

## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	05.02.2004 / 03.02.2007	MOF	<p>Registration as a Supplier or Services Contractor for, amongst others, the following approved categories:</p> <p>(i) manufacturer of:</p> <p>(a) offshore marine facilities, mooring buoy, tug boats, barges;</p> <p>(b) ship to shore cranes, rubber tyred gantry cranes, bulk handling cranes, mobile harbour cranes, straddle carrier, reach stacker/forklifts;</p> <p>(c) offshore structure;</p> <p>(ii) marine equipment;</p> <p>(iii) boat; and</p> <p>(iv) equipment for the oil industry (Serial No.: 159966)</p>	<ul style="list-style-type: none"> <li>▪ Kencana HL should on a best endeavour basis appoint Malaysian citizen owned companies to distribute its products for the domestic market and shall appoint Bumiputera distributors to distribute at least 30% of its domestic sales. The selection and appointment of foreign distributors can only be made subsequent to obtaining prior approval from MITI.</li> </ul> <p>Any application for renewals of the registration must be submitted three (3) months before the date of expiry of the registration.</p> <p>MOF reserves the right to suspend/cancel or revoke the registration upon the occurrence of the following:</p> <ul style="list-style-type: none"> <li>▪ Kencana HL/its directors was/were involved in any illegal/criminal activities and was/were convicted in the Malaysian courts or any foreign court;</li> <li>▪ Kencana HL withdraws the offer before consideration of such tender or reject offers upon submitting a tender;</li> <li>▪ Kencana HL fails to perform any contracts signed with the Government;</li> <li>▪ Amend the registration for deceitful purposes or any other reasons;</li> <li>▪ Permit the registration to be wrongly used by any individual or company; and</li> <li>▪ Kencana HL is found to be in cohort with other tenderers in submitting price quotations or tenders to the Government.</li> </ul>	<p>Noted and to be complied where applicable.</p> <p>Noted and to be complied.</p> <p>Noted.</p>

Company No: 667490-M

**4. INFORMATION ON THE GROUP (Cont'd)**

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
	10.08.2005 / 03.02.2007		An additional supply/provision of service for the approved category "150100 Semua Peralatan Sukatan/Ukuran" has been added to the list of supply/provision of services referred in the above registration. (Serial No.: TB0172389)	This additional approval is subject to the conditions stated in the above registration.	Noted.
Kencana HL	15.03.2004 / 03.02.2007	Tenaga Nasional Berhad	Registration as a Supplier and Services Contractor (Registration No.: 3010475) (Serial No.: PKP1152/2004)	Nil.	Not applicable.
Kencana HL	02.08.2005 / 15.06.2007	Tenaga Nasional Berhad	Registration as a Work Contractor – Class A (Registration No.: 3010475) (Serial No.: KK 2487/2005)	Nil.	Not applicable.

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**4. INFORMATION ON THE GROUP (Cont'd)**

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	30.03.2006/ 31.03.2007	Petronas	Supplier of Equipments and Service Licence (Licence No.: L-83307-K) (Serial No. L 030679)	<u>Special Condition:</u> <ul style="list-style-type: none"> <li>▪ Kencana HL must submit an annual audited financial report for year ended 31.07.2006 before 01.02.2007 and the shareholders' fund must be a positive amount, the failure of which will render Kencana HL being de-listed from the "List of Licenced/Registered Companies (LLRC)" of Petronas.</li> </ul> <u>General Conditions are, inter alia, as follows:</u> <ul style="list-style-type: none"> <li>▪ The licence cannot be transferred to anyone;</li> <li>▪ The licence will be cancelled upon liquidation, winding-up or dissolution of the company;</li> <li>▪ Kencana HL must inform Petronas of any changes to the position of the company for example equity interest, board of directors and management employees within fourteen (14) days from the change, the failure of which will render the licence being cancelled;</li> <li>▪ The Company must take instant action to fulfill the special conditions attached in the licence and to inform Petronas on any progress of the said action;</li> <li>▪ The Company is not allowed to take other companies as principal, agent, sub-contractor or otherwise to give any service or to supply any facilities or equipment on its behalf without prior written consent from Petronas;</li> </ul>	<p>Noted and to be complied.</p> <p>Noted and to be complied, where applicable</p>

4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
				<ul style="list-style-type: none"> <li>▪ The Company must (unless otherwise agreed to by Petronas) run its business in Malaysia and to use local facilities such as banks, insurance and other professional services or otherwise, that managed by Malaysian citizens or firms or companies incorporated in Malaysia;</li> <li>▪ Action can be taken against the Company if in the opinion of Petronas, the Company has done one or more of the following:               <ul style="list-style-type: none"> <li>i. failure to carry out work given until completion;</li> <li>ii. failure to perform its contractual responsibilities or any other responsibilities under the law of partnership, principal, agent, sub-contractor and so on;</li> <li>iii. receiving a 'garnishee order';</li> <li>iv. adjudged insolvent;</li> <li>v. cannot be traced by the last known address;</li> <li>vi. sub-contracting work to other contractors without written permission from Petronas;</li> <li>vii. rejecting any contract or tender given;</li> <li>viii. entering or receiving a contract or tender during the suspension of the licence;</li> <li>ix. providing false, inaccurate and ambiguous information;</li> </ul> </li> </ul>	



## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	25.08.2005/ 22.08.2007	Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia, Ministry of Human Resource	Registration as Gas Contractor (Pipelines) with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia (Registration Reference No.: BP21/223)	<ul style="list-style-type: none"> <li>x. failing to comply with any tender regulations and ethics including but not limited to sending poison letters (surat layang), bribery or lobbying;</li> <li>xi. conducting any activities that is inappropriate with this licence;</li> <li>▪ Based on Rule 9 of the Petroleum Regulations 1974, a person who starts or continues a business or service which is stated in Rule 3 without a licence or fails to comply with any conditions of the licence is deemed to commit an offence and if found guilty can be penalized with a fine not exceeding RM50,000.00 or imprisonment not exceeding two (2) years or both and on continuous offence, if found guilty, can be further penalized with a fine of RM1,000.00 each day or part of one (1) day of such continuous offence after the first day the conviction is recorded; and</li> <li>▪ The licence can be suspended or cancelled at any time in the event of non-compliance of any of the conditions.</li> </ul>	Noted and to be complied, where applicable.

## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	21.03.2006 / 04.12.2006	CIDB	<p>Registration as Contractor with CIDB (Registration No.: 1970721-JH040534) (Serial No.: A55640)</p> <p><u>Registration Category &amp; Specialisation</u></p> <p>(i) Grade G5: a value not exceeding RM5,000,000 with the category of Mechanical and Engineering and the specialisation of "E10-Panel Kawalan Khusus";</p> <p>(ii) Grade G7: no limit in value with the category of Building Construction and specialisation of "B04-Kerja Bangunan Am";</p>	<ul style="list-style-type: none"> <li>▪ All welding works must be done by a welder certified by the department according to the approved Welding Procedure Specification and such welding works must be conducted under careful supervision and that the welding records shall be kept in a proper manner;</li> <li>▪ Kencana HL must follow the department's instructions issued from time to time;</li> <li>▪ Kencana HL must inform the department at least ninety (90) days before the expiry of the approval for the purpose of re-evaluation of the approval given; and</li> <li>▪ The Chief Director of the department may withdraw the approval anytime without giving any reason whatsoever in the event Kencana HL does not comply with any of the above conditions and/or such other conditions imposed by the department.</li> </ul>	Complied. The renewal of this CIDB's licence (Serial No. A59917) is disclosed below.  Noted.

## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
			<p>(iii) Grade G7: no limit in value with the category of Civil Engineering and the specialisation of "CE09-Saluran Paip Minyak dan Gas" &amp; CE21 – Kerja-kerja Am Kejuruteraan Awam"; and</p> <p>(iv) Grade G7: no limit in value with the category of Mechanical and Electrical and the specialisation of "M15- Kelengkapan Am Pelbagai", M11 – Pembinaan dan Perawatan Khusus", M01 – Sistem Hawadringin dan Pengedaran Udara", M02 – Sistem Pencegahan dan Perindungan Kebakaran" and "M10 – Pendingin untuk Kuala Penjanaan".</p>	<ul style="list-style-type: none"> <li>▪ Kencana HL has been adjudicated a bankrupt/insolvent;</li> <li>▪ Winding-up petition regarding Kencana HL has been given;</li> <li>▪ Kencana HL contravenes or fails to comply with any provision of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994;</li> <li>▪ Kencana HL has obtained the registration by making or causes to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;</li> <li>▪ Kencana HL abandons any construction works undertaken without any reasonable excuse; and</li> <li>▪ Kencana HL is found guilty of negligence by the court or by any board of enquiry established under any written law in connection with any construction works undertaken.</li> </ul>	
Kencana HL	30.08.2006 / 04.12.2009	CIDB	<p>Registration as Contractor with CIDB (Registration No.: 1970721-JH040534) (Serial No.: A59917)</p> <p><u>Registration Category &amp; Specialisation</u></p> <p>(i) Grade G7: no limit in value with the category of Building Construction and specialisation of "B04-Kerja Bangunan Am";</p> <p>(ii) Grade G7: no limit in value with the category of Civil Engineering and the specialisation of "CE09-Saluran Paip Minyak dan Gas" &amp; CE21 – Kerja-kerja Am Kejuruteraan Awam"; and</p>	<p>The registration must be renewed no later than within sixty (60) days before it expires.</p> <p>The registration shall be revoked, cancelled or suspended in the event, inter alia, any of the following occurs:</p> <ul style="list-style-type: none"> <li>▪ Kencana HL fails to comply with the requirements of any other written law;</li> <li>▪ Kencana HL has been adjudicated a bankrupt/insolvent;</li> <li>▪ Winding-up petition regarding to Kencana HL has been given;</li> <li>▪ Kencana HL contravenes or fails to</li> </ul>	<p>Noted and to be complied.</p> <p>Noted.</p>



## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance															
Kencana HL	27.07.2006/ 15.06.2007	PKK, Kementerian Pembangunan Usahawan dan Koperasi	(iii) Grade G7: no limit in value with the category of Mechanical and Electrical and the specialisation of "M15- Kelengkapan Am Pelbagai", M11 – Pembinaan dan Perawatan Khusus", M01 – Sistem Hawadingin dan Pengedaran Udara", M02 – Sistem Pencegahan dan Perlindungan Kebakaran" and "M10 – Pendingin untuk Kuala Penjanaan" and "E10- Panel Kawalan Khusus".	<p>comply with any provision of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994;</p> <ul style="list-style-type: none"> <li>▪ Kencana HL has obtained the registration by making or causes to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;</li> <li>▪ Kencana HL abandons any construction works undertaken without any reasonable excuse; and</li> <li>▪ Kencana HL is found guilty of negligence by the court or by any board of enquiry established under any written law in connection with any construction works undertaken.</li> </ul>																
			<p>Registration Contractor with PKK Registered Category: Class A Contractor (Registration No.: 0102 A 2003 0548) (Serial No.: 179950)</p> <table border="1" data-bbox="973 896 1181 1321"> <thead> <tr> <th>Class</th> <th>Head</th> <th>Sub Head</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>I</td> <td>1, 2, 3a, 5, 7a, 7b</td> </tr> <tr> <td></td> <td>II</td> <td>1, 2a, 2b, 5, 7a, 7b</td> </tr> <tr> <td></td> <td>III</td> <td>3, 4, 5, 6, 9, 11</td> </tr> <tr> <td></td> <td>IV</td> <td>1, 2a, 2b, 2d, 3b</td> </tr> </tbody> </table>	Class	Head	Sub Head	A	I	1, 2, 3a, 5, 7a, 7b		II	1, 2a, 2b, 5, 7a, 7b		III	3, 4, 5, 6, 9, 11		IV	1, 2a, 2b, 2d, 3b	<p>The registration is subject to, inter alia, the following conditions:</p> <ul style="list-style-type: none"> <li>▪ Any application for renewal of the registration must be submitted three (3) months before the date of expiry of the registration; and</li> <li>▪ Registration may be cancelled in the event that any of the shareholders of Kencana HL holds more than 5% or RM50,000.00 (the lesser amount between the two figures) in any other company which has registered with PKK for the similar job category or for the same job description or any of the board of directors or any of the highly skilled workers are highly active in any other companies registered with PKK for the similar job category or the same job description.</li> </ul>	Noted and to be complied, where applicable.
Class	Head	Sub Head																		
A	I	1, 2, 3a, 5, 7a, 7b																		
	II	1, 2a, 2b, 5, 7a, 7b																		
	III	3, 4, 5, 6, 9, 11																		
	IV	1, 2a, 2b, 2d, 3b																		



## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	08.12.2005/ 31.12.2006	Gas Malaysia Sdn Bhd	Registration as Supplier/Contractor with Gas Malaysia Sdn Bhd Category: A03 Pipelines Class 1 (Registration No.: 0643)	Any application for renewals of the registration must be submitted six (6) weeks before the date of expiry of the registration.	Noted and to be complied.
Kencana HL	10.08.2006/ 09.08.2008	Lembaga Perlesenan Tenaga Atom	Licence to Sell, Commercialize, Purchase, Have, Own, Move, Carry, Import and Export Radioactive Materials Category: Class A (Licence No.: LPTA/A/1049) (Serial No.: 007168)	Any application for renewals of the registration must be submitted within thirty to sixty (30-60) days before the expiry of the licence.	Noted and to be complied.
Kencana HL	25.07.2005/ 30.10.2007	Malaysia Airports Holdings Berhad ("MAHB")	Registration as Provider of Supplies/Services/Works, with MAHB (Registration Class: Z005) (Registration No.: 73847)	Any application for renewals of the registration must be submitted three (3) months before the date of expiry of the registration.  MAHB reserves the right to reject/cancel or suspend the registration in the event the following occurs: <ul style="list-style-type: none"> <li>▪ Kencana HL/its directors was/were involved in any illegal/criminal activities and was/were convicted in the Malaysian courts or any foreign court;</li> <li>▪ If Kencana HL withdraws the offer before the tender is in consideration or rejects the offer upon the offer being made;</li> <li>▪ Kencana HL fails to perform the contracts signed with MAHB including its subsidiaries;</li> <li>▪ Amend the registration for the deceitful purposes or any other dishonest reasons;</li> <li>▪ to permit the registration to be wrongly</li> </ul>	Noted and to be complied.  Noted.

## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana HL	29.05.2002/ -	Putrajaya Holdings Sdn Bhd	Registration as Contractor to participate in the property development projects in Putrajaya (Registration No.: PJH/CTR/1144)	<ul style="list-style-type: none"> <li>used by any individual or company; and Kencana HL is found to be in cohort with other tenderers in submitting price quotations or tenders released by MAHB or its subsidiaries.</li> </ul>	Not applicable.
Kencana HL	16.01.2006/ 15.01.2007	Energy Commission	Registration as Gas Contractor with the Energy Commission (Registration No.: ST(IP)JG/180/10/1A/49) (Serial No.: 01094)	Renewal must be made not less than two (2) months before the expiration date.	Noted and to be complied.
Kencana HL	13.09.2006/ 12.09.2009	Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia, Ministry of Human Resource ("Department")	Registration as a Manufacturer of "Pengandung Tekanan Tak Berapi" (Registration No.: BT 21/469)	<p>The registration is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>The Department of Workers' Safety and Health ("the Department") shall be notified of any change or addition or transfer to Kencana HL's technical officers, machinery and existing premises immediately; failing which the Department is entitled to cancel the said registration;</li> <li>Kencana HL shall procure the Department's prior approval on the design before the commencement of any production works;</li> <li>All work procedures must be according to the procedures set out in the Quality Control Manual that has been submitted to</li> </ul>	Noted, complied or to be complied, where applicable.

4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
				<p>the Department;</p> <ul style="list-style-type: none"> <li>▪ All welding works must be done by Kencana HL's welder in accordance with the Welding Procedures Specification approved by the Inspection Power Body recognised by the Department. All welding works must be conducted under the careful supervision and control of Kencana HL's quality control party and all welding records shall be kept in a proper manner;</li> <li>▪ Kencana HL must give attention to the work records of each project carried out, including:               <ul style="list-style-type: none"> <li>(a) Welding Procedures Specification Record;</li> <li>(b) Welding Qualifiers' Test Record;</li> <li>(c) Hydrostatic Test Record (J.K.J.127);</li> <li>(d) Welding on 'Pengandung Tekanan Tak Berapi' Record (Kej. 175A);</li> <li>(e) Safety Management Record,</li> </ul> </li> </ul> <p>All the records must be kept in a complete state for the inspection of the Department from time to time. These records will also be inspected during application for renewal of the registration;</p> <ul style="list-style-type: none"> <li>▪ All 'pengandung tekanan tak berapi' production works must be carried out on Plot D-1, Lumut Port Industrial Park Kampung Aceh, Mukim Lumut, Daerah Manjung, 32000 Sitiawan, Perak or at the place of the owner of the 'pengandung</li> </ul>	<p>Noted, complied or to be complied, where applicable.</p>



## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana Infrastructure	20.09.2005/ 19.09.2007	CIDB	<p>(i) Grade G7: no limit in value with the category of Building Construction and the specialisation of "B04 – Kerja Bangunan Am"; and</p> <p>(ii) Grade G7: no limit in value with the category of Civil Engineering and the specialisation of "CE21 – Kerja-kerja Am Kejuruteraan Awam".</p> <p>(Registration No.: 0120050920-WP106443) (Serial No.: A33963)</p>	<p>tekanan tak berapi;</p> <ul style="list-style-type: none"> <li>▪ Kencana HL must comply with the requirements of the Factory and Machinery Act 1967, Workers' Safety and Health Act 1994 and the Regulations in force from time to time;</li> <li>▪ Kencana HL must apply for a renewal of the registration at least three (3) months before the expiry of the said registration; and</li> <li>▪ This approval for renewal can be withdrawn if the abovementioned terms and other terms of the Department are not complied with.</li> </ul>	Noted. Noted.
				<ul style="list-style-type: none"> <li>(i) Kencana Infrastructure fails to comply with the requirements of any other written law;</li> <li>(ii) Kencana Infrastructure has been adjudicated a bankrupt/insolvent;</li> <li>(iii) Kencana Infrastructure contravenes or fails to comply with any provision of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994;</li> <li>(iv) Kencana Infrastructure has obtained the registration by making or causes to be made any false or fraudulent</li> </ul>	



## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana Bestwide	07.08.2006/ 11.08.2009	CIDB	<ul style="list-style-type: none"> <li>▪ Grade G7: no limit in value with the category of Civil Engineering and the specialisation of "CE09 – Saluran Paip Minyak dan Gas" and "CE21 – Kerja-kerja Am Kejuruteraan Awam"; and</li> <li>▪ Grade G7: no limit in value with the category of Mechanical and Electrical and the specialisation of "M15 – Kelengkapan Am Pelbagai", "M11 – Pembinaan dan Perawatan Khusus" and "M08 – Sistem Pemuliharaan Haba".</li> </ul> <p>(Registration Reference No.: 1970812-WP041973) (Serial No.: A59707)</p>	<p>declaration, certification or representation either in writing or otherwise;</p> <p>(v) Kencana Infrastructure abandons any construction works undertaken without any reasonable excuse; and</p> <p>(vi) Kencana Infrastructure is found guilty of negligence by the court or by any board of enquiry established under any written law in connection with any construction works undertaken.</p>	<p>Noted and to be complied.</p> <p>Noted.</p>

## 4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana Pinewell	25.09.2006 / 11.10.2009	CIDB	Grade G3: a value not exceeding RM1,000,000 with the category of Mechanical and Engineering and the specialisation of "M15 – Kelengkapan Am Pelbagai" and "E11 - Kerja-Kerja Am Elektrik".  (Registration Reference No.: 0120001012-PH060343)  (Serial No.: A63835)	<p>enquiry established under any written law in connection with any construction works undertaken.</p> <p>The registration must be renewed no later than sixty (60) days before it expires.</p> <p>The registration shall be revoked, cancelled or suspended in the event, inter alia, any of the following occurs:</p> <ul style="list-style-type: none"> <li>▪ Kencana Pinewell fails to comply with the requirements of any other written law;</li> <li>▪ Kencana Pinewell has been adjudicated a bankrupt/insolvent;</li> <li>▪ Kencana Pinewell contravenes or fails to comply with any provision of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994;</li> <li>▪ Kencana Pinewell has obtained the registration by making or causes to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;</li> <li>▪ Kencana Pinewell abandons any construction works undertaken without any reasonable excuse; and</li> <li>▪ Kencana Pinewell is found guilty of negligence by the court or by any board of enquiry established under any written law in connection with any construction works undertaken.</li> </ul>	Noted.  Noted.

Company No: 667490-M

4. INFORMATION ON THE GROUP (Cont'd)

Company	Date of Issuance/ Expiry	Authority	Description	Major Conditions Imposed	Status of Compliance
Kencana Bestwide	28.09.2001 / -	Royal Customs and Excise Malaysia	The licence authorises Kencana Bestwide to collect service tax under the Service Tax Act, 1975 in respect of its provision of taxable service or sale of taxable goods. (Licence No: W10-00000588/2000)	Kencana Bestwide is imposed with, inter alia, the following conditions: <ul style="list-style-type: none"><li>▪ The licence must be submitted for amendment, renewal for cancellation, as the case may be, in accordance with the Service Tax Regulations, 1975; and</li><li>▪ The Director General of Customs may revoke the licence if Kencana Bestwide contravenes the relevant provisions of the Service Tax Act, 1975.</li></ul>	Noted.

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#### **4. INFORMATION ON THE GROUP (Cont'd)**

##### **4.2.6 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights**

As at 11 October 2006, Kencana Petroleum Group does not have any patents, trade marks, technical assistance agreements, franchises nor intellectual property rights.

##### **4.2.7 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts**

###### **(a) Dependency on Patents and Intellectual Rights**

The Group is not dependent on any patents and intellectual rights for its business operation.

###### **(b) Dependency on Major Licences**

Save as disclosed in Section 4.2.5 herein, the Group is not dependent on any other major licences.

###### **(c) Dependency on Industrial, Commercial and Financial Contracts**

The Group's activities are mainly based on contractual agreements between customers and the Group on a specific project basis. This is in line with normal industry practices as different product specifications, conditions, pricing and timing of completion govern each project.

Save as disclosed below, there are no other material agreements or contracts (including informal arrangements or understanding or understandings), as at 11 October 2006, being the latest practicable date prior to the issuance of the Prospectus, which have been entered into by Kencana Petroleum and its subsidiaries that are in subsistence and which the Group is highly dependent:

- (1) By a letter of award dated 28 April 2006, Carigali Hess Operating Company Sdn Bhd (formerly known as Carigali-Triton Operating Company Sdn Bhd) awarded a contract to Kencana HL where Kencana HL will carry out the provision of detailed engineering design, procurement, fabrication, transportation, hook-up and commissioning services for Bumi, Bulan and Suriya Gas Field Development for a total contract value of USD215,367,400 upon the terms and subject to the conditions therein contained; and
- (2) By a letter of award dated 2 May 2006 and a letter dated 12 June 2006, Carigali Hess Operating Company Sdn Bhd (formerly known as Carigali-Triton Operating Company Sdn Bhd) awarded a contract to Kencana Bestwide where Kencana Bestwide will carry out the provision of Phase 2 Early Gas Brownfield Construction Contract for a total contract value of USD43,166,400 upon the terms and subject to the conditions therein contained.

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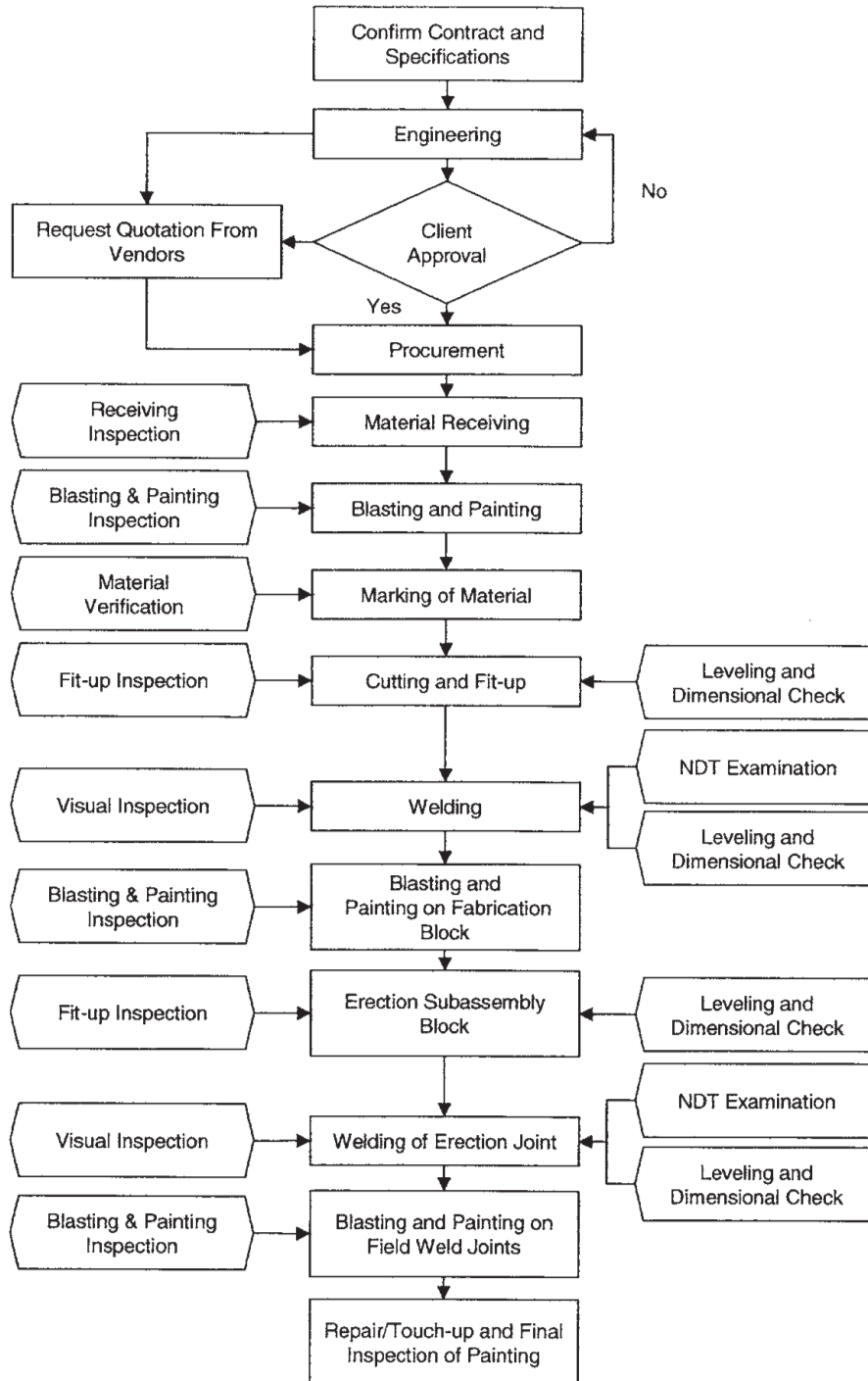


**4. INFORMATION ON THE GROUP (Cont'd)**

**4.2.8 Process Flow**

**General Process Flow for Structure Fabrication**

The general process flow of Kencana Petroleum Group structure fabrication is depicted below:



**4. INFORMATION ON THE GROUP (Cont'd)**

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The general process flow for the fabrication of structures illustrated above may be used to describe the process used by Kencana Petroleum Group in the fabrication of a range of structures, including offshore platform topside modules, offshore platform jackets, and civil engineering structures. The general process flow is set out as follows:

- (i) Kencana Petroleum Group begins engineering work after receiving a contract confirmation and specifications from the client. Engineering work carried out by the Group includes initial conceptualisation, detailed design, drafting production drawings, and model building and testing.
- (ii) The Group works closely with the client during the engineering phase. Client approval is required before the Group begins procurement and actual fabrication.
- (iii) Requests for quotations are made from vendors for the supply of raw materials, systems and other products and services that may be required. The Group procures products and services on a competitive basis, based on the vendor's ability to meet specifications and make timely delivery, and pricing.
- (iv) Materials received are put through a process of receiving inspection. Materials that do not meet specifications are typically returned to the source.
- (v) Carbon steel raw materials such as steel pipes, sheets and plates received by the Group is blasted and painted. Blasting is carried out with an abrasive material to clean the surface of the steel. Kencana Petroleum Group currently utilises powdered industrial-grade garnet as the abrasive material.
- (vi) Painting is carried out to coat the steel surface with a corrosion resistant surface. Kencana Petroleum Group normally uses a 3-coat painting system, whereby a coat of primer and two coats of paint to protect the steel.
- (vii) Blasting and painting inspection is carried out to verify that the proper procedures were followed and that the steel is properly protected.
- (viii) Marking of material is carried out on steel that has been blasted and painted. These markings are made in accordance with engineering drawings and are a guide for subsequent steps including cutting and welding. Material verification is carried out.
- (ix) Marked materials are cut and fitted-up. Fit-up inspection, levelling and dimensional checks are carried out to ensure that cut materials fit together prior to welding.
- (x) The fitted material is then welded using the appropriate welding technique. Visual inspection is carried out on welds to ensure that they are carried out properly. Non-destructive testing of welds are also carried out in addition to visual inspection. Levelling and dimensional checks are also carried out.
- (xi) A second round of blasting and painting is carried out on the fabrication block. Blasting and painting inspection is also carried out to verify that this process has been carried out properly.

**4. INFORMATION ON THE GROUP (Cont'd)**

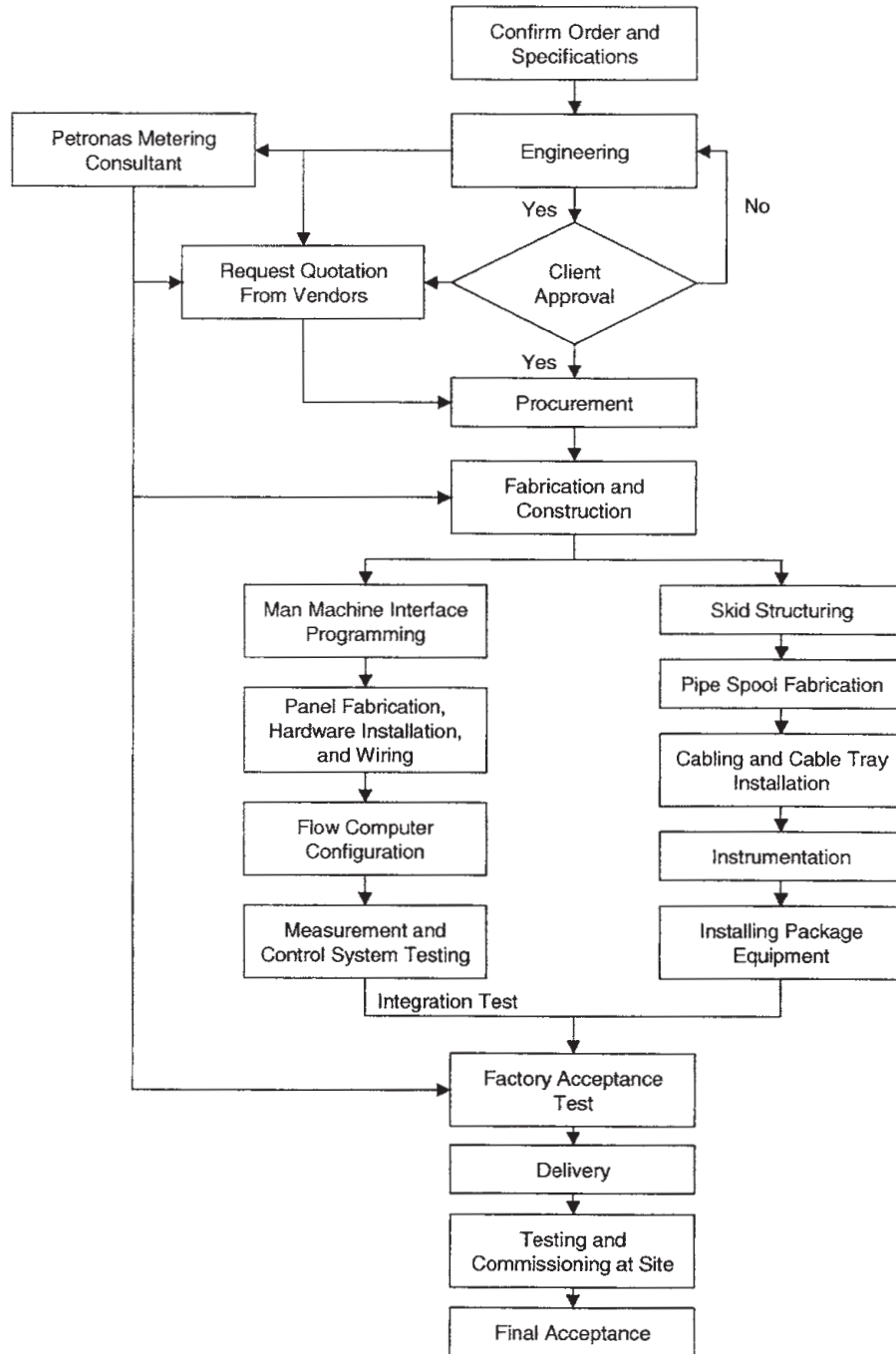
- (xii) This is followed by the erection of the subassembly block. Fit-up inspection and levelling and dimensional checks are carried out.
- (xiii) After the erection of the subassembly block, welding of the erection joint is undertaken. The welds are visually inspected, and levelling and dimensional checks are also carried out. Non-Destructive Tests ("NDT") are also carried out on the welds.
- (xiv) NDT carried out by the Group includes conventional radiography (X-ray imaging) and ultrasonic weld inspection. While the Group has in-house resources to carry out NDT, clients may specify that independent third party testing be carried out to provide additional comfort. This practice of seeking independent verification is common in the industry.
- (xv) Blasting and painting of field weld joints is undertaken to protect these exposed joints from corrosion. Blasting and painting inspection is carried out to ensure that this is carried out properly.
- (xvi) A final inspection of the painting is carried out, and any necessary repairs or touch-ups are carried out.
- (xvii) The structure is then normally prepared for transport to the client site.

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4. INFORMATION ON THE GROUP (Cont'd)

**General Process Skid System Process Flow**

The general process flow of Kencana Petroleum Group's process skid system design and fabrication operations is depicted below:





**4. INFORMATION ON THE GROUP (Cont'd)**

The process flow for the process skid system design and fabrication operations are set out as follows:

- (i) Kencana Petroleum Group receives a confirmed order and specifications from the client.
- (ii) Engineering work is initiated based on the specifications received. The Group primarily utilises in-house resources to engineer the skid structure, equipment and control systems. The Group consults with Petronas Metering Consultants.
- (iii) During the engineering phase, the Group requests for quotations from vendors for the supply of raw materials, components, and any other products and services that may be required.
- (iv) Kencana Petroleum Group works closely with the client during the engineering phase. The client has to provide final approval of the engineering design produced by the Group. Engineering work continues to produce an acceptable design if the client withholds approval.
- (v) The Group procures the necessary raw materials, components and other inputs once client approval is received. Procurement is carried out on a competitive basis.
- (vi) Fabrication and construction of the process skid system begins once the necessary materials have been procured.
- (vii) Process skid system fabrication and construction is generally divided into two main tasks, the installation and programming of the control system and the physical fabrication of the process skid system itself.
- (viii) The tasks involved in the installation and programming of the control system include, man-machine interface programming; panel fabrication, hardware installation and wiring; flow computer configuration; and measurement and control system testing. The Group has the necessary software engineers, electrical engineers, and instrumentation engineers to carry out these tasks with in-house resources.
- (ix) The tasks involved in the physical fabrication of the process skid system include, skid structuring; pipe spool fabrication; cabling and cable tray installation; instrumentation; and the installation of package equipment.
- (x) The majority of the control system programming and physical fabrication work is carried out with in-house resources at the Lumut Fabrication Yard.
- (xi) The control system and the process skid system are integrated at the fabrication yard. Integration testing is carried out to ensure that the various systems are integrated.
- (xii) Factory acceptance testing is carried to verify that all systems are functioning according to specification. The Petronas Metering Consultant is involved at this stage.
- (xiii) After the process skid system has passed factory acceptance testing, it is packed for delivery to the site.
- (xiv) At the site, the process skid system is installed. Testing and commissioning at site are carried out.

**4. INFORMATION ON THE GROUP (Cont'd)**

- (xv) After it is confirmed that the process skid system functions as specified, final acceptance of the process skid system by the client occurs.

*(Source: Business Overview of Kencana Petroleum Berhad prepared by Vital Factor Consulting Sdn Bhd)*

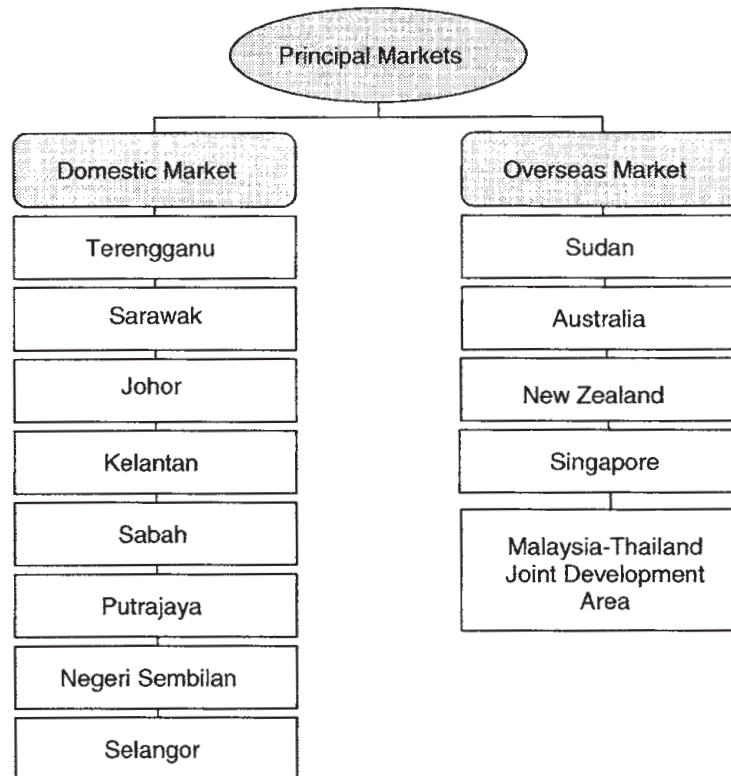
**4.2.9 Estimated Market Coverage, Position and Share**

Based on revenue for the financial year ended 31 July 2006, Kencana Petroleum Group ranked fourth among operators within the metal structure fabrication industry in Malaysia.

*(Source: Assessment of the Fabricated Metal Structure Industry for the Oil and Gas Sector prepared by Vital Factor Consulting Sdn Bhd)*

**4.2.10 Principal Markets for Products and Services**

For the financial year ended 31 July 2006, the overseas market was the principal market of Kencana Petroleum Group.



Domestic market contributed approximately RM198.9 million or 45.5% of the total Group proforma revenue whilst overseas market revenue contributed approximately RM238.4 million or 54.5% of total Group proforma revenue for the financial year ended 31 July 2006.

#### 4. INFORMATION ON THE GROUP (Cont'd)

The most important state in terms of revenue contribution was Terengganu, where revenues amounted to approximately RM70.7 million, or approximately 16.2% of total Group proforma revenue. The Group had a total of six (6) customers in the state. Sarawak was the second largest contributor to the Group proforma revenue, with the state accounting for approximately RM70.6 million in revenue, or approximately 16.1% of total Group proforma revenue. The Group had six (6) customers in Sarawak. Johor was the third largest contributor to Group proforma revenue, with the state accounting for approximately RM34.9 million in revenue, or approximately 8.0% of total Group proforma revenue. The Group had seven (7) customers in Johor.

The Group also earned revenue from other states in Malaysia, including Kelantan, Sabah, Wilayah Persekutuan (Putrajaya), Negeri Sembilan and Selangor.

In the overseas market, Kencana Petroleum Group revenue from Sudan amounted to approximately RM190.0 million, or approximately 43.4% of total Group proforma revenue. This was earned primarily from the EPCC of an onshore oil processing facility. The Group has two (2) customers in Sudan.

Revenue from Australia totalled approximately RM18.1 million, or approximately 4.1% of the total Group proforma revenue. The Group had one (1) customer in Australia.

##### 4.2.11 Types, Sources and Availability of Raw Materials/Inputs

For the financial year ended 31 July 2006, Kencana Petroleum Group sources raw materials/inputs as follows:

Raw Materials/Inputs	Value of Purchases (RM'000)	Percentage of Total Group Proforma Purchases (%)	Sources of Supply	
			Local (%)	Import (%)
Sub-contracted costs and services	125,969	32.8%	70.4%	29.6%
Steel	96,156	25.0%	50.4%	49.6%
Electrical and instrumentation equipment	45,490	11.8%	95.7%	4.3%
Mechanical equipment	40,771	10.6%	82.5%	17.5%
Hardware	13,609	3.5%	100.0%	-
Others	62,522	16.3%	100.0%	-
<b>Total</b>	<b>384,517</b>	<b>100.0%</b>	<b>75.5%</b>	<b>24.5%</b>

Kencana Petroleum Group utilises the following types of raw materials and services in its operations including sub-contracted costs and services, steel, electrical and instrumentation equipment, mechanical equipment, and hardware.

Sub-contracted costs and services accounted for approximately 32.8% of Kencana Petroleum Group's proforma purchases of raw materials and services. These services are primarily used in the fabrication-related activities. Sub-contracted services include the hire of skilled workers and welders to carry out fabrication, as well as activities requiring specialised equipment such as transportation to the client site, and offshore installation.

#### **4. INFORMATION ON THE GROUP (Cont'd)**

Purchases of electrical and instrumentation equipment accounted for approximately 11.8% of total Group proforma purchases. Electrical and instrumentation equipment are used in a wide range of electrical and instrumentation systems on offshore production facilities, onshore production facilities, modules and process skid systems.

Mechanical equipment accounted for approximately 10.6% of total Group proforma purchases, while purchases of hardware accounted for approximately 3.5% of total Group proforma purchases.

During the financial year ended 31 July 2006, locally sourced raw materials and services accounted for approximately 75.5% of Kencana Petroleum Group's proforma purchases of raw material and services, while imports accounted for the remaining 24.5%.

Kencana Petroleum Group sources certain raw materials from overseas sources for the following reasons:

- Local production of steel products are mainly for general industrial usage, and are not suitable for use in the oil and gas industry. Steel used in fabricating facilities and equipment for use in the oil and gas industry has to meet industry-specific standards (e.g. American Petroleum Institute standards), which are usually of a higher specification than locally produced steel products;
- Customers commonly specify the type and source of steel to be used; and
- Certain types of electrical and instrumentation equipment, and mechanical equipment are highly specialised, while others may utilise proprietary technology, which is only available from overseas sources.

The Ministry of Finance grants full import duty and sales tax exemption for the import of certain raw materials and components used in the manufacture of specified finished goods under Section 14(2) of Customs Act 1967, and Section 10 of Sales Tax Act 1972. Exempted raw materials and components include selected steel products that conform with oil and gas industry standards, and exempted finished goods include offshore platforms. This indicates that the Malaysian Government recognises that in certain cases, there is a need to import certain raw materials and components that are not available locally.

Thus far, Kencana Petroleum Group has not experienced any shortages in sourcing these raw materials and services for the Group's operations.

Steel is the major raw material utilised by the Group. Purchases of steel accounted for approximately 25.0% of total Group purchases for the financial year ended 31 July 2006. The Group obtained approximately 50.4% of its steel from local sources, while 49.6% was imported. Steel is widely used by the Group in the fabrication of offshore production facilities, onshore production facilities, modules, process skid systems, and in non-oil and gas industry specialised fabrication.

Some of the major steel raw materials used by Kencana Petroleum Group include:

- Various types of carbon steel, alloy, pipes and fittings;
- Various types of structural steel plates; and
- Various types of steel beams.

As these types of steel materials are easily available from overseas, any disruptions in supply are minimised.



#### **4. INFORMATION ON THE GROUP (Cont'd)**

Malaysia is a producer of iron and steel. Local production of iron and steel products in Malaysia is as follows:

- (i) Between 2001 and 2005, the sales value of primary iron and steel industries grew at an average annual rate of 32.6%. In 2005, sales value increased by 40.2% to reach RM13.2 billion.
- (ii) Between 2001 and 2005, the sales value of the manufacture of steel bars and rods (round, flat, deformed, angle and others) grew at an average annual rate of 12.5%. In 2005, sales value increased by 2.6% to reach RM4.4 billion.
- (iii) In 2005, production quantity of steel bars and rods (round, flat, deformed, angle and others) decreased by 11.1% to reach 2.6 million tonnes. However, between 2001 and 2005, production quantity declined at an average annual rate of 0.7%.
- (iv) Between 2001 and 2005, production quantity of steel billets grew at an average annual rate of 9.1%. In 2005, production quantity declined by 9.0% to reach 3.0 million tonnes.
- (v) Between 2001 and 2005, the import value of iron and steel billets grew at an average annual rate of 18.5%. In 2005, import value increased by 17.8% to reach RM16.1 billion.
- (vi) Between 2001 and 2005, the import value of iron and steel bars, rods, angles and shapes and sections (including sheet piling) grew at an average annual rate of 19.1%. In 2005, import value increased by 8.6% to reach RM1.8 billion.

For situations where local steel can be used, Malaysia's large output would easily satisfy Kencana Petroleum Group's requirements. Kencana Petroleum Group has not experienced any shortages in the supply of these raw materials.

*(Source: Independent Assessment of the Fabricated Metal Structure Industry for the Oil and Gas Sector prepared by Vital Factor Consulting Sdn Bhd)*

For risk factors for fluctuation in prices of raw materials, please refer to Section 3(i) of this Prospectus.

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#### 4. INFORMATION ON THE GROUP (Cont'd)

##### 4.2.12 Quality Control Procedures

As part of Kencana Petroleum Group's emphasis on quality, its subsidiaries have obtained the following quality accreditations:

Subsidiary	Accreditation	Scope	Validity Period
Kencana HL	ISO 9001:2000 EN ISO 9001:2000 BS EN ISO 9001:2000 MS ISO 9001:2000  Issued by Lloyd's Register of Shipping (M) Bhd for and on behalf of Lloyd's Register Quality Assurance Ltd	Engineering, Fabrication, Load Out, Hook Up and Commissioning of Oil and Gas Offshore and Onshore Steel Structures such as Topsides, Jackets, Modules, Module Support Frames, Piping and Skids. Design, Fabrication and Commissioning of Metering Skids.	15 June 2006 to 15 April 2009
Kencana Bestwide	ISO 9001:2000  Issued by Moody International Certification (Malaysia) Sdn Bhd	Professional Engineering Services, Engineering Design and Project Management for the Oil and Gas, Petrochemical and Allied Industries.	30 July 2004 to 29 July 2007

The Group adopts the following approaches to ensure that quality standards are maintained internally:

- (a) In-coming raw materials and components are inspected to ensure conformity with technical specifications;
- (b) Extensive testing and inspection is carried out during fabrication to ensure that the structure is being built according to specification and that the proper fabrication procedures and techniques are being followed;
- (c) Welds are subjected to visual inspection and non-destructive testing;
- (d) Independent third party weld testing is carried out if required by client specifications;
- (e) The required documents and forms are generated in accordance with internal work practices and to fulfil external quality accreditation requirements; and
- (f) A final test is generally carried out to verify proper function before delivery and hand-over to the client.

Requirements in the oil and gas industry are stringent, with operators placing a high value on the quality of the end-product. As part of the Group's emphasis on quality, the Group also adheres to internationally recognised standards and safety standards in Malaysia including DOSH, Malaysia standards for unfired pressure vessels and gas pipelines, ASME standards for the manufacture and assembly of power boilers and pressure vessels.

*(Source: Prospects and Future Plans of Kencana Petroleum Berhad prepared by Vital Factor Consulting Sdn Bhd)*