27,538,947 was arrived at based on a willing buyer-willing seller basis after taking into consideration the adjusted audited NTA of UMSE as at 31 December 2003 of RM27,538,947. The adjusted audited NTA was computed as follows:

	RM
Share capital	8,550,000
Capital reserves	744,001
Retained Profits	17,284,126
Shareholders' funds	26,578,127
Less: Intangibles	(368,103)
NTA	26,210,024
Add: Increase in value of investment in HPL ⁽¹⁾	532,302
	26,742,326
Add: Revaluation surplus (net of deferred tax) ⁽²⁾	796,621
Adjusted proforma NTA	27,538,947

Notes:

(1) *This represents an increase in the value of UMSE's 13.64% investment in HPL based on the audited NTA of HPL as at 31 December 2003 assuming a conversion rate of HK\$1.00:RM0.4895*

(2) *Arrived at based on revaluation surplus of RM1.038 million less deferred tax of RM241,379. The revaluation surplus of RM1.038 million was arrived at based on the open market value of the properties as assessed by the valuer as set out in Section 6.3(i) above and the net book value for the property located at GRN 86298 Lot No 182, Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan as at 31 December 2003 and the cost of investment for the property located at the Developer's Sub Plot No E, Taman Bukit Rawang Jaya, Rawang, Selangor Darul Ehsan as at 30 June 2004*

The Acquisition of UMSE was completed on 8 September 2005.

6. INFORMATION ON THE UMSN GROUP (cont'd)

(iv) Acquisition of HPL

On 29 July 2004, UMSN entered into a conditional sale and purchase agreement with the shareholders of HPL for the acquisition of 7,600,000 ordinary shares of HK\$1.00 each representing 86.36% of the issued and paid-up share capital of HPL for a total purchase consideration of RM5,853,689.

The said purchase consideration was wholly satisfied by the issuance of 11,707,378 new Shares to the shareholders of HPL at par as follows:

Shareholders of HPL	No. of shares held in HPL	% of the issued and paid-up share capital of HPL	No. of new Shares issued as consideration
Paul Ip Tai Hoi	5,000,000	56.82	7,702,222
Lawrence Lee	1,000,000	11.36	1,540,445
Andrew Pang Chun Yue	1,000,000	11.36	1,540,445
Mah Chin Heng	300,000	3.41	462,133
Cheng Onn	165,000	1.88	254,173
Cheng Wong	135,000	1.53	207,960
Total	7,600,000	86.36	11,707,378

The purchase consideration of RM5,853,689 was arrived at based on a willing buyer-willing seller basis after taking into consideration 86.36% of the audited NTA of HPL as at 31 December 2003 of HK\$13,847,276, which amounted to HK\$11,958,508 or RM5,853,689 based on the exchange rate as at 31 December 2003 of HK\$1.00:RM0.4895.

The Acquisition of HPL was completed on 30 September 2005.

(v) Transfer of HPL

Subsequent to the completion of the Acquisitions, UMSE transferred its investment in HPL to UMSN comprising 1,200,000 ordinary shares of HK\$1.00 each representing 13.64% of the issued and paid-up capital of HPL for a total purchase consideration of RM924,552 satisfied by an amount owing by UMSN to UMSE.

The purchase consideration of RM924,552 was arrived at based on a willing buyer-willing seller basis after taking into consideration 13.64% of the audited NTA of HPL as at 31 December 2003 of HK\$13,847,276, which amounted to HK\$1,888,768 or RM924,552 based on the exchange rate as at 31 December 2003 of HK\$1.00:RM0.4895.

The Transfer of HPL was completed on 19 October 2005.

(vi) Rights Issue

After completion of the Acquisitions, UMSN undertook a rights issue of 3,714,528 new Shares at par on the basis of approximately 195 new Shares for every 3,506 Shares held.

The Rights Issue resulted in an increase in the issued and paid-up share capital of UMSN from RM33,392,736 comprising 66,785,472 Shares to RM35,250,000 comprising 70,500,000 Shares.

The Rights Issue was completed on 15 March 2006.

6. INFORMATION ON THE UMSN GROUP (cont'd)

(vii) Public Issue

Pursuant to this Prospectus, the Company will undertake a Public Issue of 9,500,000 new Shares, representing approximately 11.88% of the enlarged issued and paid-up capital of UMSN after the IPO, at an issue price of RM0.80 per Share, to be allocated in the following manner:

(a) Eligible Directors, employees and business associates of UMSN and its subsidiary companies

3,500,000 Issue Shares representing approximately 4.38% of the enlarged issued and paid-up share capital of UMSN have been reserved for the eligible Directors, employees and business associates of UMSN and its subsidiary companies.

(b) Malaysian public

6,000,000 Issue Shares representing 7.50% of the enlarged issued and paid-up share capital of UMSN will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(viii) Offer for Sale

Simultaneous with the Public Issue, the Offerors will make an Offer for Sale of 24,000,000 Shares representing 30% of the enlarged issued and paid-up share capital of UMSN after the IPO at an offer price of RM0.80 per Share to Bumiputera investors and institutions nominated/approved by MITI.

The Offerors for the Offer Shares are as follows:

Offerors	Number of Shares offered pursuant to the Offer for Sale
UMSH	19,792,841
Paul Ip Tai Hoi	2,767,867
Lawrence Lee	553,574
Andrew Pang Chun Yue	553,574
Mah Chin Heng	166,072
Cheng Onn	91,340
Cheng Wong	74,732
	24,000,000

(ix) Listing

Following the completion of the Public Issue and Offer for Sale, UMSN shall be admitted to the Official List of Bursa Securities and the entire enlarged issued and paid-up share capital of UMSN of RM40,000,000 comprising 80,000,000 Shares shall be listed and quoted on the Second Board of Bursa Securities.

6. INFORMATION ON THE UMSN GROUP (cont'd)

6.4 ESOS

On 3 March 2006, the existing shareholders of UMSN approved the establishment of an ESOS in order to retain and motivate eligible Directors and employees of the UMSN ESOS Group who have contributed to the success of the UMSN Group. The ESOS will allow the granting of Options to eligible Directors and employees of the UMSN ESOS Group to subscribe for new Shares of up to 15% of the Company's issued and paid-up share capital at any point in time for the duration of the Scheme. Based on the enlarged share capital of 80,000,000 Shares upon Listing, and assuming that the maximum 12,000,000 Options available under the ESOS are fully exercised, the issued and paid-up share capital will increase to RM46,000,000 comprising 92,000,000 Shares after the Listing.

The Company had on 21 October 2004 obtained the approval-in-principle of Bursa Securities for the listing of and quotation for the new Shares of up to 15% of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme, to be issued pursuant to the exercise of the Options to be granted under the Scheme.

The Scheme shall be implemented for a period of 5 years from the effective date of the ESOS as prescribed under the Listing Requirements. An extension to the Scheme may be effected by the Company upon the recommendation of the ESOS committee, subject to an aggregate duration of 10 years from the effective date of the ESOS (or any other duration that is allowed by the relevant authorities).

Acceptance of an offer of Options by the eligible Directors and employees of the UMSN ESOS Group shall be accompanied by a payment of a nominal non-refundable consideration of RM1.00 to the Company.

The exercise price shall be determined in accordance with the Listing Requirements (including any amendments and modification made thereof from time to time), subject to the minimum price of RM0.50 being the par value of the UMSN Shares and subject to adjustments in accordance with Clause 13 of the By-Laws.

Pursuant to the Listing Requirements, the exercise price shall be as follows:

- (i) for an applicant implementing the scheme as part of its listing proposal, not less than the initial public offer price; or
- (ii) for a listed company, based on the 5-day weighted average market price of the Shares at the time the Option is offered with a discount of not more than 10%.

The Directors of UMSN intend to grant such number of Options comprising up to 500,000 new Shares prior to the Listing at an exercise price of RM0.80 per Share. However, such Options are only exercisable after the Listing. The Directors of UMSN intend to utilise the proceeds from the exercise of the Options for working capital purposes.

The new Shares to be allotted upon any exercise of Options shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up share UMSN Shares for any dividends or other distributions, if the date of allotment is on or before the Entitlement Date and subject to all the provisions of the Articles of Association of the Company. "Entitlement Date" means the date as at the close of business on which shareholders must be registered in the Record of Depositors with Bursa Depository in order to participate in any dividends, rights, allotments or other distributions.

The By-Laws of the ESOS are set out in Section 15 of this Prospectus.

6. INFORMATION ON THE UMSN GROUP (cont'd)

6.5 BUSINESS OVERVIEW

6.5.1 Products and Services

UMSE is both an OEM and OBM manufacturer. UMSE's OBM products carry the UMS[®] and neiken[™] labels and cater for the industrial, residential and commercial sectors. The UMS[®] product range are sold in Malaysia and in 19 other countries worldwide, including countries in the Middle East and Africa, Brunei and Singapore whereas the neiken[™] product range are sold mainly in the overseas markets. UMSE also carries out OEM services mainly for Clipsal Middle East FZC.

The UMS[®] and neiken[™] brands each serves to strategically target different segments of the market, i.e. the medium-low end and the medium-high end of the electrical wiring accessories market respectively. Products under the neiken[™] brand are of a 'modular concept' range which allow components of a finished product to be interchanged and customised without the need for further modifications or changes made to the basic architecture, form or function of the product. This approach promotes customisation and adaptability, thereby reducing manufacturing and operational expenditure, as different types of products can utilise similar key components.

UMSE's current products manufactured under its own UMS[®] and neiken[™] brands can be broadly classified into the following categories:

Category	Number of Models	
	UMS [®]	neiken [™]
Plug tops	10	-
3-way adaptor	1	-
Switches	27	63
Socket outlets	19	28
Metal-clad switches and socket outlets	15	21
Trailing and extension sockets	35	52
Cooker unit switch and sockets	2	1
Communications outlet	7	39
Connection units	6	7
Dimmers	4	22
Switch disconnecter / isolator	14	33
Direct On-Line (DOL) magnetic starters	13	-
Rechargeable emergency lights	3	-
Other related accessories	21	67

In compliance with regulatory standards and requirements imposed by authorities in the Malaysian and foreign markets, the products manufactured by UMSE have been tested for compliance by accredited testing laboratories including Intertek Testing Services Hong Kong Limited (Hong Kong), Parkside Laboratories Limited (New Zealand), SIRIM QAS International Sdn Bhd (Malaysia) and PSB Corporation Pte Ltd (Singapore). The relevant standards include Malaysian Standards (MS), Singapore Standards (SS), British Standards (BS) and the International Electrotechnical Commission Standards (IEC). In addition, products manufactured and marketed for the Malaysian market are categorised as control items by the Suruhanjaya Tenaga and, as such, must be approved by the Suruhanjaya Tenaga and certified under the SIRIM QAS Product Certification scheme.

6. INFORMATION ON THE UMSN GROUP *(cont'd)*

HPL is both an OEM and OBM manufacturer and caters mainly to markets in Hong Kong, China, UK and Denmark. While it manufactures power cord sets for the larger multinational companies such as Samsung Electronics Malaysia Sdn Bhd, HPL's own brand of products are marketed under the brand name of 'HP'. In addition, it is involved in the trading of cable reels. HPL obtains its cables and cable reels mainly from HPE, a company controlled by Paul Ip Tai Hoi (a substantial shareholder of UMSN) via High Project Holding Ltd. HPL's cable reels are mainly exported to the UK.

The power cord sets manufactured by HPL have been tested and certified for compliance with the relevant standards by amongst others, the British Standards Institute (UK), Japan Electrical Safety and Environment Technology Laboratories (Japan), Russian Centre for Tests and Certification (Russia), Verband der Elektrotechnik Elektronik (Germany), Singapore Institution of Scientific and Industrial Research (Singapore), Singapore Consumer Protection Board (Singapore), Korea Electrical Testing Institute (Korea), Comite Electrotechnique Belge (Belgium) and UL Standard (US).

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6. INFORMATION ON THE UMSN GROUP (cont'd)

6.5.2 Manufacturing process

A diagrammatic illustration of the generic manufacturing process for UMSE's range of electrical wiring accessories is depicted below:

