
4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE BORNEO AQUA GROUP OUTLINED IN THIS PROSPECTUS, APPLICANTS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE BORNEO AQUA GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE ISSUE SHARES.

Investors should rely on their own evaluation to assess the merits and risks of the investment. Investors who are in any doubt as to the information contained in this Section should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

4.1 NO PRIOR MARKET FOR BORNEO AQUA SHARES

There has been no prior public market for Borneo Aqua Shares. The Issue Price was determined through negotiation between Borneo Aqua and CIMB, as the Adviser, Sponsor, Underwriter and Placement Agent taking into consideration several factors, including but not limited to those set out in Section 3.8 of this Prospectus and may not be an indication of the market price of Borneo Aqua shares after the Listing.

There can be no assurance that an active public market for Borneo Aqua Shares will be developed or be sustained after the Listing, or that the market price of Borneo Aqua Shares will not decline below the Issue Price.

A variety of factors may cause the price of Borneo Aqua Shares to fluctuate, including (without limitation) sales of substantial amounts of Borneo Aqua Shares in the public market in the immediate future, announcements of developments relating to the Borneo Aqua Group's business, fluctuations in the Borneo Aqua Group's operating results and sales levels, general industry conditions or the world-wide economy and announcements of new products by the Borneo Aqua Group and/or its competitors.

4.2 BUSINESS AND OPERATING RISKS

The Borneo Aqua Group is not insulated from general business risks as well as operating risks inherent in the aquaculture industry. The general business risks include, inter-alia, general downturn in the global, regional and national economies, specifically, the Malaysian economy, entry of new players, constraint in labour supply, changes in law and tax legislation affecting the industry, increase in production or operating costs, changes in business and credit conditions and fluctuations in foreign exchange rates and other business risks common to other going concerns business.

The Borneo Aqua Group is also subject to certain operating risks inherent in the aquaculture industry including, inter-alia, the fluctuation of the selling price of marine fishes, increase in prices of feeds, nutrition supplement, hormone and medication, broodstock and feed shortages, increasing labour costs, disease outbreak, occurrence of natural disaster, pollution problems and changes in customers' preference.

Although the Group seeks to limit these risks through, inter-alia, maintaining good business relationships with its customers and suppliers, improving the quality of its management, operation and technical personnel, efficient cost control, intensify its R&D on new species of fish to diversify its products and implement its risk management program in relation to, amongst others, disease outbreak and pollution, no assurance can be given that a change in any of these factors will not have a material adverse effect on the Group's business.

4. RISK FACTORS (CONT'D)

4.3 COMPETITION

The sector in which the Borneo Aqua Group operates is relatively competitive. The Borneo Aqua Group has experienced and expects to continue to experience competition from current and future competitors, in particular those outside Malaysia. The Borneo Aqua Group through its subsidiary, Plentiful, has been acknowledged by the Fisheries Department of Sabah in end 2003 and early 2004, to be the first company in Malaysia that has successfully mass produce the fry of Marble Grouper, Malabar Red Snapper and Coral Trout Grouper for commercial purposes. Hence, the Group is mainly facing competition from companies outside Malaysia in relation to the production and sale of fish fry at this moment.

The Borneo Aqua Group believes that its ability to compete depends on many factors within and outside its control, such as (but not limited to) timing and market acceptances of new species of fish, its R&D efforts, pricing, sales and marketing efforts, product distribution channels and the resources of competitors.

As mentioned in Section 7.6 of this Prospectus, generally, the barriers of entry for the local marine fish breeding industry are relatively high, and the number of new entrants can be relatively low. Hence, competition from new players emerging in the local marine fish breeding industry is expected to be low at this moment.

Notwithstanding the foregoing, there is no assurance that the Borneo Aqua Group will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect the Borneo Aqua Group's business, operations, results and/or financial condition.

4.4 DISEASE OUTBREAK AND POLLUTION RISKS

Disease outbreak and pollution may result in mass mortality of the Group's broodstocks and fishes reared by the Group, and cause significant adverse financial impact on the Borneo Aqua Group. To date, the Group has not experienced any major disease outbreak and pollution and the Directors are not aware of any significant disease outbreak and pollution that have been reported in the farming of its broodstocks, and juvenile and adult fishes as the fishes are hardy and can withstand considerable degree of environmental stress.

To mitigate this risk, Borneo Aqua has adopted various measures as part of its risk management program including but not limited to broodstock management, holistic approach involving water quality control and feed management, quarantine measures and close monitoring to detect any potential disease outbreaks at an early stage for immediate preventive and/or remedial action. As part of its broodstock management program, nutritional diets and conducive environment are prepared and created for each specie of broodstock to ensure that they are healthy and hence, more resistant to diseases as the Company believes that prevention is better than cure.

The Group has and will also continue to relocate part of its broodstock culturing and fish rearing activities to the new ponds and sea cages to be built at different locations as part of its risk management program in relation to disease outbreak and pollution. With the Group's broodstocks culturing and fish rearing activities being carried out at different locations, the risk of mass mortality of the Group's broodstocks, and juvenile and adult fishes can be mitigated.

Although the Group has or will continue to implement its risk management program to minimise the risks of disease outbreak and pollution, there can be no assurance that disease outbreak and pollution will not happen at its Breeding Centre and Rearing Centre, and cause mass mortality of its broodstocks and fishes.

4. RISK FACTORS (CONT'D)

4.5 NATURAL DISASTER

As with most businesses in the world, the operations of the Borneo Aqua Group are exposed to the risk of natural disaster such as, amongst others, earthquake, tsunami, typhoon and hurricane, which to certain extent are unpredictable and destructive. The operations of the Borneo Aqua Group are located at Sandakan, Sabah. To date, Sabah has not experienced any occurrence of severe natural disaster such as earthquake or tsunami, as Malaysia, including Sabah, is not located in the zone of frequent earthquakes and volcanic eruptions.

To mitigate this risk, the Group has and will continue to relocate part of its broodstock culturing and fish rearing activities to the new ponds and sea cages to be built at different locations as part of its risk management program. With the Group's broodstocks culturing and fish rearing activities being carried out at different locations, the risk of mass mortality of the Group's broodstocks, and juvenile and adult fishes can be mitigated.

Although the Group has or will continue to implement its risk management program to minimise the risks of natural disaster, and the fact that Sandakan, Sabah has not experienced such disaster before, there can be no assurance that natural disaster will not happen at Sandakan, Sabah and cause mortality to the Group's broodstock and fishes.

4.6 SUPPLY OF BROODSTOCK

The Borneo Aqua Group's financial performance is directly affected by its production capabilities, which depend on, amongst others, the availability of strong and healthy broodstock to produce quality eggs and fish fry. As mentioned in Section 7.4 of this Prospectus, it is a policy of the Borneo Aqua Group to acquire broodstocks with several sizes, weight and different maturity levels to ensure continuity of egg productions on a regular basis. Different species of fishes also require different sizes for spawning. The Group's wild broodstocks are mainly acquired from owners of deep-sea trawlers, coastal fishermen from Sabah and villagers who have reared the broodstock from juvenile fishes.

Although the Group has over the years established an extensive network of deep-sea trawlers' owners, coastal fishermen and villagers that will ensure that the Borneo Aqua Group will have a constant supply of healthy broodstocks for its R&D and breeding purposes, there is no assurance that there will be no disruption in the supplies of broodstock or increase in the cost of broodstock.

4.7 FLUCTUATION IN SELLING PRICE OF FISH FRY AND ADULT FISHES

The selling price of fish fry and adult fishes is dependent upon the demand and supply of the particular species. A shortage in supply may increase the selling price of the fish fry and adult fishes and vice versa. The species that Borneo Aqua Group is currently producing and to be produced in the near future are also subject to such market demand and supply, which will have an impact on their prices.

The Borneo Aqua Group has established good relationships with its network of wholesalers and customers and is able to sell its fish fry and adult fishes at competitive prices. Nonetheless, there is no assurance that the selling price of the fish fry and adult fishes would not decrease and that such decrease will not have a material effect on the financial performance of the Borneo Aqua Group.

4. RISK FACTORS (CONT'D)

4.8 WATER QUALITY AND SUPPLY MANAGEMENT

Maintaining an adequate supply of good quality water is crucial to the successful management of an aquaculture farm. A holistic approach adopted by Borneo Aqua involve regular monitoring of its water quality to ensure that it is within acceptable standards for aquaculture use. The parameters monitored include, amongst others, filtering and treatment of the water supply to its ponds, and control of temperature, pH, dissolved oxygen, salinity and ammonia level.

The Group has strict control over the quality of water to be used at the Hatchery Centre whereby the sea water goes through at least 2 filtration systems before being used or released into the ponds.

Although the Group has implemented the necessary control and risk management program to mitigate any potential risks to safeguard the quality of water used, no assurance can be given that it will be able to maintain the water quality throughout its operations.

4.9 ENVIRONMENTAL CONCERNS

Aquaculture activities such as fish farming and breeding require conducive aquatic environment especially unpolluted water. The conduct of aquaculture activities should also not discharge effluents to contaminate the environment. The Borneo Aqua Group adopts an environmentally friendly approach to address these environmental concerns by selecting a favourable site for its operations.

The Group's farms are located near the sea with good water supply. Such an environment is conducive for the farming and breeding of the fishes. The Group has been careful in avoiding the use of hazardous chemicals in its farms operations as this will have an adverse effect on the natural ecosystem over the long term, thereby minimising the risks associated with the discharge of effluents.

Although the Borneo Aqua Group has taken steps to address environmental concerns, there can be no assurance that future uncontrolled development and agro-climatic changes near its farms will not cause environmental problems affecting its operations.

4.10 INSURANCE COVERAGE

The Group's broodstocks and fishes are not insurable. The Directors, however, are confident that they have taken adequate precautionary steps, amongst others, by constant monitoring of the water quality, implementing the necessary risk management program and implementation of security measures, as mentioned in Section 4.19 below.

The Group has purchased various types of insurance policies for an aggregate sum insured of approximately RM1,237,000 for some of its assets, the details are set out in Section 16.9 of this Prospectus. Although the Group has taken the necessary measures to ensure that all its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential costs arising therefrom and there can be no assurance that the precautionary steps taken by the Group as mentioned above will be sufficient to prevent mass mortality of its broodstocks and fishes.

4.11 DEPENDENCE ON PARTICULAR PRODUCTS

Currently, the core of Borneo Aqua Group's business is in the breeding and trading of Marble Grouper, Malabar Red Snapper and Coral Trout Grouper. There is no guarantee that there will not be a loss of appeal and popularity for the fish due to changing preferences of consumers. Furthermore, there can be no assurance that the demand for marine fish will not be substituted by freshwater fish.

4. RISK FACTORS (CONT'D)

To reduce the dependence on only 3 species of fish as mentioned above, the Group plans to diversify into the commercial breeding of Giant Grouper, Barred Cheek Coral Trout Grouper, Potato Cod Grouper, Coral Rockcod Grouper, Tomato Rock Grouper, Humpback Grouper, Camouflage Grouper, Trout Cod Grouper and Barred Knifejaw to broaden its products base. These species are currently in various stages of research with Giant Grouper and Barred Cheek Coral Trout Grouper expected to be in commercial production in the current financial year. The diversification into other species of fish as mentioned will further consolidate and enhance the performance of the Group. For details of the production schedule for the aforementioned species, refer to Section 7.15 of this Prospectus.

The Directors are confident that there will be good demand for the Group's existing and future products as marine fish is a good source of protein and is consumed by people of all races and religions. In addition, the depleting supply of wild marine fishes will also boost the demand for the Group's products.

4.12 DEPENDENCE ON KEY CUSTOMERS

For the financial year ended 31 March 2005, the top 3 customers of the Group contributed 70.57% of the total revenue. Although the Group's products are sold to only a few customers at this moment, the actual market for the Group's products is the end consumer themselves, who acquire or purchase the Group's product through the Group's wholesalers or customers. Given that the existing demand from end consumers far exceed the supply, hence the Group is confident that it will be able to market its products through other wholesalers or customers in Hong Kong, Malaysia and other countries should there be any decrease in demand from the wholesalers or customers that the Group currently markets to.

In addition, as the marine fish is a good source of protein and is consumed by people of all races and religions, any decrease in demand for the Group's products by the Group's top customers or any increase in the production of the Group's products can be easily mitigated by diverting the products to other wholesalers in Malaysia, Hong Kong or other countries.

4.13 DEPENDENCE ON PARTICULAR EXPORT MARKET

For the financial year ended 31 March 2005, the Group exported approximately 43.76% of its products to Hong Kong. For the near future, Hong Kong will remain the main export market for the Group as there is high domestic demand for live marine fish, in particular the Grouper specie. In addition to the high local demand for live marine fish, Hong Kong is also the main trading and distribution centre for fisheries products for the China market. Hence, any decrease in the demand for live marine fish in Hong Kong may have an adverse impact on the Group's financial performance.

The Directors of Borneo Aqua believe that any decrease in the demand from Hong Kong for its products can be diverted to the local and Singapore markets as current demand for high value marine fish in both markets exceeds its supply. In addition, the Directors of Borneo Aqua are also confident that the massive market in China will be able to absorb any decrease in demand in Hong Kong. Furthermore, there is a mass market for marine fish as it is consumed by people of all races and religions.

4.14 DEPENDENCE ON DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

The Borneo Aqua Group's future performance depends, to a significant extent, on the continued efforts and abilities as well as the networking of its directors, key management and technical personnel, R&D personnel and sales personnel. The loss of the services of any of these individuals may have a material and adverse effect on the Borneo Aqua Group.

4. RISK FACTORS (CONT'D)

The Borneo Aqua Group recognises the importance of the Group's ability to retain sufficient skilled and technical personnel, in particular for R&D activities. Pursuant thereto, the Company has entered into Management Service Agreements with Tai Chu-Chun (Director of R&D Division), Akinori Hotani (Head of R&D Department and the Technical Supervisor for Rearing Centre and Breeding Centre) and Chen Chin Chi (Technical Supervisor for Hatchery Centre), further details of which are set out in Sections 6.1.5 and 6.5.4 of this Prospectus.

The Borneo Aqua Group currently enjoys cordial relationships with its employees, and these employees do not belong to any trade union. The Group undertakes on-the-job training to transfer the knowledge from the more experienced personnel to new or junior employees. The employees are also sent to various breeding centres from time to time to further upgrade their knowledge and skills. In addition, the Borneo Aqua Group's middle management team is constantly exposed to various aspects of its business in order to ensure that they understand the Group's businesses and strategy and are adequately equipped with the knowledge necessary for them to assume senior management positions. However, there can be no assurance that these measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

4.15 DELAYS IN R&D

The Borneo Aqua Group has on-going R&D programmes with the purpose of breeding new high commercial value breed of fishes, as set out in Section 7.7 of this Prospectus, which is expected to meet the requirements and expectations of the market. Despite the successes achieved for the past 2 years and existing intensive R&D activities carried out by the Group to ensure that the new species will be produced in accordance with the production schedule, there can be no assurance that these R&D programmes can be successfully completed on time so as to enable the production of new species as scheduled vis-à-vis market requirements and expectations and hence, will not have any material adverse effect on the Group's business and financial performance.

The Borneo Aqua Group believes that its current range of fishes are stable and have been well-accepted by its customers, and as such, the effects of any material delay in the production of the new breed of fishes, to some extent, is mitigated by continued availability of the Borneo Aqua Group's existing range of fishes.

4.16 CONTINUED CONTROL BY EXISTING SHAREHOLDERS

Upon the completion of the Issues, the promoters namely, Datuk Lo Fui Ming, Ho Khin Fong @ Henry Ho, Lo Ken Hin, Tai Chu-Chun and Chang Mei-Lin of Borneo Aqua will, in the aggregate, beneficially own approximately 61.15% of the issued and paid-up share capital of Borneo Aqua. As a result, these shareholders, if acting together, will possess voting control over Borneo Aqua, giving them the ability, amongst others, to elect at least a majority of Borneo Aqua's Directors and to control the vote on significant corporate transactions.

Nonetheless, Borneo Aqua has appointed 3 independent Directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on arms-length terms.

4.17 RENEWAL OF TOL

The Borneo Aqua Group currently operates part its breeding and rearing activities at pieces of land covered with water (sea area) known as P.T. 20-02070384 measuring approximately 15 acres situated in Pulau Bai, Sandakan ("Pulau Bai Land") and P.T. 20-02070385 measuring approximately 15 acres situated in Pulau Berhala, Sandakan ("Pulau Berhala Land"). The Pulau Bai Land and Pulau Berhala Land have been issued with the TOL on 1 November 2004 and 8 February 2005 respectively, and are subject to annual renewal which are in accordance with the Land Ordinance (Sabah) Cap. 68. Although the Directors of Borneo Aqua Group undertake to comply with all the conditions laid down by the relevant authorities to facilitate the annual renewal of the TOL, there can be no assurance that the annual renewal of the TOL would be obtained.

4. RISK FACTORS (CONT'D)

The Directors are confident that the Group will be able to renew the TOL on a yearly basis given that the Sabah State Government is currently actively promoting aquaculture as one of the Sabah State's main economic activities.

4.18 INFRINGEMENT AND/OR BREACH OF SECURITY IN RESPECT TO THE GROUP'S INTELLECTUAL PROPERTY

The Borneo Aqua Group's current and future success, amongst others, is dependent upon its ability to protect its intellectual property rights on the formulas developed by the Group through years of research. The formulas developed by the Group for artificial spawning, sex reversal treatment, production of live feed for larvae and fry, and creation of optimal environment for the Group's breeding, hatching and rearing processes for each specie of marine fish are not registered with any authority. The said formulas together with the data and results obtained from research and observations conducted by the Group are properly recorded and kept in the Company's safe while the "softcopy" created are properly kept and locked. The formulas and data are only accessible by certain Directors, and senior and key management personnel. Although the Group has taken the necessary measure to safeguard the formulas and data, there can be no assurance that there will not be any infringement and/or breach of security in respect to the Group's intellectual property.

4.19 SECURITY BREACH AND ACT OF SABOTAGE

The Group is principally involved in fish breeding, operation of a fish hatchery and fish rearing. The core assets of the Group are its broodstocks, adult fishes and fish fry. Any security breach or act of sabotage may result in the mass mortality of the Group's broodstocks, adult fishes and fish fry and as a consequence thereof, may have a material adverse impact on the Group's financial performance. The security breach or act of sabotage may involve, amongst others, pilferage or poisoning of broodstocks, adult fishes and fish fry, and vandalism of plant and equipment.

The Group has not experienced any security breach or act of sabotage since it commenced operations. Currently, the Group employs security guards and use of guard dogs to safeguard its Breeding Centre, Hatchery Centre and Rearing Centre. In addition, the Hatchery Centre are also fenced to prevent intrusion. As part of its risk management program, the Group has and will continue to relocate part of its broodstock culturing and fish rearing activities to new ponds and sea cages to be built at different locations to mitigate the risk of mass mortality among broodstocks and adult fishes. The Group also has a cordial working relationship with its employees and hence, it is unlikely that its employees will sabotage the Group's operations.

Although the Group has taken the necessary steps to prevent any security breach and act of sabotage, there can be no assurance that such security breach or act of sabotage will not occur, or if it does occur, that it will not have an adverse impact on the Group's financial performance.

4.20 FOREIGN EXCHANGE RISKS

Currently, the Borneo Aqua Groups' revenue and operating cost are mainly denominated in RM. The Group's export sales are also mainly denominated in RM. However, the Borneo Aqua Group intends to expand further its business regionally as well as internationally. As such, the Borneo Aqua Group may be potentially exposed to further foreign exchange risks in the future.

The Borneo Aqua Group intends to use various hedging techniques available in the market when the need arises, to mitigate this risk. However, it must be noted that there can be no assurance that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material and adverse impact on the Borneo Aqua Group's revenue and financial position.

4. RISK FACTORS (CONT'D)

4.21 POLITICAL, ECONOMIC AND REGULATORY CONSIDERATIONS

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Group and the markets of its end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

In addition to the general regulatory conditions, the operations of Borneo Aqua Group are also subject to various regulations governing the aquaculture industry, the details as set out in Section 5.4.1 of this Prospectus. There can be no assurance that the Borneo Aqua Group's performance or financial condition will not be affected by any change in any such conditions.

4.22 UNCERTAINTY OF THE PROPOSED 5-YEAR BUSINESS DEVELOPMENT PLAN

The success of the Borneo Aqua Group's business development plan will be largely dependent, amongst others, upon the success in its R&D to enable it to breed new species, continuous market acceptance of its range of fishes, as well as the Borneo Aqua Group's ability to successfully market its fishes and to commercialise other species.

The Borneo Aqua Group's proposed future plan and prospects will be dependent upon, among other things, the Borneo Aqua Group's ability to commercialise the new species of fish set out in Section 7.7 of this Prospectus, enter into strategic marketing or other arrangements on a timely basis and on favourable terms, hire and retain skilled management as well as financial, R&D, technical, marketing and other personnel, successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls) and obtain adequate financing as and when needed. In addition, the Borneo Aqua Group may change, expedite or delay the commercialisation of the proposed species of fish as set out in Section 7.7 of this Prospectus taking into consideration the market demand and commercial value of the specie, which may have a significant impact on its financial performance.

There can be no assurance that the Borneo Aqua Group will be able to successfully implement its future business development plans, or that unanticipated expenses or problems will not occur which would result in a material deviation from its plans.

4.23 CONFLICT OF INTEREST

Tai Kun-Tsai, the Deputy Chairman of Borneo Aqua and his son, Tai Chu-Chun, the Executive Director of Borneo Aqua are the substantial shareholders of Long Diann Marine Bio Technology Co Ltd ("Long Diann") (*formerly known as Long Diann Trading Pte Ltd*), a company incorporated in Taiwan, Republic of China which is principally engaged in breeding of marine fishes. Currently, Long Diann mainly sells fish fry to Vietnam and Taiwan, Republic of China and the adult fishes to China and Japan while the Borneo Aqua Group sells its fish fry in Malaysia and the adult fishes to Hong Kong and in Malaysia. Tai Chu-Chun is just a shareholder in Long Diann and he is not involved in the operations of Long Diann.

As these products cater to different geographical market segments and the fact that demand for high commercial value fishes exceeded existing supply, the Directors of Borneo Aqua, save for Tai Kun-Tsai and Tai Chu-Chun, are of the view that Tai Kun-Tsai and Tai Chu-Chun's interests in the similar business will not result in any material conflict of interest. However, there can be no assurance in the future that Long Diann and Borneo Aqua will not sell their products to the same market and compete with each other.

4. RISK FACTORS (CONT'D)

4.24 RESTRICTIVE COVENANTS UNDER CREDIT FACILITY AGREEMENTS WHICH MAY LIMIT THE GROUP'S OPERATING AND FINANCIAL FLEXIBILITY

As at 8 July 2005, the Borneo Aqua Group's total outstanding borrowings amounted to RM369,317, which relate to hire purchase facilities. The Borneo Aqua Group may from time to time obtain new credit facilities from banks and financiers to finance its operations and business activities. These banking facilities may contain covenants which would limit the Group's operating and financial flexibilities. Any breach of these covenants contained in such borrowing facility agreements may give rise to a right by the bank to terminate and/enforce any security granted in relation to the facilities given. As such, there can be no assurance that these banking facilities that may be procured by the Group would not have restrictive covenants that may limit the Group's operating and financial flexibility.

4.25 FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Directors of Borneo Aqua, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Although the Borneo Aqua Group believes that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct.

4.26 DELAY IN OR FAILURE OF THE LISTING

The Listing is exposed to the risk that it may be delayed or failed should, amongst others, the following events occur:

- (i) identified investors failing to subscribe for the portion of the Issue Shares to be placed to them despite having given irrevocable undertakings to subscribe;
- (ii) Borneo Aqua being unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the entire enlarged issued and paid-up share capital of Borneo Aqua must be held by a minimum number of 200 public shareholders upon the admission of Borneo Aqua to the Official List of the MESDAQ Market; or
- (iii) the Underwriter exercising its rights pursuant to the Underwriting Agreement thereby discharging themselves from their obligations thereunder.

Although the Directors of Borneo Aqua will endeavour to ensure compliance by Borneo Aqua of the Listing Requirements and the applicable regulations for the Listing, including (inter alia) the public spread requirement imposed by Bursa Securities for a successful Listing, no assurance can be given that these events will not occur and cause a delay in or an abortion of the Listing.

5. INFORMATION ON THE BORNEO AQUA GROUP

5.1 INFORMATION ON BORNEO AQUA

5.1.1 Background

Borneo Aqua was incorporated in Malaysia as a private limited company under the Act on 16 April 2004 under the name of Borneo Aqua Harvest Sdn Bhd. On 20 May 2004, Borneo Aqua was converted into a public limited company and adopted its present name. The principal activity of Borneo Aqua is investment holding. Borneo Aqua has 2 wholly-owned subsidiaries, namely Plentiful and Marine.

Plentiful was incorporated in Malaysia as a private limited company under the Act on 24 April 2001. The principal activities of Plentiful are fish breeding, operation of a fish hatchery and fish rearing.

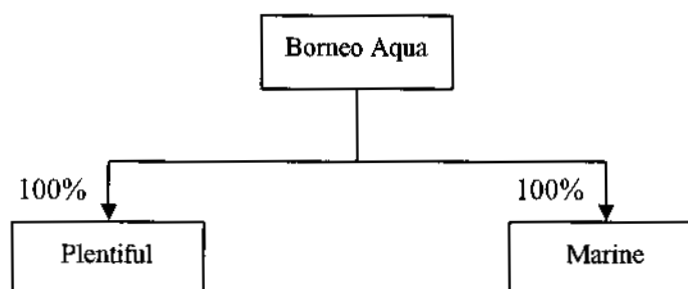
Marine was incorporated in Malaysia as a private limited company under the Act on 18 June 2002. The principal activity of Marine is fish rearing.

The Borneo Aqua Group is an integrated marine aquaculture group of companies whereby marine biotechnologies are applied in its production process from broodstock management to spawning, hatching, and larvae and fry rearing. The Group through its subsidiary, Plentiful, is the first company in Malaysia that has successfully mass produce fry of Malabar Red Snapper, Marble Grouper and Coral Trout Grouper for commercial purposes.

As at 30 June 2005, the Borneo Aqua Group occupies approximately 26.38 acres of land located in Sandakan, Sabah for its fish breeding and hatching activities which comprise 30 ponds of various sizes, of which 24 ponds are used for breeding fish larvae, 3 ponds for breeding Rotifer, 1 pond for breeding Copepod and 2 ponds are used as reservoir for storing filtered seawater. In addition, the Borneo Aqua Group has 208 sea cages occupying part of the total 30 acres of sea area for the Group's broodstock culturing and fish rearing activities off Pulau Berhala, Sandakan, Sabah.

The Borneo Aqua Group maintains its head office, R&D centre and hatchery centre at Kampung Sungai Kayu, Sandakan while its fish breeding centre and rearing centre are based at Pulau Berhala and Pulau Bai, Sandakan. The Borneo Aqua Group also maintains a R&D centre at Pulau Berhala.

The Borneo Aqua Group's structure as at the date hereof is as follows:



5.1.2 Share Capital

As at the date of this Prospectus, Borneo Aqua has an authorised share capital of RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each and an issued and paid-up share capital of RM7,500,000 comprising 75,000,000 ordinary shares of RM0.10 each.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

The details of the changes in the issued and paid-up share capital of Borneo Aqua since incorporation until the date of this Prospectus are as follows:

Date	Number of ordinary shares	Par value RM	Type of issue/Consideration	Issued and paid-up share capital RM
16.04.04	20	0.10	Subscribers' shares	2
6.05.05	1,052,040	0.10	Issued pursuant to the Acquisitions	105,206
6.05.05	68,442,520	0.10	Issued pursuant to the Capitalisation of Debts	6,949,458
6.05.05	5,505,420	0.10	Issued pursuant to the Rights Issue	7,500,000

5.1.3 Subsidiaries and Associated Company

As at the date of this Prospectus, Borneo Aqua has 2 wholly-owned subsidiaries, both of which are incorporated in Malaysia, the details of which are as follows:

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Plentiful	24.04.01	500,000	100.00	Fish breeding, operation of a fish hatchery and fish rearing
Marine	18.06.02	100,000	100.00	Fish rearing

As at the date of this Prospectus, Borneo Aqua does not have any associated company.

5.2 INFORMATION ON SUBSIDIARIES

5.2.1 Information on Plentiful

Background

Plentiful was incorporated in Malaysia as a private limited company under the Act on 24 April 2001. The principal activities of Plentiful are fish breeding, operation of a fish hatchery and fish rearing.

Plentiful was established with the main objectives, among others, to support the local marine aquaculture industry to reduce the dependence on foreign imported fish fry and fish. Plentiful is the first company in Malaysia (based on the letter dated 23 October 2003 and 24 April 2004 respectively, from the Fisheries Department of Sabah) to have successfully mass produce the fry of Marble Grouper, Malabar Red Snapper and Coral Trout Grouper for commercial purpose. Plentiful was also awarded the certificate of recognition as an Excellent Entrepreneur in the Agriculture Sector by the Ministry of Agriculture and Food Industry, Sabah on 16 July 2005.

Share Capital

As at the date of this Prospectus, Plentiful has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 and an issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

The details of the changes in the issued and paid-up share capital of Plentiful since incorporation until the date of this Prospectus are as follows:

Date of allotment	Number of ordinary shares of RM1.00 each	Type of Issue/Consideration	Issued and Paid-up share capital RM
24.04.01	2	Subscribers' shares	2
5.06.02	1	Cash	3
19.06.02	499,997	Cash	500,000

Major Shareholder

Plentiful is a wholly-owned subsidiary of Borneo Aqua.

Subsidiary and Associated Company

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

5.2.2 Information on Marine

Background

Marine was incorporated in Malaysia as a private limited company under the Act on 18 June 2002. The principal activity of Marine is fish rearing.

Share Capital

As at the date of this Prospectus, Marine has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The details of the changes in the issued and paid-up share capital of Marine since incorporation until the date of this Prospectus are as follows:

Date of allotment	Number of ordinary shares of RM1.00 each	Type of Issue/Consideration	Issued and paid-up share capital RM
18.06.02	2	Subscribers' shares	2
25.07.02	2	Cash	4
17.11.03	96	Cash	100
9.02.04	99,900	Cash	100,000

Major Shareholder

Marine is a wholly-owned subsidiary of Borneo Aqua.

Subsidiary and Associated Company

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

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

5.3 LISTING EXERCISE

In conjunction with, and as an integral part of the Listing, Borneo Aqua implemented a restructuring exercise which was approved by Bursa Securities on 25 January 2005, the SC on behalf of FIC on 25 January 2005 and the SC on 25 January 2005, 23 March 2005 and 27 April 2005, which involved the following transactions:

5.3.1 Acquisition of Plentiful

On 25 May 2004, Borneo Aqua entered into a Sale and Purchase Agreement with the shareholders of Plentiful to acquire the entire issued and fully paid-up share capital of Plentiful comprising 500,000 ordinary shares of RM1.00 each in Plentiful for a total purchase consideration of RM101,707, satisfied by the issuance of 1,017,070 new Borneo Aqua Shares, credited as fully paid-up, at an issue price of RM0.10 per Borneo Aqua Share.

The shareholders of Plentiful, their respective shareholdings therein and the number of new Borneo Aqua Shares issued to them pursuant to the Acquisition of Plentiful are as follows:

Shareholders of Plentiful	←Shareholdings in Plentiful→		Number of new Borneo Aqua Shares issued as consideration
	Number of ordinary shares of RM1.00 each held	Percentage of issued share capital %	
Datuk Lo Fui Ming	125,000	25.00	254,267
Tai Chu-Chun	97,500	19.50	198,329
Lo Teck Yong	75,000	15.00	152,561
Ho Khin Fong @ Henry Ho	67,500	13.50	137,304
Lo Ken Hin	67,500	13.50	137,304
Chang Mei-Lin	50,000	10.00	101,707
Tan Kum Peng	7,500	1.50	15,256
Ho Soung Ket	5,000	1.00	10,171
Pang Kim Fan	5,000	1.00	10,171
	<u>500,000</u>	<u>100.00</u>	<u>1,017,070</u>

The total purchase consideration of RM101,707 was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of Plentiful as at 31 March 2004 of RM101,707. The 500,000 ordinary shares of RM1.00 each in Plentiful were acquired by Borneo Aqua free from all claims, charges, liens, encumbrances and all rights, benefits and entitlements now and thereafter attaching thereto. The Acquisition of Plentiful was completed on 6 May 2005.

Upon completion of the Acquisition of Plentiful, the issued and paid-up share capital of Borneo Aqua increased from RM2 comprising 20 Borneo Aqua Shares to RM101,709 comprising 1,017,090 Borneo Aqua Shares.

5.3.2 Acquisition of Marine

On 25 May 2004, Borneo Aqua entered into a Sale and Purchase Agreement with the shareholders of Marine to acquire the entire issued and fully paid-up share capital of Marine comprising 100,000 ordinary shares of RM1.00 each in Marine for a total purchase consideration of RM3,497, satisfied by the issuance of 34,970 new Borneo Aqua Shares, credited as fully paid-up, at an issue price of RM0.10 per Borneo Aqua Share.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

The shareholders of Marine, their respective shareholdings therein and the number of new Borneo Aqua Shares issued to them pursuant to the Acquisition of Marine are as follows:

Shareholders of Marine	←--Shareholdings in Marine--→		Number of new Borneo Aqua Shares issued as consideration
	Number of ordinary shares of RM1.00 each held	Percentage of issued share capital %	
Datuk Lo Fui Ming	35,000	35.00	12,240
Yap Sui Kong	25,000	25.00	8,742
Han Chaw Kwang	25,000	25.00	8,742
Lo Teck Yong	15,000	15.00	5,246
	100,000	100.00	34,970

The total purchase consideration of RM3,497 was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of Marine as at 31 March 2004 of RM3,497. The 100,000 ordinary shares of RM1.00 each in Marine were acquired by Borneo Aqua free from all claims, charges, liens, encumbrances and all rights, benefits and entitlements now and thereafter attaching thereto. The Acquisition of Marine was completed on 6 May 2005.

Upon completion of the Acquisition of Marine, the issued and paid-up share capital of Borneo Aqua increased from RM101,709 comprising 1,017,090 Borneo Aqua Shares to RM105,206 comprising 1,052,060 Borneo Aqua Shares.

5.3.3 Capitalisation of Debts

The Capitalisation of Debts involves the settlement of amounts owing to certain shareholders of Plentiful and Marine, which are interest free, of RM6,844,252, by issuance of 68,442,520 new Borneo Aqua Shares, credited as fully paid-up, at an issue price of RM0.10 per Borneo Aqua Share. The amount of RM6,844,252 was arrived at based on the Plentiful's and Marine's audited financial statements as at 31 March 2004.

The shareholders, the companies, the respective amounts outstanding involved in the Capitalisation of Debts and the number of Borneo Aqua Shares issued pursuant to the Capitalisation of Debt are as follows:

Shareholders of Plentiful	Amount outstanding as at 31 March 2004 RM	Number of Borneo Aqua Shares issued pursuant to the Capitalisation of Debts
Datuk Lo Fui Ming	2,353,090	23,530,900
Ho Khin Fong @ Henry Ho	577,199	5,771,990
Lo Ken Hin	520,625	5,206,250
Tai Chu-Chun	429,000	4,290,000
Chang Mei-Lin	350,004	3,500,040
Ho Soung Ket	320,000	3,200,000
Pang Kim Fan	350,000	3,500,000
Tan Kum Peng	400,000	4,000,000

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

	Amount outstanding as at 31 March 2004 RM	Number of Borneo Aqua Shares issued pursuant to the Capitalisation of Debts
Shareholders of Marine		
Datuk Lo Fui Ming	1,326,985	13,269,850
Yap Sui Kong	38,324	383,240
Han Chaw Kwang	179,025	1,790,250
	6,844,252	68,442,520

The Capitalisation of Debts was completed on 6 May 2005.

Upon completion of the Capitalisation of Debts, the issued and paid-up share capital of Borneo Aqua increased from RM105,206 comprising 1,052,060 Borneo Aqua Shares to RM6,949,458 comprising 69,494,580 Borneo Aqua Shares.

5.3.4 Rights Issue

Upon completion of the Acquisition and the Capitalisation of Debts, Borneo Aqua implemented a rights issue of 5,505,420 new Borneo Aqua Shares, issued to the existing shareholders of Borneo Aqua at an issue price of RM0.10 on the basis of approximately 7.92 new Borneo Aqua Shares for every 100 existing Borneo Aqua Shares held. The Rights Issue was completed on 6 May 2005.

Upon completion of the Rights Issue, the issued and paid-up share capital of Borneo Aqua increased from RM6,949,458 comprising 69,494,580 Borneo Aqua Shares to RM7,500,000 comprising 75,000,000 Borneo Aqua Shares.

5.3.5 Public Issue

As part of the Listing, Borneo Aqua will undertake a public issue of 25,000,000 new Borneo Aqua Shares at an issue price of RM0.99 per Borneo Aqua Share, which is the subject of this Prospectus, the details as follows:

- (i) 1,000,000 of the Issue Shares have been reserved for the eligible Directors and employees of the Borneo Aqua Group;
- (ii) 1,500,000 of the Issue Shares are available for application by Malaysian citizens, companies, societies, co-operatives and institutions; and
- (iii) 22,500,000 of the Issue Shares are reserved for private placement to identified investors.

Upon completion of the Public Issue, the issued and paid-up share capital of Borneo Aqua will increase from RM7,500,000 comprising 75,000,000 ordinary shares of RM0.10 each in Borneo Aqua to RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each in Borneo Aqua.

5.3.6 Bonus Issue

As an integral part of the Listing and an incentive to the shareholders of Borneo Aqua subsequent to the Public Issue, Borneo Aqua will implement a bonus issue of 200,000,000 new Borneo Aqua Shares to be issued to all shareholders of Borneo Aqua prior to the Listing on the basis of 2 new Borneo Aqua Shares for every 1 existing Borneo Aqua Share held after the Public Issue. The Bonus Issue will be completed prior to the Listing. The Bonus Issue will be capitalised from the share premium account arising from the Public Issue.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Upon completion of the Bonus Issue, the issued and paid-up share capital of Borneo Aqua will be increased from RM10,000,000 comprising 100,000,000 Borneo Aqua Shares to RM30,000,000 comprising 300,000,000 Borneo Aqua Shares.

The new Borneo Aqua Shares issued pursuant to the Acquisitions, Capitalisation of Debts and Rights Issue, and to be issued pursuant to the Public Issue and Bonus Issue shall rank *pari passu* with each other and with the existing Borneo Aqua Shares in all respects except that they will not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the allotment of the Borneo Aqua Shares.

5.3.7 Listing and Quotation

The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of Borneo Aqua of RM30,000,000 comprising 300,000,000 Borneo Aqua Shares on the Official List of the MESDAQ Market will be sought.

5.4 OTHER INFORMATION

5.4.1 Major Approvals, Licences and Permits

Details of the major approvals, licences and permits are as follows:

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Plentiful / Sabah Department of Fisheries ("SDF")	8.8.02; N/A	Permit for importing live fish fry from Taiwan, Republic of China	This permit shall be used for import of goods of Plentiful. This permit shall not be rented or used for import of goods of other companies. This permit is not transferable to any persons except with the consent in writing of the SDF. Registration fees must be paid annually and a copy of this permit and receipt of payment must be provided to SDF before 31 March of the next succeeding year, failing which this permit shall be automatically cancelled.	Complied
Plentiful / SDF	16.1.04; N/A	Permit for exporting live Grouper	This permit shall be used for export of goods of Plentiful which are approved under this permit. This permit shall not be rented or used for export of goods of other companies. This permit is not transferable to any persons except with the consent in writing of SDF. Registration fees must be paid annually and a copy of this permit and receipt of payment must be provided to SDF before 31 March of the next succeeding year, failing which this permit shall be automatically cancelled.	Complied

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Plentiful / SDF	6.2.04; N/A	Permit for exporting fish eggs	This permit shall be used for export of goods of Plentiful which are approved under this permit. This permit shall not be rented or used for export of goods of other companies. This permit is not transferable to any persons except with the consent in writing of SDF. Registration fees must be paid annually and a copy of this permit and receipt of payment must be provided to SDF before 31 March of the next succeeding year, failing which this permit shall be automatically cancelled.	Complied
Plentiful/ SDF	17.5.04; N/A	Permit for importing live broodstock fish (Giant Trevally, Grouper and Malabar Red Snapper). Permit for exporting live fish (Giant Trevally and Malabar Red Snapper) and fresh and frozen fish (Giant Trevally, Malabar Red Snapper and Grouper)	This permit shall be used for import and export of goods of Plentiful which are approved under this permit. This permit shall not be rented or used for export or import of goods of other companies. This permit is not transferable to any persons except with the consent in writing of SDF. Registration fees must be paid annually and a copy of this permit and receipt of payment must be provided to SDF before 31 March of the next succeeding year, failing which this permit shall be automatically cancelled.	Complied
Plentiful / Ministry of Agriculture and Agro-Based Industry Malaysia ("MOA")	7.5.04; 10 years commencing from the first year the company makes any profit	The incentives approved for Grouper farming are as follows: (i) exemption of 100% income tax on statutory income for 10 years commencing on the first year the company makes any profit ("the Period"); (ii) any loss made by the company before and during the Period can be carried forward after the expiry of the Period; and (iii) dividend paid out from the exempted income tax during the Period will not be taxable at shareholders' level.	The main conditions are as follows: (i) the project must be carried out in 2 acres of sea area of Pulau Berhala, Sandakan Sabah and 13 acres land situated in Sungai Kayu, Batu 7, Sandakan, Sabah for aquaculture activities. In the event the company intends to increase its investment and the area of land for aquaculture purpose, the company must first notify MOA; and (ii) the equity participation for residents of Malaysia must be at least 30%.	Complied. Plentiful had on 18 May 2004 informed MOA that it will increase the sea area of Pulau Berhala, Sandakan to 17 acres and also increase the land area in Sungai Kayu, Batu 7, Sandakan to 141.34 acres. Complied

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Plentiful/ MOA (cont'd)	8.9.04; Balance of the 10 years commencing from the first year the company makes any profit	The incentives approved for other species of fish in addition to the approved Grouper farming are as follows: (i) exemption of 100% income tax on statutory income for 10 years commencing on the first year the company makes any profit; (ii) any loss made by the company before and during the Period can be carried forward after the expiry of the Period; and (iii) dividend paid out from the exempted income tax during the Period will not be taxable at shareholders' level.	The main conditions are as follows: (i) the project must be carried out in 2 acres of sea area of Pulau Berhala, Sandakan Sabah and 13 acres land situated in Sungai Kayu, Batu 7, Sandakan, Sabah for aquaculture activities. In the event the company intends to increase its investment and the area of land for aquaculture purpose, the company must first notify MOA; and (ii) the equity participation for residents of Malaysia must be at least 30%.	Complied. Plentiful had on 18 May 2004 informed MOA that it will increase the sea area of Pulau Berhala, Sandakan to 17 acres and also increase the land area in Sungai Kayu, Batu 7, Sandakan to 141.34 acres. Complied
Marine / MOA	7.5.04; 10 years commencing from the first year the company makes any profit	The incentives approved for Grouper farming are as follows: (i) exemption of 100% income tax on statutory income for 10 years commencing on the first year the company makes any profit ("the Period"); (ii) any loss made by the company before and during the Period can be carried forward after the expiry of the Period; and (iii) dividend paid out from the exempted income tax during the Period will not be taxable at shareholders' level.	The main conditions are as follows: (i) the project must be carried out in 15 acres of sea area of Pulau Bai, Sandakan Sabah for aquaculture activities. In the event the company intends to increase its investment and the area of land for aquaculture purpose, the company must first notify MOA; and (ii) the equity participation for residents of Malaysia must be at least 30%.	Complied. Complied.
	8.9.04; Balance of the 10 years commencing from the first year the company makes any profit	The incentives approved for other species of fish in addition to the approved Grouper farming are as follows: (i) exemption of 100% income tax on statutory income for 10 years commencing on the first year the company makes any profit;	The main conditions are as follows: (i) the project must be carried out in 15 acres of sea area of Pulau Bai, Sandakan Sabah for aquaculture activities. In the event the company intends to increase its investment and the area of land for aquaculture purpose, the company must first notify MOA;	Complied.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Marine/ MOA (cont'd)		(ii) any loss made by the company before and during the Period can be carried forward after the expiry of the Period; and (iii) dividend paid out from the exempted income tax during the Period will not be taxable at shareholders' level.	(ii) the equity participation for residents of Malaysia must be at least 30%.	Complied.
Marine/ Jabatan Pelabuhan dan Dermaga, Sandakan ("JPD")	24.9.02; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070384 measuring approximately 15 acres situated in Pulau Bai, Sandakan for the purpose of aquaculture	The main conditions are as follows: (i) subject to the conditions attached to the TOL; (ii) willing to move/change location at any time, at its own costs, if ordered so or if the said land is required at any time in the future for the purpose of ensuring safety of shipping activity; (iii) if the land is no longer in use, the company is required to clean up the said land at its own expenses.	Complied. To be complied. To be complied.
Marine/ SDF	30.8.02; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070384 measuring approximately 15 acres situated in Pulau Bai, Sandakan for the purpose of aquaculture	The main conditions are as follows: (i) no construction of any building or permanent fixture on the area; (ii) no obstruction to boating activities; (iii) renewal of TOL annually must be based on the recommendation of SDF; (iv) if the intended purpose for the TOL is not carried out within 1 year from the approval date, the approval will be automatically cancelled.	Complied. Complied. To be complied. Complied.
Marine/ Penolong Pemungut Hasil Tanah ("PPHT")	8.2.05; 7.2.06 ⁽ⁱⁱ⁾	TOL for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070384 measuring approximately 15 acres situated in Pulau Bai, Sandakan for a period of 1 year commencing from 8.2.2005 to 7.2.2006.	The main conditions are as follows: (i) This licence does not make Marine as the land owner. This licence can be revoked and cancelled at any time without any notice or compensation whatsoever;	Noted.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Mrine/ PPHT (cont'd)			(ii) This licence shall not be transferred or assigned in any form whatsoever and must be shown to Pengarah Tanah Dan Ukur or PPHT upon request; and (iii) No construction of any building or permanent fixture on the land.	Noted. Complied.
(iii) Datuk Lo Fui Ming/JPD	24.9.02; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070385 measuring approximately 2 acres situated in Pulau Berhala, Sandakan for the purpose of aquaculture	The main conditions are as follows: (i) subject to the conditions attached to the TOL; (ii) willing to move/change location at any time, at its own costs, if ordered so or if the said land is required at any time in the future for the purpose of ensuring safety of shipping activity;	Complied. To be complied.
	10.5.04; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070385 situated in Pulau Berhala, Sandakan to be increased from 2 acres to 15 acres	(iii) if the land is no longer in use, the company is required to clean up the said land at its own expenses.	To be complied.
(iii) Datuk Lo Fui Ming/SDF	30.8.02; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070385 measuring approximately 2 acres situated in Pulau Berhala, Sandakan for the purpose of aquaculture	The main conditions are as follows: (i) no construction of any building or permanent fixture on the area; (ii) no obstruction to boating activities;	Complied. Complied.
	24.4.04; N/A	Approval for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070385 situated in Pulau Berhala, Sandakan to be increased from 2 acres to 15 acres	(iii) renewal of TOL annually must be based on the recommendation of SDF; (iv) if the intended purpose for the TOL is not carried out within 1 year from the approval date, the approval will be automatically cancelled.	To be complied. Complied.
(iii) Plentiful/ PPHT	1.11.04; 31.10.05 ⁽ⁱ⁾	TOL for the piece of land ⁽ⁱ⁾ known as P.T. 20-02070385 measuring approximately 15 acres situated in Pulau Berhala, Sandakan for a period of 1 year commencing from 1.11.2004 to 31.10.2005.	The main conditions are as follows: (i) This licence does not make Plentiful as the land owner. This licence can be revoked and cancelled at any time without any notice or compensation whatsoever,	Noted.

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

Company / Authorities	Date of issuance/ Expiry	Type of business/ transaction approved	Main conditions imposed	Status of compliance
Plentiful/ PPHT (cont'd)			(ii) This licence shall not be transferred or assigned in any form whatsoever and must be shown to Pengarah Tanah Dan Ukur or PPHT upon request; and	Noted.
			(iii) No construction of any building or permanent fixture on the land.	Complied.

Notes:

- (i) Under the Land Ordinance (Sabah) Cap. 68, any reference to "land" shall also include "land covered by water".
- (ii) Renewable on a yearly basis.
- (iii) A Trust Deed dated 25 May 2004 was executed between Datuk Lo Fui Ming ("Datuk Lo") and Plentiful ("Trust Deed") as the application to the JPD and SDF for approval was applied under Datuk Lo's name with the intention to hold the TOL of the land held under P.T. 20-02070385 on trust for Plentiful. However, pursuant to Plentiful's request, PPHT proceeded to issue the TOL for the said land under Plentiful's name on 1 November 2004.

Plentiful had via its letter dated 18 May 2004 informed MOA that it will increase its investment and area of land for aquaculture purpose. Salient terms of the letter are as follows:

- (i) to increase the sea area of Pulau Berhala, Sandakan from the approved 2 acres to 17 acres; and
- (ii) to increase the land area for aquaculture activities at Sungai Kayu, Mile 7, Sandakan from the approved 13 acres to 141.34 acres.

The relevant laws and regulations governing the fishery industry, amongst others, are the Fisheries Act 1985 (Act 317) which the relevant sections are stated below:

- (i) Section 11(1) states that the Director-General may, upon application and upon payment of the prescribed fee and payment of any prescribed deposit, issue a licence in respect of any local fishing vessel, fishing stakes, fishing appliance, fish-aggregation device or marine culture system, subject to such conditions as he thinks fit to impose or which may be prescribed in regulations made under this Fisheries Act 1985 (Act 317).
- (ii) Section 11(2) states that no licence shall be issued in respect of any fishing stakes fishing appliance, fish-aggregation device or marine culture system which causes or is likely to cause any obstruction to navigation or any impediment to the natural flow of water in Malaysian fisheries waters.
- (iii) Section 11(3) states that any person who, in Malaysian fisheries waters:
 - (a) operates or allows to be operated any fishing stakes, fishing appliance, fish-aggregation device or marine culture system without a licence in respect thereof; or
 - (b) has under his control or in his possession any fishing appliance without a licence in respect thereof; or

5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

- (c) sets up, or causes to be set up, any fishing stakes, fishing appliance, fish-aggregation device without written permission from the Director-General prior to the issue of a licence in respect thereof; or
- (d) constructs or establishes any marine culture system without written permission from the Director-General prior to the issue of a licence in respect thereof,

shall be guilty of an offence.

- (iv) Section 39 states that the Director-General may, and in consultation with the State Authority concerned where it relates to inland fisheries in the State of Malaysia, promote the development of aquaculture in Malaysia.
- (v) Section 40(1) states that any person who imports into or exports out of Malaysia or transports from West Malaysia into the Federal Territory of Labuan or the State of Sabah or Sarawak or transports from Federal Territory of Labuan or the State of Sabah or Sarawak into West Malaysia, live fish without a permit, or in breach of any condition in a permit, issued by the Director-General under this section shall be guilty of an offence.
- (vi) Section 40(2) states that The Director-General may impose such conditions as he thinks fit in the permit, including conditions concerning the states of cleanliness of the fish to be exported, imported or transported and measures to avoid the spread of communicable fish diseases, or to avoid or control the release into the natural environment of non-indigenous species of fish.

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5. INFORMATION ON THE BORNEO AQUA GROUP (CONT'D)

5.4.2 Landed Property

Details of landed property of Borneo Aqua are as follows:

Registered owner	Title particulars	Description and existing use	Tenure	Land area/ built-up area sq. ft.	(i) Restriction in interest (ii) Encumbrances	Net book value as at 31 March 2004 RM
Plentiful	CL 075402256 Airport Road, District of Sandakan Sandakan, Sabah	A parcel of aquaculture land which is currently vacant	99 years leasehold land expiring on 31.12.2080	3.69 acres	(i) Nil. (ii) Nil.	73,800

The market value ascribed by C.H. William Talhar & Wong (Sabah) Sdn Bhd on the above landed property amounts to RM74,700 based on the valuation conducted on 26 March 2004. The revaluation surplus of RM900, computed based on the net book value of the property as at 31 March 2004 of RM73,800, will not be incorporated into the accounts of Plentiful. The Valuation Certificate is set out in Section 15 of this Prospectus.

Save for the abovementioned landed property which was acquired on 17 March 2004, there were no transactions involved in the acquisition of landed property for the past two years preceding the date of this Prospectus.

6. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL

6.1 DIRECTORS**6.1.1 Profiles**

The profiles of the Directors of Borneo Aqua are as follows:

Datuk Md Kamal bin Bilal, aged 42, is the Independent Non-Executive Chairman of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He entered the job market at the age of 20, serving as a Community Development Officer in the Ministry of National and Rural Development. After gaining 13 years of experience in the Government sector, he ventured into the automobile industry as a Proton Edar dealer in 1995. He was appointed as the Non-Executive Director of The Store Corporation Berhad in 2000 and was re-designated as Independent Non-Executive Chairman in 2001. He was also appointed as Independent Non-Executive Chairman of KBB Resources Berhad in 2003. Since 2000, he has been the Division Treasurer of the United Malay National Organisation ("UMNO")'s Kepala Batas division.

Tai Kun-Tsai, aged 56, is the Non-Executive Deputy Chairman of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. Upon completion of his secondary education in 1976, he joined Ming Fung Food Products Co. Ltd as the Managing Director. In 1981, he ventured into prawn aquaculture. He started rearing lobster under his own company, Long Diann Trading Pte Ltd (*now known as Long Diann Marine Bio Technology Co. Ltd*) in 1980. In 1988, he formed Hailong Co. Ltd to collect lobsters in Philippines to cater to the South-East Asian, Australian and Indian markets. Hailong Co Ltd ceased operations in 1990. In 1991, he ventured into fish breeding and has successfully bred Tiger Grouper fry. He is the first person in Taiwan, Republic of China known to have successfully bred the Giant Grouper in 1995 and Potato Cod Grouper in 2001. In 2001, he was conferred the National Outstanding Fisherman Award by the President of Taiwan, Republic of China for his extensive contribution to the fishery development in Taiwan, Republic of China. He is a member of the Fan Liao Hsien and Fan Chai Loon Breeding Association in Taiwan, Republic of China and is the advisor to the Hong Kong Seafood Confederation.

Datuk Lo Fui Ming, aged 49, is the Managing Director and Chief Executive Officer of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. Upon completion of his secondary education, he started working in a timber camp in the operations division and was subsequently appointed as Manager. In 1980, he started his own logging company and was involved in various aspects of the timber industry including timber concession holding, logging contracting, timber trading and timber processing. In 1995, he ventured into the plantation industry with several small land holdings which have since grown with the acquisition of Cepatwawasan Sdn Bhd and Bakara Sdn Bhd and the incorporation of Prolific Yield Sdn Bhd which is involved in palm oil processing. He was the Managing Director of Cepatwawasan Group Berhad ("Cepatwawasan"), a company listed on the Second Board of Bursa Securities, from 2001 to January 2004 and was reappointed again as the Managing Director on 6 August 2004. He resigned as the Managing Director of Cepatwawasan on 1 April 2005 and was appointed as the Non-Executive Deputy Chairman. On 21 July 2005, he resigned as the Non-Executive Deputy Chairman. He also sits on the Board of several other private limited companies. He incorporated Plentiful and Marine for breeding of fish and fish fry to supply to the local and international markets in 2001 and 2002 respectively.

As the Managing Director and Chief Executive Officer of Borneo Aqua, he is primarily responsible for overseeing the overall business operations and development as well as formulation and implementation of the Borneo Aqua Group's corporate strategies. With over 29 years of experience in the business sector, he is the driving force of the Group.

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

Ho Khin Fong @ Henry Ho, aged 53, is the Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He is the director in charge of the operations and administration of the Borneo Aqua Group. He has extensive knowledge and experience in the business sector, in particular the timber and plantation business. He formed his own logging company for timber hauling contract operation in 1975. From 1988 to 2001, he was the Executive Director for several timber companies. From 1993 to 1996, he was also the Executive Director of Bakara Sdn Bhd, which is involved in the plantation business. Since 2003, he has been the director for HHC Venture Sdn Bhd which provides general contract works for the plantation sector. His involvement in the aquaculture industry started in 2001 when he joined Datuk Lo Fui Ming and Lo Ken Hin to form Plentiful to breed fish and fish fry.

Lo Ken Hin, aged 47, is the Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He is the director in charge of operations for the Hatchery Centre and Rearing Centre of the Borneo Aqua Group. He is responsible for overseeing the breeding and hatching operations, purchasing and production planning. Upon completing his secondary education in 1976, he joined Hap Seng Sdn Bhd as a Mechanic. In 1977, he joined Syarikat Lo & Sons and was involved in the timber camp operations. From 1984 to 2001, he was the executive director for several timber companies. He has been a director of HHC Venture Sdn Bhd ("HHC") since 2003. HHC is principally involved in general contract works for the plantation sector. In 2001, he joined his brother, Datuk Lo Fui Ming and Ho Khin Fong @ Henry Ho to form Plentiful to breed fish and fish fry.

Lo Teck Yong, aged 24, is the Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He is the director in charge of the marketing division of the Borneo Aqua Group. He oversees the Group's overall product marketing and services, and market development. He obtained a Bachelor of Science Degree majoring in Marketing from University of Surrey, United Kingdom in 2003. Upon his graduation in 2003, he embarked on a study tour to a few fish breeding centres in Taiwan, Republic of China and South Korea to expand his knowledge on fish breeding and marketing of fish and fish fry.

Tai Chu-Chun, aged 29, is the Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He is the director of the R&D Division of the Borneo Aqua Group. He oversees the Group's overall product development, breeding processes and training and consultancy services. He obtained a Diploma in Ocean Aquatic Studies from Institute of Koashiung National Ocean Aquatic Technology, Taiwan, Republic of China in 1996. Upon graduation, he joined Long Diann Trading Pte Ltd (*now known as Long Diann Marine Bio Technology Co Ltd*) ("Long Diann"), a company involved in fish breeding and rearing. During his tenure in Long Diann, he has conducted extensive research in marine fish breeding, in particular the Grouper specie.

Chang Mei-Lin, aged 51, is the Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. She obtained a Bachelor Degree in International Trade Business from Ming Chuan University, Taiwan, Republic of China in 1974. Upon graduation, she joined Fuchi Electronic Co., Ltd in Japan as an Import and Export Executive. In 1977, she was promoted to Quality Control Manager, then to Manager of Management Department in 1981. In 1988, she was promoted to Personal Assistant to the President of the company, a post she held until 1991. In July 1991, she incorporated Tina International Holding Co. Ltd., which is the sole agent in Taiwan, Republic of China for Nitto Seimo Co. Ltd., a listed company in Japan, which is involved in, amongst others, trading in marine nets and other marine goods.

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

Dora Chiu Kui Tzu, aged 51, is the Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. Upon completing her secondary education, she joined Guthrie Engineering Sdn Bhd as a Kardex Clerk cum Parts Supervisor in 1973. In 1982, she joined Hong Kong and Shanghai Banking Corporation (currently known as HSBC Bank Malaysia Berhad ("HSBC")). She left HSBC in 2002. She is a committee member of the Sandakan Hospice Association and the Sabah Cheshire Home Sandakan, and an active member of the Sandakan Toastmasters Club.

Chong Khing Chung, aged 38, is the Independent Non-Executive Director of Borneo Aqua and was appointed to the Board of Directors of Borneo Aqua on 9 May 2005. He is a member of the Malaysian Institute of Accountants and Association of Certified Practising Accountants of Australia. He obtained a Bachelor Degree in Accountancy from University of Western Australia, Perth, Australia in 1990. Upon graduation, he joined Arthur Andersen & Co. as an Audit Assistant. In 1992, he joined Borneo Development Corporation (Sabah) Sdn Bhd as an Accountant. He joined Innosabah Securities Bhd ("ISB") in 1994 and was appointed as an Executive Director of Operations of ISB in 2000. He was attached to Hwang-DBS Securities Bhd in 2003 and Kuala Lumpur City Securities Sdn Bhd in 2004. He is presently an Executive Director cum Group Chief Financial Officer of Cepatwawasan Group Berhad.

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

6.1.2 Shareholding in Borneo Aqua

The Directors of Borneo Aqua and their respective direct and indirect interests in the issued and paid-up share capital of Borneo Aqua according to the Register of Directors and Directors' shareholdings as at the date hereof, before and after the Issues are as follows:

Before the Issues

	Nationality	← Direct →		← Indirect →	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Datuk Md Kamal bin Bilal	Malaysian	-	-	-	-
Tai Kun-Tsai	Taiwanese	-	-	-	-
Datuk Lo Fui Ming	Malaysian	40,003,757	53.34	-	-
Ho Khin Fong @ Henry Ho	Malaysian	6,377,433	8.50	-	-
Lo Ken Hin	Malaysian	5,766,875	7.69	-	-
Lo Teck Yong	Malaysian	170,309	0.23	-	-
Tai Chu-Chun	Taiwanese	4,843,898	6.46	-	-
Chang Mei-Lin	Taiwanese	3,887,080	5.18	-	-
Dora Chiu Kui Tzu	Malaysian	-	-	-	-
Chong Khing Chung	Malaysian	-	-	-	-

After the Issues

	Nationality	← Direct →		← Indirect →	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Datuk Md Kamal bin Bilal	Malaysian	180,000	0.06	-	-
Tai Kun-Tsai	Taiwanese	165,000	0.06	-	-
Datuk Lo Fui Ming	Malaysian	120,176,271	40.06	-	-
Ho Khin Fong @ Henry Ho	Malaysian	19,297,299	6.43	-	-
Lo Ken Hin	Malaysian	17,465,625	5.82	-	-
Lo Teck Yong	Malaysian	675,927	0.23	-	-
Tai Chu-Chun	Taiwanese	14,696,694	4.90	-	-
Chang Mei-Lin	Taiwanese	11,826,240	3.94	-	-
Dora Chiu Kui Tzu	Malaysian	105,000	0.04	-	-
Chong Khing Chung	Malaysian	105,000	0.04	-	-

Note:

The shareholdings after the Issues as disclosed above include the Issue Shares allocated as part of the pink form allocation to eligible Directors of the Borneo Aqua Group and assuming that they subscribe in full for their respective allocations.

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

6.1.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Save as disclosed below, none of the Directors of Borneo Aqua has any previous or existing directorship or substantial shareholding in any other public corporation for the past 2 years preceding the date of this Prospectus:

Name	Designation	Company	←----- Directorships -----→		Direct substantial shareholding %
			Date of appointment	Date of resignation	
Datuk Md Kamal bin Bilal	Independent Non-Executive Chairman	The Store Corporation Berhad	2.11.2001	-	-
	Independent Non-Executive Chairman	KBB Resources Berhad	3.11.2003	-	-
Datuk Lo Fui Ming	Managing Director	Cepatwawasan Group Bhd	1.10.2001	16.01.2004	*6.80
			6.08.2004	1.04.2005	-
	Non-Executive Deputy Chairman	Cepatwawasan Group Bhd	1.04.2005	21.07.2005	*6.80
Chong Khing Chong	Executive Director	Cepatwawasan Group Bhd	6.08.2004	-	-

Note:

* As at 22 July 2005.

6.1.4 Directors' Remuneration and Benefits

No remuneration and benefits were paid to the Directors of the Company for services rendered to the Borneo Aqua and its subsidiaries in all capacities for the financial year ended 31 March 2005. It is forecast that the aggregate remuneration and benefits proposed for the Directors of the Company for services rendered to the Borneo Aqua and its subsidiaries in all capacities for the financial year ending 31 March 2006 is approximately RM308,000. These payments are in the following bands:

Remuneration band	←----- Number of Directors -----→	
	Financial year ended 31 March 2005	Financial year ending 31 March 2006
RM50,000 and below	-	8
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	-

6.1.5 Service Agreements

Save as disclosed below, none of the Directors of Borneo Aqua has entered into any service agreement with Borneo Aqua or its subsidiaries.

Plentiful had on 25 May 2004 entered into a Management Service Agreement ("MSA") with Tai Chu-Chun ("TCC"), pursuant to which Plentiful has agreed to appoint TCC as the Director of R&D Division for a period of 3 years commencing from the date of the MSA and upon the terms and conditions as set out therein.

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

The salient terms of the MSA are as follows:

- (i) Save for the business of the Group or with the consent of the Board of Directors of Plentiful, TCC shall not during his employment or 36 months after cessation of his appointment be directly or indirectly engaged or involved whether as shareholder, director, consultant, partner, agent or otherwise in any business competing with or in opposition to the business of the Group;
- (ii) Unless with the written consent of Plentiful, TCC is prohibited at all times, notwithstanding the termination of the MSA from submitting for registration of intellectual property in any jurisdiction under his name or any other persons, all processes, procedures, programs, discoveries, ideas, formula, improvements, developments, technologies, designs, inventions ("Inventions") copyright that are developed, invented, made, created or invented solely by TCC or jointly with others for the benefit of the Group during the course of his appointment under the MSA; and
- (iii) Except as authorised or required by his duties, TCC shall not reveal to any persons or company any of the Inventions or trade secrets or confidential information, operations, processes or dealings of Plentiful which may come to his knowledge and shall keep with complete secrecy all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which injure or cause loss to Plentiful or its business. This restriction shall apply after termination of the MSA without limit in point of time but shall cease to apply to information or knowledge which may come into the public domain or otherwise than through authorised disclosure by TCC.

6.1.6 Interests in Other Businesses and Companies

Save as disclosed below, none of the Executive Directors of Borneo Aqua is involved in the activities or operations of any other business or company:

Datuk Lo Fui Ming, the Managing Director and Chief Executive Officer of Borneo Aqua, is a substantial shareholder of a public listed company, Cepatwawasan as at 22 July 2005, and is also a director and shareholder of several private limited companies. Datuk Lo Fui Ming's directorships in other private limited companies do not preclude him from allocating most of his time in the Borneo Aqua Group where he acts as the Managing Director and Chief Executive Officer because the daily operations in the other private limited companies are managed by the company's personnel. He only attends meetings of the other boards on which he serves and accordingly discharges his principal areas of responsibility as a director in the company. He spends approximately 95% of his normal working hours in the full-time employment of the Borneo Aqua Group.

Ho Khin Fong @ Henry Ho, the Executive Director of Borneo Aqua, is a director and a shareholder of a private limited company, which is principally involved in contract work for the plantation sector. He is also a director and shareholder of several private limited companies which are currently dormant. Ho Khin Fong @ Henry Ho's directorship in the other active private limited company does not preclude him from allocating most of his time in the Borneo Aqua Group where he acts as the Executive Director because the daily operations in the active private limited company are managed by the company's personnel. He only attends meetings of the other board on which he serves and accordingly discharges his principal areas of responsibility as a director in the company. He spends approximately 95% of his normal working hours in the full-time employment of the Borneo Aqua Group.

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

Lo Ken Hin, the Executive Director of Borneo Aqua, is a director of a private limited company which is principally involved in general contract works for the plantation sector. He is also a director and shareholder of a private limited company which is dormant. He allocates substantially his time in the management of Borneo Aqua as he only attends meetings of the other board on which he serves to discharge his principal areas of responsibility as a director in the company. The operations of the other company are managed by its personnel. He spends approximately 95% of his normal working hours in the full-time employment of the Borneo Aqua Group.

Tai Chu-Chun, the Executive Director of Borneo Aqua, is a substantial shareholder of Long Diann Marine Bio Technology Co Ltd (*formerly known as Long Diann Trading Pte Ltd*) ("Long Diann"), a company incorporated in Taiwan, Republic of China which is principally engaged in breeding of marine fishes. As he is not a director of Long Diann, he allocates substantially his time in the management of Borneo Aqua whereby he spends approximately 80% of his normal working hours in the full-time employment of the Borneo Aqua Group.

6.1.7 Declaration

None of the Directors of Borneo Aqua is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law filed (and not struck out) against such director or any partnership in which he was a partner, or any corporation of which he was a director or key personnel;
- (ii) a charge and/or conviction in criminal proceedings, or is a named subject of pending criminal proceedings; or
- (iii) a subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or regulatory authority permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6.2 PROMOTERS

6.2.1 Shareholding in Borneo Aqua

The promoters of the Company namely, Datuk Lo Fui Ming, Ho Khin Fong @ Henry Ho, Lo Ken Hin, Tai Chu-Chun and Chang Mei-Lin are also Directors of the Company. The details of their shareholdings are set out in Section 6.1.2 above.

6.2.2 Profiles

The profiles of the promoters of Borneo Aqua are set out in Section 6.1.1 above.

6.2.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Save as disclosed in Section 6.1.3 above, none of the promoters of Borneo Aqua has any previous or existing directorship or substantial shareholding in any other public corporation for the past 2 years preceding the date of this Prospectus.

6.2.4 Changes in the Promoters' Shareholdings in Borneo Aqua

The changes in the shareholdings of the promoters of Borneo Aqua since the date of incorporation of Borneo Aqua are set out in Section 6.3.4 below.

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

6.3 SUBSTANTIAL SHAREHOLDERS

6.3.1 Shareholding in Borneo Aqua

The substantial shareholders of Borneo Aqua and their respective direct and indirect interests in the issued and paid-up share capital of Borneo Aqua according to the Register of Substantial Shareholders as at the date hereof, before and after the Issues are as follows:

Before the Issues

Substantial Shareholders	Nationality	<----- Direct ----->		<----- Indirect ----->	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Datuk Lo Fui Ming	Malaysian	40,003,757	53.34	-	-
Ho Khin Fong @ Henry Ho	Malaysian	6,377,433	8.50	-	-
Lo Ken Hin	Malaysian	5,766,875	7.69	-	-

After the Issues

Substantial shareholders	Nationality	<----- Direct ----->		<----- Indirect ----->	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Datuk Lo Fui Ming	Malaysian	120,176,271	40.06	-	-
Ho Khin Fong @ Henry Ho	Malaysian	19,297,299	6.43	-	-
Lo Ken Hin	Malaysian	17,465,625	5.82	-	-

Note:

The shareholdings after the Issues as disclosed above include the Issue Shares allocated as part of the pink form allocation to eligible Directors of the Borneo Aqua Group and assuming that they subscribe in full for their respective allocations.

6.3.2 Profiles

The profiles of the substantial shareholders, who are also Directors of Borneo Aqua are set out in Section 6.1.1 above.

6.3.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Save as disclosed in Section 6.1.3 above, none of the substantial shareholders of Borneo Aqua has any previous or existing directorship or substantial shareholding in any other public corporation for the past 2 years preceding the date of this Prospectus.

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

6.3.4 The changes in the direct shareholdings of the promoters and substantial shareholders of Borneo Aqua since the date of incorporation of Borneo Aqua up to the date of this Prospectus are as follows:

Promoters/Substantial shareholders	<- As at 16 April 2004 ⁽¹⁾ ->		<--- After Acquisitions --->	
	Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Yong Chui Han	10	50.00	10	*
Liew Chiew Yee	10	50.00	10	*
Datuk Lo Fui Ming	-	-	266,507	25.33
Tai Chu-Chun	-	-	198,329	18.85
Lo Teck Yong	-	-	157,807	15.00
Ho Khin Fong @ Henry Ho	-	-	137,304	13.05
Lo Ken Hin	-	-	137,304	13.05
Chang Mei-Lin	-	-	101,707	9.67

Promoters/Substantial shareholders	After < Capitalisation of Debts >		<--- After Rights Issue --->	
	Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Yong Chui Han	10	*	11	*
Liew Chiew Yee	10	*	11	*
Datuk Lo Fui Ming	37,067,257	53.34	40,003,757	53.34
Tai Chu-Chun	4,488,329	6.46	4,843,898	6.46
Lo Teck Yong	157,807	0.23	170,309	0.23
Ho Khin Fong @ Henry Ho	5,909,294	8.50	6,377,433	8.50
Lo Ken Hin	5,343,554	7.69	5,766,875	7.69
Chang Mei-Lin	3,601,747	5.18	3,887,080	5.18

Notes:

* *Less than 0.01%.*

(1) *Being the date of incorporation of Borneo Aqua.*

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

6.4 AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Name	Designation	Directorship
Chong Khing Chung	Chairman	Independent Non-Executive Director
Datuk Md Kamal bin Bilal	Member	Independent Non-Executive Chairman
Ho Khin Fong @ Henry Ho	Member	Executive Director

The main functions of the Audit Committee include the review of audit plans and audit reports with the Borneo Aqua Group's auditors, the review of the auditors' evaluation of internal accounting controls and management information systems, the review of the scope of internal audit procedures, the review of financial statements and the nomination of auditors.

6.5 KEY MANAGEMENT AND TECHNICAL PERSONNEL

6.5.1 Profiles

The management team of Borneo Aqua Group is headed by its Managing Director and Chief Executive Officer, Datuk Lo Fui Ming which is supported by a team comprises people with proven capabilities and experience in their respective fields.

The profiles of the key management and technical personnel of the Borneo Aqua Group are as follows:

Akinori Hotani, a Japanese, aged 31, is the Head of R&D Department and the Technical Supervisor for the Rearing Centre and Breeding Centre. He obtained a Bachelor of Science Degree majoring in Marine Science and Aquaculture (First Class Honours) from University of Kinki, Japan in 1996. Upon graduation, he joined Nitto Seimo Corporation Co Ltd ("Nitto"), Japan as the Head of Ocean Research and Development Department. During his employment with Nitto, he has conducted numerous research and has gained extensive experience in marine fish breeding hatchery and rearing of marine fish. In addition, he has vast knowledge in formulation of aquaculture medicine and chemical, water environment control, micro-organism production such as Rotifer and Copepod, fish egg management and control, and fish packaging and freezing. He joined Plentiful in mid 2003.

He also has vast experience in designing and constructing fish cages. He has set up net cage, submersible cage and aquaculture systems in China, Taiwan, Republic of China, Indonesia, Russia and Japan.

As the Head of R&D Department, he is responsible for the overall implementation of the R&D strategies and supervision of R&D activities of the Borneo Aqua Group. He is also responsible for product development, breeding and rearing processes, setting up and maintenance of the sea cages.

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

Chen Chin Chi, a Taiwanese, aged 51, is the Technical Supervisor for the Hatchery Centre. He has accumulated more than 20 years of experience in marine fish breeding and hatchery. He started learning the process of breeding prawn fry, he ventured into marine fish breeding for 5 years before joining Long Diann Trading Pte. Ltd. (now known as Long Diann Marine Bio Technology Co. Ltd), a company incorporated in Taiwan, Republic of China, in 1999 as a Technician for hatchery. He joined Plentiful in 2002. His job function in Plentiful is the supervision and provision of technical input for the Group's hatchery activities.

Lo Kim Fung, aged 57, is the Operation Manager of the Borneo Aqua Group. He is responsible for supervising the day to day operations of the Hatchery Centre. He is also responsible for the production activities including production planning, inventory control and coordination of pond maintenance. Prior to joining Plentiful in 2002, he was the Camp Manager for various timber companies since 1978.

Chong Tzu Khen, aged 47, is the Finance Manager and Company Secretary of Borneo Aqua. He is a full member of Malaysian Association of Company Secretaries ("MACS") and a full member of Financial Planning Association of Malaysia. He was attached to P.L.Yap & Co, a firm of public accountants from 1976 to 1980 as an Audit Assistant. In 1980, he joined Jetniyo Sdn Bhd as an Accounts Executive. In 1985, he set up his own company under the name of T.K Chong Commercial Services, a firm providing book keeping and taxation services to companies in Sandakan. In 1995, he joined Cepatwawasan Sdn Bhd as its Company Secretary. From 2001 to February 2004, he was the Personal Assistant to the Managing Director of Cepatwawasan Group Berhad. He joined Plentiful in 2004.

Yap Sui Kong, aged 49, is the Director of Marine in charge of operations. Upon completion of his secondary education, he joined Saliha Sdn Bhd, a timber company as a mechanic and was promoted to Camp Manager in 1980. In 1984, he joined Gold Land Sdn Bhd as an Executive Director. He has extensive experience in timber sector. He joined Marine as an Executive Director in 2002.

Han Chaw Kwang, aged 27, is the Director of Marine in charge of breeding. He obtained a Bachelor Degree in Computing from University of Portsmouth, United Kingdom in 2001, Microsoft Certified System Engineer and Cisco Computer Network System Association certification in 2002. Upon graduation, he joined Gentech Sdn Bhd as a Marketing Executive. He joined Marine as an Executive Director in 2002.

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

6.5.2 Shareholding in Borneo Aqua

The key management and technical personnel of Borneo Aqua and their respective direct and indirect interests in the issued and paid-up share capital of Borneo Aqua as at the date hereof, before and after the Issues are as follows:

Before the Issues

Key management and technical personnel	Nationality	<----- Direct ----->		<----- Indirect ----->	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Akinori Hotani	Japanese	-	-	-	-
Lo Kim Fung	Malaysian	-	-	-	-
Chen Chin Chi	Taiwanese	-	-	-	-
Chong Tzu Khen	Malaysian	-	-	-	-
Yap Sui Kong	Malaysian	423,035	0.56	-	-
Han Chaw Kwang	Malaysian	1,941,510	2.59	-	-

After the Issues

Key management and technical personnel	Nationality	<----- Direct ----->		<----- Indirect ----->	
		Number of Borneo Aqua Shares held	Percentage of issued share capital %	Number of Borneo Aqua Shares held	Percentage of issued share capital %
Akinori Hotani	Japanese	135,000	0.05	-	-
Lo Kim Fung	Malaysian	135,000	0.05	-	-
Chen Chin Chi	Taiwanese	135,000	0.05	-	-
Chong Tzu Khen	Malaysian	135,000	0.05	-	-
Yap Sui Kong	Malaysian	1,434,105	0.48	-	-
Han Chaw Kwang	Malaysian	5,989,530	2.00	-	-

Note:

The shareholdings after the Issues as disclosed above include the Issue Shares allocated as part of the pink form allocation to eligible employees of the Borneo Aqua Group and assuming that they subscribe in full for their respective allocations.

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

6.5.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

None of the key management and technical personnel of the Borneo Aqua Group has any previous or existing directorship or substantial shareholding in any other public corporation for the past 2 years preceding the date of this Prospectus.

6.5.4 Service Agreements

Save as disclosed below, none of the key management and technical personnel of the Borneo Aqua Group has entered into any service agreement with Borneo Aqua or its subsidiaries.

Plentiful had on 25 May 2004 entered into a Management Service Agreement ("MSA") with Akinori Hotani ("Akinori") and Chen Chin Chi ("CCC") respectively. Pursuant to the MSA, Plentiful agreed to appoint Akinori and CCC as Head of R&D Department and the Technical Supervisor for Rearing Centre and Breeding Centre, and Technical Supervisor respectively for a period of 3 years commencing from the date of the MSA and upon the terms and conditions set out therein.

The salient terms of the MSA are as follows:

- (i) Save for the business of the Group or with the consent of the Board of Directors of Plentiful, Akinori/CCC shall not during his employment or 36 months after cessation of his appointment be directly or indirectly engaged or involved whether as shareholder, director, consultant, partner, agent or otherwise in any business competing with or in opposition to the business of the Group;
- (ii) Unless with the written consent of Plentiful, Akinori/CCC is prohibited at all times, notwithstanding the termination of the MSA from submitting for registration of intellectual property in any jurisdiction under his name or any other persons, all processes, procedures, programs, discoveries, ideas, formula, improvements, developments, technologies, designs, inventions ("Inventions") copyright that are developed, invented, made, created or invented solely by Akinori/CCC or jointly with others for the benefit of the Group during the course of his appointment under the MSA; and
- (iii) Except as authorised or required by his duties, Akinori/CCC shall not reveal to any persons or company any of the Inventions or trade secrets or confidential information, operations, processes or dealings of Plentiful which may come to his knowledge and shall keep with complete secrecy all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which injure or cause loss to Plentiful or its business. This restriction shall apply after termination of the MSA without limit in point of time but shall cease to apply to information or knowledge which may come into the public domain or otherwise than through authorised disclosure by Akinori/CCC.

6.5.5 Interests in Other Businesses and Companies

Save as disclosed below, none of the key management and technical personnel of Borneo Aqua is involved in the activities or operations of any other business or company:

Chong Tzu Khen, the Finance Manager and Company Secretary of Borneo Aqua is the sole proprietor of T.K. Chong Commercial Services. He is also a director and shareholder of 2 private limited companies which are dormant. He spends most of his time in the Borneo Aqua Group where he is employed as the Finance Manager and Company Secretary.

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

6.5.6 Declaration

None of the key management and technical personnel of the Borneo Aqua Group is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law filed (and not struck out) against such personnel or any partnership in which he was a partner, or any corporation of which he was a director or key personnel;
- (ii) a charge and/or conviction in criminal proceedings, or is a named subject of pending criminal proceedings; or
- (iii) a subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or regulatory authority permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there is no family relationship or association between the promoters, substantial shareholders and Directors of Borneo Aqua, and/or key management and technical personnel of the Borneo Aqua Group:

- (i) Datuk Lo Fui Ming, a promoter, substantial shareholder and Managing Director and Chief Executive Officer of Borneo Aqua, and Lo Ken Hin, a promoter, substantial shareholder and an Executive Director of Borneo Aqua, are brothers;
- (ii) Lo Teck Yong, an Executive Director of Borneo Aqua, is the son of Datuk Lo Fui Ming and is the nephew of Lo Ken Hin;
- (iii) Tai Chu-Chun, a promoter, substantial shareholder and the Executive Director of Borneo Aqua, is the son of Tai Kun Tsai, the Deputy Chairman of Borneo Aqua;
- (iv) Dora Chiu Kui Tzu, an Independent Non-Executive Director of Borneo Aqua, is the sister-in-law of Datuk Lo Fui Ming and Lo Teck Yong's aunt; and
- (v) Lo Kim Fung, a key management of Borneo Aqua is the uncle of Datuk Lo Fui Ming and Lo Ken Hin and is the grand uncle of Lo Teck Yong.