

ANNOUNCEMENT TO BURSA MALAYSIA

Proposed Joint Venture (JV) Between MSC and Guangxi Guilin Jinwei Realty Co., Ltd (“Jinwei”) and Vertex Metals Incorporation (“Vertex”) in the People’s Republic of China

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1. INTRODUCTION

The Board of Directors of MSC wishes to announce that MSC had on 28 October 2007 entered into a Joint Venture Contract (JVC) with Guangxi Guilin Jinwei Realty Co., Ltd (“Jinwei”), and Vertex Metals Incorporation (“Vertex”) to establish a new joint venture company named Guilin Hinwei Tin Technology Co., Ltd (“JV Company”) for the smelting and refining of tin, and the production and sale of tin and tin-based products in the People’s Republic of China (PRC).

The JV Company shall be a limited liability company incorporated under the relevant laws of the PRC and will be located in Guilin, Guangxi, PRC.

2. DETAILS OF THE PROPOSED JV

Salient Features of the JVC

- 2.1 Pursuant to the JVC, the registered capital of the JV Company shall be RMB150 million and the parties will make their contributions as follows:
- a. Jinwei shall subscribe for RMB87 million both in kind and in cash, representing 58% of the registered capital of the JV Company;
 - b. MSC shall subscribe for RMB60 million in cash, representing 40% of the registered capital of the JV Company;
 - c. Vertex shall subscribe for RMB3 million in cash, representing 2% of the registered capital of the JV Company.
- 2.2 The parties agree that the contribution made by Jinwei shall include RMB17.2 million in cash, and assets in Guilin (including land use rights, plant and equipment, and facilities for the smelting and refining of tin and the production of tin-based products) with a valuation of RMB52.55 million, and a 100% equity interest in Guangxi Nandan Fengmao Mine-Metal Co., Ltd (“Fengmao”), a tin smelting company located in Nandan with a valuation of RMB17.25 million.

The parties further agree that the valuation of the assets to be contributed by Jinwei shall include all licences, permits and approvals required by the JV Company and Fengmao to carry on their business operations.

3. INFORMATION ON THE JV PARTNERS

3.1 Information On Jinwei

Jinwei was incorporated on 29 March 2005 under the laws of the PRC and has its registered address at Jinshui Road, Lingui Town (1F Huatian Hotel), Lingui, Guangxi, PRC. Its present registered capital is RMB31.88 million. It is principally engaged in the smelting, refining and sales of tin and tin products.

Information On Vertex Metals Incorporation (Vertex)

Vertex was incorporated on 24 October 1991 under the laws of Taiwan and has its registered address at 7F, 167, Fu Hsing North Road, Taipei, Taiwan, R.O.C. Its present registered capital is NTD 28 million. Its principal activities are the import and export of, and the sales agent for ferrous and non-ferrous metals, semi-finished products, metal chemicals, metal scraps, ores and concentrates.

4. RATIONALE AND PROSPECT FOR THE JOINT VENTURE

The MSC Group of companies, being one of the largest integrated tin producer, is continuously identifying opportunities to strengthen its position in the global tin business.

The PRC is the world's largest producer of tin, and at the same time is also the largest consumer. The Proposed JV will allow MSC to expand its tin business into the PRC, and is expected to contribute positively to MSC's results in the long term.

5. RISK FACTORS

Subject to various commercial and financial risk factors which include, inter alia, the general business risks inherent in the tin smelting and refining business, changes in political, economic and regulatory conditions of the PRC, this Proposed JV has relatively low execution risk given the Company's core competence in the smelting and refining of tin and tin-based products.

6. LIABILITIES TO BE ASSUMED AND SOURCE OF FUNDING

There are no liabilities to be assumed by MSC arising from the Proposed JV.

MSC will finance the Proposed JV partly from the MSC's internally generated funds and partly from bank borrowings.

7. FINANCIAL EFFECTS

The Proposed JV will not have any effect on the share capital and substantial shareholders' holdings of MSC.

The Proposed JV is not expected to have an immediate material effect on the earnings, net assets and gearing of MSC for the financial year ending 31 December 2007. However, the Proposed JV is expected to contribute positively to the future earnings of MSC.

8. Approvals required

The Proposed JV is subject to approvals from relevant authorities in PRC. Application for approvals will be made within 30 days from the date of the JVC.

The Proposed JV is not subject to approval from the shareholders of MSC.

9. Directors' and Major shareholders' Interest and Person Connected to Directors and Major Shareholders

None of the directors and substantial shareholders of MSC or persons connected to them have any interest, direct or indirect, in the Proposed JV.

10. Estimated time frame for completion

Barring any unforeseen circumstances, the establishment of the Proposed JV is expected to be completed in the first quarter of 2008.

11. Securities Commission's Policies and Guidelines On Issue/Offer of

To the best of MSC's knowledge, the Proposed JV has not departed from the Securities Commission's Policies and Guidelines On Issue/Offer of Securities.

12. Statement By the Board of Directors

The Board of Directors of MSC is of the opinion that the Proposed JV is in the best interest of MSC.

13. Documents Available For Inspection

A copy of the JV Contract will be available for inspection at the registered office at 27 Jalan Pantai, 12000 Butterworth, Penang during normal business hours from Monday to Friday (except public holidays) for three (3) months from the date of this announcement.

This announcement is dated 29 October 2007.

By order of the Board
Abdul Rahim Hussain
Sharifah Faridah Abdul Rasheed
Company Secretaries