

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF THE INITIAL PUBLIC OFFERING AND THE PRIVATE PLACEMENT OF THE REDEEMABLE PREFERENCE SHARES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING OR THE LISTING AND QUOTATION OF THE SHARES OF MALAYSIAN BULK CARRIERS BERHAD ("MBC") ON THE KUALA LUMPUR STOCK EXCHANGE ("KLSE").

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF MBC AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

THE VALUATION OF THE LAND (AS DEFINED) APPROVED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE PROPOSED LISTING SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

THE KLSE SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF MBC AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, MBC OR OF ITS SECURITIES.

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF MBC AND THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT ESTIMATE AND FORECAST AND CASHFLOW ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT ESTIMATE AND FORECAST AND CASHFLOW ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, BEING THE ADVISER, LEAD MANAGER, SOLE BOOKRUNNER, MANAGING UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING AND IS SATISFIED THAT THE PROFIT ESTIMATE AND FORECAST AND CASHFLOW ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF MBC ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the Listing and Quotation of MBC's entire enlarged, issued and paid-up share capital on the Main Board of KLSE is set out below:

| Event | Tentative/Indicative Date |
|--|----------------------------------|
| Opening of the Institutional Offering and Retail Offering | 28 October 2003 |
| Closing of the Retail Offering | 8.00 pm 5 November 2003 |
| Closing of the Institutional Offering | 8.00 pm 7 November 2003 |
| Price Determination Date | 7 November 2003 |
| Balloting of Applications for MBC Shares pursuant to the Retail Offering | 10 November 2003 |
| Allotment of Shares to Successful Applicants | 24 November 2003 |
| Listing and Quotation | 2 December 2003 |

The Institutional Offering will open and close at the dates stated above or such other date or dates as the directors of MBC and the Managing Underwriter in their absolute discretion may decide. Applications for MBC Shares pursuant to the Retail Offering will open and close at the time and date as stated above or such other date or dates as the Directors and the Managing Underwriter in their absolute discretion may decide. Any changes to the above tentative dates will be published in a widely circulated daily newspaper within Malaysia.

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DEFINITIONS

In this Prospectus, the following definitions shall have the following meanings unless otherwise indicated:

| | | |
|----------------------|---|--|
| AB | : | Alam Budi Sdn Bhd (Company No. 498289-D). |
| Acquisitions | : | The Acquisition of PSM and the Acquisition of AWNPR. |
| Acquisition of AWNPR | : | The acquisition of the entire issued and fully paid-up capital of AWNPR comprising 143,604 ordinary shares of RM1.00 par value each from KSL for a total consideration of RM2.00 which was fully satisfied by cash. |
| Acquisition of PSM | : | The acquisition of the entire issued and fully paid-up capital of PSM comprising 200,000 ordinary shares of RM1.00 par value each from PCL for a total consideration of RM1,938,000 which was fully satisfied by cash. |
| Act | : | The Companies Act, 1965. |
| ADA | : | Authorised Depository Agent. |
| ADA Code | : | ADA (Broker) Code. |
| AG | : | Alam Gula Sdn Bhd (Company No. 368410-T). |
| AGT | : | Aldgate Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 200207740M). |
| AMBI | : | Ambi Shipping Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 199903581K). |
| Application Forms | : | The printed application forms for the application for the MBC Shares. |
| Application Lists | : | List of retail applications for the Retail Offering. |
| ASLS | : | Alam Selaras Sdn Bhd (Company No. 217851-V). |
| ASNG | : | Alam Senang Sdn Bhd (Company No. 230944-P). |
| ATM | : | Automated teller machines. |
| ATBH | : | Alam Tabah Sdn Bhd (Company No. 163198-T). |
| ATLG | : | Alam Talang Sdn Bhd (Company No. 228480-D). |
| ATGKS | : | Alam Tangkas Sdn Bhd (Company No. 164080-W). |
| ATTRM | : | Alam Tenteram Sdn Bhd (Company No. 162281-W). |
| ATLDN | : | Alam Teladan Sdn Bhd (Company No. 178163-D). |

DEFINITIONS (Cont'd)

| | | |
|------------------------|---|--|
| ATGGR | : | Alam Tenggiri Sdn Bhd (Company No. 230576-X). |
| AMTK | : | Amatklasik Sdn Bhd (Company No. 217850-U). |
| ATSN | : | Aturanseni Sdn Bhd (Company No. 216556-A). |
| AWNPR | : | Awanapuri Sdn Bhd (Company No. 343917-U). |
| Bank Industri | | Bank Industri & Teknologi Malaysia Berhad (Company No. 49572-H). |
| BLS | : | Belia Shipping Sdn Bhd (Company No. 423565-H). |
| Bonus Issue | : | Bonus issue of 50,000,000 new ordinary shares of RM0.25 par value each to BSCL, GMV and MSM in proportion to their respective shareholdings in the Company prior to Listing and Quotation. |
| Bookbuilding Agreement | : | The agreement between MBC, the Offerors and CIMB dated 15 October 2003 to place out the Placement Shares by way of bookbuilding. |
| BSCL | : | Brown Sugar Company Limited, a company incorporated in Hong Kong (Company No. 256070). |
| BRSW | : | Brodsworth Enterprises Limited, a company incorporated in the British Virgin Islands (International Business Company No. 501437). |
| BSTRS | : | Bistari Shipping Sdn Bhd (Company No. 499060-M). |
| BTRS | : | Bitara Shipping Sdn Bhd (Company No 451164-V). |
| BVI | : | The British Virgin Islands. |
| Bunker | : | Marine fuel for a ship's engines. |
| Bumiputera Investors | : | Bumiputera investors as approved by MITI. |
| Business Day | : | Any day other than a Saturday, Sunday or a day which is a public holiday in Kuala Lumpur. |
| CDS | : | Central Depository System. |
| Charter | : | A contract between shipowner and charterer. |
| Charterer | : | A person or firm hiring a vessel for the carriage of goods or other purposes. |
| Chief Engineer | : | A person who is in charge of the maintenance of the engine machinery in a vessel. |
| CIF | : | Cost, insurance and freight. |
| CIMB | : | Commerce International Merchant Bankers Berhad (Company No. 18417-M). |

DEFINITIONS (Cont'd)

| | | |
|---------------------------------|---|---|
| Classification Societies | : | Worldwide experienced and reputable societies which undertake to arrange inspections and advise on the hull and machinery of vessels to ensure that the vessels are built or maintained according to the relevant statutory requirements. |
| CMR | : | Certificate of Malaysian Registry issued under the Merchant Shipping Ordinance 1952, evidencing the registration of a Malaysian ship. |
| Cosmos | : | Cosmos World Maritime S.A., a company incorporated in Panama (Company No.6003). |
| CSR | : | Certificate of Singapore Registry issued under the Merchant Shipping Act (Chapter 179), evidencing the registration of a Singapore ship. |
| Directors | : | Directors of MBC. |
| Dwt or deadweight tonnes | : | The carrying capacity (metric tonnes) of a vessel. |
| Electronic Share Application | : | Application for the MBC Shares through a Participating Financial Institution's ATM. |
| EPS | : | Earnings per share. |
| EXTS | : | Extisa Sdn Bhd (Company No 163770-X). |
| FIC | : | Foreign Investment Committee. |
| Final Retail Price | : | The final price per MBC Share to be paid by investors in the Retail Offering as determined in accordance with Section 3.10 of this Prospectus. |
| Flag State | : | The country where the vessel is registered. |
| FOB | : | Free on board. |
| FP | : | Firstclass Performance Sdn Bhd (Company No. 317945-W). |
| GMV | : | Global Maritime Ventures Berhad (Company No. 264557-A). |
| GMV Group | : | GMV and its subsidiaries. |
| GT | : | Gaintrack Sdn Bhd (Company No. 375584-X). |
| Grt or gross registered tonnage | : | The measure of the enclosed spaces in a vessel. One grt equals 100 cubic feet (equals 2.83 cubic metre). |
| Handymax | : | Bulk carrier of 40,000 to 59,999 dwt. |
| Handysize | : | Bulk carrier of 10,000 to 39,999 dwt. |
| HK\$ | : | Hong Kong Dollar. |
| IACS | : | International Association of Classification Societies. |
| IHI | : | IHI Marine United Inc., a company incorporated in Japan (Company No. 0104-01-048702). |

DEFINITIONS (Cont'd)

| | | |
|-------------------------|---|--|
| IID | : | Indah Island Depot Sdn Bhd (Company No. 571214-M). |
| IMO | : | International Maritime Organisation. |
| Initial Public Offering | : | The offering of 240,000,000 ordinary shares of MBC, comprising the Retail Offering and the Institutional Offering. |
| Institutional Offering | : | 103,040,000 MBC Shares offered to Malaysian institutions and selected investors. |
| Institutional Price | : | The price per MBC Share to be paid by investors in the Institutional Offering in accordance with Section 3.10 of this Prospectus. |
| Issue of RPS | : | The bonus issue of 160,000,000 RPS at an issue price of RM2.50 each to BSCL, GMV and MSM in proportion to their respective shareholdings in the Company by way of capitalisation of the Company's audited share premium account and retained profit. |
| Issue Shares | : | 100,000,000 new ordinary shares of RM0.25 par value each which are the subject of the Public Issue. |
| KBSB | : | Kuok Brothers Sdn Bhd (Company No. 1765-T). |
| KNGM | : | Kenagamas Sdn Bhd (Company No. 187363-V). |
| KLSE | : | Kuala Lumpur Stock Exchange (Company No. 30632-P). |
| KSL | : | Kuok (Singapore) Limited, a company incorporated in the Republic of Singapore (Company No. 194800006K). |
| Kuok Group | : | Corporations in which Mr. Kuok Hock Nien has deemed interest as disclosed in this Prospectus. |
| Land | : | A plot of industrial land held under Title No. H.S.(D) 67521 Lot No. PT 64241 Mukim of Klang, District of Klang, State of Selangor which is currently partly occupied by a container depot and partly vacant. |
| Latest Practicable Date | : | 14 October 2003 being the latest practicable date prior to the printing of the Prospectus. |
| Lead Manager | : | CIMB, who is appointed as the lead manager under the Bookbuilding Agreement. |
| LIBOR | : | London Interbank Offer Rate. |
| Listing and Quotation | : | The admission to the Official List and listing and quotation of the entire issued and paid-up share capital of MBC comprising 800,000,000 ordinary shares of RM0.25 par value each and 120,000,000 RPS of RM0.25 par value each on the Main Board of KLSE. |
| LVC | : | Lavenco Sdn Bhd (Company No. 177863-X). |
| LWD | : | Leadworld Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 200300028C). |
| LWL | : | Lightwell Shipping Inc., a company incorporated in the British Virgin Islands (International Business Company No. 288280). |

DEFINITIONS (Cont'd)

| | |
|----------------------|---|
| MAICSA | : Malaysian Association of the Institute of Chartered Secretaries and Administrators. |
| Managing Underwriter | : CIMB, who is appointed as the managing underwriter under the Underwriting Agreement A. |
| MARPOL | : The International Convention for the Prevention of Pollution from Ships. |
| Master | : The person who commands and is overall in charge of the vessel. |
| MBC or Company | : Malaysian Bulk Carriers Berhad (Company No. 175953-W). |
| MBC Group or Group | : MBC and its subsidiaries. |
| MBC Shares or Shares | : The Issue Shares and Offer Shares. |
| MBKT | : MBC Bakti Sdn Bhd (Company No. 494122-T). |
| MBY | : MBC Bayu Sdn Bhd (Company No. 487658-K). |
| MBRKT | : MBC Berkat Sdn Bhd (Company No 422277-V). |
| MCD | : Malaysian Central Depository Sdn. Bhd. (Company No. 165570-W), a subsidiary of KLSE. |
| MI | : Minority interests. |
| MIH | : Malaysian Issuing House Sdn Bhd (Company No. 258345-X). |
| MoF Inc. | : Minister of Finance, a body corporate incorporated under the Minister of Finance (Incorporation) Act 1957. |
| MITI | : Ministry of International Trade and Industry. |
| MR product tanker | : Medium range product tanker which is 30,000 to 50,000 dwt. |
| MSK | : Mousaka Inc., a company incorporated in Saint Vincent and the Grenadines (International Company No. 235 IBC 1997). |
| MSM | : Malayan Sugar Manufacturing Company Bhd (Company No. 003573-D). |
| Newbuilding | : A vessel under construction or order. |
| NTA | : Net tangible assets. |
| OECD | : Organisation for Economic Co-operation and Development. |
| Offer for Sale | : The offer for sale of the Offer Shares by BSCL, GMV and MSM offering 68,923,385, 43,076,615 and 28,000,000 MBC Shares respectively. |
| Offerors | : BSCL, GMV and MSM offering 68,923,385, 43,076,615 and 28,000,000 MBC Shares respectively. |

DEFINITIONS (Cont'd)

| | | |
|--------------------------------------|---|--|
| Offer Shares | : | 140,000,000 existing ordinary shares of RM0.25 par value each to be offered by BSCL, GMV and MSM in proportion to their shareholdings in MBC pursuant to the Initial Public Offering. |
| Panamax | : | Vessel with beam not exceeding 32.2 metres which permits it to transit the Panama Canal. Generally about 60,000 to 79,999 dwt. |
| Participating Financial Institutions | : | Participating financial institutions for Electronic Share Application as listed in Section 15.5 of this Prospectus. |
| PACC | : | PACC Ship Managers Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 198602882M). |
| Pacnav | : | Pacnav S.A., a company incorporated in Panama (Company No. 9947). |
| Pacsari | : | Pacsari Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 198904546E). |
| Partial Redemption of RPS | : | The redemption of 40,000,000 RPS by MBC prior to Listing and Quotation at a redemption price of RM2.50 each from BSCL, GMV and MSM on a pro-rata basis according to their respective shareholdings in MBC which will be financed by bank borrowings. |
| PAS | : | Penyu Agar Shipping Pte Ltd (formerly known as Odyssey Venture Pte Ltd), a company incorporated in the Republic of Singapore (Company No. 200202034Z). |
| PAT | : | Profit after taxation. |
| PBT | : | Profit before taxation. |
| PCL | : | Pacific Carriers Limited, a company incorporated in the Republic of Singapore (Company No. 197300034E). |
| PCL Group | : | PCL and its subsidiaries. |
| PD | : | Penyu Daun Shipping Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 200303095G). |
| PE Multiple | : | Price earnings multiple. |
| Placement Shares | : | Means 103,040,000 of MBC Shares which is the subject of the Bookbuilding Agreement. |
| PLS | : | Polyscent Sdn Bhd (Company No. 239121-K). |
| Post-Panamax | : | Bulk carrier which has a larger beam than Panamax with a dwt of up to 90,000 tonnes and is unable to transit the Panama Canal. |
| PP | : | Penyu Pipih Shipping Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 200303096W). |
| PPB | : | PPB Group Berhad (Company No. 8167-W). |
| PPSB | : | PSM Perkapalan Sdn Bhd (Company No. 500440-X). |

DEFINITIONS (Cont'd)

| | | |
|---|---|---|
| Price Determination Date | : | Tentatively 7 November 2003, the date on which the Institutional Price and Final Retail Price are to be determined. |
| Product tanker | : | A vessel designed for the carriage of liquid cargo in bulk. |
| Promoters | : | Collectively, BSCL, GMV and MSM. |
| Protection & Indemnity Club or P & I Club | : | A mutual association comprised of shipowners to provide its members with protection in respect of liabilities incurred under claims made by third parties, which are not covered under the shipowners' general hull insurance. |
| PSM | : | Pacific Ship-Managers Sdn Bhd (Company No.126180-P). |
| PSM Group | : | PSM and its subsidiaries. |
| Public Issue | : | The public issue of 100,000,000 new ordinary shares of RM0.25 par value each in MBC, subject to the terms and conditions of this Prospectus. |
| Retail Offering | : | 136,960,000 MBC Shares to be offered to the Malaysian public, eligible directors, employees, business associates of MBC Group and persons who have contributed to the success of the Group and Bumiputera Investors. |
| Retail Price | : | The initial price per MBC Share to be paid by applicants in the Retail Offering in accordance with Section 3.5 of this Prospectus. |
| RPS | : | Redeemable preference shares of RM0.25 par value each issued by MBC with an annual cumulative dividend rate of 60% for the first 5 years, thereafter 64% for year 6 and 68% for year 7, and with other salient terms summarized in Annex B. |
| RPS Dividend Date | : | The anniversary of the date of issue of the RPS and if such anniversary falls on a date which is not a Business Day, then the next Business Day. |
| RM and sen | : | Ringgit Malaysia and sen respectively. |
| RSP | : | Red Sea Pacific Sdn Bhd (Company No. 220603-K). |
| Samsung | : | Samsung Heavy Industries Co., Ltd., a company incorporated in South Korea (Company No. 120-81-52780). |
| SC | : | Securities Commission. |
| SC Guidelines | : | Policies and Guidelines on Issue/Offer of Securities issued by SC. |
| SIBOR | : | Singapore Interbank Offer Rate. |
| SJ | : | Suji Shipping Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 198700744Z). |
| SOLAS | : | The International Convention for the Safety of Life at Sea. |
| SPTP | : | Spectrapoint Sdn Bhd (Company No. 368404-P). |

DEFINITIONS (Cont'd)

| | | |
|--------------------------|---|---|
| SRG | : | Serong Shipping Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 19890457R). |
| S\$ | : | Singapore Dollar. |
| TCE | : | Time-charter-equivalent in respect of freight earnings. |
| TEU | : | Twenty-foot equivalent unit. |
| Time charter or TC | : | The hiring of a vessel from a shipowner for a period of time. As operator, the shipowner is paid on a per-day basis and is responsible for providing the crew and paying operating expenses. The charterer is responsible for paying the voyage expenses, save for certain specific exceptions such as loss of time arising from vessels breakdown and routine maintenance. |
| TKMT | : | Tekunmata Sdn Bhd (Company No. 218898-U). |
| Underwriters | : | CIMB, RHB Sakura Merchant Bankers Berhad and AmMerchant Bank Berhad. |
| Underwriting Agreements | ; | Collectively the Underwriting Agreement A and Underwriting Agreement B. |
| Underwriting Agreement A | : | The underwriting agreement dated 16 October 2003 between MBC, the Underwriters and the Managing Underwriter. |
| Underwriting Agreement B | : | The underwriting agreement dated 15 October 2003 between the Offerors, MBC and CIMB. |
| USD, US\$ or US Dollar | : | United States of America Dollar. |
| Voyage charter or VC | : | A contract in which a charterer pays a shipowner for the use of a ship's cargo space for one, or sometimes more than one, voyage. The shipowner is the operator, responsible for paying both operating and voyage expenses. |
| VTRX | : | Vitraux Pte Ltd, a company incorporated in the Republic of Singapore (Company No. 200204019C). |
| WF | : | Wealthy Fountain Sdn Bhd (Company No. 314184-T). |

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1. CORPORATE DIRECTORY

Directors

| Name | Address | Profession | Nationality |
|--|--|---------------------|--------------------|
| Teo Joo Kim <i>(Executive Chairman)</i> | 26 Maryland Drive Singapore 277520 | Company Director | Singaporean |
| Kuok Khoon Kuan <i>(Chief Executive Officer)</i> | 91 Jalan Tempines Satu Lucky Garden Bangsar 59100 Kuala Lumpur | Company Director | Malaysian |
| Wu Long Peng <i>(Executive Director)</i> | 26 Almond Street Singapore 677866 | Company Director | Singaporean |
| YB Dato' Lim Chee Wah <i>(Non-Executive Director)</i> | 15 Lorong Kota Empat Off Jalan Duta 50480 Kuala Lumpur | Company Director | Malaysian |
| Md Noor bin Mohammad Yusoff <i>(Non-Executive Director)</i> | No. 19, Jalan PJU 3/18G Damansara Indah Resort Homes 47400 Petaling Jaya Selangor | Company Director | Malaysian |
| Eu Peng Meng @ Leslie Eu <i>(Non-Executive Director)</i> | 13, Jalan Pakat Ukay Heights 68000 Kuala Lumpur | Company Director | Malaysian |
| YB Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid <i>(Independent Non-Executive Director)</i> | 45 Jalan G2 Taman Melawati 53100 Kuala Lumpur | Company Director | Malaysian |
| Mohammad bin Abdullah <i>(Independent Non-Executive Director)</i> | 10 Jalan Lembah Tunku Bukit Tunku 50480 Kuala Lumpur | Company Director | Malaysian |
| Tay Beng Chai <i>(Independent Non-Executive Director)</i> | 21, Jalan Setiabakti Bukit Damansara 50490 Kuala Lumpur | Lawyer | Malaysian |
| Phua Cheng Tar <i>(Alternate Director to Kuok Khoon Kuan)</i> | 26 Mei Hwan Drive Singapore 568361 | Company Director | Singaporean |

1. CORPORATE DIRECTORY (Cont'd)

| <i>Audit Committee</i> Name | Designation | Directorship |
|---|-------------|------------------------------------|
| Mohammad bin Abdullah | Chairman | Independent Non-Executive Director |
| Wu Long Peng | Member | Executive Director |
| YB Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | Member | Independent Non-Executive Director |

Company Secretary : Chong Fui Nyee
(MAICSA No.: 0861032)
No. 139, Jalan SS2/4
47300 Petaling Jaya
Selangor Darul Ehsan

Registered Office : Level 17 and 18, PJ Tower
Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan
Telephone Number : 03 7966 1688
Facsimile Number : 03 7966 1628

Auditors and Reporting Accountants : Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone Number : 03 2087 7000
Facsimile Number : 03 2095 5332

Solicitors : Tay & Partners
Advocates and Solicitors
6th Floor, Plaza See Hoy Chan
Jalan Raja Chulan
50200 Kuala Lumpur
Telephone Number : 03 2050 1888
Facsimile Number : 03 2031 8618

Valuers : C.H.Williams Talhar & Wong Sdn Bhd (Company No 18149-U)
#3228 Menara Tun Razak
Jalan Raja Laut
P.O.Box 12157
50768 Kuala Lumpur
Telephone Number : 03 2693 8888
Facsimile Number : 03 2693 6655

1. CORPORATE DIRECTORY (Cont'd)

- : Braemar Seascope Valuations Limited (Company No 2286034)
 35 Cosway Street
 London NW1 5BT
 United Kingdom
 Telephone Number : +44 207 1005000
 Facsimile Number : +44 207 1005001
- Principal Bankers**
- : OCBC Bank (Malaysia) Berhad (Company No 295400-W)
 Wisma Lee Rubber
 Jalan Melaka
 50100 Kuala Lumpur
 Telephone Number : 03 2692 0344
 Facsimile Number : 03 2698 4363
- : RHB Bank Berhad (Company No 6171-M)
 No. 1, 3 & 5
 Jalan 52/18 New Town Centre
 46200 Petaling Jaya
 Selangor Darul Ehsan
 Telephone Number : 03 7956 9611
 Facsimile Number : 03 7957 8984
- : ING Bank N.V. (Labuan Branch) (Company No 950044-C)
 Level 8 (B2), Main Office Tower
 Financial Park Labuan
 Jalan Melaka
 87000 Wilayah Persekutuan Labuan
 Telephone Number : +65 6232 6123
 Facsimile Number : +65 6533 3324
- : ING Bank N.V. (Singapore Branch) (Company No F03803-W)
 9 Raffles Place
 #19-02 Republic Plaza
 Singapore 048619
 Telephone Number : +65 6535 3688
 Facsimile Number : +65 6532 5303
- Issuing House**
- : Malaysian Issuing House Sdn. Bhd. (Company No 258345-X)
 27th Floor, Menara Multi-Purpose
 Capital Square
 8, Jalan Munshi Abdullah
 50100 Kuala Lumpur
 Telephone Number : 03 2693 2075
 Facsimile Number : 03 2693 0858
- Registrar**
- : PPB Corporate Services Sdn Bhd (Company No. 140436-M)
 14th Floor, Wisma Jerneh
 38, Jalan Sultan Ismail
 50250 Kuala Lumpur
 Telephone Number : 03 2141 2077
 Facsimile Number : 03 2141 8242
-

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

- Adviser, Lead Manager,
Sole Bookrunner,
Managing Underwriter
and Placement Agent** : Commerce International Merchant Bankers Berhad
(Company No. 18417-M)
10th Floor, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Telephone Number : 03 2084 8888
Facsimile Number : 03 2095 0082
- Underwriters** : RHB Sakura Merchant Bankers Berhad (Company No. 19663-P)
Level 8, Tower Three, RHB Centre
Jalan Tun Razak
Telephone Number : 03 9287 3888
Facsimile Number : 03 9287 8000
- : AmMerchant Bank Berhad (Company No. 23742-V)
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
Telephone Number : 03 2078 2633
Facsimile Number : 03 2070 8596
- ADAs** : Please refer to Annex A
- Listing and Quotation
Sought** : Main Board of KLSE

2. PROSPECTUS SUMMARY

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT MBC GROUP. PROSPECTIVE INVESTORS SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS, INCLUDING THE RISK FACTORS DESCRIBED IN SECTION 4 OF THIS PROSPECTUS, BEFORE DECIDING WHETHER TO INVEST IN THE MBC SHARES.

2.1 HISTORY AND BUSINESS

As an active trading nation, freight and insurance have been one of the largest components of Malaysia's current service account. However, cargo has principally been exported on FOB basis while imported on CIF basis. By doing so, Malaysian traders have relied on services provided by non-Malaysian owned vessels. As a result, there has been a significant increase in the country's payment deficits in invisibles. To address the rising deficit, the Malaysian government announced the establishment of a RM500 million shipping venture fund in 1992. Bank Industri was tasked to spearhead this government initiative, which it did by forming GMV, a marine venture capital investment holding company on 19 May 1993. Recognising that the Malaysian flagged tonnage would have to be expanded to address this problem, GMV, with its initial investment of RM200 million, began implementing a course of action which included equity participation by GMV to encourage local enterprises to start their own Malaysian merchant fleet.

Among the prominent shipping enterprises invited by the Malaysian government to collaborate with GMV was PCL, the shipping arm of Kuok Group. At that time, PCL, with nearly 20 years in shipping, was already a well-regarded name in the global shipping community and it was logical that an active participation by PCL would be mutually beneficial.

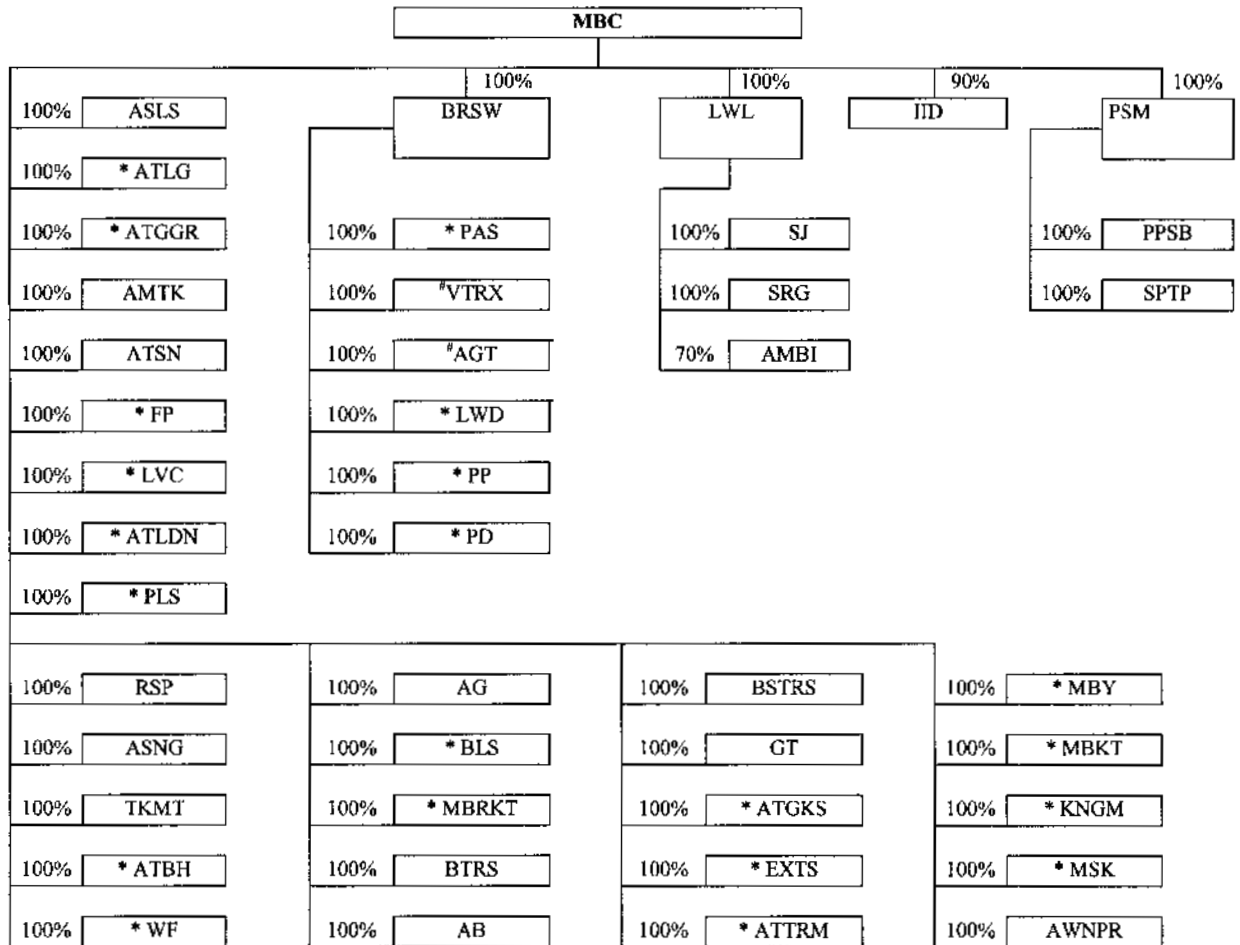
On 28 September 1994, PCL entered into a memorandum of understanding with GMV and MSM. In 1995, pursuant to the memorandum of understanding and after receiving all necessary approvals, MBC's shareholding was restructured with GMV and MSM joining BSCL (a wholly-owned subsidiary of PCL) as shareholders in the restructured MBC, which owned a fleet of 18 vessels. Although the initial focus was on dry bulk, the Group entered the tanker segment in 1997 when it took delivery of the first of four medium range double hull product tankers of 46,500 dwt it ordered. Such diversification was well timed and proved successful and profitable as demand for modern double hull quality ships increased due to environmental concerns. The Group's strategy is to invest in a suitable mix of vessels to cater to the international freighting needs of bulk cargo transportation.

The Group recently acquired PSM, a ship manager and broker. The acquisition takes into account the expertise and support services available in PSM Group and the need for such expertise for the future growth and development of MBC Group. The Group has also recently acquired Awnpr, whose principal asset is the Land upon which the Group's subsidiary IID operates a container depot. This acquisition takes into account the strategic value of the Land to IID's operation and future expansion.

Today, MBC Group is one of the largest shipping enterprises in Malaysia and one of a handful of Malaysian shipping companies engaged in international shipping using its own fleet of vessels. MBC Group presently owns and operates a fleet of 14 vessels comprising 11 dry bulk carriers and 3 product tankers with a total fleet of 560,195 dwt. In addition, the Group has entered into newbuilding contracts to build 6 Panamax product tankers and 5 Post-Panamax dry bulk carriers, which upon delivery (less hull no. 1450 and 1469 which have been contracted to be sold) will increase the total fleet to 1,287,195 dwt. These vessels are traded on a variety of voyage and time charters.

2. PROSPECTUS SUMMARY (Cont'd)

The corporate group structure of MBC is as set out below:



* Dormant Companies

In members' voluntary liquidation

For further details of subsidiaries, please refer to Section 5.4 of this Prospectus.

2.2 OWNERSHIP AND MANAGEMENT

Mr. Teo Joo Kim and Mr. Kuok Khoo Kuan, who are the Group's Executive Chairman and Chief Executive Officer respectively, head the management team of MBC Group. Mr. Teo and Mr. Kuok have collectively more than 50 years of experience in the shipping industry. The key management team of the Group comprises of people with proven capabilities in their respective fields of chartering, vessel operations, technical and marine services.

Save as disclosed below, none of the Directors, Promoters, substantial shareholders and key management, has any shareholdings, direct or indirect, in MBC after the Initial Public Offering:

2. PROSPECTUS SUMMARY (Cont'd)

| | Designations | After Initial Public Offering | | | |
|--|---------------------------------------|-------------------------------|---|------------------------|---|
| | | Direct | | Indirect | |
| | | No. of ordinary shares | Percentage of issued and paid-up ordinary share capital (%) | No. of ordinary shares | Percentage of issued and paid-up ordinary share capital (%) |
| Directors⁽¹⁾ | | | | | |
| Teo Joo Kim ⁽²⁾ | Executive Chairman | 2,000,000 | 0.25 | - | - |
| Kuok Khoon Kuan ⁽³⁾ | Chief Executive Officer | 2,000,000 | 0.25 | - | - |
| Wu Long Peng ⁽⁴⁾ | Executive Director | 1,500,000 | 0.19 | - | - |
| YB Dato' Lim Chee Wah ⁽⁵⁾ | Non-Executive Director | 1,500,000 | 0.19 | - | - |
| Md Noor bin Mohammad Yusoff ⁽⁶⁾ | Non-Executive Director | 1,000,000 | 0.13 | - | - |
| Eu Peng Meng @ Leslie Eu ⁽⁷⁾ | Non-Executive Director | 1,500,000 | 0.19 | - | - |
| YB Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | Independent Non-Executive Director | 1,500,000 | 0.19 | - | - |
| Mohammad bin Abdullah | Independent Non-Executive Director | 200,000 | 0.03 | - | - |
| Tay Beng Chai | Independent Non-Executive Director | 200,000 | 0.03 | - | - |
| Phua Cheng Tar ⁽⁸⁾ | Alternate Director to Kuok Khoon Kuan | 1,500,000 | 0.19 | - | - |
| Promoters | | | | | |
| BSCL ⁽⁹⁾ | - | - | - | - | - |
| GMV | - | 172,308,000 | 21.54 | - | - |
| MSM | - | 112,000,000 | 14.00 | - | - |
| Substantial Shareholders | | | | | |
| BSCL ⁽⁹⁾ | - | - | - | - | - |
| GMV | - | 172,308,000 | 21.54 | - | - |
| MSM | - | 112,000,000 | 14.00 | - | - |

2. PROSPECTUS SUMMARY (Cont'd)

| | Designations | After Initial Public Offering | | | |
|-------------------------------------|---|-------------------------------|--|------------------------------|--|
| | | Direct | | Indirect | |
| | | No. of ordinary shares | Percentage of issued and paid- up ordinary share capital (%) | No. of ordinary shares | Percentage of issued and paid-up ordinary share capital (%) |
| PCL ⁽⁹⁾ | - | 275,692,000 | 34.46 | - | - |
| KSL ⁽¹⁰⁾ | - | - | - | 275,692,000 | 34.46 |
| Bank Industri ⁽¹¹⁾ | - | - | - | 172,308,000 | 21.54 |
| MoF Inc. ⁽¹²⁾ | - | - | - | 172,308,000 | 21.54 |
| PPB ⁽¹³⁾ | - | - | - | 112,000,000 | 14.00 |
| KBSB ⁽¹⁴⁾ | - | - | - | 112,000,000 | 14.00 |
| Kuok Hock Nien ⁽¹⁵⁾ | - | - | - | 387,692,000 | 48.46 |
| Key Management⁽¹⁾ | | | | | |
| Yap Bee Yong | Financial Controller | 450,000 | 0.06 | - | - |
| Chong Fui Nyee | Company Secretary | 100,000 | 0.01 | - | - |
| Chan Moon Fook | General Manager, Commercial Division | 800,000 | 0.10 | - | - |
| Cheang Chee Wai | Manager, Commercial Division | 150,000 | 0.02 | - | - |
| Oh Eng Hoe | Senior Manager, Fleet Personnel | 150,000 | 0.02 | - | - |
| Chew Choon Beng | Manager, Operations | 150,000 | 0.02 | - | - |
| Ooi Kean Meng | Manager, Technical | 100,000 | 0.01 | - | - |
| Ng Cock Soon | Assistant Manager, Marine | 100,000 | 0.01 | - | - |

2. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) *The shareholdings of directors and key management include a total of 40,000,000 MBC Shares that will be offered to eligible directors, employees, business associates of MBC Group and persons who have contributed to the success of the Group and are on the assumption that they will subscribe in full the MBC Shares allocated to them.*
- (2) *Mr Teo Joo Kim is also a director of KSL and PCL. Mr Teo has a deemed interest of 2.79% in KSL.*
- (3) *Mr Kuok Khoon Kuan is also a director of PCL and BSCL. Mr Kuok has a deemed interest of 3.12% in KSL.*
- (4) *Mr Wu Long Peng is also a director of KSL and PCL.*
- (5) *YB Dato' Lim Chee Wah is also a director of PPB and KBSB. Dato' Lim has a deemed interest of 0.83% in KBSB.*
- (6) *En. Md Noor bin Mohammad Yusoff is also the Group Managing Director of both Bank Industri and GMV.*
- (7) *Mr Eu Peng Meng @ Leslie Eu is also a director of GMV.*
- (8) *Mr Phua Cheng Tar is also a director of PCL.*
- (9) *As at the date of this Prospectus, PCL is deemed interested in MBC through its 100% direct interest in BSCL. In addition, BSCL has declared that it holds all the ordinary shares and all accretions and rights attaching thereto in MBC registered in its name in trust for PCL. During the period after the date of this Prospectus but before Listing and Quotation, it is intended that all shares in MBC, including accretions and rights attaching thereto, currently registered in the name of BSCL will be transferred to PCL's CDS account. The trust will be revoked when such transfer is made. As a result, after the Initial Public Offering, BSCL will not hold any shares in MBC and PCL will hold MBC Shares and RPS directly.*
- (10) *KSL is deemed interested in MBC through its 100% direct interest in PCL and deemed interest in BSCL.*
- (11) *Bank Industri is deemed interested in MBC through its 90% direct interest in GMV.*
- (12) *MoF Inc. is deemed interested in MBC through its 99.99% direct interest in Bank Industri and deemed interest in GMV.*
- (13) *PPB is deemed interested in MBC through its 100% direct interest in MSM.*
- (14) *KBSB is deemed interested in MBC through its 40.95% direct interest in PPB and deemed interest in MSM.*
- (15) *Kuok Hock Nien is deemed interested in MBC through his deemed interest in BSCL, PCL and MSM.*

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2. PROSPECTUS SUMMARY (Cont'd)

2.3 FINANCIAL HIGHLIGHTS

The table below sets out a summary of the proforma consolidated income statements of MBC Group for the past 5 financial years ended 31 December 2002 and the 6 months financial period ended 30 June 2003 prepared based on the assumption that the current structure of MBC Group has been in existence throughout the financial period under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions in the Accountants' Report as set out in Section 11 of this Prospectus.

| | Financial year/period ended | | | | | (6 months) |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------|
| | 31.12.1998 (adjusted) RM 000 | 31.12.1999 (adjusted) RM 000 | 31.12.2000 (adjusted) RM 000 | 31.12.2001 (adjusted) RM 000 | 31.12.2002 (adjusted) RM 000 | 30.06.2003 RM 000 |
| Revenue | 166,990 | 158,979 | 204,794 | 252,552 | 197,803 | 96,806 |
| Earnings before finance costs, depreciation, and taxation* | 104,373 | 81,846 | 165,461 | 151,795 | 135,954 | 86,985 |
| Finance cost | (138) | (3,942) | (7,809) | (12,326) | (6,510) | (2,200) |
| Depreciation | (50,555) | (55,636) | (54,463) | (65,815) | (61,297) | (15,420) |
| Profit before taxation | 53,680 | 22,268 | 103,189 | 73,654 | 68,147 | 69,365 |
| Taxation | (3,142) | (60) | (1,417) | (1,155) | (578) | (150) |
| Profit after taxation | 50,538 | 22,208 | 101,772 | 72,499 | 67,569 | 69,215 |
| Minority interest | - | - | 312 | (2,121) | (1,223) | (1,081) |
| Net profit for the period | 50,538 | 22,208 | 102,084 | 70,378 | 66,346 | 68,134 |
| On the basis of ordinary shares of RM0.25 par value each (000) | 650,000 | 650,000 | 650,000 | 650,000 | 650,000 | 650,000 |
| EPS (sen) | 7.78 | 3.42 | 15.71 | 10.83 | 10.21 | 10.48 |

* The earnings before finance costs, depreciation and taxation included the gain on disposal of vessels as follows:

| | Financial year/period ended | | | | | (6 months) |
|-----------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.1998 RM 000 | 31.12.1999 RM 000 | 31.12.2000 RM 000 | 31.12.2001 RM 000 | 31.12.2002 RM 000 | 30.06.2003 RM 000 |
| Gain on disposal of vessels | 12,209 | 3,167 | 43,533 | 1,392 | 34,671 | 20,471 |

2. PROSPECTUS SUMMARY *(Cont'd)*

The proforma consolidated income statements for the years 1998 to 2002 include the following adjustments:

(a) *Revenue*

Revenue is adjusted to exclude sale proceeds from the disposal of marketable securities.

(b) *Profit before taxation*

- (i) Dry docking expenses previously provided for based on an estimate of expenses to be incurred, are adjusted and now recognised on an incurred basis. Dry docking costs which enhance the useful life of the vessels are capitalised and amortised to the next dry docking while costs which represent replacement and repair expenses are written off in the income statement.
- (ii) Short term compensated absences previously accounted for when utilised, are now recognised in the year in which the related employee services are rendered.

Notes:

- (a) *There were no extraordinary items in all the financial periods under review.*
- (b) *The earnings per share has been calculated based on the profit after taxation and minority interest divided by the number of issued and paid-up capital of 650,000,000 ordinary shares of RM0.25 par value each on the assumption that these shares have been in issue since 1998.*

Detailed information on the financial performance of MBC Group is set out in Section 9.1 of this Prospectus.

2.4 SUMMARY PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets as set out below have been prepared solely for illustrative purposes to show the effects on the audited consolidated balance sheet as at 30 June 2003, on the assumption that certain events set forth in the notes below had been effected on that date.

Further details on the proforma consolidated balance sheets of MBC as at 30 June 2003 and the notes thereof are set out in Section 9.11 of this Prospectus.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.5 RISK FACTORS

Applicants for the MBC Shares should carefully consider the following risk factors (which may not be exhaustive) summarized from Section 4 of this Prospectus, in addition to the other information contained elsewhere in this Prospectus, before applying to subscribe for the MBC Shares:

- (a) Imbalance of demand and supply;
- (b) Economic costs of regulatory compliance;
- (c) Risks relating to the nature of MBC Group's business;
- (d) Risks of increases in bunker costs;
- (e) Unfavourable economic, social and political conditions;
- (f) Customer risks;
- (g) Competition;
- (h) Risks of oil spill;
- (i) Risks of insufficient insurance coverage;
- (j) Risks of funding calls from P & I Clubs;
- (k) Unexpected repair costs;
- (l) Arrest or requisition of vessels;
- (m) Dependence on directors, key personnel and PCL Group;
- (n) Currency risks;
- (o) Potential conflicts of interest with substantial shareholders;
- (p) No prior market for MBC shares;
- (q) Control by substantial shareholders;
- (r) Underwriting risks;
- (s) Failure or delay in Listing and Quotation Exercise;
- (t) Forward looking statements; and
- (u) Profit estimate and forecast and cashflow estimate and forecast.

2. PROSPECTUS SUMMARY (Cont'd)

2.6 PRINCIPAL STATISTICS

| (i) Share Capital | RM |
|--|--------------------|
| <i>Authorised</i> | |
| Divided into 2,000,000,000 ordinary shares of RM0.25 par value each and 400,000,000 RPS of RM0.25 par value each | <u>600,000,000</u> |
| <i>Issued and paid-up as at the date of this Prospectus</i> | |
| 700,000,000 ordinary shares of RM0.25 par value each | 175,000,000 |
| <i>To be issued and fully paid-up pursuant to the Public Issue</i> | |
| 100,000,000 ordinary shares of RM0.25 par value each | 25,000,000 |
| | <u>200,000,000</u> |
| <i>Issued and paid-up as at the date of this Prospectus</i> | |
| 160,000,000 RPS of RM0.25 par value each | 40,000,000 |
| <i>To be redeemed prior to the Listing and Quotation</i> | |
| 40,000,000 RPS of RM0.25 par value each | (10,000,000) |
| | <u>30,000,000</u> |

(ii) Classes of Shares and Rights

There are two classes of shares in the Company, being ordinary shares of RM0.25 par value each and RPS of RM0.25 par value each. The MBC Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of this Prospectus.

The RPS shall carry no right to vote at any general meeting of the Company except with regards to any proposal to reduce the capital of the Company, to dispose of the whole of the Company's property, business and undertaking, to wind-up the Company, during the winding-up of the Company, when the RPS Dividend or part of the RPS Dividend is in arrears for more than 6 months, and on any proposal that affects rights attached to the RPS. In any such case, the holders of RPS shall be entitled to vote together with the holders of ordinary shares and to one vote for each RPS held.

The RPS shall entitle a holder to one vote at any class meeting in relation to any proposal by the Company to vary or abrogate the rights of RPS as stated in the Articles of the Company. In all class meetings, each RPS shall entitle a holder to one vote.

In the event of liquidation or winding-up of the Company, the surplus assets thereof shall be applied in repaying the holders of the RPS the dividend which have not been paid and the return of capital in respect of both the par value and the premium paid up on the RPS, in priority to ordinary shares.

2. PROSPECTUS SUMMARY (Cont'd)

For further details of the RPS, please refer to Annex B and Section 14.2(v) of this Prospectus.

| | | |
|--------------|--|----------------|
| (iii) | Retail Price for the Retail Offering <i>(subject to adjustment pursuant to Section 3.10 of this Prospectus)</i> | RM1.19 |
| (iv) | Proforma Group NTA as at 30 June 2003 | |
| | Proforma Group NTA <i>(after adjusting for the Acquisitions, Issue of RPS, Partial Redemption of RPS, the Public Issue and deducting total estimated listing expenses amounting to RM6 million)</i> | RM635,771,000 |
| | Proforma Group NTA per ordinary share <i>(based on the enlarged share capital of 800,000,000 ordinary shares of RM0.25 par value each)</i> | RM0.79 |
| (v) | Proforma Appraised Group NTA as at 30 June 2003 | |
| | Proforma Appraised Group NTA <i>(after adjusting for revaluation surplus of the vessels, Acquisitions, Issue of RPS, Partial Redemption of RPS, the Public Issue and deducting total estimated listing expenses amounting to RM6 million)</i> | RM966,305,000* |
| | Proforma Appraised Group NTA per ordinary share <i>(based on the enlarged share capital of 800,000,000 ordinary shares of RM0.25 par value each)</i> | RM1.21 |

Note:

- * *After incorporating the revaluation surplus of the currently owned vessels, newbuildings and estimate gains on disposal of hull no. 1450 and 1469 of which had been contracted to be sold amounting to a total of RM330,534,000. For the details of the currently owned vessels, newbuildings and the vessels contracted for sale, please refer to Sections 5.3.4 and 5.3.5 of this Prospectus.*

2. PROSPECTUS SUMMARY *(Cont'd)*

2.7 CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004

Set out below is a summary of the consolidated profit estimate for the financial year ending 31 December 2003 and forecast for the financial year ending 31 December 2004 of MBC Group.

| | <u>For the financial year ending 31 December 2003 (RM 000)</u> | <u>For the financial year ending 31 December 2004 (RM 000)</u> |
|--|--|--|
| Revenue | 190,567 | 212,154 |
| Consolidated PBT before dividend on RPS | 101,936 | 126,208 |
| Less: Dividend on RPS | (4,500) | (18,000) |
| Consolidated PBT | 97,436 | 108,208 |
| Less: Taxation | (78) | (78) |
| Consolidated PAT | 97,358 | 108,130 |
| Less: MI | (2,462) | (3,587) |
| Consolidated profit attributable to shareholders | 94,896 | 104,543 |
| EPS (sen) | 13.3 ⁽¹⁾ | 13.1 |
| Prospective PE multiple ⁽²⁾ | 8.9 | 9.1 |

Notes:

(1) Computed based on the weighted average number of ordinary shares in issue of RM0.25 par value each on the assumption that the Restructuring Exercise stated in Section 5.2 of this Prospectus and the Initial Public Offering will be completed by mid of November 2003.

(2) Computed based on the Retail Price of RM1.19

Further details of the consolidated profit estimate and forecast together with the assumptions and the Reporting Accountants' letter thereon are set out in Sections 9.4 and 9.6 of this Prospectus.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 CONSOLIDATED CASHFLOW ESTIMATE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004

Set out below is a summary of the consolidated cashflow estimate for the financial year ending 31 December 2003 and forecast for the financial year ending 31 December 2004 for MBC Group.

| | <u>For the financial year ending 31 December 2003</u> <u>(RM 000)</u> | <u>For the financial year ending 31 December 2004</u> <u>(RM 000)</u> |
|---|--|--|
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from charter hire and depot income | 190,157 | 210,219 |
| Receipts from rental income | 198 | 198 |
| Payments of vessel operating and other expenses | (72,827) | (75,420) |
| Payment of tax | (78) | (78) |
| Net cash generated from operating activities | <u>117,450</u> | <u>134,919</u> |
| CASHFLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of PSM Group net of cash acquired | (1,723) | - |
| Acquisition of Awnpr net of cash acquired | (12,827) | - |
| Proceeds from disposal of vessels | 32,832 | 267,140 |
| Construction cost incurred for fixed assets | (304,466) | (179,643) |
| Payment of dry docking costs | (4,788) | (10,336) |
| Interest income | 3,075 | 2,241 |
| Net cash (used in)/generated from investing activities | <u>(287,897)</u> | <u>79,402</u> |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of bank borrowings | 100,000 | 178,959 |
| Repayment of bank borrowings | (114,414) | (18,873) |
| Proceeds from issue of shares | 119,000 | - |
| Payment of share issue and listing expenses | (6,000) | - |
| Redemption of preference shares | (100,000) | - |
| Interest expense | (4,957) | (6,438) |
| Dividend paid | (19,500) | (66,000) |
| Net cash (used in)/generated from financing activities | <u>(25,871)</u> | <u>87,648</u> |
| NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS | (196,318) | 301,969 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 247,431 | 51,113 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 51,113 | 353,082 |
| Cash and cash equivalents comprise: | | |
| Cash, bank balances and short term deposits | 56,812 | 358,781 |
| Less: Short term deposits pledged as security for a guarantee facility provided by a foreign licensed bank to a third party | (5,699) | (5,699) |
| | <u>51,113</u> | <u>353,082</u> |

2. PROSPECTUS SUMMARY (Cont'd)

Further details of the consolidated cashflow estimate and forecast together with the assumptions and the Reporting Accountants' letter thereon are set out in Sections 9.5 and 9.7 of this Prospectus.

2.9 DIVIDEND ESTIMATE AND FORECAST

The dividend estimate for the financial year ending 31 December 2003 and the dividend forecast for the financial year ending 31 December 2004 are as follows:

| | Financial Year Ending 31 December 2003 | Financial Year Ending 31 December 2004 |
|--|--|--|
| Tax exempt dividend per ordinary share | 6 sen | 6 sen |
| Forecast dividend yield* | 5 % | 5% |
| Forecast dividend cover | 2.0 times | 2.2 times |

Note:

* *Based on the Retail Price of RM1.19*

2.10 USE OF PROCEEDS FROM THE PUBLIC ISSUE

The gross proceeds receivable by MBC from the Public Issue will be used as follows:

| | |
|---|------------------|
| | RM 000 |
| To part finance the construction of newbuildings* | 113,000 |
| Estimated share issue and listing expenses | 6,000 |
| | <u>**119,000</u> |

Notes:

* *The proceeds will be utilised within 6 months from Listing and Quotation to replenish working capital which had been earlier used to part finance the construction of newbuildings.*

** *Based on the Retail Price of RM1.19*

Please refer to Section 3.12 of this Prospectus for details of the use of proceeds.

2.11 WORKING CAPITAL, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND INDEBTEDNESS

2.11.1 Working Capital

The Directors are of opinion that, after taking into account the estimated and forecasted consolidated cashflows, banking facilities available and the gross proceeds from the Public Issue, the Group will have sufficient working capital for a period of 12 months from the date of this Prospectus.

2. PROSPECTUS SUMMARY (Cont'd)

2.11.2 Contingent Liabilities

As at the Latest Practicable Date, MBC Group has contingent liabilities relating to proceedings or claims against MSK in the aggregate amount of US\$1,950,000.00 (of which US\$1,000,000 has been provided in the Group's accounts) as described in Sections 2.12 and 14.7 of this Prospectus.

2.11.3 Capital Commitments

The table below sets forth the capital commitments of MBC Group as at the Latest Practicable Date:

| | <u>As at the Latest Practicable Date</u> (RM 000) |
|---|--|
| Commitments approved and contracted for | 770,518 |
| Commitments approved and not contracted for | - |
| Total Commitments | 770,518 |

For further details on capital commitments, please refer to Section 9.2.3 of this Prospectus.

2.11.4 Indebtedness

The table below sets forth MBC Group's outstanding bank borrowings and facilities as at the Latest Practicable Date:

i. RM Bank Guarantee

| Banks | RM Facility Type / Limit | Principal Outstanding | | Interest Rate | Security |
|----------------------------------|----------------------------|-----------------------|-----------------|---------------|----------|
| | | Within 12 months | After 12 months | | |
| OCBC Bank (M) Bhd (Kuala Lumpur) | Bankers' Guarantee/ RM0.5m | N.A. | N.A. | N.A. | Nil |

ii. US\$ Bank Guarantee

| Banks | US\$ Facility Type / Limit | Principal Outstanding | | Interest Rate | Security |
|-------------------------|--|-----------------------|-----------------|---------------|--|
| | | Within 12 months | After 12 months | | |
| Citibank NA (Singapore) | Bankers' Guarantee / US\$1.5m (equivalent to RM5.7m) | N.A. | N.A. | N.A. | Pledge of US\$1.5 million fixed deposit. |

2. PROSPECTUS SUMMARY (Cont'd)

iii. Short Term US\$ Facility

| Banks | US\$ Facility Type / Limit | Principal Outstanding | | Interest Rate | Security |
|-------------------------|---|-----------------------|-----------------|---------------|----------|
| | | Within 12 months | After 12 months | | |
| Citibank NA (Singapore) | Overdraft / US\$0.45m (equivalent to RM1.71m) | N.A | N.A | N.A | Nil |

iv. Long Term US\$ Facilities

| Banks | US\$ Facility Type / Limit | Principal Outstanding | | Interest Rate | Security |
|---------------------------|---|-----------------------------|-------------------------------|---|---|
| | | Within 12 months | After 12 months | | |
| ING Bank N.V. (Labuan) | Term loan / US\$16.579m (equivalent to RM63m) | US\$1,170,318 (RM4,447,208) | US\$13,068,547 (RM49,660,479) | 1.99% to 2.66% | <ol style="list-style-type: none"> 1) First Malaysian statutory mortgage over MT Alam Budi. 2) Assignment of earnings derived from MT Alam Budi. 3) Assignment of marine insurance on MT Alam Budi. |
| ING Bank N.V. (Labuan) | Term Loan / US\$16.579m (equivalent to RM63m) | US\$1,170,318 (RM4,447,208) | US\$13,653,706 (RM51,884,083) | 1.91% to 2.68% | <ol style="list-style-type: none"> 1) First Malaysian statutory mortgage over MT Alam Bistari. 2) Assignment of earnings derived from MT Alam Bistari. 3) Assignment of marine insurance on MT Alam Bistari. |
| ING Bank N.V. (Singapore) | Term Loan / US\$23m (equivalent to RM87.4m) paid in 2 advances: i. First Advance of US\$11.5m to part finance MV Alam Mesra; and ii. Second Advance of US\$11.5m to part finance MV Alam Makmur | US\$1,452,632 (RM5,520,002) | US\$14,978,946 (RM56,919,995) | 1.91% to 2.53% for First Advance 1.92% to 2.62% for Second Advance | <ol style="list-style-type: none"> 1) First Singaporean statutory mortgage over MV Alam Mesra and MV Alam Makmur. 2) Assignment of earnings derived from MV Alam Mesra and MV Alam Makmur. 3) Assignment of marine insurance on MV Alam Mesra and MV Alam Makmur 4) Letter of awareness from LWL and MBC. |

2. PROSPECTUS SUMMARY (Cont'd)

For further details on Indebtedness, please refer to Section 9.2.4 of this Prospectus.

2.12 MATERIAL LITIGATION AND ARBITRATION

Save for the claims against MSK by Golden Seagull Maritime Inc. and Golden Seabird Maritime Inc. for the sum of US\$1,950,000.00, details of which is set out in Section 14.7 of this Prospectus, as at the Latest Practicable Date, neither MBC nor its subsidiaries are engaged in any litigation or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position of MBC or its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of MBC or its subsidiaries.

2.13 SALIENT TERMS OF THE CERTIFICATES

As at the date of this Prospectus, there are no other major approvals, major licences and major permits obtained by MBC and its subsidiaries except for the certificates disclosed below:

| Registered Owner | Vessel | Certificate | Date of Certificate | Description of Vessel |
|------------------|----------------|-------------|---------------------|-----------------------|
| TKMT | Alam Sempurna | CMR | 10 March 1992 | Bulk Carrier |
| ASNG | Alam Senang | CMR | 6 April 1994 | Bulk Carrier |
| RSP | Alam Sejahtera | CMR | 7 September 1992 | Bulk Carrier |
| AG | Alam Gula | CMR | 19 August 1996 | Bulk Carrier |
| ASLS | Alam Selaras | CMR | 24 July 1992 | Bulk Carrier |
| AMTK | Alam Sentosa | CMR | 5 October 1992 | Bulk Carrier |
| ATSN | Alam Selamat | CMR | 8 April 1993 | Bulk Carrier |
| BTRS | Alam Bitara | CMR | 3 August 1999 | Product Tanker |
| AB | Alam Budi | CMR | 11 April 2001 | Product Tanker |
| BSTRS | Alam Bistari | CMR | 12 June 2001 | Product Tanker |
| AMBI | Alam Mesra | CSR | 12 February 2001 | Bulk Carrier |
| AMBI | Alam Makmur | CSR | 12 February 2001 | Bulk Carrier |
| SJ | Ikan Suji | CSR | 11 January 2002 | Bulk Carrier |
| SRG | Ikan Serong | CSR | 11 January 2002 | Bulk Carrier |