

2. INFORMATION SUMMARY

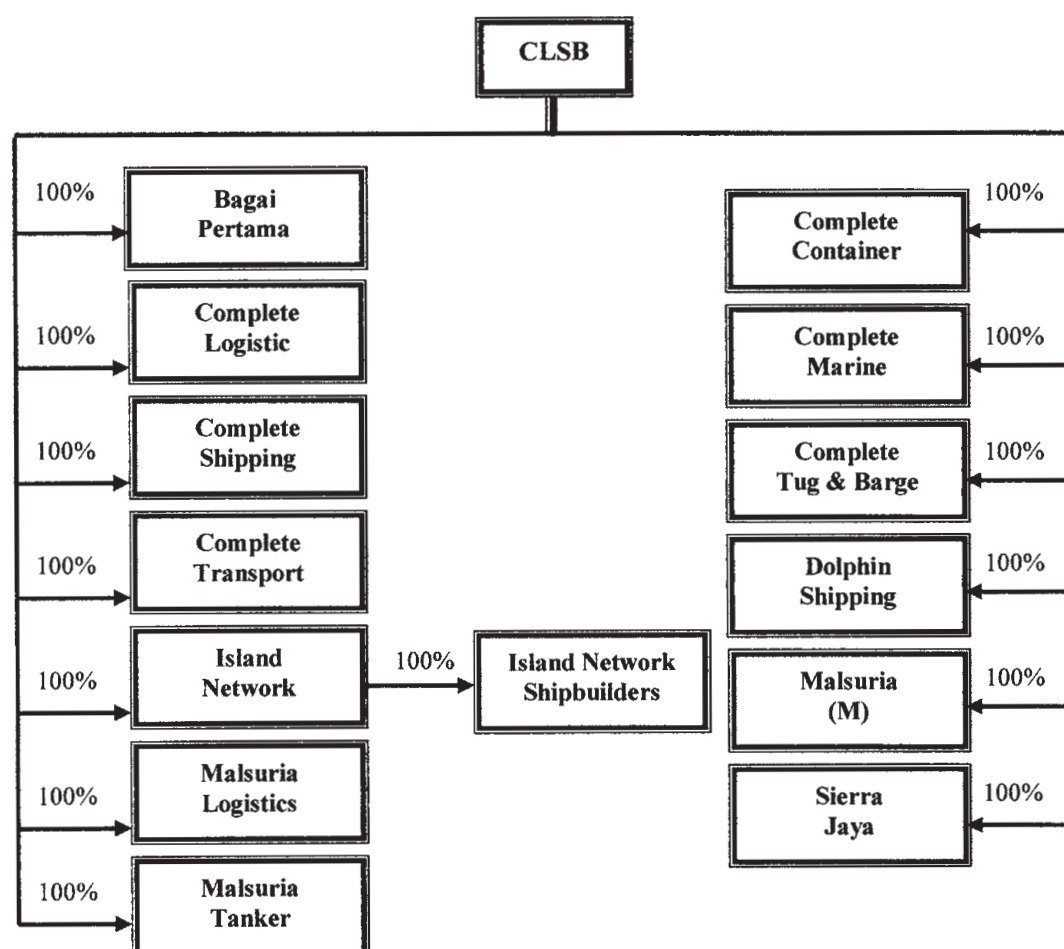
The information contained in this section is intended only to be a summary of some salient information relating to our Group and the IPO, and the information concerned is derived from and should be read in conjunction with the full text of this Prospectus. You should read and understand the whole Prospectus prior to deciding whether to invest in our Shares.

2.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 29 November 2005 as a private limited company under the name of Spectral Logistics Sdn Bhd and subsequently, on 22 November 2006, we changed our name to Complete Logistic Services Sdn Bhd. On 11 December 2006, our Company was converted into a public limited company and assumed our present name.

Our Company is principally an investment holding company whilst the principal activities of our wholly-owned subsidiaries are shipowners, provision of marine transportation services, general trading, trading of freight, lorry and trucking services, and total logistics services provider. We are principally a break-bulk/general cargo carrier, where our freight incomes are mainly derived from break-bulk/general cargo. We began with 1 vessel in 1995 and had since increased our fleet of vessels to 11 comprising 10 marine transporting vessels, and 1 set of tug boat and barge. These vessels were mainly built in Japan, Germany, Singapore, Korea and Malaysia with certified classifications and age ranging from 11 to 32 years. Our vessels are mainly servicing the island nations in the Southwest Indian Ocean and Southeast Asia regions.

The structure of our Group and the principal activities of our subsidiaries are as set out below:-



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Subsidiaries	Principal activities
Bagai Pertama	Shipowner/provision of marine transportation services
Complete Container	Shipowner/provision of marine transportation services
Complete Logistic	Total logistics services provider
Complete Marine	Shipowner/provision of marine transportation services
Complete Shipping	Shipowner/provision of marine transportation services
Complete Transport	Lorry and trucking services
Complete Tug & Barge	Shipowner/provision of marine transportation services
Dolphin Shipping	Trading of freight
Island Network	General trading
Island Network Shipbuilders	Dormant since incorporation
Malsuria Logistics	Shipowner/provision of marine transportation services
Malsuria (M)	Shipowner/provision of marine transportation services
Malsuria Tanker	Shipowner/provision of marine transportation services
Sierra Jaya	Shipowner/provision of marine transportation services

As at the date of this Prospectus, we do not have any associated company.

Further details on the history and business of our Group are set out in Section 5 of this Prospectus.

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Some relevant information relating to our Promoters, substantial shareholders, Directors and key management personnel (as summarised from Section 7 of this Prospectus) is set out below.

2.2.1 Promoters

Some relevant details of our Promoters are as follows:-

Name	Designation	No. of Shares held after the IPO			
		Direct	%	Indirect	%
Law Hee Ling [@]	Managing Director	*^48,609,400	40.5	-	-
Lim Kok Onn	Executive Director	^3,132,500	2.6	-	-

2.2.2 Substantial Shareholders

Some relevant details of our substantial shareholders are as follows:-

Name	Designation	No. of Shares held after the IPO			
		Direct	%	Indirect	%
Law Hee Ling [@]	Managing Director	*^48,609,400	40.5	-	-
Hoo Mee Lien	Executive Director	^6,402,600	5.3	-	-

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2.2.3 Directors

Some relevant details of our Directors are as follows:-

Name	Designation	No. of Shares held after the IPO			
		Direct	%	Indirect	%
Y.B. Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Chairman	-	-	-	-
Y.B. Tan Sri Dato' Seri Law Hieng Ding	Independent Non-Executive Director	-	-	-	-
Law Hee Ling [@]	Managing Director	*^48,609,400	40.5	-	-
Lim Kok Onn	Executive Director	^3,132,500	2.6	-	-
Hoo Mee Lien	Executive Director	^6,402,600	5.3	-	-
Chia Kah Ying	Executive Director	^490,800	0.4	-	-

2.2.4 Key Management Personnel

Some relevant details of our key management personnel are as follows:-

Name	Designation	No. of Shares held after the IPO			
		Direct	%	Indirect	%
Law Hee Ling [@] (Marine Transportation Services)	Managing Director	*^48,609,400	40.5	-	-
Lim Kok Onn (General Trading)	Executive Director	^3,132,500	2.6	-	-
Hoo Mee Lien (Logistics/ Freight Trading)	Executive Director	^6,402,600	5.3	-	-
Chia Kah Ying (Finance)	Executive Director	^490,800	0.4	-	-
Tiong Hew Ping	Technical Manager	#4,261,400	3.6	-	-
Koh Sen Chun	Marketing Manager	^374,050	0.3	-	-
Ponniah Kandarajah	Vessel Superintendent	#	#	-	-

Notes:-

* Assuming that the Offer Shares are fully subscribed for as disclosed in Section 3.4.1 of this Prospectus.

^ Assuming our respective eligible Directors and employees subscribe for the IPO Shares allocated to them under the Pink Form Allocations as disclosed in Section 3.4.2 of this Prospectus.

Not eligible under the Pink Form Allocations as disclosed in Section 3.4.2 of this Prospectus as Ponniah Kandarajah is not a Malaysian, while Tiong Hew Ping has declined to participate in the Pink Form Allocations.

@ As at the date of this Prospectus, the spouse of Law Hee Ling holds another 3,793,500 Shares, which represents approximately 3.2% of our enlarged issued and paid-up share capital.

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2.3 FINANCIAL HIGHLIGHTS

2.3.1 Proforma Consolidated Income Statements

The table below sets out selected items from our proforma consolidated income statements for the past three (3) FYE 2005 to 2007. The proforma figures are provided for illustrative purpose only on the assumption that we have been in existence during the financial years under review.

	FYE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000
Revenue	96,553	91,482	105,496
Gross profit	16,830	17,446	19,627
Profit before interest, depreciation and taxation	15,492	15,025	17,822
PBT	14,130	13,393	15,593
PAT	13,349	12,516	14,326
No. of Shares in issue immediately prior to the Public Issue ('000)	108,000	108,000	108,000
Gross EPS (sen)	13.1	12.4	14.4
Net EPS (sen)	12.4	11.6	13.3

There were no exceptional or extraordinary items during the financial years under review.

Detailed information on our proforma consolidated income statements is set out in Section 10.1 of this Prospectus.

2.3.2 Proforma Consolidated Cash Flow Statement

The summary of our proforma consolidated cash flow statement for the FYE 2007 as set out below is provided for illustrative purpose only and on the assumption that we have been in existence during the financial year under review.

	FYE 2007 RM'000
Net cash from operating activities	11,969
Net cash used in investing activities	(8,243)
Net cash used in financing activities	(658)
Net increase in cash and cash equivalents	3,068
Cash and cash equivalents at beginning of financial year	4,401
Cash and cash equivalents at end of financial year	7,469

Detailed information on our proforma consolidated cash flow statement is set out in Section 10.2 of this Prospectus.

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2.3.3 Proforma Consolidated Balance Sheet

The summary of our proforma consolidated balance sheet as at 31 March 2007 as set out below are provided for illustrative purpose only to show the effects of the Listing Scheme on the assumption that it had been completed on 31 March 2007 and that we have been in existence during the financial year under review.

	Proforma Group as at 31 March 2007
	RM'000
Non-Current Assets	59,317
Current Assets	41,166
Current Liabilities	(14,809)
Net Current Assets	26,357
Non-Current and Deferred Liabilities	(5,870)
	<u>79,804</u>
Capital and reserves	<u>79,804</u>
NTA	79,804
NTA per Share (RM)	0.67

Detailed information on our proforma consolidated balance sheet is set out in Section 10.3 of this Prospectus.

2.3.4 Audit Qualifications

The auditors of CLSB have reported on the audited financial statements of CLSB for the financial period from 29 November 2005 (date of incorporation) to 31 March 2006 and the FYE 2007 without any audit qualifications.

The auditors of all the subsidiary companies of CLSB have reported on the respective audited financial statements of the said companies for the past three (3) FYE 2005 to 2007 without any audit qualifications.

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2.4 PROFIT AND DIVIDEND FORECASTS

2.4.1 Consolidated Profit Forecast

	FYE 2008 RM'000
Revenue	111,793
Consolidated PBT	17,027
Less: Taxation	(764)
Consolidated profit attributable to shareholders	16,263
Weighted average number of Shares in issue ('000)	* 115,000
Net EPS	14.1 sen
Net PE Multiple based on the Issue/Offer Price of RM1.00	7.1 times

Note:-

* The weighted average number of CLSB Shares in issue is computed on the assumption that the Listing will be completed on 31 August 2007.

Detailed information on our consolidated profit forecast is set out in Section 10.6 of this Prospectus.

2.4.2 Dividend Forecast

		FYE 2008
Tax-exempt dividend per Share ¹	(sen)	5.5
Dividend yield based on the Issue/Offer Price	(%)	5.5
Net dividend cover ²	(times)	2.5

Notes:-

¹ Based on our enlarged issued and paid-up share capital upon our Listing comprising 120,000,000 Shares.

² Computed based on our consolidated forecast PAT over the net dividend.

Details of the dividend forecast are set out in Section 10.10 of this Prospectus.

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2.5 PRINCIPAL STATISTICS RELATING TO THE IPO

2.5.1 Share Capital

	RM
Authorised:	
200,000,000 ordinary shares of RM0.50 each	<u>100,000,000</u>
Issued and fully paid-up as at the date of this Prospectus:	
108,000,000 ordinary shares of RM0.50 each	54,000,000
To be issued pursuant to the Public Issue	
12,000,000 ordinary shares of RM0.50 each	6,000,000
Enlarged issued and paid-up share capital upon Listing	
120,000,000 ordinary shares of RM0.50 each	<u>60,000,000</u>
To be offered pursuant to the Offer for Sale	
30,668,000 ordinary shares of RM0.50 each	<u>15,334,000</u>

There is only one class of shares in our Company, being ordinary shares of RM0.50 each, all of which rank pari-passu with one another. The IPO Shares will rank pari-passu in all respects with our existing issued and paid-up ordinary shares including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

Detailed information on our share capital is set out in Section 3.5 of this Prospectus.

2.5.2 Issue/Offer Price per ordinary share RM1.00

The Issue/Offer Price was determined and agreed upon after taking into consideration the factors as set out in Section 3.7 of this Prospectus.

2.5.3 Proforma consolidated NTA as at 31 March 2007

Proforma consolidated NTA (RM'000)	79,804
<i>(after taking into account our Public Issue and deducting estimated listing expenses amounting to RM2.0 million)</i>	
Proforma consolidated NTA per share (sen)	0.67
<i>(based on our enlarged issued and paid-up share capital of 120,000,000 Shares)</i>	

Detailed information on our proforma consolidated NTA is set out in Section 10.3 of this Prospectus.

2.5.4 Total market capitalisation upon Listing RM120,000,000

(Based on the Issue Price of RM1.00 per Share)

Detailed information on our total market capitalisation upon Listing is set out in Section 3.8 of this Prospectus.

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2.6 PLANNED UTILISATION OF PROCEEDS

The total estimated gross proceeds to be raised by our Company from our Public Issue of RM12.0 million shall be utilised in the following manner:-

Planned Utilisation of Proceeds	RM'000
1. Part finance/refinance the acquisition of an additional vessel	5,000
2. Working capital	5,000
3. Estimated listing expenses	2,000
Total	12,000

The total estimated gross proceeds from the Offer for Sale amounting to RM30.668 million shall accrue entirely to the Offeror. The Offeror shall bear all incidental expenses relating to the Offer for Sale.

Detailed information on our proposed utilisation of proceeds is set out in Section 3.9 of this Prospectus.

2.7 MATERIAL RISK FACTORS

Before applying for our IPO Shares, you should carefully consider the following material risk factors as summarised from Section 4 of this Prospectus (which may not be exhaustive), in addition to the other information contained elsewhere in this Prospectus.

(a) Risks relating to our Group:-

- Business risk.
- Competition.
- Imbalance of demand and supply.
- Bunker costs.
- Unexpected repair costs.
- Financial risk.
- Age of vessels.
- Acquisition of vessels.
- Foreign exchange fluctuations.
- Dependence on Executive Directors and key management personnel.
- Insurance coverage.
- Disputes or legal proceedings.
- Unfavourable economic, social and political conditions.
- Economic costs of regulatory compliance.
- Oil spills.
- Natural disasters.

(b) Risks relating to the investment in our Shares:-

- No prior market for our Shares.
- Failure / Delay in or abortion of the Listing.
- Dividend payment.
- Continued control by existing shareholders.

(c) Other risks:-

- Achievability of profit forecast.
- Forward-looking / Prospective statements.

For a more detailed commentary, please refer to Section 4 of this Prospectus.

3. DETAILS OF THE IPO

3.1 INTRODUCTION

This Prospectus is dated 14 August 2007.

A copy of this Prospectus has been registered and lodged with the SC and the ROC respectively, and neither the SC nor the ROC takes any responsibility for its contents.

The approval obtained from the SC via its letters dated 30 March 2007 and 5 July 2007 for the Listing shall not be taken to indicate that the SC recommends the IPO. You are advised to make your own independent assessment of our Group and should rely on your own evaluation to assess the merits and risks of the IPO and an investment in us.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, the IPO Shares issued or offered through this Prospectus will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules of Bursa Depository.

We have received the approval-in-principle from Bursa Securities on 19 July 2007 for our admission to the Official List of Bursa Securities and for the listing of and quotation for our entire issued and fully paid-up shares including the IPO Shares on the Main Board of Bursa Securities. Official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and quotation for our entire enlarged issued and fully paid-up share capital on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission for listing is not granted within 6 weeks from the date of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid time frame. If any such monies are not repaid within 14 days after we have become liable to repay it, the provision of sub-section 52(2) of the Securities Commission Act 1993 shall apply accordingly.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought, in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. If we do not meet the public shareholdings requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full without interest, monies paid in respect of all applications.

You must have a CDS account when applying for the IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

You should rely on the information contained in this Prospectus only. We or our advisers have not authorised anyone else to provide you with any information that is different and not contained in this Prospectus. Neither the delivery of this Prospectus nor any issue/offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

3. DETAILS OF THE IPO

The distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation to buy any IPO Share in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

You should rely on your own evaluation to assess the merits and risks of our IPO and an investment in us. If you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3.2 OPENING AND CLOSING OF APPLICATION

Applications will be opened from 10.00 a.m. on 14 August 2007 and will close at 5.00 p.m. on 20 August 2007 or for such further period or periods as our Directors and the Managing Underwriter may in their absolute discretion mutually decide.

3.3 TENTATIVE TIMETABLE

Events	Date
Opening of Application for the IPO Shares	: 14 August 2007
Closing of Application for the IPO Shares	: *20 August 2007
Tentative Balloting Date	: *22 August 2007
Tentative Allotment Date	: *29 August 2007
Tentative Listing Date	: *30 August 2007

* *These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and the Managing Underwriter may, in their absolute discretion, mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the balloting, despatch of notices of allotment, and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in widely circulated English and Bahasa Malaysia newspapers in Malaysia.*

3.4 DETAILS OF THE IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares shall be allocated in the following manner:-

3.4.1 Offer for Sale

30,668,000 Offer Shares will be placed out by way of private placement by the Offeror at the Offer Price to Bumiputera investors approved by the MITI.

3. DETAILS OF THE IPO

3.4.2 Public Issue

Public issue by our Company of 12,000,000 new Shares at the Issue Price in the following manner:-

- (a) 3,000,000 Public Issue Shares, representing 2.5% of our enlarged issued and paid-up share capital, by way of private placement to the identified investors.
- (b) 3,000,000 Public Issue Shares, representing 2.5% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations approved by our Board, as follows:-
 - (i) 1,800,000 Public Issue Shares have been allocated to our eligible Directors and employees who are Malaysian based on their respective job categories and subject to them being confirmed full time employees of our Group on a permanent basis; and
 - (ii) 1,200,000 Public Issue Shares have been allocated to persons who have contributed to the success of our Group comprising our customers and suppliers based on, inter-alia, the relationships and level of assistance rendered by these persons to the success of our Group.

Based on the above, the details of the Pink Form Allocations as approved by our Board are summarised in the table below:-

Category	Number of eligible persons	Public Issue Shares
Executive Directors*	4	1,500,000
Employees ^	16	300,000
Customers & suppliers	22	1,200,000
Total	42	3,000,000

Notes:-

* 375,000 Public Issue Shares have been allocated to each of our Executive Directors.

^ Confirmed full time permanent employees of our Group other than the Executive Directors.

- (c) 6,000,000 Public Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public via ballot, of which at least 30% shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible.

The 6,000,000 Public Issue Shares under paragraphs (a) and (b) above, which are not underwritten by the Underwriters, would be subscribed by the identified investors, our eligible Directors and employees and/or persons who have contributed to our success pursuant to their respective written irrevocable undertakings.

The 6,000,000 Public Issue Shares in respect of paragraph (c) above have been fully underwritten and any unsubscribed Public Issue Shares thereafter shall be taken up by the Underwriters in accordance with the terms and conditions of the Underwriting Agreement.

There is no minimum subscription amount to be raised from the Public Issue.

3. DETAILS OF THE IPO

3.5 SHARE CAPITAL

	Nominal Value RM
Authorised:	
200,000,000 ordinary shares of RM0.50 each	<u>100,000,000</u>
Issued and fully paid-up as at the date of this Prospectus:	
108,000,000 ordinary shares of RM0.50 each	54,000,000
To be issued pursuant to the Public Issue	
12,000,000 ordinary shares of RM0.50 each	6,000,000
Total enlarged issued and paid-up share capital upon Listing	
120,000,000 ordinary shares of RM0.50 each	<u>60,000,000</u>
To be offered pursuant to the Offer for Sale	
30,668,000 ordinary shares of RM0.50 each	<u>15,334,000</u>

The Issue/Offer Price is payable in full upon application.

We have only 1 class of shares, being ordinary shares of RM0.50 each, all of which rank pari-passu with one another. The IPO Shares will rank pari-passu in all respects with our existing issued and paid-up ordinary shares including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

Each shareholder shall be entitled to vote at any of our general meeting in person or by proxy or by attorney or by other duly authorised representative. On a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have 1 vote, and in the case of a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (a) to obtain the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities;
- (b) to enable the Group to raise funds for the purposes specified in Section 3.9 below;
- (c) to enable us to gain access to the capital market to raise funds for our future expansion and growth;
- (d) to provide an opportunity for the Malaysian investing public, our eligible Directors and employees and persons who have contributed to the success of our Group to participate in our equity and continuing growth; and
- (e) to increase the Bumiputera equity participation in our Company in line with the objectives of the National Development Policy.

3. DETAILS OF THE IPO

3.7 BASIS OF ARRIVING AT THE ISSUE / OFFER PRICE

The Issue/Offer Price was determined and agreed upon by us and MIMB, as the Adviser, Managing Underwriter, Underwriter and Placement Agent, after taking into consideration the following factors:-

- (a) Our proforma consolidated NTA per Share (upon Listing) as at 31 March 2007 of RM0.67 sen based on our proforma consolidated NTA (upon Listing) as at 31 March 2007 of approximately RM79.8 million and our enlarged issued and paid-up share capital upon Listing of 120,000,000 Shares as set out in Section 10.4 of this Prospectus;
- (b) The market value of our vessels, as appraised by the Independent Valuers, Raine & Horne International Zaki & Partners Sdn Bhd of approximately RM44.75 million (further details are set out in Section 12 of this Prospectus);
- (c) The implied net PE Multiple of approximately 7.1 times based on our forecast net EPS of approximately 14.1 sen for the FYE 2008 and our weighted average number of Shares in issue of 115,000,000 Shares as set out in Section 10.6 of this Prospectus;
- (d) Our forecast net dividend yield of about 5.5% for the FYE 2008 as disclosed in section 10.10 of this Prospectus;
- (e) Our operating and financial history as elaborated in Sections 5 and 10 of this Prospectus; and
- (f) Our prospects and future plans as outlined in Section 6.5 of this Prospectus.

However, you should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You should form your own views on the valuation of the IPO Shares before deciding to invest in them.

3.8 TOTAL MARKET CAPITALISATION

Based on the Issue Price and our enlarged issued and paid-up share capital comprising 120,000,000 Shares upon Listing, our total market capitalisation will be RM120.0 million.

3.9 PLANNED UTILISATION OF PROCEEDS

The estimated gross proceeds arising from the Public Issue of RM12.0 million shall accrue entirely to us and are planned to be utilised within 6 to 12 months from the date of the Listing in the following manner:-

Planned Utilisation of Proceeds	Time frame	Notes	RM'000
1. Part finance/refinance the acquisition of an additional vessel	12 months	(i)	5,000
2. Working capital	12 months	(ii)	5,000
3. Estimated listing expenses	6 months	(iii)	2,000
Total			12,000

3. DETAILS OF THE IPO

Notes:-

- i. As part of our business expansion plan, we are in the midst of identifying a suitable container ship for our Group and hope to conclude the acquisition of the same by the end of the FYE 2008. Our management anticipates that the said vessel to be of the following:-

Type	Size/capacity	Expected total cost (approximately)
Container ship	6,000 deadweight tonnage / 200-300 twenty-foot equivalent units.	RM12.5 million

The anticipated total cost of approximately RM12.5 million would be financed partly through the proceeds to be raised from the IPO amounting to approximately RM5.0 million, whilst the balance via bank borrowings and/or internally generated funds. In the event that bank borrowings are being taken up to fully finance the said acquisition due to early completion of the same (i.e. prior to the Listing), the listing proceeds earmarked for the aforesaid purpose shall be utilised towards part-repayment of such bank borrowings.

- ii. These proceeds will be utilised for the Group's day-to-day operations, including but not limited to the payment for fuel costs, port charges, staff salaries, etc.
- iii. The estimated expenses incidental to the Proposed Listing which would be borne by CLSB are as follows:-

Estimated Listing Expenses	RM'000
Professional fees	850
Fees payable to the authorities	200
Underwriting, placement and brokerage fees	300
Printing and advertising fees	350
Contingencies	300
Total	2,000

The amount allocated of RM2.0 million is based on the estimated cost for the Listing exercise. If the actual Listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our working capital. Conversely, if the actual Listing expenses are lower than the amount budgeted, the excess will be utilised for our working capital.

The total gross proceeds from the Offer for Sale amounting to RM30.668 million shall accrue entirely to the Offeror. The Offeror shall bear all incidental expenses relating to the Offer for Sale.

The proforma impact of the proposed utilisation of proceeds on the estimated listing expenses has been reflected in our proforma consolidated balance sheets in Section 10.3 of this Prospectus.

3. DETAILS OF THE IPO

3.10 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION

Brokerage is payable by us in respect of the Public Issue Shares made available for application by the Malaysian Public at the rate of 1.0% of the Issue Price in respect of successful applications which bear the stamp of either MIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

The placement fee is payable by the Company/Offeror to the Placement Agent at a rate of 2% of the Issue/Offer Price in respect of the number of IPO Shares successfully placed out.

The Underwriters have agreed to underwrite 6,000,000 Public Issue Shares available for application by the Malaysian Public, the details of which are set out in Section 3.4.2 of this Prospectus. The underwriting commission is payable by us at the rate of 2% of the Issue Price in respect of the 6,000,000 Public Issue Shares.

3.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with MIMB and PM Securities, to underwrite 6,000,000 Public Issue Shares available for application by the Malaysian Public as mentioned in Section 3.4.2 of this Prospectus.

The following salient terms are reproduced from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

Clause 4 (Conditions Precedent)

"4.1 The obligations of the Underwriters under this Agreement are conditional upon:-

- (a) on or prior to the date of registration of the Prospectus, the SC and any other relevant authorities having approved the Initial Public Offering and such approvals not being withdrawn, revoked, suspended, terminated or lapsed (and if such approvals will be conditional, all conditions being upon terms acceptable to the Underwriters);*
- (b) on or prior to the Closing Date, Bursa Securities having approved in-principle to the listing of and quotation for the Shares on the Main Board of Bursa Securities;*
- (c) the Underwriters being satisfied that the listing of and quotation for the Shares on the Main Board of Bursa Securities will be granted two (2) clear Market Days after the submission to Bursa Securities of the requisite documents;*
- (d) the issue and offer of the Issue Shares having been approved by the shareholders of the Company in a general meeting prior to the date of registration of the Prospectus;*
- (e) there has not been, as at any time hereafter up to and including the Closing Date, any adverse or material change, or any development involving a prospective adverse or material change, in the business, financial condition or prospect of the Group other than as set out in the Prospectus, nor has any event occurred or any fact discovered which will render inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in Clause 3.1 herein if they are repeated on and as of the Closing Date;*

3. DETAILS OF THE IPO

- (f) *the issue, offering and subscription of the Shares in accordance with the provisions hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the SC and Bursa Securities);*
- (g) *the lodgment with the ROC of a copy of the Prospectus in accordance with the requirement of Section 36A(4) of the Companies Act together with copies of all documents required under the Companies Act;*
- (h) *the registration with the SC of the Prospectus and the submission to the SC of accompanying documents on or before their issue, circulation or distribution to the public in accordance with Section 43 of the SCA and the registration must be completed within 2 months from the date of this Agreement;*
- (i) *the delivery to the Managing Underwriter, if required, prior to the date of registration of the Prospectus with the SC of a copy certified as a true copy by an authorised officer of the Company of all relevant resolutions of the Directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus and authorising the execution of this Agreement, the issue and offer of the Shares under the Initial Public Offering and the issuance of the Prospectus;*
- (j) *the delivery to the Managing Underwriter on the Closing Date, a certificate in the agreed form of the Company signed by a duly authorised officer of the Company dated the Closing Date, to the effect that the person who provides such certificate has carefully examined this Agreement and that:*
 - (i) *the representations, warranties and undertakings of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date as though they had been given and made on the Closing Date and the Company has complied with all the terms of this Agreement and satisfied all the conditions on its part under this Agreement to be performed and satisfied on or prior to the Closing Date;*
 - (ii) *since the date of this Agreement, there has been no change or development that may adversely affect the business or financial, condition or prospect of the Group save as disclosed in the Prospectus.*
- (k) *the Prospectus being issued not later than three (3) months from the date of this Agreement or such other date the Company and the Managing Underwriter may mutually agree in writing;*
- (l) *the Underwriters having been reasonably satisfied that the Company has in relation to the issue of the Issue Shares complied with all policies, guidelines and requirements of the relevant authorities of Malaysia and all revisions, amendments and/or supplements thereto;*
- (m) *the Company shall deliver to the Managing Underwriter prior to the date of registration of the Prospectus, the relevant written irrevocable undertakings from the eligible Directors and employees of the Group and persons who have contributed to the success of the Group and any other persons, in respect of the Pink Form Allocation; and*
- (n) *the Kuala Lumpur Composite Index is at no less than 1,000 points on or prior to the Closing Date.*

3. DETAILS OF THE IPO

Clause 5 (Termination by the Underwriters upon the occurrence of adverse changes and consequence thereof)

“5.1 Notwithstanding anything contained in this Agreement, any of the Underwriters acting through the Managing Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:-

- (a) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 3.1 herein, or any other provisions of this Agreement, the breach of which is incapable of remedy or if capable of remedy, the Company fails to remedy such breach within a period of 14 days from the date of notice in writing by the Underwriters notifying the Company of such breach and requiring the Company to remedy the same;***
- (b) the Company withhold any material information from the Underwriters, which, in the opinion of the Underwriters may or is likely to have an adverse effect on the business, operation, financial condition or prospect of the Group or the success of the Initial Public Offering;***
- (c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which would have or can reasonably be expected to have, a material adverse effect on the business, operations, financial condition or prospect of the Group or the success of the Initial Public Offering or which is likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms. “Force Majeure” means causes which are unpredictable and beyond the reasonable control of the Party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:-***
 - (i) war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;***
 - (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or***
 - (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning tempest, accident or other Acts of God.***
- (d) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriters may or is likely to have a material adverse effect on the business, operation, financial condition or prospect of the Group or the success of the Initial Public Offering;***
- (e) any adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Underwriters may or is likely to have a material adverse effect on the business, operation, financial condition or prospect of the Group taken as a whole or the success of the Initial Public Offering or the distribution or sale of the Shares (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, Kuala Lumpur Composite Index is, at the close of normal trading on Bursa Securities, on any Market Day:***
 - (i) on or after the date of this Agreement; and***

3. DETAILS OF THE IPO

(ii) prior to the Closing Date,

lower than One Thousand (1,000) points and remains at or below that level for at least one (1) Market Day, it shall be deemed a material adverse change in the stock market condition;

(f) trading of securities on Bursa Securities have been suspended for three (3) consecutive Market Days or more; or

(g) any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriters may prejudice the success of the Initial Public Offering or which may or is likely to have the effect of making any obligation under this Agreement incapable of performance in accordance with its terms.

5.2 Upon such notice of termination being given under Clause 5.1 herein, the Managing Underwriter and the Underwriters will be released and discharged of their obligations without prejudice to their powers, rights and remedies under this Agreement and this Agreement will thereafter be of no further force or effect and no Party will be under any liability to any other in respect of this Agreement, except that the Company will remain liable in respect of its obligations and liabilities under Clause 3 herein and for the payment of all costs and expenses already incurred by the Underwriters as provided for in Clause 13 herein up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company shall refund to the Underwriters the subscription monies including interests accrued thereon, if any, paid by the Underwriters pursuant to the subscription of the Underwritten Shares pursuant to Clause 8.1 herein not later than seven (7) days after the Company's receipt of the termination notice from the Managing Underwriter.

5.3 Notwithstanding the other provisions in this Agreement, the Underwriters, acting through the Managing Underwriter and the Company may however, confer with a view to defer the Initial Public Offering or amend its terms or the terms of this Agreement or enter into a new underwriting agreement accordingly. However, the parties are not under any obligation whatsoever to make a fresh underwriting agreement."

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4. RISK FACTORS

Notwithstanding the prospects of our Group outlined in this Prospectus, you should carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to all other relevant information contained elsewhere in this Prospectus, before making an application for the IPO Shares.

4.1 RISKS RELATING TO OUR GROUP

4.1.1 Business risk

Our business operations are predominantly subject to the risks inherent in the marine transportation and logistics services industry and general trading business, including but not limited to the fluctuations in fuel cost, supply of labour, foreign exchange rates, fluctuations in the cost/demand of our supplies, periodic repair and maintenance, sufficiency on insurance coverage, unfavourable weather conditions, occurrence of natural disasters, environmental related issues and compliances, compliance with the relevant legislations and requirements, arrest or requisition of vessels, war, terrorism and piracy and changes in the general economic, business and credit conditions.

Although we would continue to take appropriate measures to limit such risks, no assurance can be given that any change to these factors will not have a material adverse effect on our business operations.

4.1.2 Competition

The marine transportation and logistics services industry has moderate barriers to entry as evidenced by the large number of players comprising medium to large-sized companies and hence, competition among the existing players is considerably high. In this regard, we trust that with our proven track record, in-depth industry knowledge and experience, skilled manpower, established process management, good business relationship with customers and coupled with our ability to deliver consistent quality services and to provide integrated logistics services (including containerised and general cargo feeder shipping services, haulage, warehousing, trucking services and cargo consolidation), we would be able to stay competitive.

Nevertheless, with price competition being the key to competitive advantage, there can be no assurance that we would be able to retain our customers, obtain new customers and/or maintain our profit margins, which may have a material adverse effect on our businesses, operating results and/or financial condition and ultimately the profitability of our Group.

4.1.3 Imbalance of demand and supply

The shipping industry, as in any other economic sectors, is subject to the forces of supply and demand and thus could display cyclical trends. The industry is characterised by frequent fluctuation in freight and charter rates due to demand factors and shipping capacity. The demand for shipping capacity depends on various factors, such as the growth in trade, changes in seaborne and other transportation pattern, seasonal and weather condition, port capacity, risk of terrorist threat and political threat. On the supply side, freight and charter rates could fluctuate depending primarily on the number of operating vessels that are compliant with the prevailing government and international regulations as well as expected new vessel capacity less tonnage to be scrapped.

Notwithstanding the foregoing, the marine transportation and logistics services industry will benefit from our Government's initiative to promote Malaysia as a transshipping hub and the increasing intra Asia trade. In addition, with our proven track record, ability to provide integrated logistics services, industry knowledge and experience, and ability to expand into certain niche markets (such as the Indian Ocean region) and segments (such as total logistics services), this risk would be mitigated to a certain extent.

4. RISK FACTORS

However, no assurance can be given that any change to these factors will not have a material adverse effect on our business operations.

4.1.4 Bunker costs

Bunker costs form a substantial portion of our total operating costs and hence, any drastic fluctuation in bunker costs, as a result of the fluctuation in crude oil prices, would inevitably affect our financial performance. However, the financial impact of an increase in bunker costs is not significant as we would be able to pass on the incremental bunker costs correspondingly via bunker surcharge to our customers, except for confirmed fixed freight arrangement that has been entered into prior to the price hike.

Notwithstanding the foregoing, there can be no assurance that any such fluctuation in bunker costs will not have a material impact on our financial performance.

4.1.5 Unexpected repair costs

Marine vessels are subject to strict repair and maintenance schedule to satisfy marine certification standards. The extent of maintenance cost could vary depending on the age of the vessel, whereby cost tends to increase in tandem with the age of the vessel. In addition, the timing and costs of unexpected repairs due to unanticipated breakdown of our vessels are difficult to predict and may be significant. Repairs which arise due to damage to hull or machinery are normally covered by Hull and Machinery insurance subject to deductible to be borne by the shipowners. However, in the event of uninsured 'loss of hire', downtime is not recoverable and if such repairs required lengthy period of time, the loss of revenue could be substantial.

To a certain extent, these risks are mitigated as all our vessels adhere to strict repair and maintenance schedule, where intermediate survey and special survey will be carried out for all vessels every 2 ½ years and 5 years respectively. However, no assurance can be given that there will not be any unexpected repair and if so required, it would not have a material adverse effect on our business operations.

4.1.6 Financial risk

We are reasonably comfortable with our present gearing position. As at the Latest Practicable Date, our total borrowings of approximately RM9.2 million represent a gearing ratio of 0.13 time (based on our audited financial statements for FYE 2007). Our Board is of the opinion that after taking into account our present and forecast cash flows position and the total gross proceeds to be raised from the Public Issue, we would have adequate working capital for our business operations for a period of 12 months from the date of this Prospectus.

Notwithstanding the foregoing, there is no assurance that there will not be any future development or event, which will require us to seek additional capitals/funds and that if such additional capitals/funds are so required, they will be available or, if available, will be on terms and conditions satisfactory to us. Further, the issue of additional equity in our Company in the future for the purpose of raising additional capitals/funds, if any, may result in a dilution to the percentage equity holding of our shareholders upon our Listing.

In the event of default of any financial obligations by our Group, one or more of our vessels could be arrested by the aggrieved party(ies) as a mean to recover the outstanding debts. Although all our vessels are maintained in strict compliance with the relevant loan covenants, there can be no assurance that any such situation which would result in the arrest or requisition of our vessels would not occur and if so occur, it would not have a material adverse effect on our business operations.

4. RISK FACTORS

4.1.7 Age of vessels

The average age of our vessels ranges from 11 to 32 years. In this regard, our vessels may require relatively higher maintenance and operational costs as compared to newer vessels. However, to a certain extent we would be able to contain such costs at a comfortable level as our vessels are all well maintained and subject to periodic surveys to ensure requisite maintenance and/or repairs are being carried out, if necessary. The stringent and periodic repairs and maintenance procedures which all of our vessels undergo would be able to maintain and prolong the useful and operating lives of our vessels. Notwithstanding our said efforts, there can be no assurance that there will not be any unexpected or additional costs to be incurred by our Group and if so required, they would not have a material adverse effect on our business operations.

4.1.8 Acquisition of vessels

Our expansion strategy includes selective acquisition of vessels (either new or second-hand) and assets related to our marine transportation and logistics services. Usually, for the acquisition of second-hand vessels, limited or no warranties will be provided by the vendors and this may subject our Group to further costs, in addition to the acquisition cost, in order to restore the seaworthiness and overall safety of such vessels should we fail to discover the material defects, if any, of the said vessels during vessel inspection prior to purchase.

In addition, the acquisition of used vessels may require additional costs on integrations, upgrades and repairs as opposed to the purchase of new vessels. Hence, there can be no assurance that such additional costs or potential capital expenditure, if any or so required, will not have a material impact on our financial performance. As a mitigating factor, any investment or acquisition of such nature will be carefully considered and evaluated by our Board, and may further be subject to our shareholders' approval at general meeting, if so required.

4.1.9 Foreign exchange fluctuations

Our operations are subject to foreign exchange risk as a portion of our revenue and operating expenses are denominated in foreign currency, particularly, USD. However, with Bank Negara Malaysia's efforts, the exchange rate of RM vis-à-vis other major foreign currencies, which is being operated on a managed float basis, will be closely monitored where the value of RM is determined by economic fundamentals to ensure, amongst others, that the exchange rate of RM remains stable and close to its fair value. Notwithstanding with such efforts, there is no assurance that any currency control will not recur or any future significant fluctuation in foreign exchange rates and financial crisis will not occur, which may adversely affect our revenue and earnings.

4.1.10 Dependence on Executive Directors and key management personnel

Our present success and achievements are largely attributable to the concerted efforts and invaluable experience of our Executive Directors and key management personnel. We believe that our continued success in the future will, to a certain extent, hinge on our abilities to retain our existing Executive Directors and key management personnel. As such, any loss of our executive Directors and/or key management personnel could have a material effect on our business, performance and continuing ability to compete effectively in the industry.

4. RISK FACTORS

We recognise the importance of our ability to attract and retain our key management personnel and have in place a human resource strategy, which includes the maintenance of a competitive remuneration package and the opportunities for long term career development for our employees. In addition, we have included Pink Form Allocations for our eligible Directors and employees pursuant to our Listing with the objective of providing added motivation and incentive for them to remain with us through equity participation. Efforts have been made to promote and groom lower and middle management staff to gradually assume the roles and responsibilities undertaken by the senior management team to ensure continuity in our management team and thus providing a clear management succession plan. Nonetheless, there can be no assurance that we will be able to recruit, develop and retain adequate number of highly skilled and motivated employees.

4.1.11 Insurance coverage

At present, our Group's assets are adequately insured, in particular, all of our vessels are covered by Hull and Machinery insurance against damages to vessels including engine parts. In addition, our Group is also a member of a P & I Club, which is a mutual insurance association whose members are required to cover the losses sustained by the other club members. In this regard, besides the annual premiums paid, members of the club are also subject to calls for additional funds in the event that the aggregate premiums received by the club are insufficient to cover any claims submitted.

Notwithstanding the foregoing, there can be no assurance that the insurance coverage taken up would be adequate to compensate for any loss of income or any consequential loss arising therefrom in the event of disaster/accident and that we would be able to honour the additional funding calls from P & I Club, if any. However, it should be noted that since the commencement of our business, we have not experienced any situation in relation to insurance coverage that would have a significant impact on our operations and results. Furthermore, a majority of our ship owning subsidiary companies only own and operate 1 vessel per company and this would, to a certain extent, confine the insurance risk within each subsidiary company without affecting the operations of other companies within our Group. Presently, only 2 of our ship owning subsidiary companies own and operate 2 vessels each, whilst the remaining 7 ship owning subsidiary companies own and operate one vessel per company.

4.1.12 Disputes or legal proceedings

Due to the nature of our business operations, we may be subject to potential disputes or litigation proceedings, from time to time, relating to claims associated with goods damaged or delay in delivery, arrest or requisition of vessels, environmental issues, etc. There can be no assurance that such litigation matters will not arise or if so arise, will not materially affect our performance and results. However, it should be noted that since the commencement of our business, we have not experienced any situation in relation to disputes or litigation proceedings that have had a significant impact on our operations and results.

4.1.13 Unfavourable economic, social and political conditions

Any adverse change in the political, economic and regulatory environment and uncertainties in Malaysia and regions where we operate could have unfavourable effect on our financial and business prospects. These include but not limited to the risk of war, terrorist attacks, riots, changes in political leadership, global economic downturn and unfavourable changes in the governmental policies such as changes in the methods of taxation, interest rates, licensing or introduction of new regulations. Whilst we would continue to take effective measures such as prudent financial management and continue seeking new markets, there is no assurance that any change to these factors will not materially and adversely affect our financial position or business in the future.

4. RISK FACTORS

4.1.14 Economic costs of regulatory compliance

The shipping industry is highly regulated and subject to numerous local and international regulations and legislations, such as the international conventions set out by the assembly of the IMO. The compliance with such regulations and legislations is crucial, as any non-compliance would subject our Group to heavy penalties, temporary suspension of licence(s) and/or detention of vessels. In this regard, we need to engage highly trained professionals and competent crewmen for our shipping operations, which would in turn translate into higher operating costs. To a certain extent, the risk of non-compliance is mitigated with the working experience and industry knowledge of our Executive Directors and key management team.

In addition, the IMO may from time to time introduce new regulations either to improve the existing regulations, which may require additional measures to be undertaken by us, or as a result of changes in the global political environment. Such instances will inevitably increase our operating costs, which may have an adverse financial impact to our Group.

4.1.15 Oil spills

We operate internationally and are therefore governed by the international regulations as well as local maritime regulations. Most regulations often impose strict enforcement that requires remediation of spills and releases of oil and hazardous substances. In the event of a major oil spill caused by human error, acts of terrorism, adverse weather condition or accidental leakage arising from normal course of operations, we would be required to bear the cost of containment, cleaning, salvage costs, etc. Any major claim would adversely affect the financial position of our Group and may result in the increase in our future insurance premiums. However, it should be noted that since the commencement of our business, we have not experienced any such major claims that would have a significant impact on our operations and results.

4.1.16 Natural disasters

The operation of marine vessels is subject to weather pattern and other natural calamities, such as typhoons and collisions. As weather is difficult to predict, we are exposed to operating risk due to sudden change in weather condition, which may result in delay on loading, departure and/or arrival of our vessels at the destination ports. In addition, there are also risks associated with vessels and goods damages, environmental pollution, increased operating costs due to rerouting and potential loss of business associated with such events. However, it should be noted that since the commencement of our business, we have not experienced any situation in relation to natural disasters that would have a significant impact on our operations and results.

4.2 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

4.2.1 No prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. The Issue/Offer Price was determined after taking into consideration a number of factors including but not limited to our historical and forecast earnings, prospects and future plans, our financial and operating history and the market value of our vessels before the issue of the Prospectus. There can be no assurance that the Issue/Offer Price will correspond to the price at which our Shares will be traded on the Main Board of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the Main Board of Bursa Securities after the IPO may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions, etc.

4. RISK FACTORS

4.2.2 Failure / Delay in or abortion of the Listing

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

- (i) Force majeure events or events/circumstances, which are beyond the control of our Company and/or Underwriters, arising prior to our Listing;
- (ii) The identified investors fail to subscribe for the portion of the Public Issue Shares by way of private placement pursuant to the Public Issue;
- (iii) The eligible Directors, employees and/or persons who have contributed to our success fail to subscribe for their respective portions of the Public Issue Shares allocated to them pursuant to the Pink Form Allocations;
- (iv) The Bumiputera investors approved by the MITI fail to subscribe for the portion of the Offer Shares allocated to them pursuant to the Offer for Sale;
- (v) The Underwriters exercising their rights pursuant to the Underwriting Agreement discharging themselves from their obligations therein; and
- (vi) We are unable to meet the public shareholding spreads requirement, which is at least 25% of our total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon the completion of the IPO and at the point of Listing.

In this respect, we will exercise our best endeavour to comply with the Listing Requirements with regard to paragraph (vi) above. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

4.2.3 Dividend payment

Our Company, an investment holding company, derived its income mainly from dividends received from our subsidiary companies. Hence, our ability to pay the forecast dividend as set out in Section 10.10 of this Prospectus and our ability to sustain such dividend policy in the future are largely dependent on the performances of our subsidiary companies. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves and tax-exempt profits/tax credits, future expansion plans and compliance with regulatory requirements. The actual dividend to be proposed and declared by our Directors in the future may be substantially different from the dividend forecast contained in this Prospectus.

4.2.4 Continued control by existing shareholders

Upon Listing, the 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. Depending on how they choose to vote and because of their shareholdings, these shareholders will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities. Nevertheless, as a step towards good corporate governance, we have appointed 2 Independent Directors and set up an Audit Committee to ensure that, inter-alia, all future transactions involving related parties are entered into at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

4. RISK FACTORS

4.3 OTHER RISKS

4.3.1 Achievability of profit forecast

This Prospectus contains our profit forecast which was prepared based on various bases and assumptions which our Directors deem reasonable, but are nevertheless subject to uncertainties and contingencies, which are often outside our control. Due to the subjective judgements and inherent uncertainties of profit forecast, and because events and circumstances may not occur as expected, there can be no assurance that our profit forecast contained herein will be realised and the actual results will not materially different from those shown. You shall be deemed to have read and understood the descriptions of the bases and assumptions and the uncertainties underlying our profit forecast that are contained in Section 10.7 of this Prospectus.

4.3.2 Forward-looking / Prospective statements

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

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5. INFORMATION ON CLSB GROUP

5.1 INCORPORATION AND HISTORY

Our Company was incorporated in Malaysia under the Act on 29 November 2005 as a private limited company under the name of Spectral Logistics Sdn Bhd and subsequently, on 22 November 2006, we changed our name to Complete Logistic Services Sdn Bhd. On 11 December 2006, our Company was converted into a public limited company and assumed our present name.

We are principally an investment holding company whilst the principal activities of our wholly-owned subsidiaries are shipowners, provision of marine transportation services, general trading, trading of freight, lorry and trucking services, and total logistics services provider. We began with 1 vessel in 1995 and had since increased our fleet of vessels to 11 comprising 10 marine transportation vessels and 1 set of tug boat and barge. These vessels were mainly built in Japan, Germany, Singapore, Korea and Malaysia with certified classifications and age ranging from 11 to 32 years. Our vessels are mainly servicing the island nations in the Southwest Indian Ocean and Southeast Asia regions.

Some relevant information on our subsidiaries and vessels are set out below:-

Subsidiaries	Principal activities	Name of Vessels^	Year*
Bagai Pertama	Shipowner/provision of marine transportation services	Thai Lung	2004
Complete Container	Shipowner/provision of marine transportation services	Heuristic Dolphin	2001
Complete Logistic	Total logistics services provider	-	-
Complete Marine	Shipowner/provision of marine transportation services	Thai Ho No.1	2004
Complete Shipping	Shipowner/provision of marine transportation services	▪ Exotic Dolphin ▪ Alaska Ace	1999 2006
Complete Transport	Lorry and trucking services	-	-
Complete Tug & Barge	Shipowner/provision of marine transportation services	▪ Magna Satu (tug boat) ▪ Lingo 1813 (barge)	2000 2000
Dolphin Shipping	Trading of freight	-	-
Island Network	General trading	-	-
Island Network Shipbuilders	Dormant since incorporation	-	-
Malsuria Logistics	Shipowner/provision of marine transportation services	Celtic Dolphin	#2000
Malsuria (M)	Shipowner/provision of marine transportation services	Artic Dolphin	1995
Malsuria Tanker	Shipowner/provision of marine transportation services	▪ Fantastic Dolphin ▪ Kong Hin No.2	1999 2004
Sierra Jaya	Shipowner/provision of marine transportation services	Deltic Dolphin	1997

5. INFORMATION ON CLSB GROUP

Notes:-

- Denotes company that does not own any vessel.
- ^ The name of the vessels owned by the respective companies, where relevant. Unless indicated otherwise, all vessels owned by our Group are marine transportation vessels.
- * The year of purchase of the vessels by the respective companies.
- # Celtic Dolphin was initially acquired by Malsuria (M) in 1996 and subsequently sold to Malsuria Logistics in 2000.

As at the date of this Prospectus, we do not have any associated company.

We began our marine transportation services in 1995 with the acquisition of a cargo vessel, namely, Artic Dolphin, which services mainly the East and West Malaysia regions. Subsequently, we ventured into the provision of total logistics services on project basis for our customers within the Southeast Asia region via Complete Logistic in 1997. Total logistics services entail the provision of a door-to-door logistics service to assist our customers to transport goods, comprising mainly building materials, from point to point via road, sea and/or air.

In 1998, our Group experienced a profitable year, stemmed from the growing agricultural products industry, particularly oil palm and fertilisers production sectors. Since then, we have penetrated into the island nations in the Southwest Indian Ocean region, particularly, Seychelles, Comoros Islands and Madagascar, through our involvement in general trading businesses. We started off by delivering goods to such countries by chartering third party vessels and later using our own vessel in 1999. Currently, we are using both our own vessels as well as third party vessels for our trading activities depending on the timing and volume of trade.

Complete Transport was incorporated in 2001 for the provision of lorry and trucking services. At present, we mainly service the Peninsular Malaysia region for companies within our Group and external customers by engaging third party lorries.

We started freight trading operations in 2000 through Complete Marine and subsequently in 2003, we streamlined our freight trading operations to Dolphin Shipping with the aim of allowing Complete Marine to concentrate on its marine transportation services. Dolphin Shipping, acting as a freight agent, sources cargo space from shipowners (both in-house and external shipowners) and markets it to our customers. In the same year, we acquired a set of tug boat and barge via Complete Tug & Barge to handle marine transportation services for areas with relatively poor accessibility. By then, we have increased our fleet to 7 vessels.

All marine transportation services for our customers are provided through our own vessels to ensure better control of services provided, such as timely delivery and the ability to maintain stringent monitoring procedures for transportation of goods. By 2004, we have further increased our fleet to 10 vessels to satisfy our business requirements.

In 2006, Complete Shipping acquired a new cargo vessel, namely, Alaska Ace, to service the island nations in the Southwest Indian Ocean region. All the vessels under our Group are issued with individual internationally certified classifications from various bodies, including Classification of Malaysia, Nippon Kaiji Kyokai, Germanischer Lloyd and Bureau Veritas.

As at the Latest Practicable Date, we have a fleet of 11 vessels, including a set of tug boat and barge, valued at RM44.75 million for our operations in Malaysian as well as the international waters.

Further details and information relating to our business overview and our subsidiaries are set out in Sections 5.4 and 5.7 of this Prospectus respectively.

5. INFORMATION ON CLSB GROUP

5.2 SHARE CAPITAL

Our authorised share capital is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each of which 108,000,000 Shares have been issued and fully paid-up. Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be RM60,000,000 comprising 120,000,000 Shares.

The movements in our issued and paid-up share capital since the date of our incorporation are set out below:-

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Resultant issued and paid-up share capital RM
29.11.2005	2	1.00	Cash	2
23.10.2006	27,982,645	1.00	Acquisitions	27,982,647
20.07.2007	26,017,353	1.00	Bonus Issue	54,000,000
20.07.2007	108,000,000	0.50	Share Split	54,000,000

5.3 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we undertook a listing scheme which was approved by the SC on 30 March 2007 and 5 July 2007 as well as the MITI on 26 February 2007 and 28 June 2007, involving the following:-

5.3.1 Bonus Issue

We undertook a bonus issue of 26,017,353 new ordinary shares of RM1.00 each in CLSB to the then existing shareholders of our Company on the basis of approximately 92.97 new ordinary shares of RM1.00 each in CLSB for every one hundred (100) existing ordinary shares of RM1.00 each held in CLSB, capitalised from our retained profits and our share premium reserves, as follows:-

	RM
Retained profits	25,692,876
Share premium reserve	324,477
Total	<u>26,017,353</u>

Following the Bonus Issue, our issued and paid-up share capital was increased from RM27,982,647 comprising 27,982,647 ordinary shares of RM1.00 each to RM54,000,000 comprising 54,000,000 ordinary shares of RM1.00 each in CLSB.

5.3.2 Share Split

Subsequent to the Bonus Issue, we implemented a share split exercise involving the subdivision of every one (1) existing ordinary share of RM1.00 each in CLSB into two (2) ordinary shares of RM0.50 each, resulting in our issued and paid-up share capital of RM54,000,000 comprising 54,000,000 ordinary shares of RM1.00 each being subdivided into 108,000,000 ordinary shares of RM0.50 each.

5.3.3 Offer for Sale

The Offeror shall offer for sale an aggregate of 30,668,000 existing Shares by way of private placement to Bumiputera investors approved by the MITI at the Offer Price.

5. INFORMATION ON CLSB GROUP

5.3.4 Public Issue

In conjunction with our Listing, we are undertaking a public issue of 12,000,000 new Shares at the Issue Price comprising the following:-

- (a) 3,000,000 new Shares by way of private placement to the identified investors.
- (b) 3,000,000 new Shares will be made available for application by our eligible Directors and employees and persons who have contributed to the success of our Group under the Pink Form Allocations.
- (c) 6,000,000 new Shares will be made available for application by the Malaysian Public.

5.3.5 Listing and Quotation

Following the Offer for Sale and Public Issue, we shall seek the permission of Bursa Securities for the listing of and quotation for our entire enlarged issued and paid up share capital comprising 120,000,000 Shares on the Main Board of Bursa Securities.

5.4 BUSINESS OVERVIEW

5.4.1 Background

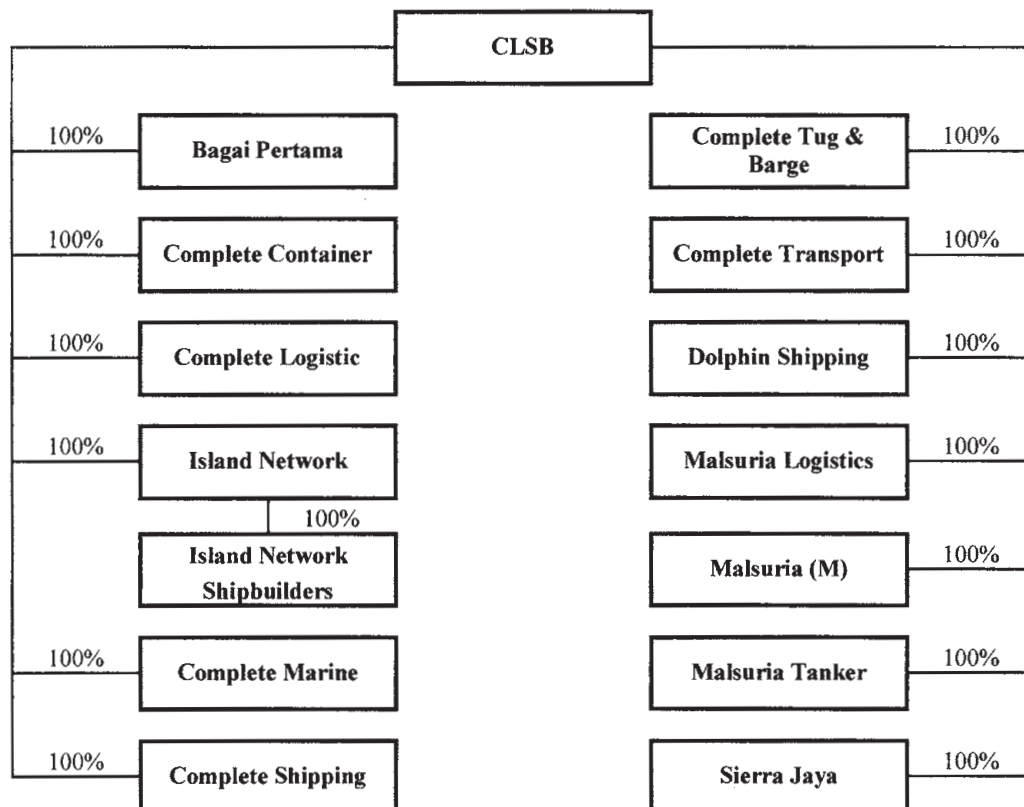
We are principally an investment holding company whilst our wholly-owned subsidiaries are principally involved in ship owning, provision of marine transportation services, general trading, trading of freight, lorry and trucking services, and provision of total logistics services. As at the date of this Prospectus, we do not have any associated company.

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5. INFORMATION ON CLSB GROUP

5.4.2 Group Structure

Our current group structure is set out as follow:-



5.4.3 Business Operations of our Group

The principal activities of our Group can be broadly classified into the following areas:-

1. Marine Transportation Services

Our core business operations are ship owning and the provision of marine transportation services. We are principally a break-bulk/general cargo carrier, where our freight incomes are mainly derived from break-bulk/general cargo. Presently, we own and operate a fleet of 11 vessels, including a set of tug boat and barge. The crews required for each voyage ranging from 12 to 15 seamen, depending on the size of the vessel and this would include the ship captain, chief officer, chief engineer, second officer, second engineer and between 7 to 10 crew members working on board the vessel. We would ensure that all the crew members on board our vessels have the necessary qualifications and working experience.

The companies within our Group that own vessel(s) are presently using the services of external shipping agents. We have appointed 25 shipping agents in both Malaysia and overseas to market the cargo space of our vessels. The engagement of experienced shipping agents is crucial in the trading of cargo space so as to ensure, amongst others,-

- (i) an orderly allocation of cargo carried by each vessel to achieve optimal carriage and at the same time without compromising the need of balancing the weight of vessel during and after loading of cargo; and

5. INFORMATION ON CLSB GROUP

- (ii) that the interest of the shipowner is safeguarded at all times. In this regard, it is imperative for the shipping agent to ensure that the cargo accepted for each vessel must be bona fide and legal, and that the bill of lading issued reflects the actual cargo carried by the vessel, thereby minimising the liabilities of the shipowner.

All relevant arrangements, such as immigration, custom and port clearance will be arranged by the shipping agent, on behalf of the shipowner, prior to loading of cargo onto the vessel. In addition, the shipping agent, on behalf of the shipowner, will also provide port operation services, such as arranging for the vessel to go alongside/berthing, arrangement for bunker fuelling (if required), spare parts and shore repair, arrangement for custom clearance, liaising with consignor/consignee on cargo readiness for loading and discharging, and handling of crews.

Usually, cargo space is traded on a per-journey basis. After receipt of the requisite approvals and freight from the consignor, cargo will then be loaded onto the vessel for shipping to the destination. Once cargo are loaded onto the vessel, a bill of lading will be issued by the shipping agent stating the details of cargo loaded, names of consignor and consignee as well as the destination port for which the cargo shall be delivered.

Alternatively, freight can also be made payable on arrival by the consignee against the bill of lading upon receiving the cargo at the destination port. In this respect, the notation "freight payable at destination" will be stated in the bill of lading and at the destination port, the shipping agent will, upon receiving the said bill of lading from the consignee, ensure that the cargo claimed tallied with the bill of lading and the relevant freight is paid before releasing cargo to the consignee.

Upon arrival at the destination port, all requisite documents (such as arrival notice, bill of lading and delivery order) and clearances (such as immigration, custom, and port) will be arranged by the shipping agent for the release of cargo. In addition, the shipping agent will also organise stevedores to unload cargo from the vessel to the warehouse.

After ascertaining that all documents are in order, the cargo will then be discharged from the vessel to the warehouse. Currently, we do not own any warehouse and therefore, the consignee is required to make the necessary arrangement for warehousing or alternatively, we can assist, at the request of the consignee, in sourcing for a warehouse.

Although it is not a requirement, it is our practice to appoint a tally clerk to monitor the quantity of cargo being loaded onto and discharged from the vessel, to ensure accuracy and completeness. To further ensure efficient process on a need to basis, we may, with our customers' consent, appoint independent cargo surveyor to monitor and to provide quality control and management services at the point of loading as well as discharging of the cargo shipped, aimed to minimise disputes between our customers and the shipping agents.

2. Logistics Operations

Our logistics operations comprise the following:-

- road transportation services, i.e. our lorry and trucking services;
- provision of total logistics services; and
- trading of freight.

5. INFORMATION ON CLSB GROUP

These services complement and are incidental to our marine transportation services so as to enable our Group to provide total logistics services to our customers by integrating both our marine and road transportation services. In this regard, our customers would be able to enjoy a convenient and yet comprehensive logistics services, whereby we could assist and provide all requisite arrangements or transportations to transport their cargo to the final destination safely and timely.

(a) *Lorry and Trucking Services*

As a total logistics services provider, it is crucial for us to also provide land transportation services to cater for our customers' needs. In addition to our marine transportation services, our lorry and trucking services also complement our provision of total logistics services as well as our general trading businesses.

At present, we mainly service the Peninsular Malaysia region for companies within our Group and external customers by engaging third party lorries. The process begin with the receipt of customer's order at our sales office and thereafter, a delivery order, with details on pick-up location, destination, delivery date and time, types of cargo and quantity, will be issued to a truck driver.

Upon receipt of the delivery order, the truck driver will then pick-up the goods/cargo from the location specified by our customers and delivers them to the specified destination. The truck driver is responsible to countercheck and to ensure that the goods/cargo to be delivered is in accordance with the delivery order. Once it is confirmed, the truck driver will sign off the delivery order and transport the goods/cargo to the destination, which is either the recipient's premise or airport/port. Upon arriving at the destination, the goods/cargo will be unloaded from the lorry and inspected by the recipient who will later acknowledge receipt if the deliverables are in good order.

(b) *Total logistics services*

We began with the provision of total logistics services in 1997 via Complete Logistic to provide our customers with a hassle-free comprehensive logistics services to transport their goods/cargo on a point-to-point basis within the Southeast Asia region on a project basis. Essentially, we provide and arrange for all the requisite transportations and handling arrangements from the point of picking up the goods/cargo from our customer's premises up to delivering them to the recipient's doorstep. The entire process flow includes project cargo management, packing, port and custom clearance, cargo handling, warehousing, depot operations, fleet management, freight forwarding by road, air and seas. Over the years, our Group has built a cordial relationship with our suppliers and contractors to assist us in handling our assignments.

The provision of total logistics services is a specialised service catered for customers with specific needs, who normally require a good and reliable logistics provider to handle their cargo which require special attention and due care during transportation. Such cargo is normally not uniform in shape, such as the handling for:-

- the movement of the entire palm oil mill which includes machinery, equipments, building structures, etc;
- the relocation of the entire concrete batching plants which includes dismantling and reassembling of machinery and plant structures;
- the moving of over-length pressure vessels from fabricator's factory to customer's factory; and

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- the moving of pre-fabricated concrete structures/slabs for building constructions and concrete piles for infrastructure projects, such as ports or bridges.

To a large extent, our competitive niche in providing total logistics services is well assisted and complemented by our fleet of vessels with different designs and sizes, our cargo gears (such as cranes that are suitable for lifting project cargo) and our own road transportation and trucking services.

The process of the provision of total logistics services begin with packing, where adequate manpower, comprising our own staff and/or external contractors, will be assembled to assist in packing. It is crucial to engage experienced and skilled personnel and/or contractors to ensure all items to be delivered, such as machinery and equipment, are being packed appropriately so that it could be handled and transported through road, sea and/or air, as desired.

After packing, the cargo will be inspected and documented by our customer together with an independent surveyor or ship officer, and thereafter the cargo will be loaded onto the truck for transportation. The truck driver will countercheck on the cargo to ensure accuracy and completeness before delivering the cargo to the destination. If the destination is accessible by road, then the truck driver will transport the cargo directly to the destination. Otherwise, if the cargo is required to be transported via cargo ship or cargo plane, the truck driver will then deliver the cargo to the destination port or airport accordingly.

As we do not own any cargo plane, all transportation via cargo plane will be outsourced to air cargo transportation providers. Upon arriving at the discharging port or airport, we will assist our customer to arrange for the necessary custom clearance, such as immigration, custom and port clearance, prior to loading of the cargo onto the vessel or plane accordingly.

At the destination port or airport, cargo is usually transferred to the warehouse while waiting for custom clearance. In the meantime, the cargo will be inspected to ensure that it is not damaged. Upon receipt of custom clearance, the cargo will be transferred to the delivery truck. The truck driver will countercheck on the cargo before delivery to the final destination, which is usually our customer's new premises or a location designated by the recipient.

At the recipient's premises, we will engage contractors (or our own staff, depending on the location of the recipient's premises) to unpack and reassemble the deliverables in the cargo, such as machinery and equipment, for our customer or the recipient. Finally, our customer or the recipient will acknowledge receipt of the deliverables in order after inspection.

(c) *Trading of Freight*

Presently, our freight trading services are being offered through Dolphin Shipping. Dolphin Shipping, acting as a freight agent, sources cargo space from shipowners (both in-house and external shipowners) and markets them to our customers. We are acting as freight agent for:-

- our subsidiaries who require our marine transportation services;
- our logistics operations and general trading arms that require freight from external shipowners;
- external shipowners who require extended marine transportation services to areas that are not serviced by our Group; and

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- our marine transportation customers who require extended marine transportation services to areas that are not serviced by our Group. In this regard, we would be acting as a shipping agent for both our subsidiaries and the external shipowners. This will allow our customers to have the convenience of dealing with just one shipping agent and without having to go through the hassle of all incidental arrangements, such as scheduling and connection of vessels.

3. General Trading

Our general trading business is complementary and incidental to our marine transportation and logistics services. It provides a means to expand our marine transportation services to new growth markets, in particular, Mauritius and Reunion Island within the island nations in the Southwest Indian Ocean region. We usually begin with delivering goods to a new market by chartering third party vessel and subsequently with sales grew to an economical scale, we will then be using our own vessel. As for the existing routes, we also capitalise on general trading as a means to load up free cargo space.

We commenced our general trading business in 1998 via Island Network. Typically, upon receiving confirmed order from our customer, our sales and marketing staff will start sourcing the relevant supplies for our customer at the most economical price, but without compromising on products' quality. We will also assist our customer by arranging for the necessary transportation to deliver the supplies to them. The main products/goods supplied by us comprise mainly building materials, steel structures and fertilisers.

5.4.4 Segmental Performance

- (a) The performance of our Group on a segmental basis for the past 3 FYE 2005 to 2007, on a proforma basis, is as follows:-

Revenue

Business activity	FYE2005	FYE2006	FYE2007
	%	%	%
▪ Marine transportation services	31.8	33.1	30.3
▪ General trading	30.6	29.7	35.3
▪ Total logistics services	27.7	26.8	25.7
▪ Trading of freight	9.4	9.8	8.2
▪ Lorry & trucking services	0.5	0.6	0.5
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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Business activity	FYE2005	FYE2006	FYE2007
	%	%	%
▪ Marine transportation services	86.1	83.8	79.3
▪ General trading	3.3	4.4	11.6
▪ Total logistics services	7.3	9.2	5.6
▪ Trading of freight	2.8	3.0	2.3
▪ Lorry & trucking services	0.5	0.1	1.4
▪ Others	-	(0.5)	(0.2)
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

5. INFORMATION ON CLSB GROUP

- (b) Our principal markets, in terms of revenue contributions, for the FYE 2007 are as follows:-

Principal markets	Activities	% Total Revenue
Southeast Asia region	<ul style="list-style-type: none"> ▪ general trading ▪ lorry and trucking services ▪ marine transportation services ▪ total logistics services 	64
Island nations in the Southwest Indian Ocean region	<ul style="list-style-type: none"> ▪ general trading ▪ marine transportation services 	36
Total		100

- (c) Currently, there is no publicly available industry statistics to substantiate the market share of the players within the marine vessel transportation services industry in Malaysia. Furthermore, information on the cargo volume transported on various combinations of shipping routes for the players is also not readily available and is not currently compiled for general public consumption. Hence, it is difficult to ascertain the market share of our Group.

In Malaysia, the marine vessel transportation players are diverse in their activities where many of them do not just specialise or focus in the provision of marine transportation services to their customers. As these companies do not segmentalise their revenues into marine transportation services and other revenues, it is not meaningful to analyse the position of our Group based on revenue comparison with these players.

5.4.5 Fleet of Vessels

Our Group owns and operates a fleet of 11 vessels, consists of 4 general cargo vessels, 6 general cargo vessels (container fitted), and 1 set of tug boat and barge. Our vessels are built primarily in Japan, Germany, Singapore, Korea and Malaysia with certified classifications.

Types of Vessels	Number
General cargo vessels (container fitted)	6
General cargo vessels	4
Tug boat & barge	1
Total	11

Currently, our vessels mainly call on the following ports:-

- Malaysian main ports, such as, Port Klang (North, South and West Ports), Penang, Pasir Gudang, Lumut, Kuantan, Kuching, Sibul, Kota Kinabalu, Tawau, Sandakan, Lahad Datu, Bintulu and Miri;
- Indonesian ports, such as, Sumatra, Belawan, Padang, Dumai, Pontianak and other secondary ports in Kalimantan;
- Myanmar's secondary ports; and
- Primary and secondary ports in Seychelles and Madagascar.

5. INFORMATION ON CLSB GROUP

Further details of our vessels are set out below:-

No	Registered Owner / Name of Ship	Type of Ship	Class	Built		GRT	Date of Valuation	NBV (RM)	MV (RM)
				Country	Year				
1.	Complete Shipping/ Alaska Ace	General cargo tweendecker, container fitted	Germanischer Lloyd	Japan	1981	3433	7.7.06	7,589,315	9,500,000
2.	Malsuria (M)/ Artic Dolphin	General cargo	Nippon Kaiji Kyokai	Japan	1980	1256	26.9.06	-	1,875,000
3.	Malsuria Logistics/ Celtic Dolphin	General cargo	Ships Classification Malaysia	Japan	1980	1273	18.8.06	480,000	1,875,000
4.	Sierra Jaya/ Deltic Dolphin	General cargo, container fitted	Ships Classification Malaysia	Japan	1983	1282	30.9.06	222,151	2,812,500
5.	Complete Shipping/ Exotic Dolphin	General cargo, container fitted	Germanischer Lloyd	Germany	1979	4291	18.8.06	777,766	9,375,000
6.	Malsuria Tanker/ Fantastic Dolphin	General cargo, container fitted	Ships Classification Malaysia	Japan	1975	1672	18.8.06	415,701	3,375,000
7.	Complete Container/ Heuristic Dolphin	General cargo, container fitted	Ships Classification Malaysia	South Korea	1977	1671	18.8.06	658,801	3,750,000
8.	Complete Tug & Barge/ - Magna Satu - Lingo 1813	Tug boat Barge	Kelas Malaysia Nippon Kaiji Kyokai	Sibu	1995 1993	80.65 742	18.8.06 18.8.06	160,000 220,000	937,500 750,000
9.	Malsuria Tanker/ Kong Hin No.2	General cargo, container fitted	Bureau Veritas	Sibu	1996	1773	18.8.06	5,166,917	7,500,000
10.	Bagai Pertamina/ Thai Lung	General cargo	Ships Classification Malaysia	Singapore	1991	672	18.8.06	658,750	1,687,500
11.	Complete Marine/ Thai Ho No. 1	General cargo	Ships Classification Malaysia	Sibu	1982	768	18.8.06	699,662	1,312,500
Total								17,049,063	44,750,000

Notes:-

GRT : Gross registered tonnage.

MV : Being the market value of our vessels as appraised by Raine & Horne International Zaki + Partners Sdn Bhd, an independent firm of professional valuers, using the comparison and depreciated replacement cost methods of valuation, the details of which are set out in Section 12 of this Prospectus.

NBV : Being the net book value of our vessels as at 31 March 2007 in the books of the respective subsidiary companies.

The above market values of our vessels are included in this Prospectus for information only. No surplus arising from the revaluation of our vessels has been incorporated into the audited accounts for FYE 2007 of our respective subsidiary companies, which owned the aforesaid vessels. Nevertheless, our vessels have been recorded at their respective fair values, which are equivalent to the MV, at the date of acquisition as cost at our Group's level.

5. INFORMATION ON CLSB GROUP

5.4.6 Marketing

Law Hee Ling is overall responsible for the sales and marketing activities of our Group with primary focus on our marine transportation services segment. He is also assisted by our Executive Directors, namely, Hoo Mee Lien and Lim Kok Onn, on sales and marketing efforts associated with our logistics operations and general trading business respectively.

As at the Latest Practicable Date, we have a team of 4 sales and marketing staff led by Law Hee Ling and assisted by Hoo Mee Lien and Lim Kok Onn, who are primarily responsible for promoting and marketing the services provided by our Group as well as maintaining and building good relationships with our existing customers, and securing new customers for our Group.

Our Group's marketing strategy is to constantly seek, identify and develop together with the shipowners the best opportunities available for our vessels. Such working relationship may lead to the shipowners getting access to new markets and at the same time providing us with better margin businesses. In addition, our fleet of vessels with different designs and sizes, our cargo gears (such as cranes that are suitable for lifting project cargo) and our own road transportation and trucking services do provide us with certain niche and competitive advantages over our peers.

Our in-house sales and marketing efforts are mainly catered for road transportation services, total logistics services, freight trading and general trading, whereas for marine transportation services, marketing are largely outsourced to external shipping agents. In this way, we would be able to capitalise on the different and specialised skills set of our shipping agents, such as the ability to market higher margin freight and orderly allocation of cargo carried by each vessel to achieve optimal carriage, aimed at maximising returns to our Group.

Thus far, we have established sound and strong working relationships with our shipping agents to serve the best interest of our Group. However, we are still closely monitoring the performance of our shipping agents and if necessary, will replace those under or non-performing agents.

Notably, we have established a strong presence in the marine transportation and logistics industry over the years. Many of our businesses come from the word of mouth as well as referral from third parties, such as the shipping agents and port officials. In addition, we also procure sales through cross selling efforts initiated by companies within our Group, such as total logistics services and general trading segments, which are also using our marine transportation and lorry/trucking services.

5.4.7 Quality assurance/Repairs and Maintenance

We exercise great efforts to provide a safe and pleasant environment for our employees, especially, our crew members. To ensure our vessels operate with minimal down time, our vessels are required to undergo preventive maintenance tests that comply with the International Safety Management Codes.

For each voyage, our superintendent will inspect our vessel together with our ship master and chief engineer to ensure that our vessel is seaworthy, particularly, the vessel deck, engine and equipment are in good working conditions. The ship master of each vessel is responsible to ensure that the vessel's engine, equipment and deck are well maintained and in addition, regular reviews and maintenance works for each vessel will be carried out by our superintendent, ship master and chief engineer.

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After each review, the vessel's condition, safety management procedures and quality assurance will be reported to our vessel superintendent as well as our headquarters. Routine inspection and repair for hull machinery and equipment will be carried out by our crew members whenever possible. If the requisite repairs and maintenance works are beyond the capability of our crew members, then the shipowner will arrange for the services of shore-based contractors.

Shore repair is usually pre-arranged prior to a vessel calling at port. When a vessel is loading or discharging, all possible repairs and maintenance works will be carried out in situ in order to minimise vessel down time. As for other circumstances, repairs and maintenance works will be carried out at anchorage. All relevant maintenance works will also be carried out when the vessel is sailing. In general, maintenance works will be carried out on a continuous basis to ensure the vessel is seaworthy and can operate without hindrance.

All vessels owned by our Group are classified by members of the International Association of Classification Societies which are approved by each of the respective vessel's flag state authority. The classification societies will certify whether the vessel has been built and maintained in accordance with the rules of the classification society and complied with the applicable rules and regulations of the flag state and with international conventions of which that state is a member. Such certification is required as evidence that a vessel is "class maintained" and seaworthy.

It is our Group's policy to keep records of the condition of our vessel and the associated equipment as well as the maintenance and repair works carried out, and/or remedial action taken. The ship master will report to the headquarters on the status of each vessel on a regular basis. For complicated repairs, we will arrange for the relevant repairs to be carried out at a dockyard located either in Singapore or Malaysia. All modifications, repairs or additions will be documented for future reference.

In general, our vessels will be surveyed on a yearly basis and for every 2 ½ years, our vessels are required to be dry-docked and undergo a minor check-up and service. The major re-fit and service for our vessels will be carried out on a 5-yearly basis.

5.4.8 Strengths and Competitive Advantages

The marine transportation and logistics services industry is competitive. Due to the moderate barriers to entry, competition among the existing players is considerably high. Notwithstanding that, we believe that we would be able to stay competitive with our strengths and competitive advantages, as follows:-

(a) Professional Management Team

Our Group is managed by a team of experienced management personnel with good industry knowledge. The composition of our management team enables us to draw on their vast experience in providing a strategic direction to our Group. Our management is supported by a team of senior key personnel with relevant industry experience and are technically competent. By focusing on the strengths and level of specialisation among staff, we trust that we would be able to provide our customers with quality services at competitive pricing.

Furthermore, with our Group's systems and operating procedures, and coupled with the presence of our management team, we trust that we would be able to ensure customer satisfaction through quality services, timely status updates and quicker turnaround of cargo/containers at ports.

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(b) Integrated Logistics Services

Our Group has a further distinct advantage where we are able to provide an integrated logistics services to our customers by integrating both our marine and road transportation services. In this regard, our customers would be able to enjoy a convenient and yet comprehensive logistics services, whereby we could assist and provide the requisite arrangements or transportations to transport their cargo to the final destination, including the following:-

- marine transportation services to transport different types of cargo/goods, such as resource materials, construction equipments, logs and timber, and other general cargo;
- road transportation services, including lorry and trucking services; and
- other arrangements and/or handling services, including the provision of total logistics services, containerised and general cargo feeder shipping services, haulage, warehousing and cargo consolidation.

(c) Delivery of Quality Service Levels

Our scale of operations enables us to have regular and assured shipments to various direct destinations, hubs and ports. Direct shipments would ensure lower transit time, reduced handling and cost efficiency. We believe we would be able to continue delivering quality services to our customers through the enhancement of service levels in terms of transit time, coverage, timely information flow and efficient cost structure.

In addition to our existing markets which cover substantially the Southeast Asia and island nations in the Southwest Indian Ocean regions, our entrance into other new market segments on an ongoing basis would enable us to capture the following benefits:-

- the large number of direct cargo origins and destinations covered by our Group increases business opportunities for both export and import cargo handling; and
- the larger network increases our Group's geographical presence, enabling us to offer direct services to more destinations thereby reducing transit time, avoiding multiple cargo handling and bringing cost efficiencies.

Our Group undertakes and executes turnkey logistics for the provision of total logistics services in relation to project cargo handling, which involves transportation of high value specialised equipments and other over-dimensional and/or overweight cargo from one location to another utilising multiple modes of transportations.

It is a highly specialised niche business as it requires detailed planning and technical expertise. The scope of work begins from packing of cargo at our customers' premises up to the delivery of the same to the final intended locations. It involves ocean and land transportations, customs clearance, route survey, documentations, obtaining the requisite certificates and permissions from the relevant authorities, and arranging for the relevant equipments and inland transportations to send the cargo to the final destination.

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Moving forward, we intend to expand our team in total logistics services and increase our presence in this business segment. Our Group's experience in marine cargo handling and vessels operations, relationship with other shipping liners and vendors, and coupled with our network, have enabled us to provide customised solutions tailored for the specific needs of our customers. To a large extent, our competitive niche in providing total logistics services is well assisted and complemented by our fleet of vessels with different designs, sizes and cargo gears (such as cranes that are suitable for lifting project cargo).

In short, our Group emphasises on stringent quality control in our business processes to develop quality and reliable shipping and logistics services of international standards. Furthermore, we have a good track record with a diversified clientele base, involving in various industries ranging from industrial and consumer products to construction and construction related, resources-based and service industries. In addition, our management team is experienced and knowledgeable in business management, shipping and logistics operations.

5.4.9 Locations of Operations

Our head office is located at No. 25 Jalan Berangan, 42000 Port Klang, Selangor Darul Ehsan, with a total built-up area of about 3,200 square feet and served as the central location for our business administration, operations and marketing activities. We have entered into a 5-year tenancy agreement with Lau Ka Nung & Sons Sdn Bhd expiring on 30 September 2011 for our head office.

Our head office is strategically located at the heart of Port Klang and is within 5 and 20 minutes drive from North/South Ports and West Port of Port Klang respectively. It is also easily accessible via major expressways, such as, the North Klang Straits Bypass Highway (formerly known as Shapadu Highway), Konsortium Expressway Shah Alam Selangor (KESAS), New Klang Valley Expressway (NKVE) and Federal Highway.

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5. INFORMATION ON CLSB GROUP

5.4.10 Key Achievements/Milestones/Awards

The major milestones achieved by our Group are listed below:-

Year	Milestones
1992	Malsuria (M) was established and principally involved in ship owning and the provision of marine transportation services.
1995	Malsuria (M) acquired our 1 st vessel, Artic Dolphin, to service mainly the East and West Malaysia routes.
1996	Malsuria (M) acquired our 2 nd vessel, Celtic Dolphin.
1997	<ul style="list-style-type: none"> ▪ Sierra Jaya acquired our 3rd vessel, Deltic Dolphin. ▪ Complete Logistic was established and principally involved in the provision of total logistics services.
1998	<ul style="list-style-type: none"> ▪ Malsuria Logistics was established and principally involved in ship owning and the provision of marine transportation services. ▪ We ventured into the island nations in the Southwest Indian Ocean region for our general trading business via Island Network.
1999	<ul style="list-style-type: none"> • Complete Shipping acquired our 4th vessel, Exotic Dolphin. • Malsuria Tanker acquired our 5th vessel, Fantastic Dolphin.
2000	<ul style="list-style-type: none"> ▪ Malsuria Logistics acquired Celtic Dolphin from Malsuria (M). ▪ Complete Tug & Barge acquired our 6th vessel being a set of tug boat and barge, namely, Magna Satu and Lingo 1813 respectively. ▪ Complete Marine was established and principally involved in trading of freight.
2001	<ul style="list-style-type: none"> ▪ Complete Container acquired our 7th vessel, Heuristic Dolphin. ▪ Complete Transport was established and principally involved in the provision of lorry and trucking services.
2003	<ul style="list-style-type: none"> ▪ The freight trading operations of Complete Marine was streamlined to Dolphin Shipping.
2004	<ul style="list-style-type: none"> ▪ Complete Marine changed its principal activity to shipowner and the provision of marine transportation services with the acquisition of our 8th vessel, Thai Ho No. 1. ▪ Malsuria Tanker acquired our 9th vessel, Kong Hin No. 2. ▪ Bagai Pertama acquired our 10th vessel, Thai Lung.
2006	Complete Shipping acquired our 11 th vessel, Alaska Ace.

5. INFORMATION ON CLSB GROUP

5.4.11 Management and Employees

Our management team is spearheaded by our Managing Director, Mr Law Hee Ling, who has had over 20 years of experience in the industry. He is supported by a team of experienced management personnel who have contributed significantly to our progress and who have many years of experience in the shipping industry.

As at the Latest Practicable Date, we have a total workforce of 161 employees, of which 45 or 27.8% are Malaysians, while the remaining 117 or 72.2% are foreigners. The breakdown of the total number of our employees by category is as follows:-

Category of employees	Number of employees			
	Less than 1 year	1 to 5 years	More than 5 years	Total employees
Executive Directors	-	1	3	4
Management & Finance	-	-	1	1
Marketing & Sales	-	2	2	4
Administration & Clerical	1	9	1	11
Seamen *	71	52	14	137
Driver	-	5	-	5
Grand Total	72	69	21	162

Note:-

* Including master/ engineers. Seamen are engaged on a contractual basis which is renewable every 6 months and hence, depending on our requirement the number of seamen engaged by our Group may vary from time to time.

None of our Group's employees are represented by any union and there have not been any major disputes between us and our employees in the past. We have always enjoyed cordial relationships with our employees.

5.4.12 Training and Development Programmes

We have enrolled our employees, particularly seamen, to participate in safety trainings, such as fire fighting, search and rescue, and first aid, conducted by the relevant authorities recognised by the Marine Department, Malaysia or such other authorities recognised by them. Save as disclosed in Section 5.8 herein, there is no rule or requirement to provide training programmes for seamen employed as all seamen must possess the requisite qualifications as required by the IMO. All seamen employed by our Group are skilled workers and possess the necessary qualifications/experience in carrying out their respective duties on board our vessels.

5.4.13 Interruption in Business Operations

We have not experienced any interruption in business which had significant effects on our operations for the twelve (12) months preceding the Latest Practicable Date.

5. INFORMATION ON CLSB GROUP

5.5 MAJOR CUSTOMERS

We have a diversified customer base with customers involved in consumer and industrial products segments, construction and construction related sectors, and other trade and services industries. The customers of our shipping division are largely shipping agents, whilst the customers of our other divisions are mainly direct customers. Basically, we offer our services to any industry which require the transportation of goods/cargo from one point to another as well as the transportation of other general trading items on a project basis.

Save as disclosed below, our Group does not have any major customer (i.e. those individually contributing 10% or more of our Group's revenue) for each of the past 3 FYE 2005 to 2007:-

Name of customer	Country of origin	Year of relation-ship	Services offered	< ----- As a % of total revenue ----- >					
				FYE2005 RM'000	%	FYE2006 RM'000	%	FYE2007 RM'000	%
Nu-Gen Shipping Sdn Bhd *	Malaysia	3	Marine transportation services	5,418	5.6	13,913	15.2	13,641	12.9
Laxmanbhai & Co. Pte Ltd	Seychelles	2	General trading	-	-	5,550	6.0	16,891	16.0

With our diversified customer base, we are of the view that we are not overly dependent on any single customer, market or industry. We believe that our operations and results will not be significantly affected by any change in demand or loss of any particular customer, including Nu-Gen Shipping Sdn Bhd, as we may be able to utilise such excess capacity to service our other existing or new customers. Moreover, the increasing economic activities along the East-West Malaysian shipping routes are expected to provide our Group with more future business opportunities.

5.6 MAJOR SUPPLIERS AND SOURCING ARRANGEMENTS

Save as disclosed below, our Group does not have any major suppliers (i.e. those individually contributing 10% or more of our Group's cost of sales) for each of the past 3 FYE 2005 to 2007:-

Name of supplier	Country of origin	Year of relation-ship	Payment for	< ----- As a % of total cost of sales ----- >					
				FYE2005 RM'000	%	FYE2006 RM'000	%	FYE2007 RM'000	%
Nu-Gen Shipping Sdn Bhd *	Malaysia	3	Mainly port expenses, fuel & spare parts	5,588	7.1	11,320	15.6	13,756	16.3
Biyan Prayudi	Indonesia	6	Cement & urea	7,998	10.1	-	-	-	-

Note:-

* Nu-Gen Shipping Sdn Bhd is one of our principal agents who act as our freight sales agent and also as our procurement agent for ship supplies.

The major components in our cost of sales comprise substantially fuel costs, port charges, crew salaries and purchases relating to general trading. Bunker fuels are sourced from various suppliers either directly or through our appointed shipping agents depending on the shipping routes of our vessels, while port charges are standard rates applied across the board depending on the ports that our vessels are calling. Therefore, we are of the view that we are not overly dependent on any single supplier and we believe that our operations and results will not be significantly affected by any change in supply or loss of any particular supplier.

5. INFORMATION ON CLSB GROUP

5.7 SUBSIDIARY COMPANIES

All of our subsidiary companies are wholly-owned by our Company. As at the Latest Practicable Date, we do not have any associated company. Details of our subsidiary companies are summarised as follows:-

Company	Date/ Place of Incorporation	Authorised Share Capital	Issued and Paid-up Share Capital	Equity Interest %	Principal Activity
<i>Subsidiaries of CLSB</i>					
Bagai Pertama	19.04.2001/ Malaysia	500,000	300,000	100	Shipowner/ provision of marine transportation services
Complete Container	27.03.2001/ Malaysia	500,000	300,000	100	Shipowner/ provision of marine transportation services
Complete Logistic	03.09.1997/ Malaysia	1,000,000	1,000,000	100	Total logistics services provider
Complete Marine	09.08.1999/ Malaysia	100,000	1,000	100	Shipowner/ provision of marine transportation services
Complete Shipping	30.10.1998/ Malaysia	500,000	300,000	100	Shipowner/ provision of marine transportation services
Complete Transport	24.04.2001/ Malaysia	100,000	10,000	100	Lorry and trucking services
Complete Tug & Barge	02.10.2000/ Malaysia	100,000	10,000	100	Shipowner/ provision of marine transportation services
Dolphin Shipping	08.03.2000/ Malaysia	100,000	1,000	100	Trading of freight
Island Network	07.08.1998/ Malaysia	100,000	100,000	100	General trading
Malsuria Logistics	08.06.1998/ Malaysia	500,000	300,000	100	Shipowner/ provision of marine transportation services
Malsuria (M)	15.02.1992/ Malaysia	1,000,000	1,000,000	100	Shipowner/ provision of marine transportation services
Malsuria Tanker	06.02.1996/ Malaysia	500,000	300,000	100	Shipowner/ provision of marine transportation services
Sierra Jaya	10.06.1993/ Malaysia	500,000	300,000	100	Shipowner/provision of marine transportation services
<i>Subsidiary of Island Network</i>					
Island Network Shipbuilders	16.05.2000/ Malaysia	100,000	100	100	Dormant since incorporation

5. INFORMATION ON CLSB GROUP

5.7.1 Bagai Pertama

(a) History and business

Bagai Pertama was incorporated in Malaysia under the Act on 19 April 2001 as a private limited company under its present name. The principal activity of Bagai Pertama is shipowner/provision of marine transportation services. It commenced its business operations on 2 January 2004.

(b) Share capital

Bagai Pertama's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Bagai Pertama since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/ Type of issue	Resultant issued and paid-up share capital RM
19.04.2001	2	1.00	Cash	2
25.06.2002	299,998	1.00	Cash	300,000

(c) Substantial shareholders and Directors

Bagai Pertama is a wholly-owned subsidiary company of CLSB and the Directors are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Bagai Pertama does not have any subsidiary or associated company.

5.7.2 Complete Container

(a) History and business

Complete Container was incorporated in Malaysia under the Act on 27 March 2001 as a private limited company under its present name. The principal activity of Complete Container is shipowner/provision of marine transportation services. It commenced its business operations on 22 June 2001.

(b) Share capital

Complete Container's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Complete Container since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value RM	Consideration/ Type of issue	Resultant issued and paid-up share capital RM
27.03.2001	2	1.00	Cash	2
11.06.2001	299,998	1.00	Cash	300,000

5. INFORMATION ON CLSB GROUP

(c) Substantial shareholders and Directors

Complete Container is a wholly-owned subsidiary company of CLSB and the Directors of Complete Container are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Container does not have any subsidiary or associated company.

5.7.3 Complete Logistic

(a) History and business

Complete Logistic was incorporated in Malaysia under the Act on 3 September 1997 as a private limited company under its present name. The principal activity of Complete Logistic is the provision of total logistics services. It commenced its business operations on 3 September 1997.

(b) Share capital

Complete Logistic's present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Complete Logistic since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
03.09.1997	2	1.00	Cash	2
15.07.1999	99,998	1.00	Cash	100,000
03.05.2002	900,000	1.00	Cash	1,000,000

(c) Substantial shareholders and Directors

Complete Logistic is a wholly-owned subsidiary company of CLSB and the Directors of Complete Logistic are Law Hee Ling and Hoo Mee Lien.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Logistic does not have any subsidiary or associated company.

5.7.4 Complete Marine

(a) History and business

Complete Marine was incorporated in Malaysia under the Act on 9 August 1999 as a private limited company under its present name. It commenced its business operations on 2 May 2000 in trading of freight and subsequently, in year 2004 it changed its principal activity to shipowner/provision of marine transportation services.

5. INFORMATION ON CLSB GROUP

(b) Share capital

Complete Marine's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 1,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Complete Marine since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
09.08.1999	1,000	1.00	Cash	1,000

(c) Substantial shareholders and Directors

Complete Marine is a wholly-owned subsidiary company of CLSB and the Directors of Complete Marine are Law Hee Ling, Lim Kok Onn and Hoo Mee Lien.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Marine does not have any subsidiary or associated company.

5.7.5 Complete Shipping

(a) History and business

Complete Shipping was incorporated in Malaysia under the Act on 30 October 1998 as a private limited company under its present name. The principal activity of Complete Shipping is shipowner/provision of marine transportation services. It commenced its business operations on 1 December 1998.

(b) Share capital

Complete Shipping's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Complete Shipping since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
30.10.1998	300,000	1.00	Cash	300,000

(c) Substantial shareholders and Directors

Complete Shipping is a wholly-owned subsidiary company of CLSB and the Directors of Complete Shipping are Law Hee Ling, Hoo Mee Lien and Kamarudin bin Mohd Zain.

5. INFORMATION ON CLSB GROUP

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Shipping does not have any subsidiary or associated company.

5.7.6 Complete Transport

(a) History and business

Complete Transport was incorporated in Malaysia under the Act on 24 April 2001 as a private limited company under its present name. The principal activity of Complete Transport is lorry and trucking services. It commenced its business operations on 1 May 2001.

(b) Share capital

Complete Transport's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Complete Transport since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
24.04.2001	3	1.00	Cash	3
16.08.2001	9,997	1.00	Cash	10,000

(c) Substantial shareholders and Directors

Complete Transport is a wholly-owned subsidiary company of CLSB and the Directors of Complete Transport are Law Hee Ling and Hoo Mee Lien.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Transport does not have any subsidiary or associated company.

5.7.7 Complete Tug & Barge

(a) History and business

Complete Tug & Barge was incorporated in Malaysia under the Act on 2 October 2000 as a private limited company under its present name. The principal activity of Complete Tug & Barge is shipowner/provision of marine transportation services. It commenced its business operations on 2 October 2000.

(b) Share capital

Complete Tug & Barge's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

5. INFORMATION ON CLSB GROUP

The movements in issued and paid-up share capital of Complete Tug & Barge since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
02.10.2000	10,000	1.00	Cash	10,000

(c) Substantial shareholders and Directors

Complete Tug & Barge is a wholly-owned subsidiary company of CLSB and the Directors of Complete Tug & Barge are Law Hee Ling and Hoo Mee Lien.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Complete Tug & Barge does not have any subsidiary or associated company.

5.7.8 Dolphin Shipping

(a) History and business

Dolphin Shipping was incorporated in Malaysia under the Act on 8 March 2000 as a private limited company under its present name. It commenced its business operations in year 2000. Dolphin Shipping's initial principal activity was the provisional of marine transportation services. On 1 June 2003, it changed its principal activity to trading of freight.

(b) Share capital

Dolphin Shipping's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 1,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Dolphin Shipping since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
08.03.2000	1,000	1.00	Cash	1,000

(c) Substantial shareholders and Directors

Dolphin Shipping is a wholly-owned subsidiary company of CLSB and the Directors of Dolphin Shipping are Law Hee Ling, Hoo Mee Lien and Koh Sen Chun.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Dolphin Shipping does not have any subsidiary or associated company.

5. INFORMATION ON CLSB GROUP

5.7.9 Island Network

(a) History and business

Island Network was incorporated in Malaysia under the Act on 7 August 1998 as a private limited company under its present name. The principal activity of Island Network is engaged in general trading. It commenced its business operations in year 1998.

(b) Share capital

Island Network's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Island Network since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
07.08.1998	2	1.00	Cash	2
18.07.2000	9,998	1.00	Cash	10,000
23.09.2004	90,000	1.00	Bonus issue by way of capitalisation of reserve account	100,000

(c) Substantial shareholders and Directors

Island Network is a wholly-owned subsidiary company of CLSB and the Directors of Island Network are Law Hee Ling and Lim Kok Onn.

(d) Subsidiary and associated companies

The subsidiary of Island Network is as follows:-

Name of Subsidiary	Effective Equity Interest	Issued and paid-up share capital	Principal activity
	%	RM	
Island Network Shipbuilders	100	100	Dormant

As at the Latest Practicable Date, Island Network does not have any associated company.

5.7.10 Island Network Shipbuilders

(a) History and business

Island Network Shipbuilders was incorporated in Malaysia under the Act on 16 May 2000 as a private limited company under the name, Island Network (Sibu) Sdn Bhd. It changes its name on 16 October 2002 to its present name. Island Network Shipbuilders has not commenced business since the date of its incorporation.

5. INFORMATION ON CLSB GROUP

(b) Share capital

Island Network Shipbuilders' present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Island Network Shipbuilders since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
16.05.2000	100	1.00	Cash	100

(c) Substantial shareholders and Directors

Island Network Shipbuilders is a wholly-owned subsidiary company of Island Network and the Directors of Island Network Shipbuilders are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Island Network Shipbuilders does not have any subsidiary or associated company.

5.7.11 Malsuria Logistics

(a) History and business

Malsuria Logistics was incorporated in Malaysia under the Act on 8 June 1998 as a private limited company under its present name. The principal activity of Malsuria Logistics is shipowner/provision of marine transportation services. It commenced its business operations in year 2000.

(b) Share capital

Malsuria Logistics' present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Malsuria Logistics since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
08.06.1998	2	1.00	Cash	2
30.08.2000	299,998	1.00	Cash	300,000

5. INFORMATION ON CLSB GROUP

(c) Substantial shareholders and Directors

Malsuria Logistics is a wholly-owned subsidiary company of CLSB and the Directors of Malsuria Logistics are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Malsuria Logistics does not have any subsidiary or associated company.

5.7.12 Malsuria (M)

a) History and business

Malsuria (M) was incorporated in Malaysia under the Act on 15 February 1992 as a private limited company under its present name. The principal activity of Malsuria (M) is shipowner/provision of marine transportation services. It commenced its business operations in year 1995.

(b) Share capital

Malsuria (M)'s present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each all of which have been issued and fully paid-up.

The movements in issued and paid-up share capital of Malsuria (M) since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
15.02.1992	5	1.00	Cash	5
23.05.1995	499,995	1.00	Cash	500,000
20.11.1996	500,000	1.00	Cash	1,000,000

(c) Substantial shareholders and Directors

Malsuria (M) is a wholly-owned subsidiary company of CLSB and the Directors of Malsuria (M) are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Malsuria (M) does not have any subsidiary or associated company.

5.7.13 Malsuria Tanker

(a) History and business

Malsuria Tanker was incorporated in Malaysia under the Act on 6 February 1996 as a private limited company under its present name. The principal activity of Malsuria Tanker is shipowner/provision of marine transportation services. It commenced its business operations in year 1999.

5. INFORMATION ON CLSB GROUP

(b) Share capital

Malsuria Tanker's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The movements in issued and paid-up share capital of Malsuria Tanker since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
06.02.1996	3	1.00	Cash	3
15.04.1997	299,997	1.00	Cash	300,000

(c) Substantial shareholders and Directors

Malsuria Tanker is a wholly-owned subsidiary company of CLSB and the Directors of Malsuria Tanker are Law Hee Ling and Lim Lay Fong.

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Malsuria Tanker does not have any subsidiary or associated company.

5.7.14 Sierra Jaya

(a) History and business

Sierra Jaya was incorporated in Malaysia under the Act on 10 June 1993 as a private limited company under its present name. The principal activity of Sierra Jaya is shipowner/provision of marine transportation services. It commenced its business operations in year 1997.

(b) Share capital

Sierra Jaya's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration/ Type of issue	Resultant issued and paid-up share capital
		RM		RM
10.06.1993	2	1.00	Cash	2
11.06.1997	299,998	1.00	Cash	300,000

(c) Substantial shareholders and Directors

Sierra Jaya is a wholly-owned subsidiary company of CLSB and the Directors of Sierra Jaya are Law Hee Ling and Lim Lay Fong.

5. INFORMATION ON CLSB GROUP

(d) Subsidiary and associated companies

As at the Latest Practicable Date, Sierra Jaya does not have any subsidiary or associated company.

5.8 MAJOR APPROVALS AND LICENCES

The details of major approvals and licences granted to or held by us are as follows:-

Company/ (Name of vessel) ¹	Issuing Authority	Date Issued	Date of Expiry	Nature of Approval/Licences
Bagai Pertama (<i>Thai Lung</i> ^{(a)(b)})	Domestic Shipping Licensing Board	26.04.2007	25.10.2007	Domestic Shipping Licence
Complete Marine (<i>Thai Ho</i> <i>No.1</i> ^{(a)(c)})	Domestic Shipping Licensing Board	04.05.2007	03.05.2008	Domestic Shipping Licence
Sierra Jaya (<i>Deltic</i> <i>Dolphin</i> ^{(a)(c)(d)(e)})	Domestic Shipping Licensing Board	24.05.2007	23.05.2008	Domestic Shipping Licence
Malsuria Logistics (<i>Celtic Dolphin</i> ^(a))	Domestic Shipping Licensing Board	27.04.2007	26.04.2008	Domestic Shipping Licence
Malsuria (M) (<i>Artic Dolphin</i> ^(f))	Domestic Shipping Licensing Board	08.06.2007	07.12.2007	Domestic Shipping Licence
Complete Tug & Barge (<i>Lingo 1813</i> ^(a))	Domestic Shipping Licensing Board	30.03.2007	29.03.2008	Domestic Shipping Licence
Malsuria Tanker (<i>Fantastic</i> <i>Dolphin</i> ^(f))	Domestic Shipping Licensing Board	28.06.2007	27.12.2007	Domestic Shipping Licence
Malsuria Tanker (<i>Kong Hin</i> <i>No.2</i> ^{(a)(e)})	Domestic Shipping Licensing Board	20.11.2006	19.11.2007	Domestic Shipping Licence
Complete Container (<i>Heuristic</i> <i>Dolphin</i> ^(f))	Domestic Shipping Licensing Board	11.04.2007	10.10.2007	Domestic Shipping Licence
Complete Shipping (<i>Exotic Dolphin</i> ^(f))/ (<i>Alaska Ace</i> ^(f))	Domestic Shipping Licensing Board	21.05.2007	20.11.2007	Domestic Shipping Licence
Complete Logistic	Majlis Perbandaran Klang	29.11.2006	31.12.2007	Business Licence ²

5. INFORMATION ON CLSB GROUP

Notes:-

1. The licences of these companies are subject to the following conditions:-

- (a) the licence holder is requested to make efforts to have at least 30% Bumiputera as/to participate in their directors/equity/employees. In relation to this request, continuous efforts have been made to identify suitable candidates as directors and employees for the respective companies. With regard to the equity participation, our Company will have at least 30% Bumiputera equity participation pursuant to our Listing and accordingly, such companies will have at least 30% indirect Bumiputera equity participation.
- (b) the licence holder to furnish the Domestic Shipping Licensing Board, within a period of 6 months from date of licence, with documentary evidence that they have made concrete commitment relating to the training of seamen and a detailed plan for engaging Malaysian seamen.

With regard to the foregoing, we have enrolled our employees, particularly seamen, to participate in safety trainings, such as fire fighting, search and rescue, and first aid, conducted by the Marine Department, Malaysia. All our seamen possessed the requisite qualifications as required by the IMO after undertaking relevant trainings and courses. As for the engagement of Malaysian seamen, we are mindful to give preference to Malaysian and continuous efforts have been made by our Group on the same, but there has been a shortage of Malaysian seamen in the shipping industry. Like other domestic shipowners, we have no choice but to resort to foreign seamen for our marine transportation services. Nevertheless, with the Listing we hope to be in a better position to attract more qualified and suitable Malaysian seamen.

- (c) the licence holder is encouraged to use newer vessel in terms of vessel's age. Our vessels are all well maintained and subject to stringent/periodic repairs and maintenance procedures to ensure our vessels are seaworthy and can operate without hindrance. In general, our vessels will be surveyed on a yearly basis and for every 2 ½ years, our vessels will be docked for minor check-up and service. The major re-fit and service for our vessels will be carried out on a 5-yearly basis. In addition, all of our vessels are classified by members of the International Association of Classification Societies, which will certify whether the vessel has been built and maintained in accordance with the rules of the classification society and complied with the applicable rules and regulations. Such certification is required as evidence that a vessel is "class maintained" and seaworthy.
- (d) the licence holder is required to take up insurance cover for the removal of wreck. All of our vessels are insured for the removal of wreck.
- (e) the licence holder is requested to make continued efforts to increase the 'rating', i.e. the number of Malaysian seamen, to at least 75%. The 'rating' of our Thai Ho No.1 and Kong Hin No.2 were approximately 15.4% (as at 4 May 2007) and 13.3% (as at 20 November 2006) respectively. Despite continuous efforts to improve the 'rating', it is inherent in our domestic shipping industry that there is a shortage of qualified Malaysian seamen. Notwithstanding, we will use our best endeavour to improve the 'rating' of our affected vessels.
- (f) subject to conditions (a), (b), (c) and (d) above.

Notwithstanding the foregoing, we wish to highlight that thus far we have been able to renew all our licences which are necessary to our operations.

2. This is the business licence for our head office.

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