

7 SHAREHOLDERS, DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

7.1 Substantial Shareholders and Promoters

7.1.1 Shareholdings in Coastal

Based on the Register of Substantial Shareholders of Coastal as at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, the direct and indirect interest of the substantial shareholders and promoters of Coastal in the issued share capital of the Company before and after the Public Issue are as follows :-

	Nationality/ Place of Incorporation	Before the Public Issue/Offer for Sale				After the Public Issue/Offer for Sale*			
		Direct ('000)	%	Indirect ('000)	%	Direct ('000)	%	Indirect ('000)	%
Substantial shareholders									
Ivory Asia ^(a)	Malaysia	22,712	42.5	-	-	22,712	34.0	-	-
Ng Chin Heng ^(b)	Malaysian	1,823	3.4	51,677 ^(c)	96.6	1,610	2.4	48,290 ^(c)	72.3
Ng Chin Shin ^(b)	Malaysian	1,309	2.4	27,153 ^(d)	50.7	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Kok ^(b)	Malaysian	1,309	2.4	27,153 ^(d)	50.7	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Keuan ^(b)	Malaysian	1,309	2.4	27,153 ^(d)	50.7	1,156	1.7	26,634 ^(d)	39.9
Pang Fong Thau ^(e)	Malaysian	25,038	46.8	24,535 ^(f)	45.9	22,111	33.1	24,322 ^(f)	36.4
Promoters									
Pang Fong Thau ^(e)	Malaysian	25,038	46.8	24,535 ^(f)	45.9	22,111	33.1	24,322 ^(f)	36.4
Ng Chin Heng ^(b)	Malaysian	1,823	3.4	51,677 ^(c)	96.6	1,610	2.4	48,290 ^(c)	72.3
Ng Chin Shin ^(a)	Malaysian	1,309	2.4	27,153 ^(c)	50.7	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Kok ^(b)	Malaysian	1,309	2.4	27,153 ^(d)	50.7	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Keuan ^(b)	Malaysian	1,309	2.4	27,153 ^(d)	50.7	1,156	1.7	26,634 ^(d)	39.9

Notes:

* The above table excludes Pink Form allocation.

- 17,939,082 new Shares, 5,771,234 new Shares, 2,943,721 new Shares and 2,943,721 new Shares had been issued to Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan respectively pursuant to the Acquisitions. As at 17 June 2003, the latest practicable date prior to the printing of this Prospectus, they are still the registered holders of the said Shares. However, a certain portion of these Shares will be transferred to Mdm Pang Fong Thau and Ivory Asia, an investment holding company prior to the listing of the Company on the Main Board of the KLSE.
- Ng Chin Heng, Ng Chin Shin, Ng Chin Kok, Ng Chin Keuan and Ng Chin Hong, Ng Lay Kee and Ng Chui Lai are siblings.
- Deemed interested by virtue of the substantial shareholdings held by his wife Pang Fong Thau and his other siblings and his holding in Ivory Asia.
- Deemed interested by virtue of the substantial shareholdings held by their other siblings and their holdings in Ivory Asia.
- Pang Fong Thau is a Director of the subsidiaries of Coastal.
- Deemed interested by virtue of the direct and indirect substantial shareholdings held by her husband Ng Chin Heng.

The Promoters and substantial shareholders of Coastal are Pang Fong Thau, Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan. They are also Directors and key management of Coastal and their profiles are set out in section 7.3 and 7.5 below.

7.1.2 Directorship In Other Public Corporation

None of the substantial shareholders and promoters of Coastal has directorships in any other **public** corporations for the past two (2) years.

7.1.3 Substantial Shareholdings In Other Public Corporation

None of the substantial shareholders and promoters of Coastal has substantial shareholdings (more than 5%) direct or indirect in other **public** corporations for the past two (2) years.

7.1.4 Background On Substantial Shareholders and Promoters

Below outlines the profile of the substantial shareholders and promoters of Coastal save for those who are directors and key management, the profile of which is contained in the ensuing sections.

IVORY ASIA was incorporated on 9th October 2002 in Malaysia as a private limited company (Company No. 595286-H) under the Companies Act, 1965. It is principally an investment holding company. Ivory Asia has an authorised share capital of 100,000 shares divided into 100,000 ordinary shares of RM1.00 each. Currently, the issued and paid up share capital of Ivory Asia is RM2 comprising ordinary shares of RM1.00 each. The current directors and substantial shareholders of Ivory Asia is Angeline Ng Sek Oi and Low Sook Fang.

A certain portion of the IPO Shares as detailed in Section 7.1 above will be transferred to Ivory Asia prior to the listing of the Company on the Main Board of the KLSE.

Upon listing of Coastal, Ivory Asia will have issued and paid-up share capital of RM100,000 shares divided into 100,000 ordinary shares with substantial shareholders and directors as tabulated below:

Shareholders	Direct, ('000)	Indirect, ('000)
Ng Chin Heng ^(a)	38	62 ^(b)
Pang Fong Thau	15	38 ^(c)
Ng Chin Shin ^(a)	14	71 ^(d)
Ng Chin Keuan ^(a)	14	71 ^(d)
Ng Chin Kok ^(a)	14	71 ^(d)
Ng Chin Hong ^(a)	3	82 ^(d)
Ng Chui Lai ^(a)	2	83 ^(d)
Directors		
Ng Chin Heng ^(a)	38	62 ^(b)
Pang Fong Thau	15	38 ^(c)
Ng Chin Shin ^(a)	14	71 ^(d)
Ng Chin Keuan ^(a)	14	71 ^(d)

Notes:

- a) *Ng Chin Heng, Ng Chin Shin, Ng Chin Kok, Ng Chin Keuan, Ng Chin Hong, Ng Lay Kee and Ng Chui Lai are siblings.*
- b) *Deemed interested by virtue of the substantial shareholdings held by his wife Pang Fong Thau and his other siblings.*
- c) *Deemed interested by virtue of the substantial shareholdings held by her husband Ng Chin Heng.*
- d) *Deemed interested by virtue of the substantial shareholdings held by their other siblings*

Some of the substantial shareholders and promoters of Coastal are also directors and key management of the Group and their profiles are set out in section 7.3 "Board of Directors" and section 7.5 "Key Management Team".

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7.2 Changes in Shareholders

Changes in shareholders and their shareholdings in Coastal since incorporation but prior to Public Issue are as follows:-

	Date Acquired	No of shares acquired/ (disposed)	Balance	%
Pang Fong Thau	8 August 2000	1	1	50.0
Ng Chin Heng		1	1	50.0
Pang Fong Thau	24 August 2000	29	30	30.0
Ng Chin Heng		24	25	25.0
Ng Chin Shin		15	15	15.0
Ng Chin Kok		15	15	15.0
Ng Chin Keuan		15	15	15.0
Pang Fong Thau	21 November 2002	23,902,142	23,902,172	44.7
Ng Chin Heng		17,939,082	17,939,107	33.5
Ng Chin Shin		5,771,234	5,771,249	10.8
Ng Chin Kok		2,943,721	2,943,736	5.5
Ng Chin Keuan		2,943,721	2,943,736	5.5

Notes:-

- (i) 17,939,082 new Shares, 5,771,234 new Shares, 2,943,721 new Shares and 2,943,721 new Shares had been issued to Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan respectively pursuant to the Acquisitions. As at 17 June 2003, the latest practicable date prior to the printing of this Prospectus, they are still the registered holders of the said Shares. However, a certain portion of these Shares will be transferred to Mdm Pang Fong Thau and Ivory Asia, an investment holding company prior to the listing of the Company on the Main Board of the KLSE.

7.3 Board of Directors

A brief profile on the Board of Directors of Coastal is as follows:-

NG CHIN HENG, aged 54, is the principal founder and the Executive Chairman cum Managing Director of Coastal Group. He was appointed to the Board of Directors of Coastal on 8 August 2000. Soon after completing the Lower Certificate of Education (LCE) equivalent and gaining work experience in various capacities, Ng Chin Heng started his business endeavour in 1977 trading in animal feed, fertilisers and raw rubber.

Subsequently, he started with vessel chartering business in 1982 when he acquired CTS, a tug and barge hire company, which then owned and operated 4 small old tankers. Soon after, he acquired the technical and management skills of tugboat and barge repairs and fabrications. He travelled extensively to visit some of the shipyards in Malaysia, Indonesia, Singapore and China to learn and improve the technical and management aspects of shipyard operations.

With over 20 years experience in the tug and barge industry, his responsibilities include developing and planning the overall strategic business direction for the Coastal group of companies. His responsibilities also extend to business development, playing an active role to secure contracts from his local as well as overseas business contacts. As the founder of the Coastal Group, he brings not only his technical and management expertise from his extensive experience in the shipping industry but also his established network of business contacts that he developed over the years. He has been instrumental in spearheading the development and expansion of the Coastal Group since its inception in 1982.

NG CHIN KOK, aged 46, is the co-founder and the Shipping Operation Director of Coastal. He was appointed to the Board of Coastal on 8 August 2000. Prior to joining the Group, he was in the trading business with Ng Chin Heng. He has a Higher School of Certificate (HSC).

He has now been involved in the Group for over 20 years. Since the formation of the Group, he has been influential in expanding the Group's fleet chartering and transportation operations. He helped to spread the area of operations, which was initially confined to Sabah waters only, to Brunei, Sarawak, West Malaysia and Singapore in 1996 and in the later years, to Indonesia. With his extensive involvement in the shipping industry, he brings hands-on operational experience especially in maritime regulations, procedures and requirements. As the Shipping Operation Director, he is principally responsible for the Group's fleet operations. Currently, he is stationed in Jakarta, Indonesia to manage, monitor and control the Indonesian operations of the Group.

NG CHIN SHIN, aged 44, was appointed as the Technical Director of Coastal on 8 August 2000. Shortly after completing the Lower Certificate of Education (LCE) equivalent, he went on to be a mechanic and welder in 1975 and subsequently a mechanic and construction supervisor. He gained his experience in the shipbuilding industry when he worked for a shipbuilding contractor between 1980 and 1985. With his valuable knowledge, he was invited to join the Group in 1986 and has been involved in the Group for about 17 years. He has been instrumental in shaping and laying the foundations for the Group's product and workmanship quality in vessel manufacturing and repair works. His vast experience and in-depth knowledge in the vessel manufacturing and repair activities will continue to benefit the Group.

Presently, he is principally responsible for the management and operation of the vessel fabrication and repair activities at the shipyard. He also oversees and is responsible for quality assurance and consistency in output quality including the implementation and review of the quality control system and procedures for all vessel manufacturing and repair works.

NG CHIN KEUAN, aged 44, was appointed to the Board on 8 August 2000. He was one of the co-founders of the Group and is currently the Vessel Manufacturing and Repair Operations Manager. He has a Lower Certificate of Education equivalent. Involved in the affairs of the Group since its early years in 1980s and thus, well acquainted with the Group's operations, he gained the knowledge and skills of marine engineering through hands-on management and practical experience. He is principally responsible in supervising the day-to-day operations of the shipyards and also for fleet maintenance and parts procurement. Prior to joining the Group, he was in the trading business with Ng Chin Heng.

NG CHIN HONG, aged 45, is the Operations cum Finance Director. He was appointed as a Director on 2 December 2002. He graduated from Ohio, USA with a degree in Bachelor of Science with minor in Accounting. He started out as a Credit Officer in 1984 with Mayban Finance Berhad. In 1989, he was promoted to Branch Manager by the same financial institution until he joined the Group in 1997 and has since been involved in the Group's marketing and financial planning. He is mainly responsible for repair works undertaken for government vessels. He is also actively involved in mapping the Group's marketing and financial planning activities.

KWAN CHEONG KAW @ KUAN YEEK CHIEU, aged 64, was appointed as an Independent Non-Executive Director of Coastal on 2 December 2002. He completed his tertiary education with a Degree in Commerce from the University of New South Wales under the Colombo Scholarship Plan. He started his career as a Division One accountant with the Sabah State Treasury and subsequently gained his practical experience in a firm of chartered accountants. Having gained substantial experience in the private sector, he established his practice in the early 1970s. He is a member of CPA Australia, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Taxation. Over the years, he has held directorships in several private companies involved in timber and property development. He is currently the Managing Director of a management services company based in Sandakan.

LOH THIAN SANG @ LO THIAN SIANG, aged 58, was appointed as an Independent Non-Executive Director of Coastal on 2 December 2002. He has over 36 years of experience in marine administration and operation. He joined the Marine Department in 1963 as signalman a year after leaving secondary school and during his tenure in the organisation advanced himself as a Senior Boarding Officer in 1998. His last post with the Marine Department before retirement was as the acting Assistant Marine Officer from 1997 to 2000.

None of the above directors has been involved in or is a party related to, directly or indirectly, any petition under the bankruptcy or insolvency laws filed, in or outside Malaysia and have not been struck out, against them or any partnership in which they may be a partner or any corporation of which they may be a director or key personnel. Neither have they ever been convicted in a criminal proceeding nor were a named subject of a pending criminal proceeding. They have not been the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining them 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.

Shareholdings in The Company

None of the Directors has shareholdings in the Company direct or indirect as at the date of this Prospectus except for the following :-

Directors	Before the Public Issue/Offer for Sale			
	Direct ('000)	%	Indirect ('000)	%
Ng Chin Heng	1,823	3.4	51,677 ^(b)	96.6
Ng Chin Shin	1,309	2.4	27,153 ^(c)	50.8
Ng Chin Kok	1,309	2.4	27,153 ^(c)	50.8
Ng Chin Keuan	1,309	2.4	27,153 ^(c)	50.8
Ng Chin Hong	-	-	27,153 ^(d)	50.8

Notes:

- Ng Chin Heng, Ng Chin Shin, Ng Chin Kok, Ng Chin Keuan and Ng Chin Hong are brothers.
- Deemed interested by virtue of the substantial shareholdings held by his wife Pang Fong Thau and his other brothers and his holdings in Ivory Asia.
- Deemed interested by virtue of the substantial shareholdings held by their other brothers and their holdings in Ivory Asia.
- Deemed interested by virtue of the substantial shareholdings held by his other brothers.

Directorships Of Directors In Other Public Corporations

None of the Directors of Coastal has other directorships in other public corporations for the past two (2) years.

Substantial Shareholdings of Directors in Other Public Corporations

None of the Directors of Coastal has substantial shareholdings (more than 5%) direct or indirect in other **public** corporations in the last two (2) years as at the date of this Prospectus.

7.4 Aggregate Remuneration and Benefits of Directors

The aggregate Directors' remuneration for the last financial year and proposed for the current financial year is as follows:-

Financial Year	Directors	Number of Directors	Range# RM'000	Total for the Year#, RM'000
FY 2002	Non-Executive Directors	2	0-114	1
	Executive Directors	5	115-330	740
FY 2003*	Non-Executive Directors	2	0-114	31
	Executive Directors	5	115-330	912

* Proposed remuneration for the year ending 2003 within the specific bands or ranges.
Includes salaries, bonuses and EPF contribution

7.5 Key Management Team

The day-to-day operation of the Group is mainly handled by experienced members of the Board and assisted by an experienced management team. Particulars of the key management team members are as follows:-

PANG FONG THAU, aged 43, is the wife of Mr Ng Chin Heng and co-founder, and a director of certain subsidiaries of the Group. Immediately after completing the Lower Certificate of Education (LCE), she was involved in the trading business before founding Coastal.

She has been involved at the managerial level of the Coastal Group since the early formative years, taking care of especially the accounting, administrative and organisation aspects of the business. Over the years, she has attended numerous accounting and computer courses as well as seminars to keep abreast with the latest updates. Currently, she is principally responsible for the financial and administrative aspects of the Coastal Group.

YAP KIM TECK, aged 52, is the Shipping Operational Manager. He joined the Group on 15 May 1995. Mr Yap has a Malaysian Certificate of Education. Prior to joining the Group, he worked as a supervisor for various marine-related projects such as midstream off-loading of steel coils from ships in Malacca Port and later supervised sand dredgers on reclamation in Malacca Port for almost a year. He also supervised 4 tugs and a landing craft for beach sand reclamation in Brunei for about 2 years. He is responsible for monitoring the progress of vessels as well as the application and the renewal of vessels licences to ensure the operations of fleet vessels are uninterrupted.

NG SOON HONG, aged 32, joined the Group on 15 January 2000 as the Group Accountant cum Company Secretary. He is a member of the Malaysian Institute of Accountants and also a member of the Malaysian Institute of Certified Public Accountants. He was with one of the reputable international accounting firms where he worked for about 7 years. He gained his experience of the various industries such as oil palm plantation, timber-based and construction industries while working with the international accounting firm. He then worked briefly as the Internal Audit Assistant Manager for a public-listed company in Sandakan before joining the Group.

LAI KAN KEONG, aged 46, is the Operation Manager of the Coastal Group. In a nutshell, he is responsible for the Group's crew, especially recruitment, supervision of the Group's fleet and ensures adherence to the International Maritime Organisation rules and procedures. After completing Senior Cambridge, he started his career as an educationalist in 1975 and left the profession in 1978 to join Malaysian Airlines System in 1979. In 1990, he proceeded to advance his career in the travel industry and was attached to a travel agent as the Administration and Marketing Manager until 1999. Lai joined the Coastal Group in 2000 and is now the Operation Manager.

HU YI FU, aged 31, joined the Group in 2001 as a Naval Engineer. He completed his tertiary education in 1995 at the Wuhan University of Transportation and Technology with a Bachelor of Engineering majoring in Marine Engineering. He was then attached to a shipyard company in China for about 5 years, during which much valuable experience and knowledge were gained in the various capacities that he held including technical, practical and management aspects of the shipbuilding business as well as the rules and regulations of the different classification societies.

DENIS C. DERAY, aged 46, joined the Group on 19 April 1995 and is currently the Operation Manager cum Port Engineer for the Group's operations in Indonesia. He graduated from the Shipping Business Academy, in 1980 as a Level IV Technical Member. In 1980, he started his professional career in Singapore with Chuan Hup Ltd as an Engineer/Chief Engineer on Board in charge of all engineering aspects of a plying vessel. He was then promoted to Port Engineer, a supervisory role, responsible for maintenance and repair of an assigned fleet. In total, he has accumulated over 22 years of experience in the maritime sector before he joined the Group.

NG CHUI LAI, aged 50, joined the Group in May 2001. She is currently the Purchasing Manager. She pursued an external degree course in Geography from the University of London and graduated in 1989. Prior to joining the Group, she was in the teaching profession for over 20 years.

NG LAY KEE, aged 48, joined the Group in 2001. She comes from a teaching background with over 25 years experience and is presently the joint Human Resource and Purchasing Manager. She took up a 2-year training course before her attachment in the teaching profession. After 14 years, she pursued and obtained an external degree in Geography from the University of London in 1992.

BALI WUTUNG, aged 40, joined the Group in 1988 and is the Assistant Operation Manager of the Coastal Group. He has over 13 years of experience in the sector. He started his career in 1982 with a local plantation company before joining a timber-based company in 1987. He is principally entrusted with the responsibility of monitoring the day-to-day operation of the Group.

None of the above key management or technical personnel has been involved in or is a party related to, directly or indirectly, any petition under the bankruptcy or insolvency laws filed, in or outside Malaysia and have not been struck out, against them or any partnership in which they may be a partner or any corporation of which they may be a director or key personnel. Neither have they ever been convicted in a criminal proceeding or were a named subject of a pending criminal proceeding. They have not been the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining them 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.

Shareholdings In Coastal

Save as disclosed below, none of the abovementioned key management of Coastal has shareholdings direct or indirect in Coastal as at the date of this Prospectus.

	Direct ('000)	%	Indirect ('000)	%
Pang Fong Thau	25,038	46.8	24,535 ^(a)	45.9
Ng Chui Lai ^(b)	-	-	28,462 ^(b)	53.2
Ng Lay Kee ^(b)	-	-	28,462 ^(b)	53.2

Notes

- a) Deemed interested by virtue of the direct and indirect substantial shareholdings held by her husband Ng Chin Heng.
- b) Deemed interested by virtue of the substantial shareholdings held by her other siblings and their holdings in Ivory Asia.

Directorships In Other Public Corporations

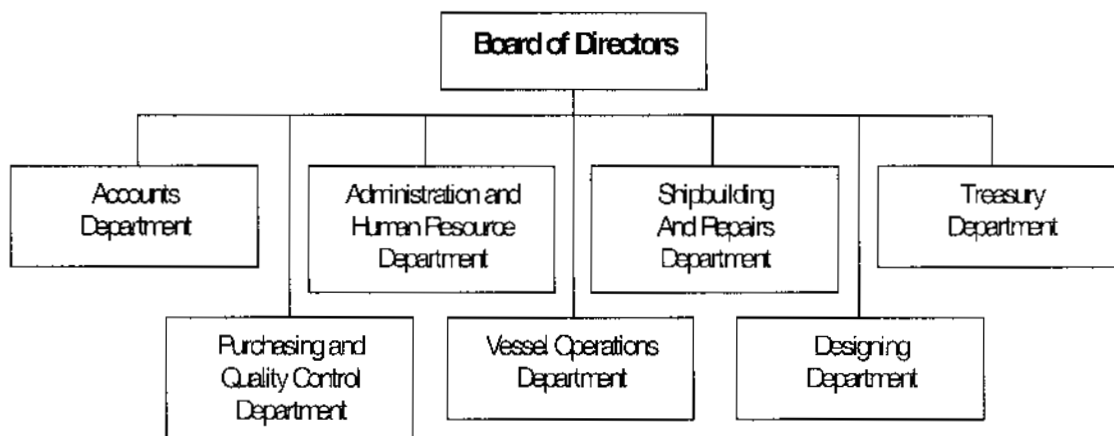
None of the abovementioned key management of Coastal held other directorships in other public corporations in the last two (2) years.

Substantial Shareholdings In Other Public Corporations

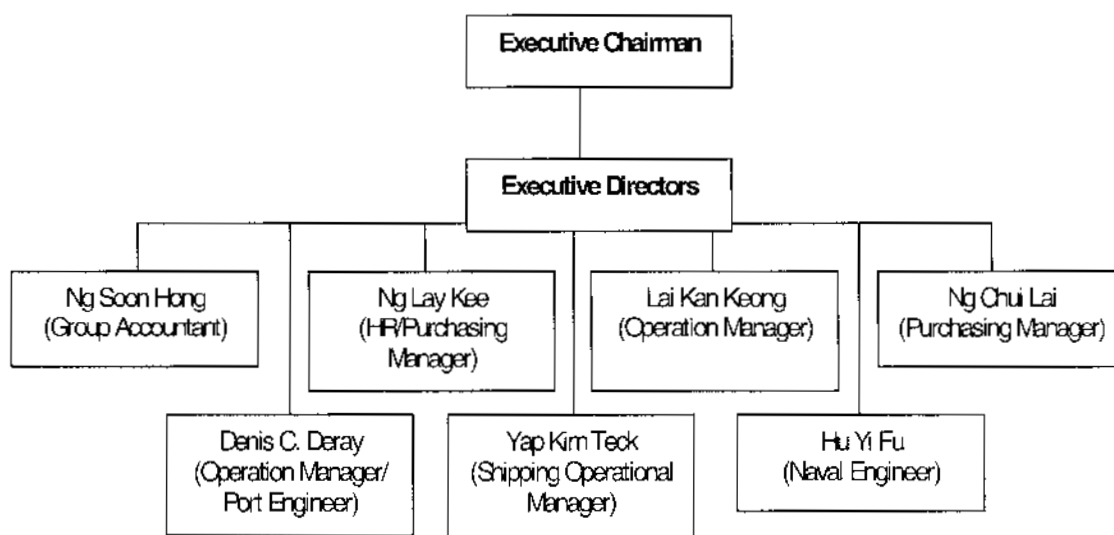
None of the abovementioned key management of Coastal has substantial shareholdings (more than 5%) direct or indirect in other *public* corporations as at the date of this Prospectus.

7.6 Management Succession Plan

The Company started modestly in the 1980s with 4 small oil tankers and expanded rapidly to its current position. The Group's departmental structure is summarised as follows:-



The Group is a structured organisation with different tiers of management. Below outlines the organisation chart, demonstrating the lines of reporting of the Coastal Group.



The Executive Directors are in the age group of 44 ~ 54 and are well entrenched in the industry. As noted above, the Executive Directors are supported by a group of managerial staff consisting of experienced managers, such as Yap Kim Teck, Lai Kan Keong, Denis C. Deray, Ng Chui Lai and Ng Lay Kee (with ages ranging from 46 ~ 52). Further, as part of its management succession plan, management also consist of capable staff within the age group of 31 ~ 32, the likes of Ng Soon Hong and Hu Yi Fu. In addition, management is also well supported by a group of assistant managers such as Bali Wutung who is in his 40s.

In a nutshell, the Board of Directors shapes the general direction of the Group at a macro level and is supported by the various levels of management as depicted. It is at the Board level that strategic decisions are made to generate long-term results.

The Group enables its human resources to be optimally positioned for effective running of daily operations. Rotation of duties are also used as a mechanism to provide management an across the board understanding of the business. This is also to ensure that each responsibility could be handled by at least one other management staff and therefore does not cause any major management transition glitch if the need arises. The Company will still be able to function in the absence of certain key management personnel. In the course of the Group's expansion plans, the Group intends to recruit more professionally qualified people to further strengthen its organisation.

7.7 Employees

The Group's manpower policy is to recruit Malaysians, especially at the managerial, technical and supervisory levels. As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, the Group had 282 full-time employees categorised as follows:-

Category	Malaysian	Foreigner	Average years in service
Managerial Staff	10	2	10
Technical & Supervisory Staff*	23	2	8
Shipyards Workers			
-Skilled**	15	8	3
-Unskilled	28	9	2
Ship crew			
-Captains, Officers and Engineers	6	61	2
-Other crew	11	56	1
Clerical and Other Works	41	10	3
Total	134	148	

* Workshop supervisor, mechanical engineer, shipbuilding supervisor, public relation supervisor, wire/electrical supervisor, engineering designer, purchasing supervisor, accounts supervisor, factory, engineering supervisor.

** Fitter, welder, lathing machine operator, mechanic and assistant mechanic, carpenter and draftsman.

The Group firmly believes in the need to continually upgrade the skills and knowledge of its workers. At present, staff training and development programmes are largely carried out by way of on-the-job-training especially for their shipyard workers. In this trade, on-the-job-learning under an experienced supervisor is highly effective as shipbuilding and repair skills and technical know-how are most effectively imparted through hands-on experience.

The Group places great emphasis to ensure that its foreign-sourced labour force fulfils employment requirements in Malaysia. All foreign workers, typically unskilled, are legally employed and hold valid working permits issued by the Immigration Department of Malaysia. These permits are closely monitored by Coastal and renewed annually.

The Coastal Group's employees are not members of any union and there have been no industrial dispute with workers since its commencement in the early 1980s.

7.8 Audit Committee

Coastal set up an Audit Committee on 2 December 2002, which comprises the following Board members:-

Name	Responsibility	Directorship
Kwan Cheong Kaw @ Kuan Yeek Chieu	Chairman	Independent Non-Executive Director
Loh Thian Sang @ Lo Thian Siang	Member	Independent Non-Executive Director
Ng Chin Hong	Member	Executive Director

The functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of the scope of internal audit procedures, review of balance sheets and income statements, review the appointment of auditors, to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the companies within the Group and undertake such other responsibilities as may be agreed to by the committee and the Board.

7.9 Relationships and Associates

Ng Chin Heng and Pang Fong Thau are husband and wife, Ng Chin Kok, Ng Chin Shin, Ng Chin Hong and Ng Chin Keuan are the younger siblings of Ng Chin Heng and hence the brother-in-laws of Pang Fong Thau.

Ng Chin Heng, the Executive Chairman cum Managing Director of the Group has a younger brother Ng Chin Heong working as a Shipbuilding Supervisor and younger sisters, Ng Lay Kee and Ng Chui Lai working as Human Resource and Purchasing Managers.

Save as disclosed above, there are no family and business relationships between the substantial shareholders, promoters, directors, management and key technical personnel of the Coastal Group.

7.10 Service Agreements

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, none of the directors or key management personnel of Coastal have existing or proposed service agreements with the Company or its subsidiaries.

7.11 Related Party Transactions

Save as disclosed below, there are no other existing related party transactions and conflict of interest in relation to the Group and its related-parties.

7.11.1 On-going Business Transactions with Syarikat Guan Huat Trading (“Guan Huat”)

Guan Huat is a partnership holding a bunkering license to provide marine fuel and lubricant for vessels plying in Sabah coastal waters. The company is the main diesel supplier to the Group especially for the shipping and chartering operations. Guan Huat is owned by the following persons.

	% of Capital Contribution	Nationality	Principal Activities
Syarikat Guan Huat Trading			Bunkering services.
Pang Fong Thau	30	Malaysian	
Ng Chin Heng	25	Malaysian	
Ng Chin Shin	15	Malaysian	
Ng Chin Kok	15	Malaysian	
Ng Chin Keuan	15	Malaysian	

The contract is a 5-year agreement commencing from 1st August 2000. The Board of Coastal believes that there should not be any current or potential conflict of business as the transactions are entered on an arms length basis.

The Group's total diesel purchases from Guan Huat for the financial year ended 31 December 2001 totalled RM241,007 and for the year ended 31 December 2002 totalled RM243,594. Diesel supplied to the Group is on arms-length basis, which is priced at 5% above the purchase price of Guan Huat, and characterised by a contract.

7.12 Involvement In Similar Business Activities

7.12.1 PT Prima Armada Nusantara ("PAN")

PAN was incorporated on 11 August 2001 in Indonesia as a private limited company (Registration No.02.094.580.4-026.00) under the Private Limited Incorporation Act. The principal business activities of the company are the operation of commercial transportation, including oil and gas related goods, and the provision of vessel hire. PAN has an authorised share capital of Rp600,000,000 comprising ordinary shares of Rp1,000 each while its issued and paid-up share capital is Rp510,000,000.

Its shareholders and directors are as follows.

	% of equity	Nationality / Country of Incorporation	Principal Activities
PT Prima Armada Nusantara ("PAN")		Indonesia	<ul style="list-style-type: none"> • Commercial transportation • Vessel chartering services
Ely Wati	95	Indonesian	
Hadi Kuson Eddi	5	Indonesian	

PAN is managed and substantially owned by Ely Wati, the wife of Ng Chin Kok, a director, substantial shareholder and promoter of Coastal. Ng Chin Kok is not involved in the management of PAN. PAN focuses primarily on specialised transportation/chartering contracts for the Indonesian oil and gas industry, a service which requires licenses from the Indonesian government. The Board of Directors of Coastal believes that in Indonesia, such contracts are generally awarded to Indonesian owned companies. Coastal's chartering division, on the other hand, focuses on the private sector. As PAN and Coastal do not operate in the same market segment, the Board believes there does not exist any conflict of interest.

In 2001, the Group disposed an accommodation barge to PAN for a total consideration of USD304,000 and the consideration has been settled in full.

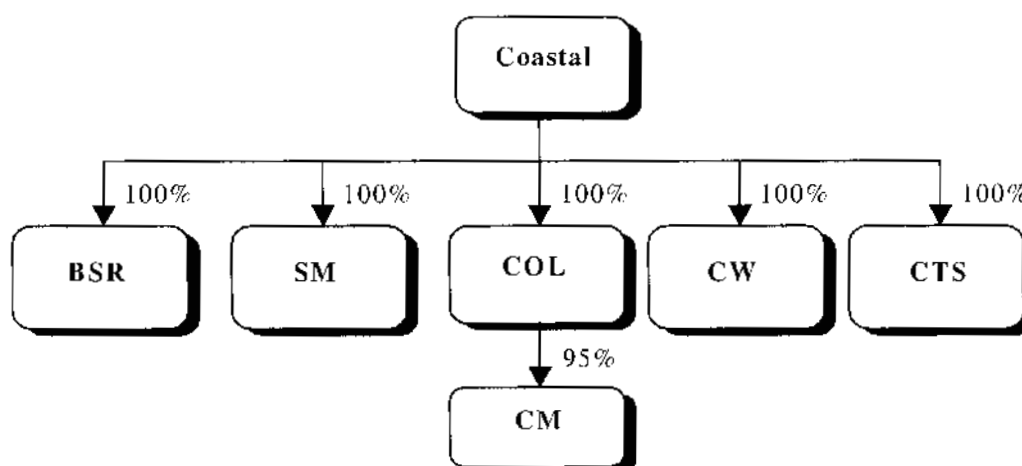
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8 OTHER GROUP INFORMATION

8.1 Incorporation

Coastal was incorporated in Malaysia under the Companies Act, 1965 on 21 June 2000 as a private limited company under the name of Ocean Contracts Sdn Bhd. On 4 December 2000, it was converted to a public limited concern. The Group assumed its current name on 19 April 2001. The Company is an investment holding company with its investments being its wholly owned subsidiaries, BSR, SM, CTS, COL and CW.

The Coastal Group has the following Group structure:-



8.2 Changes In Share Capital

Coastal's present authorised share capital is RM500,000,000 comprising 500,000,000 Ordinary Shares of RM1.00 each.

The present issued and paid-up share capital of the Company is RM53,500,000 comprising 53,500,000 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up capital of Coastal will be RM66,800,000 comprising 66,800,000 Shares.

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

Date of allotment	No. of Shares issued	Par value (RM)	Consideration	Cumulative Total (RM)
21 June 2000	2	1.00	Cash	2
24 August 2000	98	1.00	Cash	100
21 November 2002	53,499,900	1.00	Acquisition of SM, CTS, CW and BSR	53,500,000

8.3 Information on Subsidiaries

The details of the subsidiaries of Coastal are as follows:-

Subsidiary	Registration Number	Date and Place of Incorporation	Total No. Of Issued & Paid-up Share Capital	Par Value	Principal Activities	Effective Interest
CTS	28778-D	3 August, 1976 Malaysia	2,000,000	RM1	<ul style="list-style-type: none"> Provision of tugboat and barge transportation Equipment hiring and property letting 	100%
SM	111213-M	6 December, 1983 Malaysia	6,000,000	RM1	<ul style="list-style-type: none"> Fabrication and sale of marine transportation vessels Provision of ships repairs and maintenance services. Sub-contract services 	100%
BSR	184278-W	12 July, 1989 Malaysia	250,000	RM1	<ul style="list-style-type: none"> Fabrication and sale of marine transportation vessels and property letting. 	100%
COL	LL02556	6 September 2000, Labuan Malaysia	1,553	USD1	<ul style="list-style-type: none"> Investment holding Provision of bareboat hiring and leasing services 	100%
CW	94581-W	20 December 1982 Malaysia	80,000	RM1	<ul style="list-style-type: none"> Provision of vessels chartering and related services 	100%
CM*	09.05.1.61.3 9256	25 March 2000 Indonesia	250,000	USD1	<ul style="list-style-type: none"> Provision for tugboat and barge transportation services 	95%

* CM is an immediate subsidiary of COL.

8.3.1 Information on CTS

i) History and Business

CTS was incorporated on 3 August 1976 in Malaysia as a private limited company (Registration No. 28778-D) under the Companies Act, 1965. The principal activity of the company is the provision of tugboat and barge transportation, equipment hiring services and property letting.

ii) Share Capital

CTS has an authorised share capital of 5,000,000 shares divided into 5,000,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is

RM2,000,000 shares divided into 2,000,000 ordinary shares of RM1.00 each. The changes in its issued and paid-up share capital since incorporation are as follows:-

Date of allotment	No. of Shares	Par Value RM	Type	Total (RM)
03.08.1976	2	1.00	Subscriber's shares	2
06.10.1976	199,998	1.00	Cash	200,000
11.07.1978	100,000	1.00	Cash	300,000
01.06.1981	200,000	1.00	Cash	500,000
29.09.2000	1,500,000	1.00	Bonus Issue	2,000,000

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, CTS has no subsidiaries or associated companies.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, CTS has 128 employees.

v) Substantial Shareholder

Coastal holds 100.0% effective equity interest in CTS

8.3.2 Information on SM

i) History and Business

SM was incorporated on 6 December 1983 in Malaysia as a private limited company (Registration No. 111213-M) under the Companies Act, 1965. The principal activities of the company are the fabrication and sale of marine transportation vessels and provision of ship repairs and maintenance and subcontract services.

ii) Share Capital

SM's authorised share capital is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of Shares	Par Value RM	Type	Total (RM)
06.12.1983	2	1.00	Subscriber's shares	2
12.04.1985	49,998	1.00	Cash	50,000
11.02.1995	450,000	1.00	Cash	500,000
10.10.1996	250,000	1.00	Bonus Issue	750,000
02.07.2001	1,250,000	1.00	Bonus Issue	2,000,000
22.05.2002	4,000,000	1.00	Bonus Issue	6,000,000

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, SM has no subsidiaries or associated companies.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, SM has 33 employees.

v) Substantial Shareholder

Coastal holds 100.0% effective equity interest in SM.

8.3.3 Information on BSR**i) History and Business**

BSR was incorporated on 12 July 1989 in Malaysia under the name of Larkspur Sdn Bhd as a private limited company (Registration No. T.184278-W) under the Companies Act, 1965. It was renamed Larkspur Wood Products Sdn Bhd on 7 October 1991 and subsequently assumed its present name on 16 July 1997. The principal activities are the fabrication and sale of marine transportation vessels and property letting.

ii) Share Capital

BSR's authorised share capital is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each while its paid-up share capital is RM250,000 comprising 250,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of Shares	Par Value RM	Type	Total (RM)
12.07.1989	2	1.00	Subscriber's shares	2
21.08.1991	49,998	1.00	Cash	50,000
13.05.1993	200,000	1.00	Cash	250,000

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, BSR has no subsidiaries or associated companies.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, BSR has 91 employees.

v) Substantial Shareholder

Coastal holds 100.0% effective equity interest in BSR

8.3.4 Information on CW**i) History and Business**

CW was incorporated as Highway Transport Sdn Bhd on 20 December 1982 in Malaysia as a private limited company (Registration No. 94581-W) under the Companies Act, 1965. The company assumed its present name on 24 February 1986. The main business activities of the company are the provision of vessel chartering and related services.

ii) Share Capital

CW's authorised share capital is RM250,000 divided into 250,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is RM80,000 comprising 80,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of Shares	Par Value (RM)	Type	Total (RM)
20.12.1982	2	1.00	Subscriber's shares	2
03.03.1983	79,998	1.00	Cash	80,000

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, CW has no subsidiaries or associated companies.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, CW has 9 employees.

v) Substantial Shareholder

Coastal holds 100.0% effective equity interest in CW

8.3.5 Information on COL**i) History and Business**

COL was incorporated on 6 September 2000 in Malaysia as a private limited company (Registration No. LL02556) under the Offshore Companies Act, 1990. COL is an investment holding company. It also provides bareboat chartering and leasing services to non-Malaysian residents, licensed under the Labuan Offshore Financial Services Authority.

ii) Share Capital

COL's authorised share capital is USD13,000 divided into 13,000 ordinary shares of USD1.00 each while its issued and paid-up share capital is USD1,553 comprising 1,553 ordinary shares of USD1.00 each.

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

Date of allotment	No. of Shares	Par Value (USD)	Type	Total (USD)
06.09.2000	1	1.00	Subscriber's shares	1
29.09.2000	1,167	1.00	Other than cash (three units of barges and shares in CM)	1,168
15.01.2001	385	1.00	Other than cash (one unit of barge)	1,553

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, COL has one foreign subsidiary namely CM but has no associated companies. CM is an Indonesian subsidiary that provides tugboat and barge hiring.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, COL has no employee.

v) Substantial Shareholder

Coastal holds 100.0% effective equity interest in COL.

8.3.6 Information on CM**i) History and Business**

CM was incorporated on 25 March 2000 in Indonesia as a private limited company (Registration No. 09.05.1.61.39256) under the Foreign Capital Investment Law, No. 11, 1970. The principal business activities of the company are the provision tugboat and barge services.

ii) Share Capital

CM's authorised share capital is USD800,000 divided into 800,000 ordinary shares of USD1.00 each while its issued and paid-up share capital is USD250,000 comprising of 250,000 ordinary shares of USD1.00 each.

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

Date of allotment	No. of Shares	Par Value (USD)	Type	Total (USD)
25.03.2000	250,000	1.00	Subscriber's shares	250,000

iii) Subsidiaries and Associated Companies

As at the date of this Prospectus, CM has no subsidiaries or associated companies.

iv) Employees

As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, CM has 21 employees.

v) Substantial Shareholder

Coastal holds 95.0% effective equity interest in CM via COL. The other substantial shareholders of CM is Mr. Kamiruddin Bin Arsyad with an effective equity interest of 5.0%.

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