

17. INDEPENDENT MARKET RESEARCHER LETTER

*Infocredit*



**Infocredit D&B (Malaysia) Sdn Bhd (527570-M)**

Level 9-3A, Menara Milenium, Jalan Damansara,  
Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia.  
Tel : 603. 2718.1000 Fax : 603.2718 1001  
Website : www.icdnb.com.my

Date: 6 June 2006

The Board of Directors  
Alam Maritim Resources Berhad  
38F, Level 2, Jalan Radin Anum  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Malaysia

**RE: EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT FOR ALAM MARITIM RESOURCES BERHAD (“AMRB”)**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 29 June 2006 pursuant to the proposed listing of Alam Maritim Resources Berhad (“AMRB”) on the Main Board of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the offshore support vessels and services industry in Malaysia. The research methodology for the research includes both primary research, involving telephone interviews of pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government publications, corporate databases, Internet research and online databases.

Infocredit D&B (Malaysia) Sdn Bhd (“Infocredit D&B or the Researcher”) has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, the Researcher acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then the Researcher has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus; or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

For and on behalf  
**INFOCREDIT D&B (MALAYSIA) SDN BHD**

A handwritten signature in black ink, appearing to read 'Tan Sze Chong', written over a horizontal line.

Tan Sze Chong  
Managing Director



**Worldwide  
Network**

**Decide with Confidence**

## EXECUTIVE SUMMARY

This summary provides an overview of the industry in which the AMRB Group operates within, namely the provision of offshore support services for the offshore oil & gas exploration and production (“E&P”) facilities. The coverage is focused on the product and service category of offshore support vessels and services and the provision of subsea / underwater services. The offshore support vessels division, which is the main revenue contributor to the AMRB Group, involves the provision of offshore support vessels such as anchor handling, towing and supply vessel, utility vessel and diving support vessel. The underwater services division is equipped with technological-advance equipments such as saturation diving system, decompression chambers, underwater cutting and welding tools and remotely operated vehicle (“ROV”). Underwater services comprise a diverse range of services such as saturation diving, underwater video and photography, ROV inspection and pipeline maintenance and repair service.

As the operations of offshore support services industry are directly related to the level of activities in the offshore oil and gas industry, it is worthwhile to have an overview of the oil and gas industry.

### 1 OIL AND GAS INDUSTRY

#### 1.1 GLOBAL OIL AND GAS INDUSTRY

Essentially, the fluctuation in crude oil prices relates very much to the fundamentals of demand and supply conditions of the global market. The strong global demand was mainly attributed to the robust industrialisation activities of PR China and increasing demand in the US. With a surging economy, PR China overtook Japan in 2002 to become the second largest oil consumer after the US and accounted for at least one-third of the increase in global demand. The market sentiment was further heightened by the geopolitical risks in some producing countries, among others Nigeria, Venezuela, Iraq and Iran, resulting in the risk premium inherent to crude oil prices widening significantly and ultimately, higher speculative activities.

#### 1.2 THE REGIONAL OIL AND GAS INDUSTRY

The Asia Pacific region is the third most important region in the offshore oil and gas industry, after the North Sea and the Gulf of Mexico. It is expected to have the highest growth rate of all

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

the eight regions in the world, in terms of offshore exploration and offshore activities. It has also been estimated that around 20 billion barrels of oil equivalent (“boe”) await prospectors in the region’s vast, but largely untapped deepwater acreage, representing more than 40% of the region’s proven oil reserves. Many countries in the region have had falling crude oil production rates for several years but have only recently begun addressing this decline by allowing exploration activities in the deepwater realm.

**1.3 THE MIDDLE EAST REGION OIL AND GAS INDUSTRY**

The Middle East region accounts for approximately 65% of the world’s proven crude oil reserves and more than 40% of the global proven natural gas reserves. The bulk is situated in the Persian Gulf. The Persian Gulf encompasses countries like Bahrain, Iraq, Iran, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates. Collectively, these countries hold around 57% of the global crude oil reserves. Even more significantly, the Persian Gulf countries normally maintain almost all of the world’s excess crude oil production capacity. These countries are expected to progressively increase their share of the global crude oil production over the next 15 years, according to the Energy Information Administration (“EIA”) in the United States. In addition, countries like Iran, Qatar, Saudi Arabia and the United Arab Emirates hold the world’s second, third, fourth and fifth largest reserves of natural gas, respectively (Russia maintains the number one position).

With one-fourth of the world’s proven oil reserves and some of the lowest production costs, Saudi Arabia is likely to remain the world’s largest net oil exporter over the near future. Overall, Saudi Arabia may contain up to 1 trillion barrels of ultimately recoverable crude oil. Saudi Arabia is the world’s leading oil producer and exporter, and is expected to remain the key player in the global oil and gas industry. Saudi Arabia claims that it is easily capable of producing up to 15 million barrels per day in the future and maintaining that production level for another 50 years. There were a total of 1,076 offshore platforms in the Middle East in 2004.

**1.4 THE MALAYSIAN OIL AND GAS INDUSTRY**

Malaysia has more than 560,000 square kilometers of acreage available for petroleum exploration, of which 36.3% are currently covered under the terms of the production sharing contracts (“PSC”). Supported by the monopolistic and privileged status in the upstream sector, Petroliaam Nasional Berhad (“PETRONAS”) has entered into 59 PSCs with the multinational oil and gas

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

companies, in exchange for a share of the total production. Two of the five new PSCs signed during the year 2004/2005 were for ultra-deepwater blocks covering water depths of up to 4,000 metres. Out of the 140 oil fields discovered in Malaysia, there are currently 53 producing fields. In the case of natural gas, out of the 183 gas fields discovered, 22 currently are in production.

As at January 2005, Malaysia's crude oil and condensate reserves increased from 4.84 billion barrels in 2004 to 5.29 billion barrels while gas reserves declined from 87.02 trillion standard cubic feet ("tscf") to 85.20 tscf. Under the current pace of development and production rate, the crude oil and natural gas are expected to last for approximately 19 years and 33 years, respectively.

During the Ninth Malaysia Plan 2006-2010, PETRONAS is expected to invest around RM43.8 billion. Out of this amount, RM13.1 billion (29.9%) will be spent on exploration, development and production activities in order to enhance the long term supply of oil and gas. During the Asian Annual Oil and Gas Conference in Kuala Lumpur in June 2004, PETRONAS announced plans to increase oil and gas production by 3% per annum over the next five years. During the same period, around 40 offshore platforms are planned to be installed.

## **2 INTRODUCTION & BACKGROUND OF OFFSHORE SUPPORT SERVICES**

In the early days, oil exploration and production activities started onshore. Crude oil was produced onshore and transported using shallow draft tankers and crude oil barges. In turn, these were towed by tugs along the river to other tank farms for storage or to storage tankers for export purposes. As oil production moved progressively from onshore to offshore, oil exploration, development and production activities increased in tandem. This resulted in more companies stepping up their involvement in both the oil and gas and offshore support services industries.

Today, oil exploration has also ventured into deep-water exploration, which contains significant oil and gas deposits, and in harsh environment with the aid of the latest technologies. Offshore support services are provided at the various phases of offshore exploration and production of crude oil and natural gas.

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

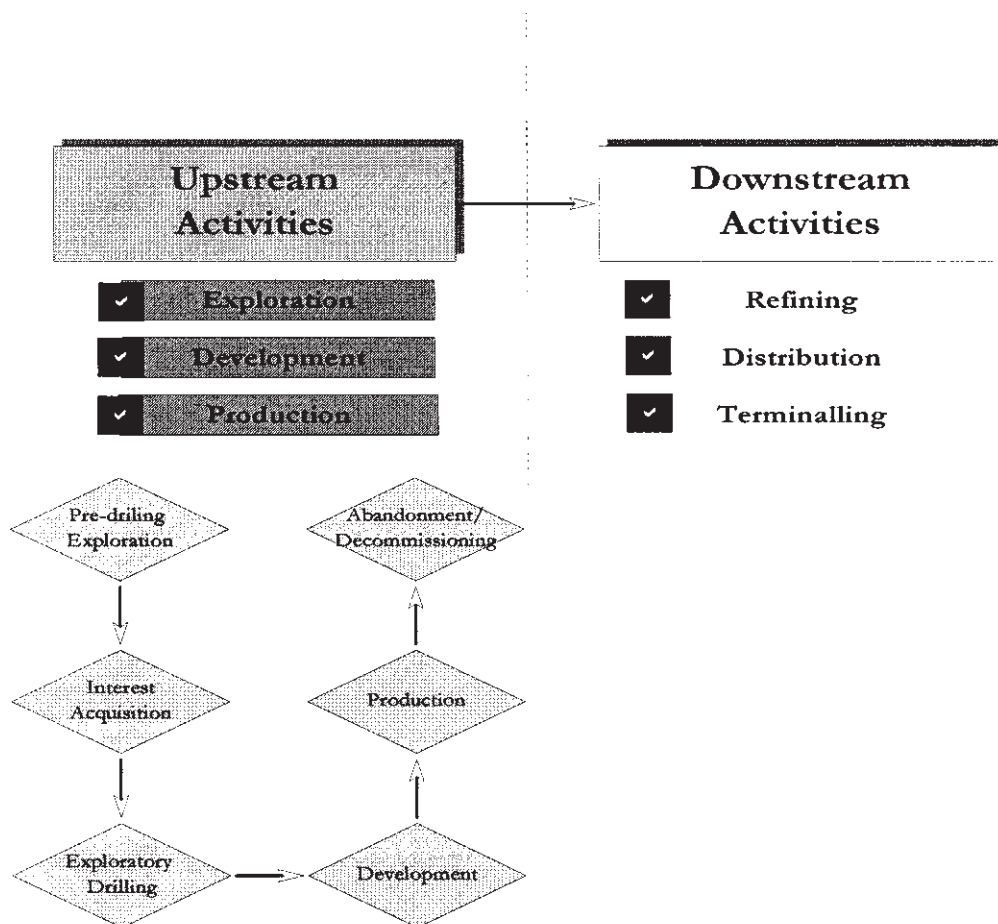
Offshore exploration and production activities are dominated by both large integrated oil and gas companies and national oil and gas companies. Most large oil and gas companies are fully integrated multinational companies that are geographically diversified and engaged in exploration, production, refining and distribution activities as well as ownership or partial ownership of petrochemical plants. Examples of such companies are Royal Dutch/Shell, British Petroleum and Exxon Mobil. National oil and gas companies, usually wholly owned by the government, are vested with the country's entire oil and gas resources and entrusted with the responsibility of developing and adding value to these resources. Primary examples of such companies are PETRONAS of Malaysia, PT Pertamina of Indonesia, Petroleum Authority of Thailand, China National Offshore Oil Corporation, China National Petroleum Corporation, Saudi Arabian Oil Co. and Nigerian National Oil Company.

Supporting these integrated and national oil and gas companies are companies providing a wide range of support services relating to the oil and gas industry. These support services could be provided at various phases of the value chain of the industry that encompasses services such as consultancy, engineering, fabrication and construction, pipeline maintenance and repair, marine transportation, drilling and well services, environment and safety, equipment repair and service, certification, verification and inspection and others.

The entire value chain of the oil and gas industry is diagrammatically illustrated below:

## 17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)

Figure 1: Value Chain of the Oil and Gas Industry in General



Source: Infocredit D&B

## 2.1 UPSTREAM SECTOR

Various services are involved in the upstream activities. Over the last 30 years, various supporting industries have developed along side the oil and gas industry in Malaysia. The main beneficiaries from the upstream sector which support the exploration and production (“E&P”) activities are companies involved in seismic surveys, exploration drillings, deep sea diving, drilling rigs rental and offshore logistic companies providing support and supply by way of vessels and helicopters.

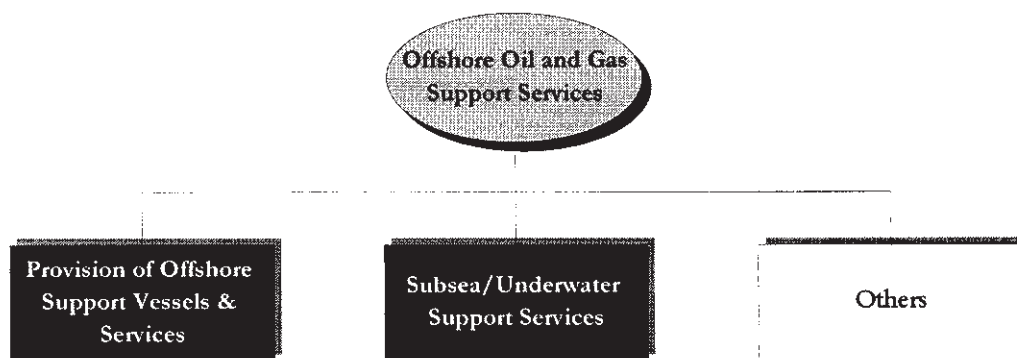
As almost all of Malaysia’s oil and gas reserves lie offshore, most of the E&P activities are concentrated around the continental shelves. The upstream activities may be broadly categorised into two (2) phases namely, exploration and production.

## 17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)

## 2.2 CLASSIFICATION

There is a wide variety of support services available to the offshore oil and gas industry. The market segmentation of offshore support services is set out in the following figure. For the purpose of this report, the focus coverage is on the provision of offshore support vessels and services supporting the oil and gas E&P activities. This is the main business activities of the AMRB Group, contributing to approximately 95% of the Group's FYE2005 revenue.

Figure 2: Market Segmentations of the Oil and Gas Support Services Industry



## Notes:

Others include fabrication/construction services, consultancy services, drilling and well services, equipment repair services, supply of equipment and consumables, environmental & safety services, etc

Source: Infocredit D&B

## 2.3 PRODUCT / SERVICE DEFINITION

## 2.3.1 OFFSHORE SUPPORT VESSELS AND SERVICES

The offshore support vessels and services employ various types of vessels, referred to broadly as offshore support vessels. Offshore support vessels are generally classified into the following classifications derived from their primary or predominant operating characteristics:

- Platform Supply Vessel ("PSV");
- Anchor Handling Tug/Supply ("AHT/S") Vessel;
- Anchor Handling, Towing and Supply Vessel ("AHTS");
- Standby Rescue Vessels("SRV");
- Crewboat;
- Work Boat & Work Barge;
- Survey Vessel ("SV");
- Utility Vessel ("UV"); and
- Diving Support Vessel ("DSV").

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

**3 INDUSTRY DYNAMICS****3.1 MARKET PERFORMANCE AND TREND**

The demand for offshore support vessels and services in the oil and gas industry is directly related to the performance and activities of the latter. Oil and gas companies decide to embark on their exploration and production decisions based on the crude oil and natural gas reserves, geology, national production policies, national depletion policies, price of crude oil and natural gas in the market, political climate, the land and lease conditions, the distance from markets and pipelines and the cost of operating.

Historically, some petroleum developments in Malaysia had been delayed by the National Depletion Policy formulated in 1980 which was aimed at safeguarding the oil reserves in Malaysia. The policy gives PETRONAS the right to dictate the country's level of production, development timing and production levels of oil fields with in-place reserves.

While new shallow water crude oil and natural gas discoveries are still likely, deepwater exploration will most probably become the focal point of the upstream sector as only about half of the identified exploration areas has been explored. The recent rash of discoveries is set to spark a boom in jobs for service providers like the AMRB Group.

**3.2 MARKET DEMAND AND SUPPLY**

Globally, there are approximately 7,300 of oil and gas platforms. Of the total amount, it is estimated that approximately 43.8% is located in the US Gulf, 14.6% in the Middle East region and 15% in the Asia Pacific region.

As for Malaysia, it is estimated that there are 253 offshore oil and gas platforms in the upstream sector. They present tremendous opportunities to the offshore support vessels and services companies along every step in the value chain. In view of PETRONAS' intention to increase production by 3% per annum over the next 5 years, it is anticipated that more platforms will be built, hence increasing the demand for offshore support services, especially the services of offshore support vessels.



---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

**3.3 LICENSING AND CERTIFICATION REQUIREMENTS**

The oil and gas industry in general is a heavily regulated industry. From the Malaysia perspective, the authority is vested with PETRONAS whereby operators or service providers are required to possess the relevant licences issued by PETRONAS in order to provide services to PETRONAS and other oil and gas operators. Without the requisite licence, one is not allowed to participate in the bidding process. In addition, the Ministry of Finance is also regulating the industry through the issuance of relevant licences.

Besides the above licences, service providers such as the AMRB Group must also adhere and conform to the Malaysian legislations and international standards for safety management, operation as well as pollution controls. In addition, all vessels are required to have the necessary certifications from international classification societies such as the American Bureau of Shipping and Det Norske Veritas prior to commencement of operations.

The licensing and certification requirements act as deterring factors for new entrants as they are not easily attainable while conformity to international standards involves various procedures and substantial amount of documentations.

**3.4 COMPETITIVE ENVIRONMENT**

Generally, the offshore support vessels and services industry is perceived to be a competitive industry. Competing players in this industry are wide and include companies of various sizes, ranging from large multinationals to local companies, both large and small. To remain resilient against adverse market conditions and stay ahead of competition, the competitive factors are price and quality of vessels and services.

Presently, there are fifteen (15) major players in Malaysia that are engaged in the provision of offshore support vessels and services. These players in aggregate owned approximately 160 vessels which consist of various types of offshore support vessels such as AHT, AHTS, DSV, UV and Workbarge/Workboat. It is noteworthy that the number of offshore support vessels is constantly changing as the demand is dependant on the level of exploration, development and production activities in the oil and gas industry.

The market size for the offshore support vessels and services industry in 2004 is estimated at approximately RM1 billion. The top five (5) major players in 2004 were Bumi Armada

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

Navigation Sdn Bhd, AMRB Group, Tanjung Offshore Berhad, Syarikat Borcos Shipping Sdn Bhd and Tidewater Marine Services (M) Sdn Bhd. Based on the total revenue generated in 2004, the AMRB Group garnered approximately 12% of the market share in the provision of the offshore support vessels and services to the oil and gas industry.

**3.5 MARKET GROWTH FACTORS****3.5.1 INCREASING DEMAND FOR OIL AND GAS**

Oil and gas are expected to account for around two-thirds of global energy consumption by 2020. Similar to other commodities, the industrialization and economic growth of PR China have led to voracious demand for crude oil and natural gas. PR China overtook Japan to become the second largest consumer of oil and gas in 2002, after the United States. The country is projected to account for 25% of global oil consumption by 2025. The global consumption of oil rose by 2.9 million barrels per day in 2004, the sharpest rise in demand in 30 years. PR China's surging oil imports accounted for as much as 30% of the increase. The country's annual oil bill is running at about US\$89 billion, or 5.3% of GDP, twice as high as the global average. In the case of South Korea and Taiwan, the comparative figures are 4.4% and 2.9%. These figures illustrate the importance of oil and gas supply to some of Asia's leading economies. The effect is to spur additional exploration and production activities, with the spill-over effects reaching the support services companies eventually.

**3.5.2 RISING CRUDE OIL PRICES**

Rising crude oil prices have spurred the oil and gas industry to undertake more exploration and production projects. Due to strong demand, prices of crude oil increased by a compound annual growth rate of 12.9% between the years 2000 and 2005. As a result, oil and gas fields that were deemed uneconomical and marginal in the past were reassessed and found to be economical by petroleum economists and geologists. Exploration activities in the oil and gas industry are akin to research and development activities in the manufacturing sector. New and future projects initiated by the giants in the oil and gas industry are deemed essential to close the global supply-demand gap for energy.

17. INDEPENDENT MARKET RESEARCHER LETTER (*Cont'd*)**Table 1: Average Crude Oil Prices 2000 - 2005**

US\$/bbl	2000	2001	2002	2003	2004	2005	CAGR
Crude Oil	27.60	23.12	24.36	28.10	36.05	50.64	
% increase	-	-16.2	5.4	15.4	28.3	40.5	12.9

*Source: Organisation of Petroleum Exporting Countries*

### 3.5.3 NEW FRONTIER IN DEEPWATER EXPLORATION

The next impetus for growth in the oil and gas industry would be in deepwater and ultra-deepwater explorations. With oil and gas resources being finite, oil and gas companies are going further afield to recover hydrocarbons from remote locations. Deepwater refers to water depth of between 200 metres and 1,000 metres while ultra-deepwater refers to water depth beyond that.

Many terrestrial techniques don't work well in deepwater situations. The cost of drilling just one dry well in a deepwater environment top US\$50 million. Over the past few years, there have been drastic changes in technology that greatly reduces the cost of accessing petroleum deposits. Both ultra-deep platforms and next generation seismic-imaging techniques allow reservoirs to be envisaged on a screen in a matter of minutes rather than the months it would have taken a few years ago. Seismic surveys use acoustic waves generated by the explosions to scour the sea floor for the right petroleum source rocks. The arrival of three dimension seismic imaging in the late eighties and nineties helped altered the oil and gas industry. However, there is still room for additional improvement. Another potential technological advance lies in the development of smarter drill bits that encase sensors capable of measuring conditions in the surrounding rocks. They act as the eyes and ears for the driller, by looking far ahead of the drill bit and communicating to the operator in real time.

Electromagnetic mapping is also an emerging technology, utilizing a series of receivers dropped in a specific pattern on the seabed. A ship tows a machine that sends out electromagnetic waves over the sea floor. The signal received by the transmitters is affected by the resistance it encounters. Hydrocarbons show a higher level of resistance compared to water, rock or sediments. The technology was originally used by geologists and geophysicists to study volcanic systems.

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

Deepwater exploration activities are primarily found in Brazil, Gulf of Mexico, Norway, Angola and Nigeria. Malaysia has announced several major deepwater crude oil finds in East Malaysia, with an estimated 1,540 million barrels of oil equivalent. Deep water exploration is the ultimate frontier of the petroleum industry, with the maturing of existing petroleum fields. Oil and gas companies are expected to continue increasing capital spending to offset declining production volumes and to increase their reserves to meet the anticipated demand for crude oil in the future.

**Table 2: Malaysian Deepwater Fields**

Field	Discovered	Estimated reserves (million barrels of oil equivalent)	Onstream	Operator
1. Kamunsu East	1999	120	2009	Sabah Shell
2. Kamunsu East North	2000	185	2008	Sabah Shell
3. Kikeh	2002	560	2007	Murphy Oil
4. Kikeh Kecil	2003	100	2009	Murphy Oil
5. Gumusut	2004	300	2008	Sabah Shell
6. Kakap	2004	75	2010	Murphy Oil
7. Senangin	2004	100	2010	Murphy Oil
8. Malikai	2004	100	2009	Sabah Shell

Source: *Infocredit D&B*

**3.5.4 INCREASING UNDERWATER / SUBSEA OPERATIONS****INSTALLATION AND MAINTENANCE**

In special circumstances, for example where large diameter gas pipelines are used, some operators decided, as a result of their assessments, to provide additional pipeline protection by installing subsea isolation systems to give further protection of the installation and the persons on it against the failure of the topside emergency shutdown valve or the rupture of the pipeline riser. This was also due to the increasing general emphasis on safety by oil and gas companies since the Alpha Piper disaster in the North Sea in 1988. Circumstances like these would require specialised equipments such as a ROV to be deployed underwater to undertake survey and sampling activities. In turn, offshore support vessels are used to support these activities.

**CORROSION IN THE OIL AND GAS INDUSTRY**

Corrosion refers to the deterioration of a metal or its properties and it attacks every component at every stage of every oil and gas field, from casing strings to production platforms. It happens

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

on every marine structure in oxygen-rich environments and wells exposed to sulphide stress. Although offshore installations are often painted with zinc-rich primers to form a barrier against rain, condensation, sea mist and spray, the splash zones are often subjected to severe corrosion while the jackets of a production platform sink into the seabed and are prone to attack by hydrogen sulphide produced by sulphate-reducing bacteria.

Hence, corrosion monitoring and inspection are critical in order to prevent downtime and disaster from occurring. Preventing corrosion is vital in every step of the oil and gas industry. As it is almost impossible to prevent corrosion from taking place, it is apparent that controlling the corrosion rate maybe the most economical solution. In this context, corrosion engineers are increasingly involved in estimating the cost of their solutions in corrosion prevention and estimating the useful life of the equipment. At the same time, inspection also takes place to complement the task. All these would require specialised equipments as well as divers to carry out the operations and the utilisation of offshore support vessels to ferry the equipment and personnel.

#### **START OF DECOMMISSIONING ERA**

Many oil and gas platforms are approaching the end of their lifecycles in the Asia-Pacific region. This heralds the start of the decommissioning era in the oil and gas industry due to aging offshore platforms. With congested waterways and increasing cargo ship traffic, the proper decommissioning of oil and gas platforms is essential. A collision involving oil tankers at sea due to improper disposal of oil and gas platforms would be disastrous to the economic wellbeing of the littoral countries. Out of the over 7,000 active platforms in the world, more than a quarter of the platforms are over 25 years old and reaching the end of their intended design lives. Currently, Malaysia has around 253 offshore platforms in the oil and gas industry. Out of this amount, 28 platforms are over 25 years old while another 11 platforms are over 30 years old. This would require the services of offshore vessels in carrying the decommissioned parts back to the shore as well as the requisite equipment to perform the decommissioning.

#### **3.5.5 GROWING DEMAND FOR NON-DESTRUCTIVE TESTING SERVICES**

Non-destructive testing is an extremely important field in the industrial sector. Although it is sometimes considered a matured field, there are more innovative methods being invented periodically that enable tiny flaws on materials invisible to the naked eye to be seen. With both safety and quality issues paramount in the workplace, non-destructive testing is a necessity and

---

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

not a luxury. It assists companies to ensure that they are producing quality products as well as maintaining safety in the workplace. The traditional role of non-destructive testing in quality control has been augmented with material characterization, stress management and inspections in-service in recent years. The correct application of non-destructive testing can help to prevent accidents, save lives, protect the environment and avoid economic loss.

### 3.6 CONCLUDING REMARKS

The demand for offshore support services in the oil and gas industry is correlated to the performance of the latter. Oil and gas companies decide to embark on their exploration and production decisions based on the crude oil and natural gas reserves, geology, national production policies, national depletion policies, availability of technology, prices of crude oil and natural gas in the market, political climate, the land and lease conditions, the distance from markets and pipelines and the cost of operating.

High oil and natural gas prices invariably have the potential of increasing the level of natural gas and crude oil exploration and production activities as it tends to increase the profitability of petroleum companies. Since the year 2003, there has been an increasing trend in both crude oil and natural gas exploration and production, due to the rising crude oil prices in the year before. Specifically, in the Asia Pacific region, China is generating a thirst for more crude oil and natural gas due to its rapid industrialisation and the establishment of a strategic reserve stockpile. In addition, a cumulative of USD3 trillion is projected to be invested in the global arena, of which 70% is expected to go into the upstream activities. This poses great potential and will strongly result in an increase in the demand for offshore support vessels and subsea services.

Specifically in Malaysia, the oil and gas industry is projected to expand further as the country is one of the major beneficiaries of increased crude oil prices in Asia, as it is a net exporter of crude oil. This translates into increased offshore support services, including both offshore support vessels and subsea services. The advent of deep water exploration and production is also anticipated to increase the demand for both offshore support services and subsea services as these petroleum fields lie at a greater distance from the shore. While deepwater reservoir targets are geologically similar to reservoirs drilled in shallower water, the demand for the logistics to support the production of hydrocarbons from reservoirs located below such water depths is much greater. Being an industry that relies greatly on mission critical services and safety aspects, the provision of offshore support services and subsea services is critical to the well-being of the

**17. INDEPENDENT MARKET RESEARCHER LETTER (Cont'd)**

---

oil and gas industry. Furthermore, as technology improves, new fields will be discovered and both marginal fields and small fields can be exploited more economically. The ripple effects will be transmitted along the entire value chain.

18. DIRECTORS' REPORT



**ALAM MARITIM RESOURCES BERHAD (700849 - K)**

38F, Level 2, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, MALAYSIA  
Tel : 603 – 9058 2244 (hunting) Fax : 603 – 9059 6845 Email : [info@alam-maritim.com.my](mailto:info@alam-maritim.com.my)

26 June 2006

The Shareholders  
**Alam Maritim Resources Berhad**

Dear Sir/Madam

On behalf of the Directors of Alam Maritim Resources Berhad (“AMRB”), I report after due inquiry that during the period from 31 December 2005 (being the date to which the last audited financial statements of AMRB and its subsidiaries (“AMRB Group”) have been made up) to 26 June 2006 (being a date not earlier than fourteen (14) days before the issue of this Prospectus):

- (a) The business of AMRB Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of AMRB Group, which have adversely affected the trading or the value of the assets of AMRB Group;
- (c) The current assets of AMRB Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by AMRB Group;
- (e) There have been, since the latest audited financial statements of AMRB Group, no default or any known event that could give rise to a default situation, in respect of payments, of either interest and/ or principal sums in respect of any borrowings; and
- (f) Save as disclosed in this Prospectus, there have been, since the last audited financial statements of AMRB Group, no material changes in the published reserves or any unusual factors affecting the profit of AMRB Group.

Yours faithfully  
For and on behalf of the Board of Directors  
of **ALAM MARITIM RESOURCES BERHAD**

**Azmi bin Ahmad**  
Managing Director



## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

### 19.1 Related Party Transactions

Under the Bursa Securities LR that are applicable to companies listed on the Main Board and Second Board, a “related party transaction” is a transaction entered into by a listed company or its subsidiaries that involves the interests, direct or indirect, of a related party. A “related party” of a listed company is:

- (i) a director; or
- (ii) a major shareholder having an interest of 5.0% or more of the aggregate of the nominal amounts of all the voting shares

of the listed company or its subsidiaries or holding company or the subsidiaries of its holding company and includes any person who is or was within the preceding twelve (12) months of the date on which the terms of the transaction were agreed upon, a director or major shareholder. Further, a related party includes a person connected with such director or major shareholder.

#### 19.1.1 Recurrent Related Party Transactions

Our Group, in the ordinary course of business, enters into transactions that are of revenue or trading in nature with related parties (“Recurrent Transactions”), which are necessary for our day-to-day operations. Our Directors confirm that such Recurrent Transactions are carried out and will be carried out on an arm’s length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties and which will not be detrimental to our minority shareholders.

We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of Recurrent Transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

Set forth below are the Recurrent Transactions that we have entered into with our related parties for the past three (3) financial years ended 31 December 2005 and our proposed related party transactions for the financial year ending 31 December 2006.

Save as disclosed below, there are no existing or potential Recurrent Transactions that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus.

Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the financial year ending 31 December			
			2003 RM 000	2004 RM 000	2005 RM 000	2006 <sup>(i)</sup> RM 000
AMSB and AESB	AESB is a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Three (3) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.	Ship management fees charged by AMSB to AESB.	182	182	182	182
		Charter of vessel by AMSB from AESB.	5,435	5,129	5,311	5,284
		Charter of vessel by AESB from AMSB.	-	-	823	-
		Interest payable by AESB to AMSB in relation to advances from AMSB to AESB.	-	40	22	-

## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the financial year ending 31 December			
			2003	2004	2005	2006 <sup>(b)</sup>
			RM 000	RM 000	RM 000	RM 000
AMSB and WIF	WIF is the 33.33%-associated company of AMLI whilst AMLI and AMSB are both our wholly owned subsidiary.  One (1) of our Directors, namely Azmi bin Ahmad, is also the director of both AMSB and WIF.	Charter of vessels by WIF from AMSB.	-	-	2,530	14,816
AMSB and AHSB	AHSB is a 70%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Four (4) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim, are also the directors of both AMSB and AHSB.	Underwater services provided by AMSB to AHSB  Interest payable by AHSB to AMSB in relation to advances from AMSB to AHSB.	24	86	1,771	3,830
AESB and SSSB	SSSB is the substantial shareholder of AESB. AESB is a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.	Interest payable by AESB to SSSB in relation to the RCLS issued by AESB to SSSB.	238	145	51	-
AMSB and Java Marine Lines Pte Ltd ("Java Marine")	Prior to 6 April 2005, Java Offshore Pte Ltd, a wholly owned subsidiary of Java Holdings Limited, was the substantial shareholder of AMSB.  Java Marine is a subsidiary of Java Holdings Limited.	Chartering of vessel by AMSB from Java Marines and vessel and crew related expenses thereof.  Acquisition of vessels from Java Marine.	6,716	3,055	4,120	5,672
AMSB and Java Century Pte Ltd ("Java Century")	Prior to 6 April 2005, Java Offshore Pte Ltd, a wholly owned subsidiary of Java Holdings Limited, was the substantial shareholder of AMSB.  Java Century is a subsidiary of Java Holdings Limited.	Charter of vessel by AMSB from Java Century.  Acquisition of vessel by AMSB from Java Marine.	83	-	-	-
			47,500	-	-	-

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**

Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the financial year ending 31 December			
			2003	2004	2005	2006 <sup>(i)</sup>
			RM 000	RM 000	RM 000	RM 000
AMSB and Airia Jaya Pte Ltd ("Airia Jaya")	Prior to 6 April 2005, Jaya Offshore Pte Ltd, a wholly owned subsidiary of Jaya Holdings Limited, was the substantial shareholder of AMSB.  Airia Jaya is a subsidiary of Jaya Holdings Limited.	Vessel and crew related expenses charged by Airia Jaya to AMSB	-	77	19	25
AMSB and Jaya Offshore Pte Ltd ("Jaya Offshore")	Prior to 6 April 2005, Jaya Offshore, was the substantial shareholder of AMSB.	Vessel and crew related expenses charged by Jaya Offshore to AMSB	-	-	17	-

**Note:**

(i) Estimated transaction value for the financial year ending 31 December 2006.

**19.1.2 Transactions entered into that are unusual in their nature or conditions**

Save as disclosed in this Prospectus, there are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which our Company or our subsidiaries was a party in respect of the past three (3) financial years ended 31 December 2005 and the beginning of the financial year ending 31 December 2006 up to the date of this Prospectus.

**19.1.3 Outstanding Loans and Guarantees**

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Company and/or our subsidiaries to or for the benefit of our related parties in respect of the past three (3) financial years ended 31 December 2005 and the beginning of the financial year ending 31 December 2006 up to the Latest Practicable Date.

## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)

## (i) Guarantees

Transacting parties	Nature of relationship	Nature of transaction	Guarantee value as at			Latest Practicable Date
			31 December			
			2003	2004	2005	
RM 000	RM 000	RM 000	RM 000			
AMSB and AHSB	AHSB is a 70%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Four (4) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim are also the directors of both AMSB and AHSB.	Corporate guarantee given by AMSB in favour of a financial institution in relation to the banking facilities granted by the financial institution to AHSB.	-	-	5,000	5,000

## (ii) Outstanding Loans

Transacting parties	Nature of relationship	Nature of transaction	Amount outstanding as at			Latest Practicable Date
			31 December			
			2003	2004	2005	
RM 000	RM 000	RM 000	RM 000			
SSSB and AMSB	SSSB is a substantial shareholder of AESB, a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Three (3) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.	RCLS issued by AESB to SSSB bearing interest at the rate of 7% per annum.  Please refer to 19.1.4 and Section 20.5 of this Prospectus for further details of the RCLS.	2,674	1,337	-	-
AMSB and AESB	AESB is a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Three (3) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.	Advances from AMSB to AESB bearing interest at the rate of 7% per annum.	576	576	-	-

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**

Transacting parties	Nature of relationship	Nature of transaction	Amount outstanding as at			Latest Practicable Date
			31 December			
			2003	2004	2005	
			RM 000	RM 000	RM 000	RM 000
AMSB and AHSB	AHSB is a 70%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.  Four (4) of our Directors, namely Azmi bin Ahmad, Shahrudin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim are also the directors of both AMSB and AHSB.	Advances from AMSB to AHSB bearing interest at the rate of 5% per annum.	296	5,688	1,445	2,034
AMSB and SAR Venture	SAR Venture is our substantial shareholder as well as our holding company whilst AMSB is our wholly-owned subsidiary.  Four (4) of our Directors, namely Azmi bin Ahmad, Shahrudin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim, are also the directors of both AMSB and SAR Venture.	Non-interest bearing advances from SAR Venture to AMSB.	2,684	-	4,755	3,798

## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (*Cont'd*)

### 19.1.4 Acquisition of assets within the past three (3) financial years and up to the date of this Prospectus

Save as disclosed below, none of our Directors or our substantial shareholders has any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the past three (3) financial years ended 31 December 2005 and the beginning of the financial year ending 31 December 2006 up to the date of this Prospectus, acquired or disposed of by or leased to our Group or proposed to be acquired, disposed of by or leased to our Group.

Transacting Parties	Nature of relationship	Nature and value of transaction
SAR Venture, FVSB, CIMB Mezz I, CIMB Mezz Fund I (collectively, "Vendors") and AMRB	<p>Prior to the transaction, the Vendors were the sole shareholders of AMSB. Pursuant to the transaction, the Vendors are the sole shareholders of AMRB (prior to the IPO).</p> <p>Four (4) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim, are also the directors of SAR Venture.</p>	<p>Pursuant to a share purchase agreement dated 1 July 2005 ("SPA") and subsequently a supplemental agreement to the SPA dated 20 February 2006 ("Supplemental SPA") between the Vendors and AMRB ("Purchaser"), the Vendors have agreed to sell and AMRB has agreed to purchase the entire total issued and paid-up ordinary shares of AMSB for a total consideration of RM66,558,440, satisfied wholly by the issuance of 133,116,880 Shares at an issue price of RM0.50 per Share, credited as fully paid-up.</p>
Azman bin Shabudin and AMSB	<p>Azman bin Shabudin is a director and a substantial shareholder of AHSB, currently a 70%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.</p> <p>Four (4) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim, are also the directors of both AMSB and AHSB.</p>	<p>Pursuant to a share purchase agreement dated 12 May 2005 between Azman bin Shabudin ("Vendor") and AMSB ("Purchaser"), the Vendor has agreed to sell and AMSB has agreed to purchase 14,300 ordinary shares of RM1.00 each in AHSB representing 10% of the total issued and paid up ordinary shares of AHSB for a total consideration of RM214,500, satisfied wholly in cash.</p>
SAR Venture and AMSB	<p>SAR Venture is our substantial shareholder as well as our holding company whilst AMSB is our wholly-owned subsidiary.</p> <p>Four (4) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad, Mohd Abd Rahman bin Mohd Hashim and Ab Razak bin Hashim, are also the directors of both SAR Venture and AMSB.</p>	<p>Pursuant to a share purchase agreement dated 6 April 2005 between SAR Venture ("Vendor") and AMSB ("Purchaser"), the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire total issued and paid up ordinary shares of Najdah for a total consideration of RM1,000,000, satisfied wholly in cash.</p>
SSSB and AMSB	<p>SSSB is a substantial shareholder of AESB, a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.</p> <p>Three (3) of our Directors, namely Azmi bin Ahmad, Shaharuddin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.</p>	<p>Pursuant to a Master Joint Venture Agreement dated 8 December 2000 ("MJVA") between SSSB and AMSB, the parties have agreed that one or more ship owning companies ("SOC") under the principle of "one ship one company basis" will be incorporated.</p> <p>The objective of the MJVA is to regulate the parties' relationship as shareholders of the SOC so as to ensure that the SOC shall carry on and develop its business efficiently and on a commercial basis.</p> <p>The issued and paid-up capital of the SOC shall be held by SSSB and AMSB in the proportion of 40:60 respectively. AESB was incorporated as an SOC in respect of the vessel, MV Setia Bakti.</p>

## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)

Transacting Parties	Nature of relationship	Nature and value of transaction
SSSB and AMSB	<p>SSSB is a substantial shareholder of AESB, a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.</p> <p>Three (3) of our Directors, namely Azmi bin Ahmad, Shahrudin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.</p>	<p>Pursuant to a Shareholders' Agreement dated 8 December 2000 between SSSB and AMSB, the parties agree to purchase MV Setia Bakti at a purchase price of USD1,850,000. Based on the agreement, MV Setia Bakti shall be managed by AMSB as the ship manager.</p>
SSSB and AMSB	<p>SSSB is a substantial shareholder of AESB, a 60%-owned subsidiary of AMSB whilst AMSB is our wholly-owned subsidiary.</p> <p>Three (3) of our Directors, namely Azmi bin Ahmad, Shahrudin bin Warno @ Rahmad and Ab Razak bin Hashim, are also the directors of both AMSB and AESB.</p>	<p>Pursuant to a supplemental agreement dated 3 May 2001 to supplement the Shareholders' Agreement dated 8 December 2000 between SSSB and AMSB, the parties have agreed to amend the funding requirements for the purchase of MV Setia Bakti which, <i>inter-alia</i>, include the following:</p> <p>(a) the issuance of ordinary shares of AESB as per the share capital of RM300,000;</p> <p>(b) the issuance of RCLS of RM6,685,800 by AESB to SSSB, which has the following salient terms:</p> <ul style="list-style-type: none"> <li>• the tenor of the RCLS is for a maximum of five (5) years from the date of first drawdown or such other date as SSSB in its absolute discretion decides;</li> <li>• the RCLS is chargeable at an interest rate of 7% per annum calculated on a monthly reducing balance and repayable by 60 equal instalments.</li> </ul> <p>(c) Cash advance provided by AMSB for RM576,200 only; and</p> <p>(d) MV Setia Bakti will be mortgaged to SSSB as security for the RCLS.</p> <p>As at 31 December 2005, all outstanding sums in respect of the RCLS have been fully repaid.</p> <p>As at the Last Practicable Date, the mortgage of MV Setia Bakti to SSSB as security for the RCLS is in the process of being lifted.</p>

## 19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS *(Cont'd)*

### 19.2 Conflict of Interests

#### 19.2.1 Our Directors or key management relationships with our related parties

Save as disclosed in Section 12 and Section 13 of this Prospectus, none of our Directors and/or key management personnel is an officer and/or Director and/or substantial shareholder of our related parties.

#### 19.2.2 Our Directors or substantial shareholders interest, directorships and/ or shareholdings in other businesses and corporations carrying on a similar trade as that of our Group

Save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, directorships and/ or shareholdings in other businesses and corporations carrying on a similar trade as that of our Group which would give rise to a situation of conflict of interest as at the date of this Prospectus.

Directors	Company	Shareholdings				Designation	Principal activities
		Direct		Indirect			
		No. of shares held	%	No. of shares held	%		
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Malaysian Bulk Carriers Berhad ("MBC")	-	-	-	-	Independent Non-Executive Director	Provision of dry bulk carriage and product tanker services
YB Haji Ab Wahab bin Haji Ibrahim	Tanjung Offshore Berhad ("Tanjung")	-	-	-	-	Independent Non-Executive Director and Chairman of the Audit Committee	Provision of integrated services to the O&G and related industries

#### *Justification and steps taken to resolve conflict:*

- (a) **Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid's** capacity as a director of MBC will not give rise to a conflict of interest due to his capacity as an Independent Non-Executive Director in our Company as well as MBC. Furthermore, MBC's principal activities are in the provision of dry bulk carriage (i.e. transportation of dry bulk cargo such as iron ore, coals, grains and etc.) and product tanker services (i.e. seaborne transportation of clean petroleum products) which are different from our principal activities and hence, MBC is not in competition with our Group. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid is also not involved in the day-to-day operations of MBC and of our Group and hence, will not give rise to a conflict of interest situation.

Our Board is of the opinion that his vast knowledge and experience of our industry and the O&G industry, and of the corporate environment is a valuable addition to our Group and would only enhance our Board's capabilities in executing its duties.



---

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**


---

In addition, Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid has also given his undertaking that he will abstain from any deliberation at any of our Company's or MBC's Board of Directors meeting in relation to any matter/transaction between our Group and MBC (if any) which may give rise to issues of conflict.

- (b) **YB Haji Ab Wahab bin Haji Ibrahim's** capacity as a director of Tanjung will not give rise to a conflict of interest due to his capacity as an Independent Non-Executive Director in our Company as well as Tanjung. Tanjung's principal activity is the provision of integrated services to the O&G and related industries which can be categorised into three (3) core activities namely, engineering equipment and spare parts, maintenance services and marine services. Save for Tanjung's marine services, all of Tanjung's other principal activities are different from our principal activities and hence, in this respect, Tanjung is not in competition with our Group. Notwithstanding this, YB Haji Ab Wahab bin Haji Ibrahim is not involved in the day-to-day operations of Tanjung and of our Group and hence, will not give rise to a conflict of interest situation.

Our Board is of the opinion that his vast knowledge and experience of the O&G industry and of the corporate environment is a valuable addition to our Group and would only enhance our Board's capabilities in executing its duties.

In addition, YB Haji Ab Wahab bin Haji Ibrahim has also given his undertaking that he will abstain from any deliberation at any of our Company's or Tanjung's Board of Directors meeting in relation to any matter/transaction between our Group and Tanjung (if any) which may give rise to issues of conflict.

**19.2.3 Monitoring and Oversight of Related Party Transactions and Conflict of Interests Situations**

- (i) **Measures taken/ to be taken to address and mitigate potential conflict of interest**

Related party transactions, by their very nature, involve a conflict of interest between us and the related parties with whom our Group has entered into such transactions. Any related party transaction or conflict of interest situation involving our Group (including any future related party transaction and conflict of interest situation) must be reviewed by our Audit Committee which would subsequently report to our Board for their further action. If any related party transaction involves any of:

- (a) our Directors and persons connected/ related to them;
- (b) our substantial shareholders and persons connected/ related to them; or
- (c) our Directors and substantial shareholders and persons connected/ related to them,

then:

- (a) the relevant Director and persons connected/ related to that Director;
- (b) the substantial shareholder and persons connected/ related to that substantial shareholder; or
- (c) the relevant Director and substantial shareholder and persons connected/ related to them

are required to abstain from deliberation and/or voting at the relevant Board meeting and general meeting in deciding on the related party transaction.

---

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**

---

Further, our Audit Committee periodically reviews the procedures set by us to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties, dealt at arm's length with our Group and are not to the detriment of our minority shareholders.

**19.3 Declaration by Advisers on Conflict of Interests****19.3.1 Declaration by CIMB**

CIMB Mezz I and CIMB Mezz Fund I had, on 12 May 2005, entered into a sale and purchase agreement with SAR Venture for the acquisition of 2,500,000 AMSB shares from SAR Venture representing 12.50% equity interest in AMSB for a cash consideration of RM23,050,000. The acquisition was completed on 15 June 2005 and as of that date, CIMB Mezz I and CIMB Mezz Fund I hold 8.44% and 4.06% respectively in AMSB. Pursuant to the completion of Acquisition of AMSB on 21 April 2006, CIMB Mezz I and CIMB Mezz Fund I currently hold 8.44% and 4.06% respectively in our Company.

CIMB Mezz I is jointly held by CIMB Private Equity Sdn Bhd ("CIMB PE") and CPAM. CIMB PE holds the entire ordinary share capital of CIMB Mezz I. CIMB PE holds 18.54% of the Redeemable Preference Share capital and CPAM holds the remaining 81.46% of the Redeemable Preference Share capital of CIMB Mezz I.

CIMB PE is a wholly-owned subsidiary of CIMB Group Sdn Bhd while CPAM is a 60.00% subsidiary of CIMB Group Sdn Bhd. CIMB Mezz I is a registered 'Venture Capital Company' with the SC.

CIMB Mezz Fund I was incorporated as an offshore limited partnership under the Labuan Offshore Limited Partnerships Act, 1997. CIMB Mezz Fund I is a limited partnership within a close-end private mutual fund structure. It is a limited partnership with 66 limited partnership units of USD100,000 each in issue. CIMB Mezzanine General Partner, Limited ("CIMB Mezz G. Partner") has an investment of USD100,000 as a general partner representing 1.5% of the total capital commitment of CIMB Mezz Fund I. CIMB Mezz G. Partner is a wholly-owned subsidiary of CIMB (L) Limited ("CIMB (L)"), which is ultimately wholly-owned by CIMB Group Sdn Bhd. CIMB Mezz Fund I is registered as a private fund in the Federal Territory of Labuan pursuant to Section 8 of the Labuan Offshore Securities Industry Act, 1998 ("LOSIA").

CIMB Mezz I and CIMB Mezz Fund I were established to undertake private equity businesses with the objective to invest in Syariah-compliant companies which aim to be listed on Bursa Securities and other ASEAN bourses, within twelve (12) months, in return for short to medium term gains. CIMB Mezz I and CIMB Mezz Fund I also participate in attractive corporate exercises of companies which are already listed on these exchanges.

In connection with their investments, CIMB Mezz I and CIMB Mezz Fund I have appointed Pn. Darawati Hussain as a board representative to AMSB. Pn. Darawati Hussain resigned on 21 April 2006. In this respect, the director is acting in a non-executive capacity and is not involved in the day-to-day management and operations of AMSB.

In this regard, CIMB Mezz I, CIMB Mezz Fund I and CIMB are deemed to be related companies, by virtue of all companies being subsidiaries of CIMB Group Sdn Bhd, which is a wholly-owned subsidiary of Bumiputra-Commerce Holdings Bhd. There is no common director between CIMB Mezz I, CIMB Mezz Fund I and CIMB. However, En Charon Wardini Mokhzani is a director of CIMB PE, CPAM and CIMB(L) and Dato' Nazir Razak, Dr Gan Wee Beng and En Zahardin Oмарdin are directors of CIMB and CIMB(L).

Upon completion of the IPO, the shareholdings of the CIMB Mezz I and CIMB Mezz Fund I in AMRB will be reduced to 3.32% and 1.60% respectively.

---

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**

---

Notwithstanding the above, CIMB is of the opinion that CIMB Mezz I and CIMB Mezz Fund I's investment in AMSB will not give rise to a conflict of interest in its capacity as an adviser to AMRB in view of the following factors:

- (i) CIMB Mezz I and CIMB Mezz Fund I's investment in AMSB are made in their ordinary course of business as a venture capital company and a close-end private mutual fund, respectively;
- (ii) CIMB Mezz I and CIMB Mezz Fund I's investment in AMSB are not contingent upon the successful listing of AMSB or AMRB;
- (iii) CIMB, CIMB Mezz I and CIMB Mezz Fund I are separate entities each having their own distinct management team and employees. Despite the fact that their holding companies and/or ultimate holding company have common directors, the Board of CIMB is not called upon to decide on any matters relating to CIMB's corporate finance matters which relates to activities carried out in the ordinary course of business;
- (iv) Further, the corporate finance division is required to comply with strict policies and guidelines issued by the SC, Bursa Securities, BNM and all relevant authorities governing its advisory business, which call for, *inter-alia*, firewall policies, clear segregation between dealing and advisory activities and strict Chinese wall between different business divisions;
- (v) The pricing of the IPO Shares will be market driven after considering the demand and supply for the said shares and market conditions and sentiments at the point of the IPO;
- (vi) Save for the professional fees, the proceeds from the Proposed Public Issue are proposed to be utilised for various applications whilst the proceeds from the Proposed Offer for Sale will be utilised by the Offerors, all of which CIMB will not be deriving any benefits therefrom; and
- (vii) Upon completion of the IPO, the shareholdings of the CIMB Mezz I and CIMB Mezz Fund I in AMRB will be reduced to 3.32% and 1.60% respectively, representing a minority stake and hence, CIMB Mezz I and CIMB Mezz Fund I will not have control over the business of AMRB Group.

Based on the above justification, CIMB, being the adviser for the IPO, is of the view that CIMB Mezz I and CIMB Mezz Fund I's investment in AMSB/AMRB will not give rise to a conflict of interest in its capacity as an adviser to AMRB and CIMB may therefore act as the principal adviser. In addition, OSK Securities Berhad ("OSK") had been appointed by AMRB as the independent adviser for the Proposals. OSK, via their letters dated 9 November 2005 and 17 November 2005, has given their opinion to the SC that the application made by CIMB, on behalf of AMRB, in relation to the IPO, are in compliance with the SC Guidelines.

**19.3.2 Declaration by Messrs. Zul Rafique & Partners**

Messrs. Zul Rafique & Partners confirms that there is no conflict of interest in its capacity as the legal counsel for our Company in relation to the IPO.

**19. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (Cont'd)**

---

**19.3.3 Declaration by Messrs. Ernst & Young**

Messrs. Ernst & Young confirms that there is no conflict of interest in its capacity as the auditors and reporting accountants for our Company in relation to the IPO.

**19.3.4 Declaration by Infocredit D&B (Malaysia) Sdn Bhd**

Infocredit D&B (Malaysia) Sdn Bhd confirms that there is no conflict of interest in its capacity as the independent market researcher for our Company in relation to the IPO.

**19.3.5 Declaration by Raine & Horne International Zaki + Partners Sdn Bhd**

Raine & Horne International Zaki + Partners Sdn Bhd confirms that there is no conflict of interest in its capacity as the independent valuer for our Company in relation to the IPO.

[The rest of this page is left blank]

---

**20. ADDITIONAL INFORMATION**

---

**20.1 Share Capital**

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Company. As at the date of this Prospectus, we have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- (iii) Save as disclosed in this Prospectus, we have not issued or proposed to issue any shares, stocks or debentures of our Company or our subsidiaries as fully or partly paid-up in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) Save for the Public Issue Shares reserved for our Group's eligible directors and employees, and persons who have contributed to the success of our Group as disclosed in Section 4 of this Prospectus and the Shares under Options that we intend to grant to our Group's eligible employees and directors under the ESOS, subject to our Listing, as disclosed in Section 14 and Section 21 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any of our Company's or our subsidiaries' shares, stocks or debentures and we do not have and we have not agreed conditionally or unconditionally to put any of our or our subsidiaries' share capital under option.
- (v) Save for the Public Issue Shares reserved for our Group's eligible directors and employees as disclosed in Section 4 of this Prospectus and the Shares under Options that we intend to grant to our Group's eligible employees and directors under the ESOS, subject to our Listing, as disclosed in Section 14 and Section 21 of this Prospectus, there is currently no other scheme involving our Group's employees and directors in our Company's capital or our subsidiaries' capital.
- (vi) None of our Group's employees or directors has been granted or has exercised any option to subscribe for our Company's or our subsidiaries' shares, stocks or debentures during the last financial year ended 31 December 2005.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities.

**20.2 Extracts of Articles of Association of the Company**

The following provisions are reproduced from the Company's Articles of Association and are qualified in its entirety by the provisions of the Articles of Association of the Company and by applicable law:

**(i) Transfer of Shares****Article 27 - Transfer of Shares**

- (i) Every instrument of transfer shall be in writing and in the prescribed form as approved under the Rules and shall be presented to the Depository with such evidence (if any) as the Depository may require, from time to time to prove that the title of the intending transferor and the intended transferee is a qualified person from time to time.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

- (ii) Subject to the restriction imposed by these Articles, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.
- (iii) Subject to any written law, the instrument of transfer of any security that is not a Deposited Security shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

**Article 28 - Depository's Discretion to Refuse**

In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

**Article 29 - In What Cases Directors May Decline to Register Transfer**

- (i) The Directors may in their absolute discretion decline to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid.
- (ii) If in the exercise of its rights under this Articles, the Directors refuse to register a transfer of a shares that is not a Deposited Security, they shall despatch to the lodging broker (if any) and the transferee written notice of the refusal and the precise reasons thereof within ten (10) Market Days after the date of which the transfer was lodged with the Company.

**Article 30 - No Restriction on Fully Paid Shares**

Subject to the provisions of the Act, the Central Depositories Act, Rules and Listing Requirements, there shall be no restriction on the transfer of fully paid securities except where required by law or the transfer is in respect of a partly paid share in respect of which a call has been made and is unpaid.

**Article 31 - No Transfer to Minor etc**

Subject to any written law, no share shall in any circumstances be transferred to any minor, bankrupt or person of unsound mind or who is insolvent or in the name of any firm or partnership.

**Article 32 - Transfer to be Left at Office and Evidence of Title Given**

- (i) For the purpose of registration of a transfer of shares that are not Deposited Securities, every instrument of transfer shall be left at the office of the Company's Registrar together with the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.
- (ii) All instruments of transfer in respect of shares that are not Deposited Securities which shall be registered shall be retained by the Company but

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.

- (iii) Before registering any transfer tendered for registration in respect of shares that are not Deposited Securities, the Directors may, if they think fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the registered office of the Company within ten (10) days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer.

**Article 33 - No Liability**

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares that are not Deposited Securities or for acting upon a transfer of shares registered by the Depository apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title hereto.

**Article 34 – Suspension of Transfer**

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by the Exchange. The Company shall give the Exchange prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be at least twelve (12) clear Market Days after the date of announcement to the Exchange or such number of days as may be prescribed by the Exchange. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.

**Article 35 – Renunciation**

Subject to the provisions of these Articles, the Exchange, the Central Depositories Act and the Rules, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

- (ii) Transmission of Shares

**Article 36 - Death of Member**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, in the case of the death of a member, the legal personal representatives of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share which had been held by him.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

**Article 37 - Shares of Deceased or Bankrupt Member**

Any person becoming entitled to a share (that is not a Deposited Security) in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy. Where the share is a Deposited Security, subject to the provisions of the Central Depositories Act, the Rules and any written law, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

**Article 38 - Notice of Election**

If the person so becoming entitled elects to have the share (in respect of shares that are not Deposited Securities) transferred to him, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and (in relation to securities that are Deposited Securities) subject to the Central Depositories Act and the Rules, the aforesaid notice must be served by him on the Depository. If he elects to have the share transferred to another person he shall testify his election by executing to that person a transfer of the securities. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer and the registration of transfer of securities shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

**Article 39 - Person Entitled or May Receive Dividend**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, where the registered holder of any share dies or becomes bankrupt his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors and/or the Depository in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder or Depositor would have been entitled to if he had not died or become bankrupt.

**Article 40 - Fee for Registration**

The Company shall be entitled to charge a fee not exceeding RM3.00 or such sum as may from time to time be permitted by the Exchange in respect of the registration of every probate, letter of administration, certificate of death or marriage, power of attorney or other instrument relating to or affecting the title to the shares. All such fees shall be paid in advance before registration.

**Article 41 - Transmission of Shares from Foreign Register**

- (i) Where
  - (a) the Securities of the Company are listed on a stock exchange which is specified to be an Approved Market Place; and
  - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, as the case may be, under the Rules in respect of such Securities



---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of the Securities.

- (ii) For the avoidance of doubt, no transmission of Securities from the Malaysian Register into the Foreign Register shall be allowed by the Company despite the fulfilment of Articles 41(i)(a) and (b).

**Article 82 - Vote of Member of Unsound Mind**

A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney.

**(iii) Remuneration of the Directors****Article 105 - Directors' Remuneration**

- (i) The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (ii) Executive director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine. All remuneration payable to the non-executive Director(s) shall be determined by a resolution of the Company in general meeting.
- (iii) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on, or percentage of, profits or turnover.
- (iv) Salaries payable to executive Directors may not include a commission on, or percentage of turnover.
- (v) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him.

**Article 106 - Reimbursement of Expenses**

- (i) The Directors shall be paid all their travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company or in connection with the business of the Company.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

- (ii) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, he shall be entitled to receive such sum as the Directors may think fit either as a fixed sum or as percentage of profits or otherwise but not a commission on or percentage of turnover and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

(iv) Voting and Borrowing Powers of the Directors

**Article 108 - General Power of the Company Vested in Directors**

The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in general meeting subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, not being inconsistent with these Articles or provisions of the Act as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made or passed.

**Article 109 - Directors' Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property or uncalled capital as the case may be, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party.

**Article 124 - Chairman to have Casting Vote**

Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes, each Director having one vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the chairman of the meeting shall have a second or casting vote. However, where two (2) Directors form a quorum, the chairman of a meeting at which only such a quorum is present or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.

**Article 126 - Disclosure of Interest by Directors**

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a director of the Company.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

**Article 128 - Restriction on Voting**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, and if he does so vote, his vote shall not be counted. Subject to Article 129, he shall not be counted in the quorum present at any meeting, but neither of these prohibitions shall apply to:

- (i) any arrangement for giving the Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (ii) any contract or proposed contract which relates to any loan to the Company or any of its subsidiaries or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (iii) any contract or proposed contract or arrangement with any other corporation in which he is interested only as a holder of shares or Securities or as creditor and such interest is not material; or
- (iv) any contract or proposed contract which has been or will be made with or for the benefit of or on behalf of a corporation (as defined in the Act) which by virtue of Section 6 of the Act is deemed to be related to the Company that he is a director of that corporation.

(v) Alteration of Capital

**Article 61 - Power to Alter Capital**

The Company may from time to time by Ordinary Resolution:

- (a) increase the share capital by the creation of new shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association so however that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived;
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Article 62 - New Shares Subject To Articles**

All new shares created as a result of any increase or change in the Company's capital shall be subject to the same provisions of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

**Article 63 - Power to Reduce Capital**

Subject to the Act, the Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law

**Article 4 - Power to Issue Shares with Special Rights**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Listing Requirements, the Central Depositories Act, and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any Ordinary Resolution of the Company determine provided that:

- (i) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (ii) in the case of shares offered to the public or offered pursuant to a prospectus that is registered under the Securities Commission Act, 1993, for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;
- (iii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (iv) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in general meeting;
- (v) every share scheme for employees shall be approved by the members in general meeting and no Director shall participate in a share scheme for employees unless the members in general meeting have approved of the specific allotment to be made to such Director. The total number of shares to be issued under a share scheme for employees shall not exceed 15% of the issued and paid-up capital of the Company at any time;
- (vi) except in the case of an issue of securities on a pro rata basis to shareholders, no shares or other convertible securities in the Company or in its subsidiaries shall be issued to a director, major shareholder or person connected with any director or major shareholder (hereinafter referred to as "the interested director", "interested major shareholder" or "interested person connected with a director or major shareholder" respectively) unless
  - (a) shareholders in general meeting have approved of the specific allotment to be made to such aforesaid person; and
  - (b) the interested director, interested major shareholder, interested person connected with a director or major shareholder (as the case may be) or where the allotment is in favour of an interested person connected with a director or major shareholder, such director or major shareholder have not voted on the resolution approving the said allotment;

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

- (vii) subject to the Act, the provisions of these Articles and the requirements of the Exchange, the Company shall have power to issue preference shares on such terms and conditions and carrying such rights or restrictions provided that the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.

**Article 6 - Modification of Class Rights**

- (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the Act, whether or not the Company is being wound up, be made, varied or abrogated, with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provision of these Articles relating to general meetings shall apply mutatis mutandis but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued share of the class and that any holder of the shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.
- (ii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**20.3 Directors, Substantial Shareholders, Key Management and Promoter**

- (i) The names, addresses and occupations of our Directors are set out in Section 2 of this Prospectus.
- (ii) Our Director is not required to hold any qualification share in our Company unless otherwise so fixed by us at a General Meeting.
- (iii) Our Group does not have any existing or proposed service agreements (other than employment contracts) with our Directors or Key Management.
- (iv) None of our Directors, Promoter or Key Management (as named herein) is or has been involved in the following events (whether in or outside Malaysia):
  - (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel; or
  - (b) disqualified from acting as a director of any corporation or from taking part, directly or indirectly, in the management of any corporation; or
  - (c) charged and/or convicted in a criminal proceeding or is a named subject of pending criminal proceeding; or
  - (d) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

**20. ADDITIONAL INFORMATION (Cont'd)**

- (e) the subject of an order, judgment or ruling of any court of competent jurisdiction, temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business practice or activity.
- (v) Save as disclosed in Section 13.1.9 of this Prospectus, none of our Directors, substantial shareholder or Promoter has been paid or intended to be paid remuneration and benefits within the two (2) years preceding the date of this Prospectus, except for remuneration received in the course of employment.
- (vi) Save as disclosed in Section 19.1.4 of this Prospectus, none of our Directors or our substantial shareholders has any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the past three (3) financial years ended 31 December 2005 and the beginning of the financial year ending 31 December 2006 up to the date of this Prospectus, acquired or disposed of by or leased to our Group or proposed to be acquired, disposed of by or leased to our Group.
- (vii) Save as disclosed in Section 13 of this Prospectus, none of our Directors, substantial shareholders and Promoter has any direct or indirect interests in our Company, before and after the IPO.
- (viii) Save as disclosed in Section 19.1 of this Prospectus, none of our Directors or substantial shareholders has any interest in any contract, agreement or arrangement which is significant in relation to the businesses of our Group as at the date of this Prospectus.
- (ix) Save as disclosed in Section 19.2.2 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, directorships and/ or shareholdings in other businesses and corporations carrying on a similar trade as that of our Group which would give rise to a situation of conflict of interest.
- (x) Save as disclosed in this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and subsidiaries.
- (xi) Save for the dividends payable to our Promoter as the shareholder of our Company, the employment related benefits and remuneration payable to our Promoter in their respective capacities in our Group, no other amounts or benefits has been paid or intended to be paid to our Promoter within the two (2) years preceding the date of this Prospectus.

**20.4 General Information**

- (i) The nature of our business has been disclosed in Section 12 of this Prospectus. Save as disclosed in this Prospectus, there are no other corporations that are deemed to be related to us by virtue of Section 6A of the Act.
- (ii) Save as disclosed in Section 11.15 of this Prospectus, our Group has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Board of Bursa Securities, our Company is not listed on any stock exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 22 of this Prospectus.

**20. ADDITIONAL INFORMATION (Cont'd)**

---

- (v) The date and time of the opening and closing of the application of our IPO are set out in Sections 4 and 22 of this Prospectus.
- (vi) The amount payable in full on application or acceptance in respect of our IPO Share is RM1.65 per Share.
- (vii) Save as disclosed in Section 4 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company or our subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company and its subsidiaries and in connection with the issue or sale of any capital of our Company and its subsidiaries and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (viii) During the last financial year and the current financial period up to the date of this Prospectus, there were no:
  - (a) public take-over offers by third parties in respect of our Company's shares; and
  - (b) public take-over offers by our Company in respect of other companies' shares.
- (ix) Save as disclosed in this Prospectus, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that have materially affected our Group's financial performance, position and operations;
  - (d) substantial increase in revenue attributable to prices, volume of goods/services being sold, the introduction of new products/services or any other factors; and
  - (e) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.
- (x) Save as disclosed in Section 13 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over the corporation and particulars of the proportion of the voting capital held.

---

**20. ADDITIONAL INFORMATION (Cont'd)**


---

**20.5 Material Contracts**

Save for the Underwriting Agreement referred to in Section 15 of this Prospectus and the contracts disclosed below, we have not entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the two (2) years preceding the date of this Prospectus or still subsisting at the date of Prospectus. There is no foreign material contract or foreign material agreement or contract/ agreement executed in a foreign language.

- (i) Master Joint Venture Agreement dated 8 December 2000 (“MJVA”) between SSSB and AMSB pursuant to which the parties agree that one or more SOC under the principle of “one ship one company basis” will be incorporated. The object of the MJVA is to regulate the parties’ relationship as shareholders of the SOC so as to ensure that SOC shall carry on and develop its business efficiently and on a commercial basis. The issued and paid-up capital of the SOC shall be held by SSSB and AMSB in the proportion of 40:60 respectively. AESB was incorporated as a SOC in respect of the vessel, MV Setia Bakti.
- (ii) Shareholders’ agreement dated 8 December 2000 between SSSB and AMSB pursuant to which the parties agree to purchase MV Setia Bakti at a purchase price of USD1,850,000. Based on the Agreement, MV Setia Bakti shall be managed by AMSB as the ship manager.
- (iii) Supplemental agreement dated 3 May 2001 to supplement the shareholders’ agreement dated 8 December 2000 between SSSB and AMSB to amend the funding requirements for the purchase of MV Setia Bakti.
  - (a) the issuance of ordinary shares of AESB as per the share capital of RM300,000;
  - (b) the issuance of RCLS of RM6,685,800<sup>(i)</sup> to SSSB, which has the following salient terms:
    - the tenure of the RCLS is maximum of 5 years from the date of first drawdown or such other date as SSSB in its absolute discretion decides;
    - RCLS is chargeable at an interest of 7% per annum calculated on a monthly reducing basis and repayable by 60 equal reducing basis;
  - (c) Cash advance provided by AMSB for RM576,200 only; and
  - (d) MV Setia Bakti will be mortgaged<sup>(ii)</sup> to SSSB as security for the RCLS.

**Notes:**

- (i) *As at 31 December 2005, all outstanding sums in respect of the RCLS have been fully repaid.*
- (ii) *As at the Latest Practicable Date, the mortgage of MV Setia Bakti to SSSB as security for the RCLS is in the process of being lifted.*
- (iv) Share purchase agreement dated 12 May 2005 between Azman Bin Shabudin (“Vendor”) and AMSB (“Purchaser”) pursuant to which the Vendor has agreed to sell and AMSB has agreed to purchase 14,300 ordinary shares of RM1.00 each in AHSB representing 10% of the total issued and paid up ordinary shares of AHSB for a total consideration of RM214,500, satisfied wholly in cash.



---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

- (v) Share purchase agreement dated 6 April 2005 between SAR Venture (“Vendor”) and AMSB (“Purchaser”) pursuant to which the Vendor has agreed to sell and AMSB has agreed to purchase the entire total issued and paid up ordinary shares of Najdah for a total consideration of RM1,000,000, satisfied wholly in cash.
- (vi) Share purchase agreement dated 1 July 2005 (“SPA”) and subsequently a supplemental agreement to the SPA dated 20 February 2006 (“Supplemental SPA”) between SAR Venture, FVSB, CIMB Mezz I, CIMB Mezz Fund I (collectively, “Vendors”) and AMRB (“Purchaser”) pursuant to which the Vendors have agreed to sell and AMRB has agreed to purchase the entire total issued and paid-up ordinary shares in AMSB for a total consideration of RM66,558,440, satisfied wholly by the issuance of 133,116,880 Shares at an issue price of RM0.50 per Share, credited as fully paid-up.
- (vii) Supplemental Agreement dated 20 February 2006 to the SPA to amend the Conditional Period (as defined therein), the Purchase Price and Consideration Shares (as defined therein) as stated therein.
- (viii) Underwriting Agreement dated 5 June 2006 between the Company and the Underwriter for the underwriting of 17,856,200 Shares under the Public Issue, for an underwriting commission at the rate set out in Section 4.6 of this Prospectus.

**20.6 Consents**

Our Adviser, Legal Advisers, Underwriter, Placement Agent, Company Secretary, Registrar, Principal Bankers and Issuing House have, before the issue of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion in this Prospectus of their names in the manner and form in which such names appear.

Our Auditors and Reporting Accountants have, before the issue of this Prospectus, given and not subsequently withdrawn their written consents to the inclusion in this Prospectus of its name, Accountants’ Report and letters relating to our consolidated profit forecast for the financial year ending 31 December 2006 and our proforma consolidated financial information in the manner and form in which they are contained in this Prospectus.

Our Valuers have, before the issue of this Prospectus, given and not subsequently withdrawn their written consent to the inclusion in this Prospectus of its name, the Valuation Certificate in the manner and form in which they are contained in this Prospectus.

Our Independent Market Researcher has, before the issue of this Prospectus, given and not subsequently withdrawn their written consent to the inclusion in this Prospectus of its name, the executive summary of its independent market research report and its market research letter in the manner and form in which they are contained in this Prospectus.

---

**20. ADDITIONAL INFORMATION (Cont'd)**

---

**20.7 Documents Available for Inspection**

Copies of the following documents may be inspected at our registered office during office hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our material contracts referred to in Sections 15 and 20.5 of this Prospectus;
- (iii) Our ESOS Bye-Laws referred to in Section 21 of this Prospectus;
- (iv) The audited financial statements of our Company and subsidiaries for the three (3) financial years ended 31 December 2003, 2004 and 2005 (as applicable);
- (v) Our Reporting Accountants' Letter on AMRB's Consolidated Profit Forecast for the Financial Year Ending 31 December 2006 referred to in Section 6.5 of this Prospectus;
- (vi) Our Reporting Accountants' Letter on the Proforma Consolidated Financial information referred to in Section 7.5 of this Prospectus;
- (vii) The Accountants' Report and Directors' Report as referred to in Section 9 and 18 of this Prospectus, respectively;
- (viii) Our Independent Market Researcher's letter and executive summary of its Independent Market Research Report referred to in Section 17 of this Prospectus and the full Independent Market Research Report thereof;
- (ix) Our Valuer's Valuation Certificate in relation to our Group's vessels referred to in Section 16 of this Prospectus and the full Valuation Reports thereof; and
- (x) The letters of consent referred to in Section 20.6 of this Prospectus.

**20.8 Responsibility Statements**

Our Directors and Promoter, and the Offerors have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information in this Prospectus. They confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Prospectus false or misleading. Our Directors accept full responsibility for the profit forecast in this Prospectus and confirm that it has been prepared based on the assumptions made.

CIMB as the Adviser to our IPO, 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 on the IPO. CIMB is satisfied that the consolidated profit forecast (for which our Directors are fully responsible), has been included in this Prospectus after due and careful enquiry by our Directors and has been duly reviewed by our Reporting Accountants.