

13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this Prospectus)

20 July 2007

The Board of Directors
Complete Logistic Services Berhad
No. 25, Jalan Berangan
42000 Klang
Selangor Darul Ehsan



Decide with Confidence

Dear Sirs

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ("EXECUTIVE SUMMARY") FOR COMPLETE LOGISTIC SERVICES BERHAD ("CLSB" OR "THE COMPANY")

Dun & Bradstreet (D&B) Malaysia Sdn Bhd (*formerly known as Infocredit D&B (Malaysia) Sdn Bhd*) ("D&B Malaysia") has prepared an Independent Market Research report ("Report") dated 21 December 2006, of which the Executive Summary dated 20 July 2007 which contains extracts updated from the said Report has been prepared for inclusion in the Prospectus to be dated 14 August 2007..... pursuant to the listing of CLSB on the Main Board of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the marine vessel transportation services industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

D&B Malaysia 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, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary between the date hereof and the issue date of the Prospectus or after the issue of the Prospectus and before the issue of securities offered pursuant to the Prospectus, then D&B Malaysia 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

Dun & Bradstreet (D&B) Malaysia Sdn Bhd
(*formerly known as Infocredit D&B (Malaysia) Sdn Bhd*)

Tan Sze Chong
Managing Director

Dun & Bradstreet (D&B) Malaysia Sdn Bhd

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EXECUTIVE SUMMARY

1 GENERAL OVERVIEW

1.1 GLOBAL ECONOMY

The global economic environment was favourable in 2006, sustaining its fourth consecutive year of expansion of above 4%. While there was some moderation in the United States (“US”), especially towards the latter part of the year, the global growth momentum remained steady. This resilience was attributed to several factors. First, the moderation of growth in the US economy was largely centred on the weak housing and automobile-related sectors. Second, although the contribution of the US economy to world growth was still significant, there was a broadening of growth across the major economic regions, specifically with growing economic impetus in Europe, continued recovery in Japan, and stronger expansion in the East Asian region, as well as other developing economies. Third, the strength of commodity markets throughout most of the year favoured resource-based producers, thus benefiting a large number of emerging economies through improved terms of trade and foreign exchange earnings.

The US economic slowdown thus far has been modest, reflecting a “soft landing” scenario with domestic demand remaining largely intact despite the downturn in the housing market. Consumption activity remained steady with encouraging labour market conditions and favourable income positions. In addition, corporate performance benefited from the sustained strength in external environment and the globalised operations of US companies, as well as favourable financing conditions.

Globally, headline inflation remained elevated throughout most of 2006 due to the impact of oil prices. Oil prices rose, particularly in the first half-year, due to uncertainties over supply amid robust demand conditions and geopolitical tensions affecting some of the key oil-producing countries. However, pressures on inflation eased when oil prices began to decline in August 2006, partly reflecting the diminishing risks to supply. Expectations of slowing US growth in the second half of the year together with a build-up in US inventories following warmer-than-expected weather played a role in easing short-term supply concerns.

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Global growth in 2007 is forecast to be sustained at above 4% for the fifth consecutive year. A growth of 4.5% is anticipated in 2007, with further easing of inflationary pressures and with some moderation in growth of world trade.

1.2 THE MALAYSIAN ECONOMY¹

The Malaysian economy strengthened in 2006, with real gross domestic product (“GDP”) expanding by 5.9%. The robust global growth during the year resulted in strong demand for electronics and primary commodities. This strong external environment was supported by strong domestic activity as private consumption rose in line with incomes and private investment increased to expand productive capacity to meet demand.

Consumer spending remained strong, benefiting from higher disposable incomes arising from strong export earnings, high commodity prices and favourable labour market conditions. Private investment continued to increase, with significant capital expenditure in the manufacturing, services, and oil and gas industries. Meanwhile, the public sector continued to support growth with the government committed to improving the infrastructure and the provision of government services mainly in education and health, especially for the rural areas.

Major consumption indicators confirmed the strong trend in spending, with double-digit growth rates recorded for consumption imports, loans approved and disbursed for consumption credit, as well as credit card spending. The main factor that contributed to the strength in consumer spending was a steady income growth arising from firm commodity prices, strong export earnings and stable employment conditions. Prices of major commodities such as rubber and crude palm oil were sustained at high levels throughout 2006.

Supported by sustained global growth and resilient domestic demand, the Malaysian economy is expected to register solid growth in 2007, with real GDP expanding by 6%. The growth momentum during the year will be influenced by both external and domestic factors.

¹ Source: Economic Report 2006/2007, Ministry of Finance Malaysia; Bank Negara Malaysia (“BNM”) Annual Report 2006

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2 INDUSTRY OVERVIEW

2.1 BACKGROUND

Marine vessel container and bulk ships currently carry about 95% (by weight) of all international trade. More than 92,000 marine vessels currently ply the world's oceans, seas, lakes, and inland waterways. In Malaysia, the marine vessel industry received a kick-start in 1992 when the Government announced the establishment of a RM500 million shipping venture fund. The government initiative was spearheaded by Bank Industri, which formed Global Maritime Ventures Berhad ("GMV"), a marine venture capital investment holding company. GMV, with initial investment of RM200 million, began implementing a course of action, which included equity participation to encourage local companies to start their own Malaysian merchant fleet. Today, the industry has evolved, servicing various sectors of economy such as oil and gas, manufacturing, transportation and commodities.

As at the beginning of 2006, Malaysia generates, in terms of value, 1.2% of the world's total trade. Its strategic location along an important trading route, highly developed infrastructure, stable government and rich natural resources enhance Malaysia's position as an attractive haven for foreign direct investments and a major trading partner in the global trading arena.

As of 1 January 2006, the 35 most important maritime countries own approximately 95% of the world's merchant fleet. The leading maritime countries, Greece and Japan, each control approximately 18.02% and 14.52% respectively of the world's total tonnage. As at 1 January 2006, Malaysia was ranked 21st in the world ranking of most important maritime countries by the United Nations Conference on Trade and Development ("UNCTAD") with a total deadweight tonnage ("dwt") of 9.633 million tonnes or 1.06% of the world's total tonnage. There were a total of 249 Malaysian registered vessels and 76 foreign registered vessels owned by Malaysian companies. These statistics are compiled by UNCTAD secretariat on the basis of the data supplied by Lloyd's Register for vessels of 1,000 grt and above.²

² Source: UNCTAD – Review of Maritime Transport 2006

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The actual number of vessels in Malaysia far exceeds the above stated numbers. Between 2000 and 2004 the Malaysian shipping fleet grew by 26% from 3,001 vessels to 3,782 vessels³. Of the total vessels, barges and tugboats grew from 1,676 units to 2,043 units, representing a growth of 22%. There is definitely a steady increase in the number of supply boats, barges tugboats and others, in line with the strong growth in the offshore support industry. However, the numbers reflected by the Ministry of Transport, Malaysia may not be accurate as the registry have entries only and do not take into account any deletion of vessels.

In 2006, there were 33 major ports operating in Malaysia. Port Klang and Port of Tanjung Pelepas (“PTP”) handled more than ten (10) million twenty-foot equivalent units (“TEUs”) of transshipment containers nationwide in the same year. Port Klang and PTP were ranked 15th and 19th, respectively, in the world in 2006 in terms of volume of containers handled. Currently, PTP has established itself as Malaysia’s top container terminal and is poised to become Asia’s “sole hub”, attracting more liners and individual services.

The Government is also currently in the process of establishing a single port authority, the National Port Authority, that will perform regulatory functions to ensure that port operators meet the requisite performance standards and comply with the terms and conditions of the licences issued. Accessibility to ports by road and rail links promotes seamless logistics operations. Similarly, multimodal transport operations that offer door-to-door services are also given priority. To further enhance port capacity, a comprehensive approach has been adopted to provide supporting ancillary services such as distriparks, bunkering, insurance, customs brokerage and shipping agencies.

³ Source: Ministry of Transport, Malaysia (“MOT”), Maritime Department, Malaysia

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2.2 COMMERCIAL SHIPPING

The goods exported from Malaysia consist of commodities such as crude oil and liquefied natural gas, crude palm oil, timber, rubber as well as manufactured products such as electronics and electrical products, steel and cars. Johor Port has recently become the first designated port for the London Metal Exchange third after South Korea and Singapore. The port will provide warehousing facility for trading of London Metal Exchange's non-ferrous metals.

2.2.1 CONTAINER SECTOR

Within this sector, the sub-sector of container feeder services has grown in importance. Since its commencement of operations in 1999, PTP had become the transshipment hub for Evergreen Line and Maersk Line, two (2) of the world's major players within the container sector of the shipping industry. In 2006, PTP has a transshipment level of more than 95%, with transshipment traffic accounting for most of the 4.8 million TEUs handled during that year⁴. In South East Asia, the regional container companies such as Samudera Shipping Line and Pacific International Lines rely on dedicated transshipment terminals and feeder services. The increasing proportion of transshipment is mainly due to the mounting importance of larger container ships and the associated economies of scale, as well as the increasing degree of containerisation even at smaller ports.

In general, there are a few major types of container ships with varying size and configurations, such as fully cellular containerships, single-deck vessels and multi-deck vessels. During 2005, global seaborne container carrying capacity rose by 10.6% to 10.4 million TEUs. Fully cellular containerships saw their share increasing by almost 2.0% to 78.5% at the beginning of 2006, amounting to 8.1 million TEUs. Single-deck vessels accounted for 1.0 million TEUs, an increase of 9.5% at the beginning of 2006, while multi-deck vessels added 0.6 million TEUs, an approximate 5.8% increase for the same period.⁵ Shipping lines in Malaysia faced a shortage of containers in 2003 as a result of trade growth at double digit pace. As such they reduced the number of free days the goods could be stored in the containers down from seven (7) to five (5) days. This is normally a seasonal phenomenon but has since persisted.

⁴ Source: Port of Tanjung Pelepas (16 April 2007)

⁵ Source: UNCTAD – Review of Maritime Transport 2006

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2.2.2 DRY BULK CARGO SECTOR

Bulk vessels carry dry commodities such as grains and ores. Bulk vessels are classified into: -

- **Capesize vessels** – large vessels mainly to transport iron ore from Australia or Brazil to Far East.
- **Panamax vessels** – vessels that can be deployed along the transatlantic routes.
- **Handy-size vessels** – smaller vessels, mainly carrying grains, and are mainly deployed in ports with restricted drafts (draft refers to the depth of a vessel's keel below the surface.)

The freight rates for the above are indicated by the Baltic Capesize Index, Baltic Panamax Index and Baltic Handymax Index. The Baltic Dry Index is a composite of all of the 3 indices. The Baltic Dry Index is a number issued by the London-based Baltic Exchange, which provides an assessment of the price of moving raw materials by sea.

In 2003, bulker rates have exceeded 150%, driven by the increasing demand for raw materials from China. For 2007, the demand for bulkers is expected to remain firm. Demand from China is still expected to remain strong, with the projected GDP growth of 10% in 2007. As at 1 January 2006, 32% of the world's total bulk carriers exceeded 20 years old. The average age of the world's dry bulk carrier fleet is 13 years. Most shipyards are currently having problems accepting new orders in view of the current high steel prices. Current available space in yards is taken up for the construction of oil tankers, due to the increasing need to comply with the revised regulation 13G of the MARPOL Convention which was in force since September 2002. Globally, 264 new bulkers were ordered in 2005.

2.3 COASTAL AND OCEAN FREIGHTERS

Coastal and ocean freight services play an important role in international shipment of goods. International shipment accounts for more than 90% of marine tonnage handled at Malaysian ports. Coastal shipping in Malaysia is governed by the Cabotage policy, which reserves the transportation of goods in the domestic trades to Malaysian registered ships, thus eliminating competition from foreign liners.

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3 INDUSTRY DYNAMICS

3.1 SUPPLY CHAIN

The shipping industry has gone global, along with just about every other industry sectors. This industry is made up of complex web of service providers that procure the raw material, supply systems and software, run the warehouses, provide the consulting and operate the ports, airplanes, boats, trucks and trains that move raw materials, finished goods and packages throughout the world. With the need to ship massive amounts of goods across long distances evolves the need to have vast supply chains monitored, organised and controlled. This led to the advent of the Supply Chain Management and Third Party Logistics concept, or third party logistics providers, who are players that are able to offer an integrated (or, total) logistics services. Mostly, these players own core resources (infrastructure, people and system) to be able to take on the entire logistics that are outsourced by customers.

In the shipping industry, the Marine Industry Supply Chain Standards is a standard set of recommended guidelines for invoicing, shipping, packing, labelling and returns intended for use by marine industry suppliers and buyers in their sales and purchasing transactions. The purpose of these guidelines is to provide assistance to the industry in adopting best practices, such as to improve efficiencies, reduce costs and deliver better quality services to the customers.

3.2 INDUSTRY LIFE CYCLE

The marine vessel transportation industry is characterised by cyclical trend with constant fluctuation in the charter rates, influenced by delicate balance between supply and demand. Factors underpinning the charter rates are on the supply side, balance of number of vessels in operation less tonnage to be scrapped and projected new shipbuildings entering the market within a specific time frame. On the demand side, trade activities are the key component. The increase in trade of commodities and manufactured goods are the critical economic activities that directly influence the demand for shipping capacity.

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The transportation of goods from suppliers to end-users is an activity that has been going on in Malaysia since the development of the plantation and tin-mining sectors. Initially, the producers themselves handled these functions but gradually, independent haulage service providers, warehouse operators and freight forwarders came into the scene. In the early stage, seaborne trade consisted of primarily general cargo, container and bulk carriers carrying manufactured goods.

With the advent of industrial development, the rise of the manufacturing and petroleum-based sectors further created impetus for growth of the shipping and logistics sector, as evidenced by the rapid growth in exports of agricultural products and imports of finished goods. General cargo and container vessels mainly served the expanding Malaysian export trade as industrial manufacturing continued to grow. This is expected to grow with increasing importance as container traffic for more high-value goods assume greater proportions of the overall seaborne trade, and air transportation for these goods become more competitive with the resultant oil price hikes.

3.3 DEMAND & SUPPLY CONDITIONS

Container Shipping

The growth in international container shipping is expected to register an average growth rate of 9.0% per annum. Driving the growth is the increasing trade in the Asia-North America and Asia-Europe routes. This was partly due to the rise of China as the manufacturing capital of the world. On the demand side, the demand for higher value manufactured goods from the west is growing with increasing incomes in these regions. In many cases, container ships are ideal for the resulting trade traffic. On the supply side, the total capacity of container fleet is expected to increase by 50% in 2006, 2007 and 2008, with focus of the order books on large ships.

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Dry Bulk Shipping

Dry bulk shipping has been on the uptrend since early 2007, with the Baltic Dry Index improving steadily. The demand for dry bulk markets is largely related to world steel production, particularly with the booming Chinese economy and its huge demand for coal and iron ore, both of which are consumed heavily in the nation's power and steel production industries. China is by far the largest steel producer. In 2006, China had a share of 34.0% of the world steel production⁶. In terms of annual growth rate, China's steel production grew by 20.9% in 2006 compared to the previous year. Global steel demand is forecasted to expand by about 5.9% in 2007, with an additional gain of 6.1% in the next year⁷.

3.4 COMPETITIVE ENVIRONMENT

The shipping industry plays an important role in the Malaysian economy which is largely export oriented. Being a trade-dependent economy, international trade performance and efficiency are essential components for the overall success of Malaysian economy. There has been a continuous rise in the national shipping capacity over the years, with an increase in strength of the national merchant fleet to more than eight (8) million dwt in the last two (2) years. The increase reflects the continued measures implemented under the Ninth Malaysian Plan ("9MP") period from 2006 to 2010 to promote the growth of the local shipping industry. Rationalisation and greater investment through leasing, joint ventures, chartering business and other strategic alliances further strengthened the Malaysian shipping industry. The number of ships registered in Malaysia increased at an average of 6.0% per annum from 3,001 ships or 5.7 million grt in 2000 to 3,782 ships or 8.2 million grt in 2004. Despite the increase, the gap between the supply and demand for national shipping services remains to be addressed, leaving a high dependency on foreign shipping services.

⁶ Source: International Iron and Steel Institute, June 2007

⁷ Source: International Iron and Steel Institute, March 2007

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The pricing of spot and contract charter rates is competitive due to high number of players in the industry. The players in the industry are diversified ranging from large multinational corporations to local companies and small & medium industries. In Malaysia alone, the number of ships registered with the Malaysian Shipowners' Association increased by more than two (2)-fold to 549 by the end of 2003 from just 227 in 1996. Despite the rapid rise in ships, much of the demand for shipping services is still met by foreign shipping lines. This created an environment where operators tend to use pricing power to optimise utilisation rate.

3.5 GOVERNMENT LEGISLATIONS, POLICIES AND INCENTIVES

The shipping industry is highly regulated and subject to numerous local and international regulations and legislations, which include the following:-

- (I) The major international codes and standards include:-
- The United Nations Convention on the Law of the Sea;
 - International Convention for the Safety of Life at Sea, 1974;
 - International Safety Management Code 2002; and
 - MARPOL 73/78 Convention.
- (II) Malaysian legislations and policies include:-
- Merchant Shipping Ordinance 1952;
 - International Ship & Port Security Code;
 - Environmental Quality Act 1974; and
 - Cabotage Policy.

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The introduction and implementation of the Cabotage Policy in 1980 was part of the Government's efforts to reserve the domestic shipping trade to national flag vessels and local shipping companies. Further to this, the Government aims to stimulate continuous growth of the industry through the launch of several other initiatives and incentives. The major incentives for manufacturers in Malaysia are tax incentives, both direct and indirect, provided under the Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972 and Excise Act 1976. Direct tax incentives grant partial or total relief from income tax payment for a specified period, while indirect tax incentives come in the form of exemptions from import duty, sales tax and excise duty.

The Government encourages the growth of the marine sector through efforts to create more infrastructures such as ports and highways and financial incentives in the form of shipping funds to boost the industry. In addition, to complement the Government's human resources development efforts, the private sector is urged to look into technological innovations that could make the maritime industry less labour intensive.

3.6 BARRIERS TO ENTRY AND EXIT

Traditionally, the marine vessel transportation services industry has fairly moderate barriers to entry as evidenced by the large number of players comprising medium to large-sized companies. These companies individually service varying market segments depending on the type of goods transported and/or niche markets that require different types of vessels. Companies which have been able to capture a significant share of the market are those which have invested in a diverse yet integrated range of shipping and logistics services which are capable of providing prompt, reliable and quality services to a broad spectrum of customers, both locally and internationally. These players are well-reputed for their ability to comply with the high standards set by the industry and have developed an export market for their services.

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3.7 DEPENDENCY ON OTHER INDUSTRIES

The growth prospects of the marine transportation industry is dependent on the logistics industry, which in turn has a strong correlation to the growth of the manufacturing industry in the region and even more so in Malaysia. Sales value of the Malaysian manufacturing sector rose 7.4% year-on-year in 2006. Manufactured products alone accounted for 80.3% of total exports in 2006. This highlights the importance of foreign trade to Malaysia. The development of the shipping industry is also very sensitive to any changes in trade patterns. Cargo related activities were encouraging whereby among the major ports, Port Klang registered an increase of 74.3% from 70 million tonnes in 2001 to 122 million tonnes in 2006.

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4 INDUSTRY PERFORMANCE AND OUTLOOK**4.1 MARKET PERFORMANCE & TRENDS**

At the beginning of 2006, the total world merchant fleet, comprising ships of 300 grt and over, stood at 41,110 ships with a tonnage of 960.0 million dwt. In comparison with 2005, the tonnage increased by 7.2%

International shipping is one of the most dynamic economic sectors in the last few years. At the beginning of 2006, the bulk carrier fleet (including ore/bulk/ore carriers) had, in terms of tonnage, a share of 36.2% of the world merchant fleet equal to 341.7 million dwt, compared with 36.4% or 291.2 million dwt in 2002. In the period between 2002 and 2006, container tonnage (dwt) increased by 10% yearly. As of January 1st, 2006, the capacity of the container fleet amounted to 111.7 million dwt or 8.1 million TEUs. In terms of dwt the container fleet contributed 11.8% to the world merchant fleet (2002: 9.5%, 1990: 4.1%)⁸.

Between 1990 and 2005, the container trade at world ports expanded by just under 10% per annum on average. The sector greatly surpassed seaborne trade overall and even the growth in international air transport. The main reasons for the growth are, on the demand side, the increasing international division of labour in the course of liberalisation and the resulting trade movement and also the proportion rise of goods suitable for containership transport. On the supply side, the growth is due to the substantial expansion of the container ship fleets and the faster loading and unloading time compared with traditional cargo ships.

4.2 DEVELOPMENT TRENDS

The global shipping industry had largely been influenced by globalisation and the application of information and communication technology, which have led to higher expectations of customers or shippers. Major development trends include the shift in industry concentration towards consolidation with the increasing mergers and acquisitions.

⁸ Source: Institute of Shipping Economics and Logistics ("ISL") Market Analysis, February & May 2006

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Currently, the industry is dominated by the top 20 carriers, which account for more than 60% of the global containerised shipping fleet. The expansion of the container ship trade has affected the market structure, which is presently characterised by increased capacity with the presence of larger ships. The capacity of the largest vessel had increased more than five (5)-fold, from 1,500 TEUs in 1980 to 8,750 TEUs in 2005. This poses a new challenge to low cargo volume countries, which face difficulties in servicing large ships and as a result, would need to improve their ability to connect to a wider network of markets.

The large shipping companies enter into co-operation agreements that enable them to continue to dominate the international market, primarily in terms of price fixing. These companies are also able to enter into alliances with their competitors to widen their market coverage.

4.3 MARKET GROWTH FACTORS

4.3.1 CONTINUED GROWTH IN THE ASIAN ECONOMY

As a result of the economic boom across Asia, 16 of the 35 most important maritime countries and territories are Asian-based. Ten of the world's top 20 container terminals are Asian-based, underlining the rapid growth of Asian economies and its growing clout as a maritime power. In addition, ASEAN itself is a major export market for Malaysia. In 2006, 25.8% of Malaysian manufactured goods were exported to ASEAN countries, out of which 65.8% were exported to Singapore⁹.

In this respect, the economies of the ASEAN 5¹⁰ remain strong in 2006, mainly driven by sustained export and domestic demand. Intra-regional trade is also expected to continue expanding at a brisk pace given the still robust growth of China and India.

⁹ Source: BNM Annual Report 2006

¹⁰ Comprises Indonesia, Malaysia, the Philippines, Singapore and Thailand

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4.3.2 STRONG INTERNATIONAL TRADE AND TRADE-RELATED ACTIVITIES

Highly driven by strong international trade and trade-related activities, capacity expansion in port facilities and equipment as well as productivity improvements, container traffic at seven (7) major ports, namely Port Klang, Penang, Johor including the PTP, Kuantan, Kuching and Bintulu rose to 6.3 million TEUs in the first six (6) months of 2006 (January to June 2005: 3.3%; 5.8 million TEUs), an increase of 9.5% over the corresponding period last year. The number of ships calling at these ports increased by 704 ships to 21,603 in the same period, as compared to 20,899 in the same period in 2005.

Significant developments within the Port Klang vicinity is expected to further stimulate port activities, transport logistics and business-related activities and provide additional impetus to growth in the transport, storage and communications sub-sector.

4.3.3 OVERSEAS MARKET OPPORTUNITIES

Going forward, rising export from China is expected to continue to be a major driver for demand in shipping capacity. The fast-growing Chinese economy and rapidly developing foreign trade has resulted in a speedy increase in the Chinese marine transportation volume, and also created a momentum in the global sea transportation industry. In the past three (3) years, China accounted for more than 90% of the world bulk cargo sea transportation volume's increment. China's demand for new shipping in the period between 2006 and 2010 is forecast to be 31 million dwt, or approximately 6.2 million dwt on average per year. On the other hand, China's cargo and container throughput has already been the top of the world for three (3) consecutive years. In 2005, Shanghai Port's throughput reached 443 million tonnes, propelling it to the position of the world's largest port. Container throughput reached 18 million TEUs, which topped the world's third place for three (3) consecutive years.

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4.3.4 DEVELOPMENT OF THE LOGISTICS INDUSTRY

Along the supply chain, the development of port and related facilities is regarded as a critical component supporting the growth of marine transportation. Insufficient port capacity would create bottlenecks and as a result, lengthen the turnaround time. In Malaysia particularly, the development of ports continued to focus on increasing capacity, upgrading equipment and facilities as well as enhancing the efficiency of port and port-related services. Major projects undertaken to expand the capacity of ports included the construction of additional berths at West Port of Port Klang, PTP, Penang Port and Kuantan Port as well as a container terminal and oil jetty in Sepangar Bay, Sabah and the Second Inner Harbour Basin of Bintulu Port in Sarawak.

In addition, Malaysia strives for value-added supply chain management and support services, which cater to the needs of a broader regional hinterland. Equipped with the knowledge and skills to manage and control information, and process and payment flows across regional supply chains, Malaysia is set to position itself as a virtual logistics hub.

4.4 CRITICAL SUCCESS FACTORS

4.4.1 QUALITY SERVICES AND PROMPT DELIVERY OF GOODS

As highlighted earlier, proven track record is an essential criterion in gaining the competitive edge against other competitors. The industry is characterised by short-term contracts. Even for time charters, the contract duration hardly exceeds three (3) years. The decision whether to renew the contract for another fixed period of time or awarding new charter contracts depends on factors such as pricing, service quality and timely delivery of goods. Companies with consistent track record in delivering customised and quality services to customers in general tend to be favoured.

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4.4.2 COST EFFICIENCY

The marine vessel operators are directly affected by fluctuation in charter rates, which are in turn subject to various demand and supply factors such as growth in trade, total number of operating vessels and expected new vessel capacity less tonnage to be scrapped. Consequently, the profitability of vessel operators is highly volatile as well. In this respect, vessel operators must ensure that operating cost remains lean and efficient to weather downcycle, which sometimes could last for an extended period of time. Operators must keep abreast development in the industry and consistently upgrade process management, including planning, executing, monitoring and reviewing in managing operating costs. In addition, cost efficiency is a critical success factor in that the operators could deliver satisfactory services at competitive rates.

4.4.3 REGIONAL DEVELOPMENT

Given the competitive nature of the industry, network extension into global market is essential in ensuring its own survivability, given the relatively small local market size. The vast underlying opportunity is reflected in the fact that twelve of the world's top 20 container terminals are Asian-based. China's shipping demand, meanwhile is expected by approximately 6.2 million dwt on average per year until 2010. Malaysian shipowners must position themselves, by taking advantage of the geographical proximity and stable diplomatic relations to tap into this rising intra-Asian and the boom in Chinese economy.

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4.4.4 OUTSOURCING OF LOW-VALUE SERVICES

With the increase in complexity of process management along the supply chain, outsourcing is becoming an increasingly attractive option in cost and efficiency management. Companies that outsource low value-added components in general could achieve leaner cost structure and higher efficiency as available resources could be instead channelled into more productive areas. Fourth Party Logistics (“4PL”)¹¹, a new concept in supply chain outsourcing, is emerging as a path to achieve more than the one time operating cost reductions and asset transfer of a traditional outsourcing arrangement. Through alliances between best-of-breed third party service providers, technology providers and management consultants, 4PL organisations can create unique and comprehensive supply chain solutions that cannot be achieved by any single provider.

4.5 INDUSTRY OUTLOOK

In Malaysia, the development of the maritime industry only experienced rapid growth in the past two (2) decades, despite the fact that the region itself has been a major focus of shipping lines and sea trade for the past 600 years. The marine vessel transportation services industry has the strong support from the Malaysian Government and has been identified as a crucial foreign exchange saver. The Government constantly promotes greater use of Malaysian shipping services for the carriage of products and encourages Malaysian shipowners to utilise local shipyards for ship repair and ship building requirements. Tax and fiscal incentives for ship fabrication and repair activities have also been introduced to precipitate growth of the overall shipping industry.

Going forward, all indications point to high growth in the logistics sector in the Asia Pacific region. This will inevitably spill over to Malaysia. The intensity of manufacturing is anticipated to sustain its compounded annual growth rate of 12.9% through 2007. Earmarked as a major growth area within the Malaysian economy, Malaysia's marine vessel transportation services industry is definitely on the upbeat, spurred on by the Government's commitment in developing the industry.

¹¹ A 4PL is an integrator that assembles the resources, capabilities and technology of its own organisation and other organizations to design, build and run comprehensive supply chain solutions. The 4PL concept, defined in the context of the global marketplace, involves outsourced logistics that creates more of a partnership critical to success than a supplier/customer relationship.

13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT

The Asian Development Bank forecasts that Asian economies will collectively expand by 6.5% to 6.9% in 2007 and this is expected to witness a complementary increase in intra-Asian trade. As such, the transport and logistics sector, particularly for transshipment business, which is defining intra-Asian trade, will stand to gain. In this respect, the Malaysian Government is also actively pursuing the development of world class port facilities in the country to promote Malaysia's position as a transshipment hub. Special focus has been given to seaports and airports in the 9MP as they assume a vital role in Malaysia's economic development. Productivity, efficiency and performances have improved at local ports over the last decade as they strive to compete with other international ports, particularly the stiff competition from regional ports.

Under the 9MP, Malaysia's ports are expected to handle a total container throughput of 18 million TEUs and ship calls to increase to 130,000 by 2010. Ports in Malaysia experienced strong growth in the first quarter of this year, with Miri port recording a 21% growth and Port Klang 13.4%, with China Shipping relocating its operations from Singapore to Port Klang. The container industry is expected to grow by 7% over the next decade, and it is imperative for Malaysian companies to gain a slice of the business from this growth¹².

¹² Source: Malaysian Industrial Development Authority ("MIDA")

14. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)



COMPLETE LOGISTIC SERVICES BERHAD (Company No. 716241-X)
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN BHD AND
PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN BHD)

25 Jalan Berangan, 42000 Port Klang, Selangor Darul Ehsan, Malaysia. Tel : 603-3168 0757 (Hunting Line) Fax : 603-31671145
Email: info@complete-group.com

Registered Office:-
No. 82F Jalan Pulasan
41000 Klang
Selangor Darul Ehsan

8 August 2007

The Shareholders of Complete Logistic Services Berhad (*formerly known as Complete Logistic Services Sdn Bhd and prior to that known as Spectral Logistics Sdn Bhd*)

Dear Sir/Madam,

On behalf of the Board of Directors of Complete Logistic Services Berhad ("the Company"), I report after due inquiry that during the period from 31 March 2007 (being the date to which the last audited financial statements of the Company and its subsidiary companies have been made up) to the date hereof (being a date not earlier than 14 days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiary companies, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiary companies that appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have risen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) there has been 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 relation to any borrowings in which the Directors are aware of, since the last audited financial statements of the Company and its subsidiary companies; and
- (f) save as disclosed in Sections 10.3 and 11 of this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies since the last audited financial statements of the Company and its subsidiary companies.

Yours faithfully,

For and on behalf of the Board of Directors of
COMPLETE LOGISTIC SERVICES BERHAD
(*formerly known as Complete Logistic Services Sdn Bhd and
prior to that known as Spectral Logistics Sdn Bhd*)

LAW HEE LING
Managing Director

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) We will not allot any Shares on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another.
- (c) Save for 1,800,000 Public Issue Shares reserved for eligible Directors and employees of our Group under the Pink Form Allocations as disclosed in Section 3.4.2 of this Prospectus:-
 - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary companies.
- (d) Save as disclosed in Sections 5.2 and 5.3 of this Prospectus, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (e) Other than the Public Issue as disclosed in Section 5.3.4 of this Prospectus, there is no present intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(1) Remuneration of Directors

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:-

Article 105

- (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.

15. STATUTORY AND OTHER INFORMATION

- (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

- (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.
- (ii) Subject to Article 105, 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.

Article 130

- (i) Each Director may with the approval of the Board, appoint any person (except an existing Director) approved by a majority of his co-directors to act as his Alternate Director and at his discretion by way of a notice to the Company, remove such Alternate Director from office. PROVIDED ALWAYS that any fee paid by the Company to an Alternate Director shall be deducted from that Director's remuneration.
- (ii) An Alternate Director shall (except as regards power to appoint an Alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.
- (iii) Any appointment or removal of an Alternate Director may be made by cable, telegram, telefax, telex or in any other manner approved by the Directors. Any cable or telegram shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile.
- (iv) If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him shall thereupon cease to have any power or authority to act as an Alternate Director.
- (v) A Director shall not be liable for the acts and defaults of any Alternate Director appointed by him.
- (vi) An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

15. STATUTORY AND OTHER INFORMATION

- (vii) Subject to the provisions of the Listing Requirements, an alternate Director shall not be appointed as a member of the Audit Committee of the Company.

Article 132

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these mode but such remuneration shall not include a commission on or percentage of turnover but subject to the provisions of the Act, it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

(2) *Voting and borrowing powers of the Directors*

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:-

Article 109

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, guarantees, indemnities and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party.

Article 128

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.

15. STATUTORY AND OTHER INFORMATION

Article 129

A Director notwithstanding his interest, may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in anyway interested provided always that he has complied with Section 131 of the Act.

(3) *Changes in share capital and variation of class rights*

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

Article 4

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 the maximum amount allowed under the relevant law from time to time;

15. STATUTORY AND OTHER INFORMATION

- (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;
- (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.

Article 5

- (i) The holder of a preference share shall be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts and attending general meetings of the Company. The holders of preference shares shall also have the right to vote in each of the following circumstances:
 - (a) upon any resolution or an alteration of articles which affects the rights and privileges attaching to the preference shares;
 - (b) when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;
 - (c) upon any resolution to reduce the Company’s share capital;
 - (d) upon any resolution for the disposal of the whole of the Company’s property, business and undertaking;
 - (e) upon any resolution for the winding up of the Company; and
 - (f) during the winding up of the Company.
- (ii) Unless provided by the terms of issue of the existing preference shares, the Company shall not, unless with the consent of existing preference shareholders at a class meeting, issue preference shares ranking in priority to the preference shares already issued but may further issue preference shares ranking equally therewith and the rights conferred upon the holders of the existing preference shares shall not be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

15. STATUTORY AND OTHER INFORMATION

- (iii) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights may only be made pursuant to a Special Resolution of the preference shareholders concerned, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three fourths (3/4) of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 6

- (a) 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 (1/3) 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.
- (b) 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 participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 61

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

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.

15. STATUTORY AND OTHER INFORMATION

Article 63

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.

(4) *Transfer of securities*

The provisions in our Articles of Association in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

Article 27

- (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.
- (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 the listed 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

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

- (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 share 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.

15. STATUTORY AND OTHER INFORMATION

Article 30

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 shares in respect of which a call has been made and is unpaid.

Article 31

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

- (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 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

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.

15. STATUTORY AND OTHER INFORMATION

Article 34

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

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.

15.3 GENERAL INFORMATION

- (a) Save as disclosed in Section 7.3.3 of this Prospectus, no amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Sections 9.1 and 15.5 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) Save as disclosed in Section 7 of this Prospectus where our Promoters, substantial shareholders and person(s) associated with them will collectively hold a total of approximately 51.6% of our enlarged issued and paid-up share capital upon our Listing, there are no persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. The relevant risk factor arising from the control of our Promoters, substantial shareholders and persons associated with them over our Company is disclosed in Section 4.2.4 of this Prospectus.
- (d) The times of the opening and closing of the Application of our IPO are set out in Section 3.2 of this Prospectus.
- (e) The amount payable in full on application for the Issue/Offer Shares is RM1.00 per Share.
- (f) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.

15.4 MATERIAL LITIGATION AND CONTINGENT LIABILITY

As at the Latest Practicable Date, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the date of the Directors' Report, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

15. STATUTORY AND OTHER INFORMATION

15.5 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiary companies within the past 2 years immediately preceding the date of this Prospectus:-

15.5.1 On 1 April 2006, Malsuria Shipping (M) Sdn Bhd and/or its nominee entered into a memorandum of agreement with Fidelity Fame SA of Panama City, Republic of Panama for the acquisition of MV "Alaska Dream" ex "Baltic Master" (subsequently renamed as Alaska Ace) for a purchase consideration of USD2,125,000. In addendum no. 1 dated 14 April 2006, Complete Shipping has been nominated as purchaser.

15.5.2 On 30 May 2006, CLSB entered into sale and purchase of shares agreements with:-

(a) Complete Logistic for the acquisition of the then subsidiaries of the said vendor, as follows:-

- (i) entire issued and paid up share capital in Complete Marine (comprising of 1,000 ordinary shares of RM1.00 each), Complete Tug & Barge (comprising of 10,000 ordinary shares of RM1.00 each) and Complete Transport (comprising of 10,000 ordinary shares of RM1.00 each); and
- (ii) fifty percent (50%) of the issued and paid up share capital in Dolphin Shipping (comprising of 500 ordinary shares of RM1.00 each),

for a purchase consideration of RM2,081,888.00 fully satisfied by the issuance of 2,081,888 ordinary shares of RM1.00 each in CLSB;

(b) Malsuria Holdings for the acquisition of the then subsidiaries of the said vendor, as follows:-

- (i) entire issued and paid up share capital in Malsuria Logistics (comprising of 300,000 ordinary shares of RM1.00 each), Malsuria Tanker (comprising of 300,000 ordinary shares of RM1.00 each), Malsuria (M) (comprising of 1,000,000 ordinary shares of RM1.00 each), Complete Shipping (comprising of 300,000 ordinary shares of RM1.00 each), Complete Container (comprising of 300,000 ordinary shares of RM1.00 each), Complete Logistic (comprising of 1,000,000 ordinary shares of RM1.00 each), Bagai Pertama (comprising of 300,000 ordinary shares of RM1.00 each) and Island Network Ferry Services Sdn Bhd ("Island Network Ferry") (comprising of 200,000 ordinary shares of RM1.00 each); and
- (ii) eighty five percent (85%) of the issued and paid up share capital in Island Network (comprising of 85,000 ordinary shares of RM1.00 each),

for a purchase consideration of RM21,761,139.00 fully satisfied by the issuance of 21,761,139 ordinary shares of RM1.00 each in CLSB;

(c) Chandra Sekaran a/l Subrayan and Koh Sen Chun for the acquisition of fifty percent (50%) of the issued and paid up share capital of Dolphin Shipping (comprising of 500 ordinary shares of RM1.00 each) for a purchase consideration of RM241,396.00 fully satisfied by the issuance of 125,091 ordinary shares of RM1.00 each in CLSB;

15. STATUTORY AND OTHER INFORMATION

- (d) Lim Kok Onn and Chandra Sekaran a/l Subrayan for the acquisition of the fifteen percent (15%) of the issued and paid up share capital of Island Network (comprising of 15,000 ordinary shares of RM1.00 each) for a purchase consideration of RM432,068.00 fully satisfied by the issuance of 223,896 ordinary shares of RM1.00 each in CLSB; and
- (e) Malsuria (M) for the acquisition of the entire issued and paid up share capital of Sierra Jaya (comprising of 300,000 ordinary shares of RM1.00 each) for a purchase consideration of RM3,790,631.00 fully satisfied by the issuance of 3,790,631 ordinary shares of RM1.00 each in CLSB.

15.5.3 On 13 July 2006, CLSB entered into a supplemental agreement with Malsuria Holdings to amend the number of consideration shares in CLSB to be issued by CLSB to Malsuria Holdings for the acquisition of each of the then subsidiaries of Malsuria Holdings and to remove the acquisition of the shares in Island Network Ferry from the transaction. The total number of consideration shares issued by CLSB in the acquisition of the then subsidiaries of Malsuria Holdings after the exclusion of the acquisition of Island Network Ferry remained the same.

15.5.4 On 2 July 2007, MIMB, PM Securities and CLSB entered into an underwriting agreement for the underwriting of 6,000,000 Public Issue Shares to be offered to the Malaysian Public for an underwriting commission of 2% at an issue price of RM1.00 per Share.

15.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the Latest Practicable Date, there were:-

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

15.7 CONSENTS

The written consents of the Adviser, Managing Underwriter, Underwriters, Placement Agent, Principal Banker, Solicitors for the Public Issue, Share Registrar, Company Secretaries and the Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report, letters relating to our Consolidated Profit Forecast for the FYE 2008 and our Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Valuers to the inclusion in this Prospectus of their names and the valuation certificates, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of their names and the executive summary of independent market research report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently withdrawn.

15. STATUTORY AND OTHER INFORMATION

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 12 months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of our Company.
- (b) Audited financial statements of CLSB for the financial period from 29 November 2005 (date of incorporation) to 31 March 2006 and for FYE 2007, and of its subsidiary companies for the past three (3) FYE 2005 to 2007.
- (c) The Reporting Accountants' Letters relating to our Proforma Consolidated Financial Information and our Consolidated Profit Forecast for the FYE 2008 as set out in Sections 10.4 and 10.7 of this Prospectus respectively.
- (d) The Accountants' Report as set out in Section 11 of this Prospectus.
- (e) The Valuation Certificates as set out in Section 12 of this Prospectus.
- (f) The Executive Summary of Independent Market Research Report as set out in Section 13 of this Prospectus and the full Independent Market Research Report dated 21 December 2006.
- (g) The Directors' Report as set out in Section 14 of this Prospectus.
- (h) The material contracts as set out in Section 15.5 of this Prospectus.
- (i) The letters of consent as set out in Section 15.7 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

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

MIMB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO. MIMB is also satisfied that the consolidated profit forecast (for which our Directors are fully responsible) prepared for inclusion in this Prospectus, has been stated by our Directors after due and careful enquiry and has been duly reviewed by our Reporting Accountants.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

The application for the IPO Shares will open at 10.00 a.m. on 14 August 2007 and will remain open until at 5.00 p.m. on 20 August 2007 or such further period or periods as our Directors and Managing Underwriter may in their absolute discretion mutually decide. Any change to the closing date will be published in widely circulated daily English and Bahasa Malaysia newspapers within Malaysia.

16.2 METHODS OF APPLICATION

The applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

Types of application	Application method
Applications for the 3,000,000 Public Issue Shares made available for application by our eligible Directors and employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications for the 3,000,000 Public Issue Shares by way of private placement to the identified investors Applications for the 30,668,000 Offer Shares by way of private placements to Bumiputera investors approved by the MITI	White Application Form only
Applications for the 6,000,000 Public Issue Shares made available for applications by the Malaysian Public:- (i) Malaysian public – individuals (ii) Malaysian public – non individuals	White Application Form or Electronic Share Application* White Application Form only

* *A surcharge of RM2.50 per Electronic Share Application will be charged by the respective participating financial institutions.*

16.3 APPLICATIONS USING APPLICATION FORMS

16.3.1 Application Forms

The following relevant Application Forms are issued together with this Prospectus:-

- (a) **Pink** Application Forms for application by our eligible Directors and employees and persons who have contributed to the success of our Group; and
- (b) **White** Application Forms for application by the identified investors, Bumiputera investors and Malaysian Public.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from MIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIDFCCS.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.3.2 Terms and conditions for applications using Application Forms

Only 1 Application Form from each applicant will be considered and an application must be for 100 ordinary shares of RM0.50 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you commit an offence under Section 87A of the Securities Industry Act, 1983 (“SIA”) and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 88B of the SIA.

Application for the IPO Shares must be made on the Application Forms provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Forms and in this Prospectus. In accordance with Section 41(2) of the Securities Commission Act, 1993, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **strictly** conform to the terms of this Prospectus or Application Forms or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) BANKER’S DRAFT OR CASHIER’S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (c) GUARANTEED GIRO ORDER (“GGO”) from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING:
 - Affin Bank Berhad;
 - Alliance Bank Malaysia Berhad;
 - AmBank Berhad;
 - CIMB Bank Berhad (*formerly known as Bumiputra-Commerce Bank Berhad and Southern Bank Berhad*);
 - EON Bank Berhad;
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad;
 - Public Bank Berhad; or
 - RHB Bank Berhad

made out in favour of

“MIDF SHARE ISSUE ACCOUNT NO. 619”

and crossed “A/C Payee Only” (excluding ATM statements) and endorsed on the reverse side with your name.

If you are an individual and not a member of the armed forces/police, your name and national registration identity card number must be exactly the same as that stated in:-

- a. your national registration identity card;
- b. any valid temporary identity document issued by the National Registration Department from time to time; or

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- c. your “Resit Pengenalan Sementara (KPPK 09)” issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces/Police personnel number, as the case may be, must be exactly the same as that stated in your authority card.

For corporate/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the certificate of incorporation.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIDFCCS or our Company.

You must write your name and address on the reverse side of the banker’s draft, cashier’s order, ATM statement, money order or Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

MIDF Consultancy and Corporate Services Sendirian Berhad

12th Floor
Bangunan MIDF
195A, Jalan Tun Razak
P.O.Box 11122
50400 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the Ground Floor of Bangunan MIDF, 195A Jalan Tun Razak, 50400 Kuala Lumpur so as to arrive not later **than 5.00 p.m. on 20 August 2007** or such other date or dates as our Directors and the Managing Underwriter may, in their absolute discretion, mutually decide. **Registered post must not be used.**

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the white application form to MIDFCCS.

16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATIONS

16.4.1 Terms and conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.2 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Applications, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

You must have an existing account with, and be an ATM cardholder of, one of the participating financial institutions before you can make an Electronic Share Application. An ATM card issued by one of the participating financial institutions cannot be used to apply for the Public Issue Shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIDFCCS. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for the IPO Shares on 20 August 2007 at 5.00 p.m., the participating financial institutions shall submit the magnetic tapes containing their respective customers' applications for the Public Issue Shares to MIDFCCS as soon as practicable but not later than 12.00 p.m. of the second business day after the closing date and time.

You are allowed to make an Electronic Share Application for the Public Issue Shares via an ATM that accepts the ATM cards of the participating financial institution with which you have an account and its branches, subject to you making only one application. You can apply for the Public Issue Shares via an ATM card of that participating financial institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) Your application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the participating financial institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant participating financial institution or Bursa Depository, as the case may be, of any of your particulars to MIDFCCS or any relevant regulatory bodies.
- (b) You confirm that you are not applying for the Public Issue Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the Public Issue Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (c) You must have sufficient funds in your account with the relevant participating financial institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Public Issue Shares applied for as stated on the Transaction Record or any lesser number of Public Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Public Issue Shares or not to allot or allocate any Public Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of Public Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Public Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (e) You request and authorise us:-
- (i) to credit the Public Issue Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such Public Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (f) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIDFCCS or the participating financial institution and irrevocably agree that if:-
- (i) our Company or MIDFCCS does not receive your Electronic Share Application; and
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIDFCCS,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, MIDFCCS or the participating financial institution for the Public Issue Shares applied for or for any compensation, loss or damage.
- (g) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, MIDFCCS and relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (h) By making and completing an Electronic Share Application, you agree that:-
- (i) in consideration of our Company agreeing to allow and accept the making of any application for the Public Issue Shares via the Electronic Share Application facility established by the participating financial institution at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the participating financial institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the Public Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Public Issue Shares;
- (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Public Issue Shares allotted or allocated to you; and
- (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.

16.4.2 Steps for Electronic Share Application through a participating financial institution's ATM

- (a) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out on Section 16.4.1 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number (PIN Number);
 - MIDF Share Issue Account Number 619;
 - CDS account number;
 - Number of Public Issue Shares applied for and/or the Ringgit amount to be debited from the account; and
 - Confirmation of several mandatory statements.

16.4.3 Participating financial institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches: -

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad (*formerly known as Bumiputra-Commerce Bank Berhad and Southern Bank Berhad*);
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.5 APPLICATIONS AND ACCEPTANCES

You can only apply for the Public Issue Shares if:-

- (i) you have attained 18 years of age as at the closing date of the IPO Shares application;
- (ii) you are a Malaysian citizen residing in Malaysia;
- (iii) you are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) you are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) you have a CDS account;
- (vi) you have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) you are not a Directors or employee of MIDFCCS or their immediate family members;
- (viii) this is the only application that you are submitting; and
- (ix) you give consent to the participating financial institution and Bursa Depository to disclose information pertaining yourself and your account with the participating financial institution and Bursa Depository to MIDFCCS and other relevant authorities.

The amount payable in full on application is RM1.00 per Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and vice versa. A corporation or institution cannot submit an application by way of Electronic Share Application.

MIDFCCS under the authority of our Directors reserves the rights not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

MIDFCCS under the authority of our Directors reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of your Application Form or the completion of your Electronic Share Application does not necessarily mean that your application will be successful.

In the event of an over-subscription, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess Public Issue Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares. The final allocation of the Public Issue Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25% of our total number of Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 1,000 public shareholders holding not less than 100 Shares each upon listing.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.50 EACH OR MULTIPLES THEREOF.

In the event of an under-subscription by the Malaysian Public, such number of Public Issue Shares not applied for will be made available for subscription by the Underwriters in the manner as specified in the Underwriting Agreement.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:-

- (a) For an application by way of Application Form, the full amount or the balance of the application monies, as the case may be, shall be despatched by ordinary post or registered post respectively, to you within 10 market days from the date of the final ballot of the application at your address last maintained with Bursa Depository.

If your application is rejected because you did not provide a CDS account, the full amount of your application monies will be sent to you by MIDFCCS.

MIDFCCS reserves the rights to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded in full without interest by registered post to your address last maintained with Bursa Depository.

- (b) For an application by way of Electronic Share Application, the relevant participating financial institutions will credit the full amount of your application monies into your account with that participating financial institution within 2 market days after the receipt of confirmation from MIDFCCS. MIDFCCS shall inform the participating financial institutions of the non-successful or partially successful applications within 2 market days after the balloting date. You may check your account on the 5th market day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of your application monies without interest into your account with the participating financial institution within 2 market days after the receipt of confirmation from MIDFCCS. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to you by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to you not later than 10 market days from the balloting date.

If you encounter any problems in your application, you may refer to the participating financial institutions.

If you are successful in your application, our Directors reserve the rights to require you to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your application has been accepted.

16.6 CDS ACCOUNT

Pursuant to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in the Shares of our Company including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to you.

You must have a CDS account when applying for our IPO Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIDFCCS or the Company.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number to the participating financial institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

Failure to comply with these specific instructions or inaccuracy in the CDS account number may result in your application being rejected. Our Directors reserve the rights to reject any incomplete or inaccurate application. Your Application may also be rejected if the records of the participating financial institutions at the time of making the Electronic Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.7 NOTICES OF ALLOTMENT

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs or at the telephone number of MIDFCCS stated below (during office hours only) or checking at MIDFCCS's website stated below after the date of allotment of the Shares:

Telephone number: 03 2160 2727 or 03 2160 2728
Website: www.midf.com

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