

PRIVATE & CONFIDENTIAL

10 March 2005

By fax/hand

The Board of Directors
Malaysia Smelting Corporation Berhad
B-15-11, Block B, 15th Floor, Unit 11
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Dear Sirs

ADJUSTMENT TO THE OFFER PRICE IN RESPECT OF THE MANDATORY OFFER TO ACQUIRE ORDINARY SHARES OF RM1.00 EACH IN MALAYSIA SMELTING CORPORATION BERHAD

The expressions applied in this letter shall be the expressions as set out in our notice of mandatory offer dated 17 February 2005 ("Notice").

1. On behalf of STAR (M), Commerce International Merchant Bankers Berhad wishes to inform you that STAR (M) has adjusted the cash offer price of the Offer from RM6.30 to **RM6.12** per Offer Share in accordance with Section 3.1 of the Notice.
2. The second paragraph of Section 3.1 of the Notice states the following:

"Notwithstanding the provision of Section 3.3 of this Notice, in the event MSC declares any dividend prior to the close of the Offer and the Offeree Shareholder is entitled to retain the dividend declared, the consideration for each Offer Share shall be reduced by the quantum of net dividend per share such Offeree Shareholder who accepts the Offer is entitled to retain."
3. On 23 February 2005, MSC had announced the following:
 - (i) that the ex-dividend date for the trading of MSC Shares on Bursa Securities will be on 11 March 2005; and
 - (ii) that the entitlement date of the 2nd interim dividend of RM0.15 and a special dividend of RM0.10 per MSC Share less 28% tax ("**Dividends**") will be on 15 March 2005.

Accordingly, Offeree Shareholders who appear in the record of depositors of MSC as at 15 March 2005 will each be entitled to receive a net dividend of RM0.18 per MSC Share from MSC.

4. In view of the Dividends, the cash offer price of RM6.30 per Offer Share shall be reduced by RM0.18 to **RM6.12** per Offer Share.

5. All other terms and conditions in the Notice remain unchanged.
6. Copies of this letter will be released to the press and forwarded to the SC and Bursa Securities for public release.

We would be grateful if you would acknowledge receipt by signing and returning to us the duplicate of this letter.

Yours faithfully
for **COMMERCE INTERNATIONAL
MERCHANT BANKERS BERHAD**



David Cheah
Director
Corporate Finance



William Wong
Senior Manager
Corporate Finance

TO: COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD

We, Malaysia Smelting Corporation Berhad, hereby acknowledge receipt of this letter dated 10 March 2005.

On behalf of the Board of Directors
of Malaysia Smelting Corporation Berhad

:

Name

:

Designation

:

Date

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