

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	Bureau Veritas Singapore	International Tonnage Certificate	SITLO/062T/2 005	1 November 2005	-	Nil	Not applicable
	Bureau Veritas Singapore	International Load Line Certificate	SGP0/JEC/200 606165413 AM	16 June 2006	18 January 2011	^	Complied
	Surveyor General of Ships	Safety Equipment Certificate	24/2008	13 February 2008	11 December 2008	Nil	Not applicable
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 1616/2007	13 June 2007	12 June 2008 (application submitted, pending renewal)	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8523T	12 June 2007	11 June 2008 (application submitted, pending renewal)	Nil	Not applicable
	Port Health	Ship Sanitation Control Exemption Certificate	(23)DHOMIRI/ SSCEC/IHUJJ AN/2008	2 January 2008	1 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Marine Dept	Manning Certificate (Near Coastal)	MC 7/2006	4 January 2008	2 January 2011	Nil	Not applicable
	Marine Dept	Manning Certificate (Domestic)	MC 5/2006	4 January 2008	2 January 2011	Nil	Not applicable
	Suruhanjaya Komunikasi dan Multimedia M'sia	Ship Station Licence	A 530955	9 January 2006	8 January 2009	Nil	Not applicable
	Registrar of Malaysian Ships	Certificate of Malaysian Registry	328669	24 December 2002	-	Nil	Not applicable
<b>SSB</b> Layang Indah	Ships Classification Malaysia	Certificate of Class	0401550	26 November 2004	5 January 2009	&	Complied

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	Ships Classification Malaysia	International Tonnage Certificate	0601403T	19 September 2006	-	Nil	Not applicable
	Ships Classification Malaysia	International Load Line Certificate	0401550L	28 November 2004	5 January 2009	^	Complied
	Surveyor General of Ships	Passenger Ship Safety Certificate	19/2007	3 August 2007	13 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 1620/2007	26 July 2007	25 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8534P	13 July 2007	12 July 2008 (application submitted, pending renewal)	Nil	Not applicable
	Port Health	Ship Sanitation Control Exemption Certificate	(03)DHOMIRI/SS/CEC/IHU/F EB/2008	6 February 2008	5 August 2008 (renewal application will be submitted)	Nil	Not applicable
	Marine Dept	Manning Certificate (Near Coastal)	MC 279/2003	3 September 2003	1 September 2008	Nil	Not applicable
	Marine Dept	Manning Certificate (Domestic)	MC 280/2004	16 June 2004	15 June 2009	Nil	Not applicable
	Suruhanjaya Komunikasi dan Multimedia Malaysia	Ship Station Licence	A559423	18 July 2007	17 July 2009	Nil	Not applicable
Sealink Pacific 330	Registrar of Malaysian Ships	Certificate of Malaysian Registry	330815	24 August 2007	-	Nil	Not applicable

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	American Bureau of Shipping	Certificate of Class	07172945	26 July 2007	7 March 2012	&	Complied
	American Bureau of Shipping	International Tonnage Certificate	P077301	20 August 2007	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	YY172945-751279-005	8 March 2007	7 March 2012	^	Complied
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 3041/2007	20 September 2007	19 September 2008	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8665K	10 December 2007	9 December 2008	Nil	Not applicable
	Port Health	Ship Sanitation Control Exemption Certificate	(01)DHOMIRI/SSCEC/IHUA PRIL/2008	3 April 2008	2 October 2008	Nil	Not applicable
Sealink Indah	Registrar of Malaysian Ships	Certificate of Malaysian Registry	327055	9 November 1994	-	Nil	Not applicable
	American Bureau of Shipping	Certificate of Class	9424400	25 January 2005	31 August 2009	&	Complied
	American Bureau of Shipping	International Tonnage Certificate	P945301	1 August 1994	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	9424400-3	19 October 2004	31 August 2009	^	Complied

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	American Bureau of Shipping	International Oil Pollution Prevention Certificate	9424400-885767-004	18 December 2007	31 August 2009	#	Complied
	Surveyor General of Ships	Safety Equipment Certificate	126/2008	31 March 2008	30 March 2009	Nil	Not applicable
	American Bureau of Shipping	Cargo Ship Safety Radio Certificate	9424400-885767-002	12 December 2007	11 December 2008	Nil	Not applicable
	Furono Electric Co Ltd, Japan	Shore based maintenance Certificate	.	.	September 2008	Nil	Not applicable
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL0161/2008	30 March 2008	29 March 2009	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8407K	10 April 2008	10 April 2009	Nil	Not applicable
	Port Health Miri	Ship Sanitation Control Exemption Certificate	(01)DHOMIRI/SSCEC/IHU/MAC/2008	14 March 2008	13 September 2008	Nil	Not applicable
	Marine Department Port Klang	Safe Manning Certificate (Near Coastal)	MC102/2005	4 February 2005	19 February 2010	Nil	Not applicable
	Marine Department Port Klang	Safe Manning Certificate (Domestic)	MC276/2004	11 November 2005	10 June 2009	Nil	Not applicable
	Suruhanjaya Komunikasi dan Multimedia M'sia	Ship Station Licence	A 560515	1 April 2008	31 March 2009	Nil	Not applicable

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Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
Sealink Maju	Registrar of Malaysian Ships	Certificate of Malaysian Registry	327066	27 March 2007	-	Nil	Not applicable
	American Bureau of Shipping	Certificate of Class	9632863-817348-002	30 March 2007	31 August 2011	&	Complied
	American Bureau of Shipping	International Tonnage Certificate	A0703981	18 April 2007	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	9632863-817348-001	30 March 2007	31 August 2011	^	Complied
	Surveyor General of Ships	Safety Equipment Certificate	434/2007	29 November 2007	27 October 2008	Nil	Not applicable
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL0751/2008	27 April 2008	26 April 2009	Nil	Not applicable
	Port Health Mini	Ship Sanitation Control Exemption Certificate	(17)DHOMIRI/SSCEC/IHUJAN/2008	8 January 2008	7 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Marine Department Port Klang	Safe Manning Certificate (Near Coastal)	MC92/2005	3 February 2005	19 February 2010	Nil	Not applicable
	Marine Department Port Klang	Safe Manning Certificate (Domestic)	MC277/2004	16 June 2004	15 June 2009	Nil	Not applicable
	Marine Department Port Klang	Safe Manning Certificate (Unlimited)	MC 456/2007	21 November 2007	20 November 2012	Nil	Not applicable

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Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	Suruhanjaya Komunikasi dan Multimedia M'sia	Ship Station Licence	A 560694	1 March 2008	31 March 2009	Nil	Not applicable
KPL3	Miri Port	Boat Licence	LCQMY2007/1 1964	27 February 2007	25 February 2008 (application submitted, pending renewal)	Nil	Not applicable
Pacific Indah	Registrar of Malaysian Ships	Certificate of Malaysian Registry	330819	10 September 2007	-	Nil	Not applicable
	Lloyd's Register	Certificate of Class	KLR0617110	1 October 2007	30 September 2012	&	Complied
	Lloyd's Register	International Tonnage Certificate	SNG0702030	29 August 2007	-	Nil	Not applicable
	Lloyd's Register	International Load Line Certificate	KLR0617110	1 October 2007	30 September 2012	^	Complied
	Lloyd's Register	International Oil Pollution Prevention Certificate	KLR0617110	1 October 2007	30 September 2012	#	Complied
	Surveyor General of Ships	Safety Equipment Certificate	312/2007	21 September 2007	12 September 2008	Nil	Not applicable
	Lloyd's Register	Cargo Ship Safety Radio Certificate	KLR0617110	1 October 2007	30 September 2008	Nil	Not applicable
	Furuno Electric Co Ltd, Japan	Shore based maintenance Certificate	-	-	October 2008	Nil	Not applicable
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 3055/2007	19 September 2007	18 September 2008	Nil	Not applicable
	Port Health Min	Ship Sanitation Control Exemption Certificate	(12)DHCMIR/ SSCEC/HUM/AC/2008	26 March 2008	25 September 2008	Nil	Not applicable



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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	Marine Department Port Klang	Safe Manning Certificate (Near Coastal)	MC 365/2007	25 September 2007	24 September 2012	Nil	Not applicable
	Suruhanjaya Komunikasi dan Multimedia M'sia	Ship Station Licence	A 559538	17 September 2007	16 September 2009	Nil	Not applicable
<b>SGPL</b>	Registrar of Singapore Ships	Certificate of Singapore Registry	391030	4 July 2005	-	Nil	Not applicable
Seagood Cassandria 2	American Bureau of Shipping	Certificate of Class	5155423	24 June 2005	4 February 2010	&	Complied
	American Bureau of Shipping	Cargo Ship Safety Construction Certificate	-	4 February 2005	3 February 2010	Nil	Not applicable
	American Bureau of Shipping	International Tonnage Certificate	PO66431	17 March 2005	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	LL-05155423-1	4 February 2005	3 February 2010	^	Complied
	American Bureau of Shipping	Cargo Ship Safety Equipment Certificate	05155423-802686-002	23 February 2007	22 February 2009	Nil	Not applicable
	American Bureau of Shipping	International Oil Pollution Prevention Certificate	-	4 February 2005	3 February 2010	#	Complied
	American Bureau of Shipping	Cargo Ship Safety Radio Certificate	-	4 February 2005	3 February 2010	Nil	Not applicable

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	Maritime and Port Authority of Singapore	Minimum Safe Manning Document	-	7 February 2005	Valid until replaced	Nil	Not applicable
	FURUNO	Shore based maintenance Certificate	SBM07-08	-	January 2009	Nil	Not applicable
	Port Health Office Labuan	Ship Sanitation Control Exemption Certificate	(114)JKWPL/(KA)800/07/IHU/07	7 November 2007	6 May 2008 (application submitted, pending renewal)	Nil	Not applicable
	Info-Communications Development Authority of Singapore	Ship Station Licence	62111946	13 December 2006	31 January 2012	Nil	Not applicable
<b>SRSB</b> Sealink Pacific 201	Registrar of Malaysian Ships	Certificate of Malaysian Registry	329810	23 December 2002	-	Nil	Not applicable
	American Bureau of Shipping	Certificate of Class	02116105-991839-001	19 October 2007	9 October 2012	&	Complied
	American Bureau of Shipping	International Tonnage Certificate	PO25781	7 October 2002	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	02116105-1-891839-002	19 October 2007	9 October 2012	^	Complied
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 0166/2008	15 February 2008	14 February 2009	Nil	Not applicable
	Port Health Miri	Ship Sanitation Control Exemption Certificate	(10)DHOMIRI/SSCEC/IHU/A PRIL/2008	26 April 2008	25 October 2008	Nil	Not applicable



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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
Sealink Pacific 287	Sarawak Rivers Board	River Transport Permit	MLSS8529K	4 July 2007	3 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Registrar of Malaysian Ships	Certificate of Malaysian Registry	329914	3 December 2004	-	Nil	Not applicable
	American Bureau of Shipping	Certificate of Class	4144361	30 April 2004	27 February 2009	&	Complied
	American Bureau of Shipping	International Tonnage Certificate	PO44121	1 Mar 2004	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	04144361-1	6 May 2004	27 February 2009	*	Complied
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL 4136/2007	7 January 2008	6 January 2009	Nil	Not applicable
	Port Health Min	Ship Sanitation Control Exemption Certificate	(18)DHOMIRI/SSCEC/HUJJAN/2008	5 January 2008	4 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS8530K	4 July 2007	3 July 2008 (renewal application will be submitted)	Nil	Not applicable
	Registrar of Malaysian Ships	Certificate of Malaysian Registry	329915	3 December 2004	-	Nil	Not applicable
	American Bureau of Shipping	Certificate of Class	0414362	28 May 2004	9 March 2009	&	Complied
Sealink Pacific 288							

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

Company	Approving Authority/ Issuer	Type of Licence/ Certificate	Licence/ Certificate No.	Date of Commencement/ Issue/Verification	Date of Expiry	Major Conditions Imposed	Status of Compliance
	American Bureau of Shipping	International Tonnage Certificate	P044131	1 March 2004	-	Nil	Not applicable
	American Bureau of Shipping	International Load Line Certificate	04144362-1	21 June 2004	9 March 2009	^	Complied
	Domestic Shipping Licensing Board	Domestic Shipping Licence	DSL4135/2007	7 January 2008	6 January 2009	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8564K	10 December 2007	9 December 2008	Nil	Not applicable
	Port Health	Ship Sanitation Control Exemption Certificate	(21)DHOMIR/SSCEC/HUJAN/2008	3 January 2008	2 July 2008 (renewal application will be submitted)	Nil	Not applicable
<b>SMGSB</b>	Mini Port	Boat Licence	LCQMY2007/14684	5 September 2007	19 August 2008 (renewal application will be submitted)	Nil	Not applicable
Kanari	Sarawak Rivers Board	River Transport Permit	MLSS8477T	20 July 2007	7 July 2008 (renewal application will be submitted)	Nil	Not applicable
Kancil	Mini Port	Boat Licence	LCQMY2008/1839	21 April 2008	3 January 2009	Nil	Not applicable
	Sarawak Rivers Board	River Transport Permit	MLSS 8400T	17 January 2005	16 January 2008 (application submitted, pending renewal)	Nil	Not applicable

4. INFORMATION ON OUR GROUP (Cont'd)

*Notes: -*

- & Certificate of class:  
*Classification of the vessel is automatically suspended and the certificate automatically becomes invalid if not endorsed annually within 3 months after the due date of the annual survey*
- # *International Oil Pollution Prevention Certificate:*  
*The validity of the certificate is subject to surveys in accordance with Regulation 4 of Annex 1 of the International Convention For the Prevention of Pollution From Ships, 1973*
- ^ *International Load Line Certificate:*  
*The validity of the certificate is subject to periodic inspections in accordance with the International Convention on Load Lines 1966*
- *Safety Management Certificate:*  
*The validity of the certificate is subject to periodic verification and the Document of Compliance remaining valid*
- *Vessel not operational; no endorsement of annual survey yet; to reactivate certificate in due course*

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

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

As at LPD, our Group does not have any patents, trade marks, technical assistance agreements, franchises or intellectual property rights.

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

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

Our Group is not dependent on any patents and intellectual property rights for our business operation.

###### (b) Dependency on Major Licenses

Save as disclosed in Section 4.2.5 of this Prospectus, our Group is not dependent on any other major licences.

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

There are no material agreements or contracts (formal or informal), as at LPD, which have been entered into by our Group with third parties which our Group is highly dependent.

##### 4.2.8 Principal Markets

Our Group is an "integrated service provider", which can be defined as a group of companies that both build vessels for sale as well as charter. This provides our Group with the flexibility to choose the best option that fits our overall strategy at any particular point.

Our Group's proforma consolidated revenue contribution by principal markets for the FYE 31 December 2006 and 31 December 2007 is as follows: -

Markets	Revenue for FYE 31 December 2006		Revenue for FYE 31 December 2007	
	RM'000	%	RM'000	%
Domestic	32,600	34	31,772	20
Foreign	64,091	66	130,898	80
<b>Total</b>	<b>96,691</b>	<b>100</b>	<b>162,670</b>	<b>100</b>

In addition to our Malaysian operations, our Group also exports our products and services abroad, which reflects positively on our capabilities and reputation in the international markets. Our exports as a percentage of annual revenue has grown steadily, from 66% in 2006 to 80% in 2007.

Our exports in 2007 are to countries, amongst others, Australia, Singapore, Netherlands, Norway and Egypt.

Details of our major customers are set out in Section 4.9 of this Prospectus.

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

##### 4.2.9 Market Share

##### The 'integrated service providers,' specific to the offshore oil and gas industry (Malaysia)

There are approximately fifteen (15) shipbuilders and marine vessel charterers respectively in their individual market segments, specific to the offshore oil and gas industry in Malaysia. As can be seen in the figure below (listing both shipbuilders and vessel charterers) most players focus exclusively on either shipbuilding or chartering.

A brief list of companies, and their involvement in either the shipbuilding or chartering business within the offshore oil and gas industry (Malaysia), 2007 is as follows: -

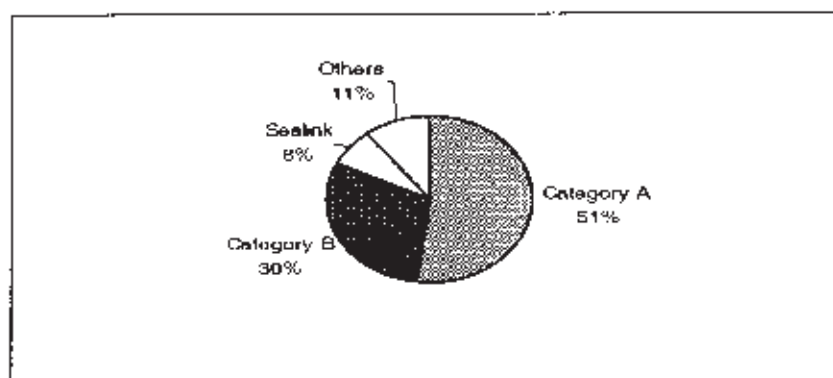
Name of Company	Shipbuilding (Oil & Gas)	Chartering (Oil & Gas)
Ajang Shipping Sdn Bhd	No	Yes
Alam Maritim Resources Berhad	No	Yes
Berjaya Dockyard Sdn Bhd	Yes	No
Burni Armada Navigation Sdn Bhd	No	Yes
Coastal Contracts Berhad	Yes	No
Dayang Teras Shipyard Sdn Bhd	Yes	Yes
Muhibbah Marine Engineering Sdn Bhd	Yes	No
Nam Cheong Dockyard Sdn Bhd	Yes	No
Petra Perdana Berhad	No	Yes
Sarawak Silpways Sdn Bhd	Yes	No
Sealink Group	Yes	Yes
Shin Yang Shipyard Sdn Bhd	Yes	No
Syarikat Borcos Sdn Bhd	No	Yes
Tuong Aik Shipyard Sdn Bhd	Yes	No

However, given that both shipbuilding and chartering of marine vessels are inter-dependent, players that have established 'integrated services' between the two have a strong and unique competitive advantage over their peers. In 2007, there were only two (2) 'integrated service providers' in the Malaysian offshore oil and gas industry. The major player was our Group, followed by Dayang Teras Shipyard Sdn Bhd.

##### Market share in the shipbuilding industry for marine vessels in the offshore oil and gas industry (Malaysia)

In 2006, the revenues generated by locally-owned shipbuilders in Malaysia, specific to marine vessels or offshore support vessels ("OSVs") built for use in the offshore oil and gas industry, was estimated at RM750 million. The industry is segregated into three categories of shipbuilders, namely Category A, Category B and Others.

##### Market share\* in the shipbuilding industry for marine vessels in the offshore oil and gas industry (Malaysia), 2006\*





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

*Note: -*

- *Market share is calculated based on annual revenues in 2006; and Revenues were obtained from annual reports and audited accounts, as well as estimated through primary research.*

Category A consists of market participants with estimated revenues of above RM100 million, and cumulatively have 51% market share. Category B consists of market participants with revenues of between RM25 million to RM100 million and cumulatively have 38% market share. Others include market participants with individual revenues of not more than RM25 million each, and cumulatively have 11% market share. In 2006, with revenues of RM57 million from our shipbuilding division, our Group held 8% of market share.

**List of market participants according to category for shipbuilding (Malaysia), 2006**

Category A	Category B	Others
Coastal Contracts Berhad	Berjaya Dockyard Sdn Bhd	Around 8 players
Muhibbah Marine Engineering Sdn Bhd	Sealink Group	
Nam Cheong Dockyard Sdn Bhd	Sarawak Slipways Sdn Bhd	
	Shin Yang Sdn Bhd	

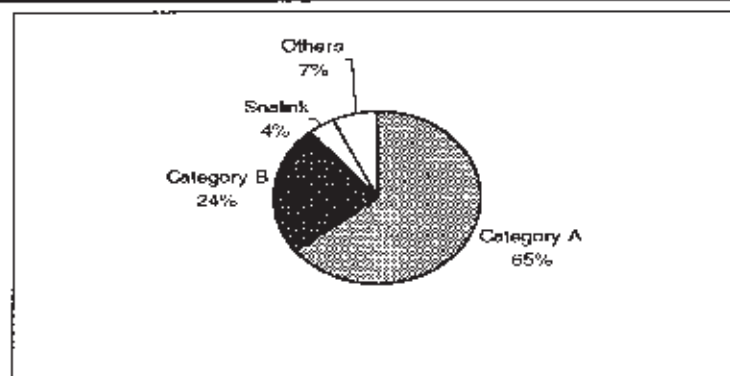
**Market share in offshore oil and gas vessel charter market (Malaysia)**

In terms of revenue, the total charter market for OSVs in Malaysia (including both local and foreign players) is estimated at RM2.2 billion in 2006. From this amount, approximately 40% or around RM900 million are contributed by local players.

According to number of vessels, there were an estimated two hundred (200) vessels chartered in the local offshore oil and gas industry in 2007 operated by about fifteen (15) major Malaysian companies. However, the industry is also served by foreign players (estimated at 60%) due to the shortage in supply and availability by Malaysian-owned companies, and the high demand following increased upstream activities due to escalating oil prices in recent years.

In 2006, revenues generated by the locally owned and operated vessel charterers in Malaysia, specific to marine vessels or OSVs chartered in the offshore oil and gas industry, was estimated at RM900 million. The market is segregated into three categories of vessel charterers, namely Category A and B, and Others.

**Market share\* in offshore oil and gas vessel charter market (Malaysia), 2006\***





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

*Note: -*

- *Market share is calculated based on annual revenues in 2006; and Revenues were obtained from annual reports and audited accounts, as well as estimated through primary research*

Category A consists of market participants with estimated revenues of above RM100 million, and cumulatively have 65% market share. Category B consists of market participants with revenues of between RM25 million to RM100 million and cumulatively have 28% market share. Others include market participants with individual revenues of not more than RM25 million each, and cumulatively have 7% market share. In 2006, with revenues of RM39 million from our vessel chartering division, our Group held 4% of market share.

**List of market participants according to category for vessel chartering (Malaysia), 2006**

Category A	Category B	Others
Alam Maritim Resources Berhad	Ajang Shipping Sdn Bhd	Around 7 players
Bumi Armada Navigation Sdn Bhd	Jasa Merin Sdn Bhd	
Petra Perdana Berhad	Nubayu Offshore Company Sdn Bhd	
Syarikat Borcos Sdn Bhd	Sealink Group	

*(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)*

#### 4.2.10 Seasonality of services

The upstream oil and gas industry is highly cyclical and does not follow a regular pattern. Typically, investments and exploration in the upstream sector are high when oil prices are high. On the same note, investments take a hit when oil prices drop. In a nutshell, investments are generally made taking into consideration the prevailing market price of crude oil. Shipbuilders and shipowners that build and supply marine vessels are also subject to such market downturns that are inherent in the cyclical oil and gas industry.

The offshore support services industry in Malaysia is subject to adverse weather conditions i.e. monsoon seasons. During such periods, short-term chartered vessels may be subject to down time. However, as our Group's offshore support services are not confined to any particular geographical location, any adverse impact due to bad weather conditions is minimised.

#### 4.2.11 Quality Control/Management Procedures/Programmes

Our Group endeavours to achieve the following quality policy in conducting our core business activities of shipbuilding and chartering of vessels. Our total quality management concept will be achieved by firm determination and positive participation of all our personnel, including top management and individual staff by: -

- ❖ providing clients with satisfactory products and services that comply with applicable statutory regulations and clients' contractual requirements;
- ❖ strengthening individual abilities and functions of organisational units;
- ❖ fulfilling individual responsibilities as assigned;

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

- ❖ setting measurable objectives and continually improving the quality management system; and
- ❖ carrying out operations safely without causing harm to the environment

Our Group's personnel, from directors to individual staff, regardless of working places, proceed with the directives set forth in this quality policy. In addition, our Group will practice our Quality Management System that complies with our requirements of IMO, flag states, classification societies and other maritime industry organizations.

##### ***Quality Management Objectives***

Our Group's top management and all individual staff are committed to achieve the following objectives: -

- ❖ improving efficiency and effectiveness of our core business activities;
- ❖ ensuring every personnel fully understands procedures and implementation of audits (review, verification and validation) in their daily jobs;
- ❖ executing daily jobs satisfactorily to achieve targets, according to specified procedures, preventing non-conformities and minimising losses; and
- ❖ managing non-conformities effectively and ensuring implementation of corrective and preventive actions in a safe manner

##### ***Quality Control and Assurance***

Our Group's shipyards place great emphasis on quality control and quality assurance procedures in order to manufacture products to the highest practical standards of quality that meets the contracted customer requirements.

Within the shipyard, experienced supervisors and technical managers serve as focal points for all quality monitoring activities. The vessels are subject to various tests, which include among others air test, hydro test, thickness test and stability test. In addition to our internal quality procedures, external surveyors are involved at every stage of the building process right from the beginning of drawing stage to the delivery of completed vessels.

The vessels are required to meet the stringent international quality and safety standards in the certification process. Only upon issuance of all the required class regulatory certificates shall the vessel be deemed seaworthy.

#### **4.2.12 HSE**

We believe that the health and safety of our crew is of utmost importance and recognise our duty to provide safe working conditions, minimise incidences of injuries to personnel and protect the environment. Business operations are performed with strong emphasis placed on safety, health and environmental protection. This is achieved by following our Safety Management System ("SMS") that details standard operating procedures.

The HSE system is applicable to vessel operations, shipyards, management and related activities of our Group. Any non-standard work is analyzed by risk, with potential hazards identified and preventive measures introduced.

##### ***HSE Objectives***

Our Group believes that HSE are the responsibility of management and all personnel and are therefore an integral part of our duties. Our Group's HSE objectives include the following: -

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

- ❖ to provide safe and efficient offshore supply/marine services in accordance with applicable international legal requirements
- ❖ to practise safety at sea by establishing safeguards against identified risks
- ❖ to prevent human injury or loss of life by adopting safe working practices and providing a safe working environment
- ❖ to prevent damage to property and pollution to marine environment
- ❖ to maintain a competent and motivated work force through training and continuous improvement of safety management skills, including preparing for emergencies related both to safety and environment protection.

As such, we endeavour to achieve objectives based on IMO's International Safety Management ("ISM") code and by taking into account all guidelines and standards recommended by IMO, flag states, classification societies and other maritime industry organizations.

Our Group's safety committee meetings are held quarterly.

##### **SMS**

Our Group has established a SMS for all vessels, irrespective of whether they are required to comply with regulatory requirements. This ensures that all vessels are managed under the highest safety standards. In maintaining our Group's management system, reference is made to the latest editions of the following codes and laws, as applicable: -

- ❖ International management code of the safe operation of ships and pollution prevention (ISM code)- IMO
- ❖ SOLAS (Safety of life at Sea) - IMO
- ❖ MARPOL (Marpol 73/78 is the International Convention for the Prevention of Pollution From Ships, 1973 as modified by the Protocol of 1978 (Marpol is short for marine pollution and 73/78 short for the years 1973 and 1978)) - IMO
- ❖ COLREGS (international regulations for preventing collision at sea) – IMO
- ❖ STCW 95 (international convention on standards of training, certification and watch-keeping) IMO
- ❖ Code of safe working practices for merchant seamen
- ❖ Bridge procedure guide- ICS
- ❖ Merchant Shipping Ordinance 1952 (Malaysia)

##### **4.2.13 Research and Development (R&D)**

Our Group does not have any research department as this is not required since our Group uses proven designs that have already been tested when building vessels. However, our Group will continue to keep abreast with the latest development and technologies available to shipbuilders to remain competitive.

Meanwhile, our chartering division will continuously strive to develop and enhance the quality of our services through staff training, development programmes and external conferences.

##### **4.2.14 Interruptions in Business for the Past Twelve (12) Months**

There has never been any interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that significantly impaired our Group's business performance during the past twelve (12) months.

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


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**4.2.15 Key Achievements/Milestones/Awards**

Year	Key Milestone
1975	<ul style="list-style-type: none"> <li>▪ Acquired the first vessel, 'Majulah 1'</li> </ul>
1997	<ul style="list-style-type: none"> <li>▪ Invested in a shipyard in Krokop Road, Miri, Sarawak, through the acquisition of a strategic stake in SSSB</li> <li>▪ Production capacity of one (1) vessel a year</li> </ul>
1999	<ul style="list-style-type: none"> <li>▪ First vessel purchased by the chartering division from our Group's own shipyard - a 48M landing craft named Sealink Victoria</li> </ul>
2003	<ul style="list-style-type: none"> <li>▪ Acquired seven (7) new vessels of mostly tugs and barges</li> <li>▪ Acquired industrial land in Kuala Baram (11.7 hectares) for future expansion</li> <li>▪ Acquired industrial land adjacent to our Shipyard at Krokop Road to increase production capacity</li> </ul>
2004	<ul style="list-style-type: none"> <li>▪ Increased fleet size to twenty-two (22) vessels with the acquisition of eleven (11) vessels, including tugs, barges, landing crafts and multi-purpose vessels</li> </ul>
2005	<ul style="list-style-type: none"> <li>▪ Began construction of our Group's second shipyard at Kuala Baram</li> <li>▪ SSB became International Safety Management (ISM) certified, by the Marine Department, Malaysia</li> </ul>
2006	<ul style="list-style-type: none"> <li>▪ First few vessels obtained Safety Management Certificate ("SMC") namely Sealink Victoria 3 and Sealink Victoria 4</li> <li>▪ HSE department was set up to meet the stringent Health &amp; Safety Management Standards of our Group's charterers</li> <li>▪ First vessel constructed at Kuala Baram yard and sold to our chartering division</li> <li>• Six (6) vessels delivered during the year</li> <li>▪ SESSB obtained pioneer status for shipbuilding and ship repair</li> </ul>
2007	<ul style="list-style-type: none"> <li>▪ Other vessels within our Group namely Sealink Vanessa 4, Sealink Vanessa 6, Sealink Victoria 2, Seagood Victoria 6 and Sealink Maju 21 obtained SMC</li> <li>▪ Seven (7) vessels delivered during the year</li> <li>▪ Zero Lost Time Injury ("LTI") for our fleet of vessels for the year of 2007</li> </ul>
2008	<ul style="list-style-type: none"> <li>▪ Acquired two (2) oil/chemical carriers, which is expected to be delivered in year 2010.</li> </ul>

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

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**4.2.16 Modes of Marketing/Distributions/Sales*****Maintain Close Relationships with Shipping Agents and Brokers***

Our Group distributes our products and services through shipping agents and brokers, who earn a commission from the business they introduce to us. However, in the shipbuilding and chartering business, our website agents and brokers do not pledge loyalty or act as exclusive distributors for a specific shipbuilder or shipowner, due to the dynamics of the industry i.e. ships are sold and vessels are chartered on a 'first come, first serve' basis.

Our Group strives to maintain close relationships with brokers across Malaysia for our chartering division, while we work with various brokers internationally to market our newly-built vessels for sale. In addition, we have an office located in Singapore to facilitate technical discussions with our clients and suppliers. This includes potential foreign clients that use Singapore as their regional headquarters in South East Asia.

***Attend Industry Seminars, Briefings and Trade Fairs***

Our Group participates in various regional conferences, seminars, briefings and trade fairs related to both the oil and gas and maritime industries. These events are not restricted to Malaysia, but also other countries. For example, some of these include the Maritime Exhibition in Singapore and China. Printed materials such as catalogues and brochures are distributed at such events in order to create greater visibility and awareness of our Group's products and services.

***Product Exhibitions***

Our Group also participates in product exhibitions to showcase our latest marine vessels and ship models. For example, our Group participated in the Gulf Maritime Exhibition in 2006 and the Middle East Workboats 2008 exhibition held in Abu Dhabi in April 2008. It should be noted that in general, not all shipbuilders participate in product exhibitions on a regular basis. This is simply because of the lead time involved in shipbuilding, combined with limitations in the number of ships that can be delivered each year.

***Create Market Awareness via Media***

Upon delivery of newly-built vessels, our Group ensures media coverage, articles and other write-ups describing our latest achievements in shipbuilding. These include magazines like 'Workboat World' as well as our own dedicated website. Our Group believes that the media plays an important role in helping us gain greater visibility in both the local and international markets, and creates positive enquiries and referrals from the shipping industry and overall business community.

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

##### 4.3 OUR SUBSIDIARIES

###### 4.3.1 SPSB

###### (a) Background and History

SPSB was incorporated in Malaysia under the Act on 9 January 1990 as a private limited company under the name Ultramas Sdn Bhd and assumed its present name on 4 September 1997. SPSB commenced its operations in 1998.

###### (b) Principal Activities and Products/Services

SPSB is principally engaged in regional and coastal shipping business.

###### (c) Substantial Shareholders

SPSB is a wholly owned subsidiary of our Company.

###### (d) Share Capital

The authorised share capital of SPSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SPSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SPSB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
09.01.1990	2	1.00	Subscribers' Shares	2
04.07.2000	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SPSB.

###### (e) Subsidiary and Associated Company

As at LPD, SPSB has one (1) subsidiary, BVSB. SPSB does not have any other subsidiary or associated company.

###### 4.3.2 SSB

###### (a) Background and History

SSB was incorporated in Malaysia under the Act on 4 September 1974 as a private limited company and commenced its operations in 1975.

###### (b) Principal Activities and Products/Services

The principal activities of SSB is shipping business and letting of properties.



**4. INFORMATION ON OUR GROUP (Cont'd)****(c) Substantial Shareholders**

SSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of SSB is RM2,000,000.00 comprising 2,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SSB as at LPD is RM1,500,000.00 comprising 1,500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
04.09.1974	3	1.00	Subscribers' Shares	3
13.05.1976	60,000	1.00	Cash	60,003
15.11.1977	54,997	1.00	Cash	115,000
01.03.1994	1,385,000	1.00	Cash	1,500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SSB.

**(e) Subsidiary and Associated Company**

As at LPD, SSB does not have any subsidiary or associated company.

**4.3.3 ESSB****(a) Background and History**

ESSB was incorporated in Malaysia under the Act on 13 April 2004 as a private limited company and it has yet to commence operations as of LPD.

**(b) Principal Activities and Products/Services**

ESSB is regional and coastal shipping business.

**(c) Substantial Shareholders**

ESSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of ESSB is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of ESSB as at LPD is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of ESSB since its incorporation are as follows: -

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

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
13.04.2004	2	1.00	Subscribers' Shares	2
11.01.2005	499,998	1.00	Cash	500,000
15.04.2005	500,000	1.00	Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of ESSB.

**(e) Subsidiary and Associated Company**

As at LPD, ESSB does not have any subsidiary or associated company.

**4.3.4 NSSB****(a) Background and History**

NSSB was incorporated in Malaysia under the Act on 2 July 2003 as a private limited company and it commenced its operations in 2004.

**(b) Principal Activities and Products/Services**

NSSB is principally engaged in regional and coastal shipping business.

**(c) Substantial Shareholders**

NSSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of NSSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of NSSB as at LPD is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of NSSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
02.07.2003	2	1.00	Subscribers' Shares	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of NSSB.

**(e) Subsidiary and Associated Company**

As at LPD, NSSB does not have any subsidiary or associated company.

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

##### 4.3.5 SBSB

###### (a) Background and History

SBSB was incorporated in Malaysia under the Act on 13 October 1976 as a private limited company and it commenced its operations in 1977.

###### (b) Principal Activities and Products/Services

SBSB is principally engaged in shipping business.

###### (c) Substantial Shareholders

SBSB is a wholly owned subsidiary of our Company.

###### (d) Share Capital

The authorised share capital of SBSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SBSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SBSB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
13.10.1976	2	1.00	Subscribers' Shares	2
29.11.1977	199,998	1.00	Cash	200,000
06.06.2003	300,000	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SBSB.

###### (e) Subsidiary and Associated Company

As at LPD, SBSB does not have any subsidiary or associated company.

##### 4.3.6 SMSB

###### (a) Background and History

SMSB was incorporated in Malaysia under the Act on 7 October 1991 as a private limited company under the name Vigil Wise Sdn Bhd and assumed its present name on 25 July 2002. SMSB commenced its operations in 2004.

###### (b) Principal Activities and Products/Services

SMSB is principally engaged in regional and coastal shipping business.

###### (c) Substantial Shareholders

SMSB is a wholly owned subsidiary of our Company.

**4. INFORMATION ON OUR GROUP (Cont'd)****(d) Share Capital**

The authorised share capital of SMSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SMSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SMSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
07.10.1991	2	1.00	Subscribers' Shares	2
30.10.2000	9,998	1.00	Cash	10,000
24.06.2004	490,000	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SMSB.

**(e) Subsidiary and Associated Company**

As at LPD, SMSB does not have any subsidiary or associated company.

**4.3.7 ESB****(a) Background and History**

ESB was incorporated in Malaysia under the Act on 21 February 2002 as a private limited company and embarked into the shipping business in 2003.

**(b) Principal Activities and Products/Services**

ESB is principally engaged in regional and coastal shipping business and is presently dormant.

**(c) Substantial Shareholders**

ESB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of ESB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of ESB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of ESB since its incorporation are as follows: -

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

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
21.02.2002	2	1.00	Subscribers' Shares	2
27.05.2004	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of ESB.

**(e) Subsidiary and Associated Company**

As at LPD, ESB does not have any subsidiary or associated company.

**4.3.8 SESSB****(a) Background and History**

SESSB was incorporated in Malaysia under the Act on 25 May 2004 as a private limited company under the name Maju Megajaya Sdn Bhd and assumed its present name on 25 July 2005. SESSB commenced its operations in 2006.

**(b) Principal Activities and Products/Services**

The principal activity of SESSB is shipbuilding, repair of vessels and related works.

**(c) Substantial Shareholders**

SESSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of SESSB is RM10,000,000.00 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SESSB as at LPD is RM1,500,000.00 comprising 1,500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SESSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
25.05.2004	2	1.00	Subscribers' Shares	2
28.07.2005	499,998	1.00	Cash	500,000
24.04.2007	500,000	1.00	Cash	1,000,000
04.06.2007	500,000	1.00	Cash	1,500,000



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

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SESSB.

**(e) Subsidiary and Associated Company**

As at LPD, SESSB has one (1) subsidiary, BIMSB. SESSB does not have any other subsidiary or associated company.

**4.3.9 SRSB****(a) Background and History**

SRSB was incorporated in Malaysia under the Act on 11 August 1998 as a private limited company and it commenced its operations in 2003.

**(b) Principal Activities and Products/Services**

SRSB is principally engaged as ship owner and operator.

**(c) Substantial Shareholders**

SRSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of SRSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SRSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SRSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
11.08.1998	2	1.00	Subscribers' Shares	2
20.10.1998	19,998	1.00	Cash	20,000
30.07.1999	230,000	1.00	Cash	250,000
26.04.2004	250,000	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SRSB.

**(e) Subsidiary and Associated Company**

As at LPD, SRSB does not have any subsidiary or associated company.



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

##### 4.3.10 SMGSB

###### (a) Background and History

SMGSB was incorporated in Malaysia under the Act on 14 October 1992 as a private limited company under the name Bunga Wijayamala Sdn Bhd and assumed its present name on 4 September 1997. SMGSB commenced its operations in 2001.

###### (b) Principal Activities and Products/Services

SMGSB is principally engaged in regional and coastal shipping business.

###### (c) Substantial Shareholders

SMGSB is a wholly owned subsidiary of our Company.

###### (d) Share Capital

The authorised share capital of SMGSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SMGSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SMGSB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
14.10.1992	2	1.00	Subscribers' Shares	2
11.07.2005	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SMGSB.

###### (e) Subsidiary and Associated Company

As at LPD, SMGSB does not have any subsidiary or associated company.

##### 4.3.11 CMSB

###### (a) Background and History

CMSB was incorporated in Malaysia under the Act on 2 December 2003 as a private limited company and it commenced its operations in 2005.

###### (b) Principal Activities and Products/Services

CMSB is principally engaged in regional and coastal shipping business.

###### (c) Substantial Shareholders

CMSB is a wholly owned subsidiary of our Company.

**4. INFORMATION ON OUR GROUP (Cont'd)****(d) Share Capital**

The authorised share capital of CMSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of CMSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of CMSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative issued and Paid-up Share Capital (RM)</b>
02.12.2003	2	1.00	Subscribers' Shares	2
05.08.2005	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of CMSB.

**(e) Subsidiary and Associated Company**

As at LPD, CMSB does not have any subsidiary or associated company.

**4.3.12 ESWSB****(a) Background and History**

ESWSB was incorporated in Malaysia under the Act on 7 April 2005 as a private limited company and it commenced its operations in 2007.

**(b) Principal Activities and Products/Services**

ESWSB is principally engaged in regional and coastal shipping business.

**(c) Substantial Shareholders**

ESWSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of ESWSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of ESWSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of ESWSB since its incorporation are as follows: -

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

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
07.04.2005	2	1.00	Subscribers' Shares	2
01.03.2007	1	1.00	Cash	3
05.10.2007	499,997	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of ESWSB.

**(e) Subsidiary and Associated Company**

As at LPD, ESWSB does not have any subsidiary or associated company.

**4.3.13 GSB****(a) Background and History**

GSB was incorporated in Malaysia under the Act on 21 December 2000 as a private limited company and it commenced its operations in 2003.

**(b) Principal Activities and Products/Services**

GSB is principally engaged in regional and coastal shipping business.

**(c) Substantial Shareholders**

GSB is a wholly owned subsidiary of our Company.

**(d) Share Capital**

The authorised share capital of GSB is RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of GSB as at LPD is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of GSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
21.12.2000	2	1.00	Subscribers' Shares	2
21.03.2001	999,998	1.00	Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of GSB.

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

##### (e) Subsidiary and Associated Company

As at LPD, GSB does not have any subsidiary or associated company.

#### 4.3.14 MCSB

##### (a) Background and History

MCSB was incorporated in Malaysia under the Act on 24 March 2004 as a private limited company and it commenced its operations in 2004.

##### (b) Principal Activities and Products/Services

MCSB is principally engaged in regional and coastal shipping business.

##### (c) Substantial Shareholders

MCSB is a wholly owned subsidiary of our Company.

##### (d) Share Capital

The authorised share capital of MCSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of MCSB as at LPD is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of MCSB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
24.03.2004	2	1.00	Subscribers' Shares	2
20.09.2004	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of MCSB.

##### (e) Subsidiary and Associated Company

As at LPD, MCSB has one (1) subsidiary, SLSSB. MCSB does not have any other subsidiary or associated company.

#### 4.3.15 SGPL

##### (a) Background and History

SGPL was incorporated in Singapore under the Companies Act, Cap 50 on 21 October 1997 as a private limited company and it commenced its operations in 1998.

##### (b) Principal Activities and Products/Services

The principal activities of SGPL are those of investment holding in shares, ship and boat leasing with operator (including chartering).

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

(c) **Substantial Shareholders**

SGPL is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The authorised share capital of SGPL is SGD500,000.00 comprising 500,000 ordinary shares of SGD1.00 each. The issued and fully paid-up share capital of SGPL as at LPD is SGD500,000.00 comprising 500,000 ordinary shares of SGD1.00 each.

The changes in the issued and fully paid-up share capital of SGPL since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (SGD)	Consideration	Cumulative Issued and Paid-up Share Capital (SGD)
21.10.1997	2	1.00	Subscribers' Shares	2
28.10.1997	499,998	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SGPL.

(e) **Subsidiary and Associated Company**

As at LPD, SGPL does not have any subsidiary or associated company.

#### 4.3.16 SSSB

(a) **Background and History**

SSSB was incorporated in Malaysia under the Act on 30 March 1990 as a private limited company under the name Armada Shipyard (Labuan) Sdn Bhd and assumed its present name on 12 May 1997. SSSB commenced its operations in 1992.

(b) **Principal Activities and Products/Services**

The principal activities of SSSB are shipbuilding and repairing of vessels.

(c) **Substantial Shareholders**

SSSB is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The authorised share capital of SSSB is RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SSSB as at LPD is RM1,500,000.00 comprising 1,500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SSSB since its incorporation are as follows: -



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

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
30.03.1990	2	1.00	Subscribers' Shares	2
16.07.1997	99,998	1.00	Cash	100,000
31.10.2000	900,000	1.00	Cash	1,000,000
09.07.2004	500,000	1.00	Cash	1,500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SSSB.

**(e) Subsidiary and Associated Company**

As at LPD, SSSB has one (1) subsidiary, ASSB. SSSB does not have any other subsidiary or associated company.

**4.4 SUBSIDIARY OF MCSB****4.4.1 SLSSB****(a) Background and History**

SLSSB was incorporated in Malaysia under the Act on 18 July 2005 as a private limited company under the name Vita Fleet Sdn Bhd and assumed its present name on 21 Oct 2005. SLSSB has yet to commence its operations as of LPD.

**(b) Principal Activities and Products/Services**

SLSSB is dormant.

**(c) Substantial Shareholders**

SLSSB is a wholly owned subsidiary of MCSB.

**(d) Share Capital**

The authorised share capital of SLSSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of SLSSB as at LPD is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of SLSSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
18.07.2005	2	1.00	Subscribers' Shares	2

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

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of SLSSB.

**(e) Subsidiary and Associated Company**

As at LPD, SLSSB does not have any subsidiary or associated company.

**4.5 SUBSIDIARY OF SESSB****4.5.1 BMISB****(a) Background and History**

BMISB was incorporated in Malaysia under the Act on 12 July 1990 as a private limited company and it has yet to commence operations as of LPD.

**(b) Principal Activities and Products/Services**

BMISB is dormant.

**(c) Substantial Shareholders**

BMISB is a wholly owned subsidiary of SESSB.

**(d) Share Capital**

The authorised share capital of BMISB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of BMISB as at LPD is RM25,000.00 comprising 25,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of BMISB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
12.07.1990	3	1.00	Subscribers' Shares	3
30.04.1992	2	1.00	Cash	5
01.03.1997	24,995	1.00	Cash	25,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of BMISB.

**(e) Subsidiary and Associated Company**

As at LPD, BMISB does not have any subsidiary or associated company.

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

##### 4.6 SUBSIDIARY OF SPSB

###### 4.6.1 BVSB

###### (a) Background and History

BVSB was incorporated in Malaysia under the Act on 7 December 1992 as a private limited company and it has yet to commence its operations as of LPD.

###### (b) Principal Activities and Products/Services

BVSB is dormant.

###### (c) Substantial Shareholders

BVSB is a wholly owned subsidiary of SPSB.

###### (d) Share Capital

The authorised share capital of BVSB is RM300,000.00 comprising 300,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of BVSB as at LPD is RM60,000.00 comprising 60,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of BVSB since its incorporation are as follows: -

Date of Allotment	No. of shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
07.12.1992	2	1.00	Subscribers' Shares	2
15.01.1993	29,998	1.00	Cash	30,000
14.07.1993	30,000	1.00	Cash	60,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of BVSB.

###### (e) Subsidiary and Associated Company

As at LPD, BVSB does not have any subsidiary or associated company.

##### 4.7 SUBSIDIARY OF SSSB

###### 4.7.1 ASSB

###### (a) Background and History

ASSB was incorporated in Malaysia under the Act on 4 December 1998 as a private limited company. ASSB has yet to commence its operations as of LPD.

###### (b) Principal Activities and Products/Services

ASSB is presently dormant.

**4. INFORMATION ON OUR GROUP (Cont'd)****(c) Substantial Shareholders**

ASSB is a wholly owned subsidiary of SSSB.

**(d) Share Capital**

The authorised share capital of ASSB is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of ASSB as at LPD is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of ASSB since its incorporation are as follows: -

<b>Date of Allotment</b>	<b>No. of shares Allotted</b>	<b>Par Value (RM)</b>	<b>Consideration</b>	<b>Cumulative Issued and Paid-up Share Capital (RM)</b>
04.12.1998	2	1.00	Subscribers' Shares	2
16.12.1998	7	1.00	Cash	9
15.01.1999	499,991	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of ASSB.

**(e) Subsidiary and Associated Company**

As at LPD, ASSB does not have any subsidiary or associated company.

**4.8 INDUSTRY OVERVIEW**

Unless otherwise stated, the following sections are extracted from the latest available government publications.

**4.8.1 Overview and Outlook of the Global Economy**

Global growth was strong in 2007, driven by above-trend growth in most industrial economies and buoyant growth in emerging market economies, despite moderation in the US economy, higher oil prices and the onset of financial market turbulence in the second half-year. The economies of the People's Republic of China (PR China), India and other large emerging economies such as Brazil and Russia increased their contribution to global growth, spurred by strong consumption and rising investment activity. Record high commodity prices also buoyed growth in many resource-producing economies. Benefiting from these trends, the strong growth momentum in the Asian region was further supported by rising domestic demand, which more than compensated for some moderation in electronics exports. In contrast, downside pressures on the US economy increased towards end-year, affected by the emergence of the subprime mortgage problem and further downturn in the US housing sector, with its spillover to the global financial markets.

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

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While moderation is expected in the developed economies in 2008, growth momentum is expected to be sustained in Asia and the other emerging economies. The growth outlook would be dependent on the length and depth of the US slowdown, and the extent of the impact from financial market turbulence. Inflation is expected to remain elevated following sustained high oil and food prices. While these developments will have an impact on the Asian regional economies, the growth in the region will continue to be supported by strong domestic demand and the high growth momentum in the large economies in the region. Overall, the expectation is for global growth to moderate, reflecting a less favourable environment in the major industrial economies and continued uncertainty in the global financial markets.

In 2008, global and regional inflation is expected to remain elevated based on pass through effects from higher commodity prices in the second half of 2007 and the expectation of continued high oil and food prices. Oil prices are expected to continue to be subject to pressures from sustained demand growth, supply constraints and potential supply-side shocks.

Notwithstanding these trends, several risks have increased the uncertainty on the global and regional outlook. In the event of a more protracted period of significantly below-trend growth of the US economy, accompanied by a sharper slowdown in other industrialised economies, there would be a larger impact on growth across the region as trade linkages to the developed economies remain strong. A further risk is the more severe impact from disruptions in the functioning of the financial markets and the financial intermediation process. Further adverse credit-constraining developments in the financial sector in several of the major economies could precipitate more widespread financial market volatility and damage business and consumer sentiment, while potentially prolonging the downturn in economic activity as more segments of financing activity are affected. However, in the event that there are larger than expected corrections in commodity prices, commodity producing economies would be affected.

*(Source: Bank Negara Malaysia Annual Report 2007)*

**4.8.2 Overview and Outlook of the Malaysian Economy**

The Malaysian economy continued its strong growth momentum, expanding by 6.3% in 2007. Growth was driven by robust domestic demand despite a weaker external environment which led to moderation in export growth. Private consumption and investment activities expanded strongly during the year. Private consumption recorded the highest growth rate since 2000, buoyed by rising disposable income following high commodity prices, salary increments in both the public and private sectors, as well as favourable labour market conditions. Strong investment in the manufacturing, services, construction, and oil and gas industries, combined with positive business sentiment, supported expansion in private investment. This was further reinforced by large inflows of foreign direct investment.

The stronger growth achieved reflected the benefits of a more diversified economic base, which has strengthened the economy's resilience to the external environment. While the contribution of the manufacturing sector remains substantial, of significance is the shift in the economic structure in the recent few years towards the services sector, which has become the main driver of growth. The services sector led growth in 2007 was supported by domestic demand activities and new growth areas in finance, business services and communications. The strong economic performance was achieved in an environment of relatively low inflation. Overall, the headline inflation rate increased at a slower pace of 2% in 2007.



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

The outlook for the Malaysian economy in 2008 remains favourable. As a small and highly open economy, the outlook will be influenced by the current high degree of uncertainties in the global economic and financial environment, including the problems associated with the international credit markets and financial institutions. These uncertainties will have some impact on Malaysia, mainly through the trade and financial markets linkages.

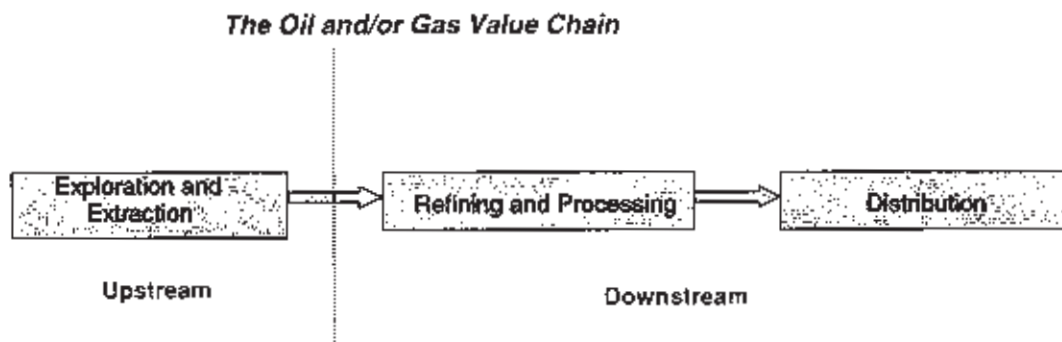
The resilience of the Malaysian economy to weather a slowdown in the global economy has, however, strengthened over the years, due to a number of factors. First is the emergence of domestic demand as a key driver of growth. The strong economic growth of 6.3% in 2007 was achieved due to the robust expansion in domestic activities despite a moderation in external demand. Second, Malaysia's export markets are increasingly diversified, with almost 54% of total exports to the Asian (exclude Japan) economies (2001: 46.2%). Meanwhile, the share of Malaysia's exports to US has declined to 15.6% in 2007 from 20.2% in 2001. Thus, while global growth is expected to moderate in 2008 due mainly to slower growth in the US, and to a lesser extent, in Europe and Japan, the outlook for strong economic growth in the Asian region and other emerging economies would support the export sector. Third, as a commodity producer, Malaysia will continue to benefit from high prices of crude oil, palm oil and rubber. In addition, the strong base in the commodity sector would further strengthen the linkages with downstream activities, including the resource-based industries which will continue to benefit from the robust domestic demand as well as demand from the regional economies.

Against this backdrop, the Malaysian economy is projected to expand by 5 – 6% in 2008. Domestic demand is expected to remain resilient, providing strong support to the economy. While consumer and business sentiments could be affected by the prospects of a sharper than expected global economic slowdown and uncertainties in the international financial markets, the major underlying factors supporting domestic private sector activities are expected to remain generally intact in 2008.

*(Source: Bank Negara Malaysia Annual Report 2007)*

#### 4.8.3 Overview of the Malaysian Oil and Gas Industry

##### Industry Dynamics



The upstream oil and gas industry includes the E & P and extraction of oil and/or gas from onshore or offshore oil or gas fields. The move into deep-water E & P activities is expected to boost the petroleum industry. Due to the maturing of the existing petroleum fields, deep-water exploration is viewed as the final frontier of the petroleum industry.

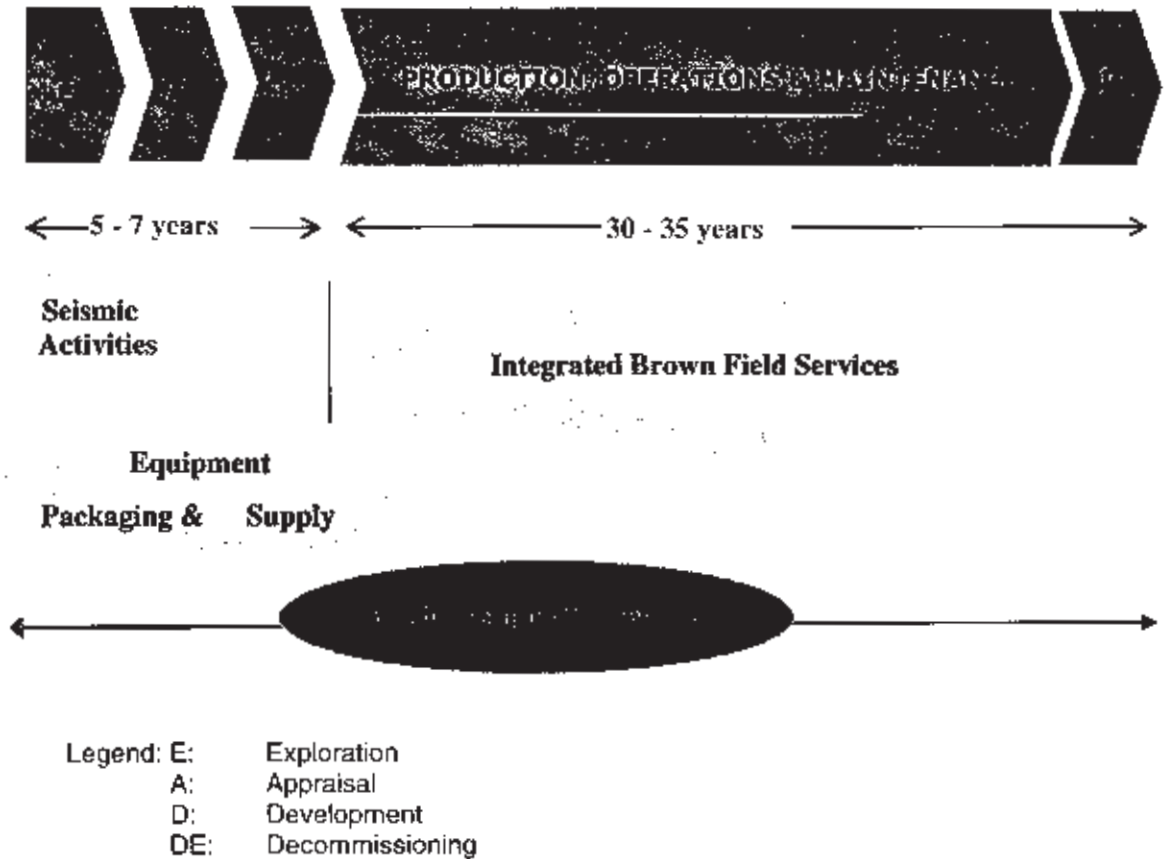
The Petroleum Development Act, 1974 made the national oil company, PETRONAS, the custodian of petroleum resources with rights to explore and produce resources. Petronas Carigali Sdn Bhd, a wholly owned subsidiary of PETRONAS, is the domestic exploration, development and production arm, producing approximately one-third of Malaysia's total oil and gas production.

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

**Oil and Gas Activities Lifecycle**

Activities in the oil and gas industry include exploration, appraisal of the field, development, production, operations and maintenance and then decommissioning. The lifecycle of the upstream activities are depicted in the figure below. Throughout the activities lifecycle, marine support services are needed for each phase.

**Oil and Gas Upstream Activities Lifecycle**



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

The definitions of various phases of the upstream oil and gas industry lifecycle are as follows: -

Phase	Definition
<b>Exploration &amp; Appraisal</b>	Exploration and appraisal involves interpreting seismic data for potential hydrocarbon deposits. Test wells are drilled for further evaluation/assessment. The values of the reserves are estimated and if the field is found feasible, activities shift to the development phase.
<b>Development</b>	In this stage, structures for production of oil are constructed. Associated facilities are also built. All this involves detailed engineering and project management. The duration of exploration, appraisal and development phase may last around 5 to 7 years.
<b>Production, Operation and Maintenance</b>	The hydrocarbons are extracted during this phase. Operations and maintenance strategies are formulated to meet production targets. Maintenance ensures the most optimal production capability of a platform.  In retrofitting, the platforms are modified and upgraded to provide for increases in production capability, capacity expansion and to increase the useful life of the platform as it begins to age. The typical duration of the production phase is 30 to 35 years.
<b>Decommissioning</b>	Once the oil well reaches a stage where it can no longer produce hydrocarbons cost effectively, it is plugged and the structures are dismantled.

**Production**

Malaysia's domestic oil production occurs primarily offshore in both the Peninsular and East Coast of Malaysia. Most of the country's oil fields contain low sulfur, high quality crude. More than half of the country's oil production comes from the Tapis field.

PETRONAS retains ownership and management control in exploration, development and production of oil resources in Malaysia. Expenditure and profits are managed under Productions Sharing Contracts ("PSCs") in which the production sharing contractor assumes all risks and sources funds required for all petroleum operations.

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

##### NUMBER OF PSCS WITH PETRONAS, 2003 TO 2006-2007\* (MALAYSIA)

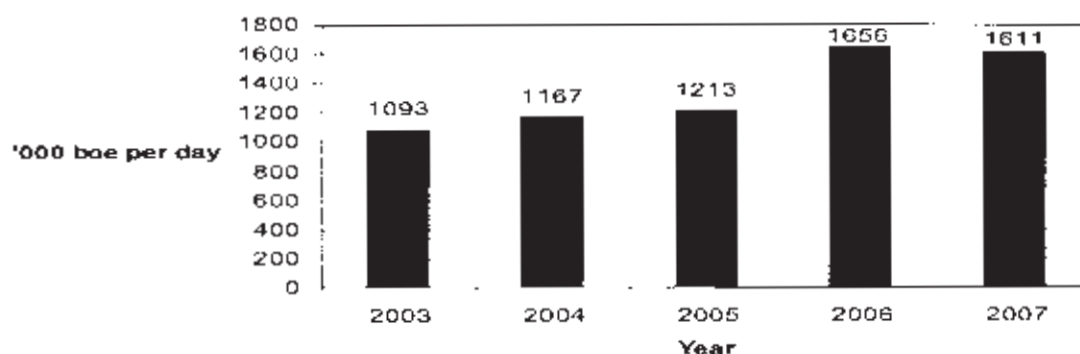
Year	Number of PSCs
2003-2004	49
2005-2006	60

Source: PETRONAS

Note: \* Based on PETRONAS Annual Report as at 31 March 2007

According to PETRONAS Annual Report as at 31 March 2007, an additional five oil fields and three gas fields were brought on-stream during the year 2006-2007, bringing Malaysia's producing fields to a record high of 85.

##### Oil and Gas production, 2003 to 2007\* (Malaysia)



Source: PETRONAS

Note: \* Based on PETRONAS Annual Report as at 31 March 2007

Domestic production for the FYE 31 March 2007 was 1.611 million boe per day. PETRONAS has targeted a 3% increase per annum in domestic production of oil and gas till 2010. As of 1 January 2007, Malaysia's total reserves stood at 20.18 billion boe compared to 19.91 billion boe in the preceding year, as a result of the continuous exploration campaign undertaken by PETRONAS and its PSCs.

(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)

#### 4.8.4 Future Outlook

In June 2007, PETRONAS reported record profits for the FYE 31 March 2007 as a result of the prevailing high prices of crude oil and increased sales of LNG. The Malaysian oil company's revenue rose to RM 184.1 billion with PBT of RM 76.3 billion corresponding to an increase of 10.0% and 9.9% respectively over the previous year.

This strong growth trend is likely to further increase the national oil company's investment in the Malaysian oil and gas industry. This will give a further boost to the industry, which is experiencing positive growth following recent discoveries of oil and gas resources in Sabah, Sarawak and Peninsular Malaysia.



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

##### 4.8.4.1 Offshore Oil and Gas Marine Vessel Charter market in Malaysia

The demand for oil and gas is expected to be strong in the coming years. The downstream demand is also forecasted to be strong in the coming years. Deepwater exploration, which will require the support services of larger and higher powered OSVs, is gaining importance as output from shallow water fields are declining.

With the need to provide additional protection to pipelines and personnel, the demand for remotely operated vehicles ("ROVs") to undertake survey and sampling activities is growing. ROVs are a highly sought after product, especially for deepwater projects, as a direct replacement for human force, as they are able to dive deep into previously unchartered territories.

##### Revenue Forecasts

As depicted in the figure below, the charter market for marine vessels in the Malaysian offshore oil and gas industry is set for continued growth. By 2013, Frost & Sullivan estimates revenues to reach RM3.5 billion, growing at a CAGR of 21.8% over the forecast period.

##### Revenue forecasts for the vessel charter market in the offshore oil and gas industry (Malaysia), 2007

Year	Revenues (RM Million)	Growth Rate (%)
2007	1,087.3	-
2008	1,313.6	20.8
2009	1,587.0	20.8
2010	1,917.3	20.8
2011	2,352.6	22.7
2012	2,886.8	22.7
2013	3,542.2	22.7
<b>CAGR:</b>	<b>21.8%</b>	

(Source: Frost & Sullivan)

##### 4.8.4.2. Shipbuilding Industry in Malaysia

Oil companies are demanding larger and more specialised vessels with leading-edge technology, which will be able to satisfy new and more stringent requirements relating to safety and environment. Specifically, companies need to increase efforts to reduce pollution and noise from their activities so as to minimise its impact on the surroundings.

Moving forward, local shipbuilders have expressed future plans to diversify into the chartering business, in view of the high charter rates, and stable returns attainable from chartering of offshore support vessels. Such players believe that there are more than enough reasons to expect above-average performances going forward as the demand for marine vessels for offshore oil and gas activities continue to stay upbeat.

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**4. INFORMATION ON OUR GROUP (Cont'd)****Export Trends**

According to the Malaysian Industrial Development Authority (MIDA), exports of ships, boats (including hovercrafts) and floating structures amounted to RM3.3 billion in 2006 (January-November) compared with RM2.2 billion in 2005. Major export destinations were Singapore (RM1.2 billion), Vietnam (RM1.2 billion) and Thailand (RM264.4 million).

In 2006, imports of the marine sub-sector decreased by 9.3 percent to RM2.9 billion, compared with RM3.2 billion in 2005. Major sources of imports were the Republic of Korea, (RM1.7 billion), the USA (RM730 million) and the Netherlands (RM105.8 million). Major imported products were heavy vessels, tankers, and floating or submersible drilling or production platforms.

Under the Third Industrial Plan (2006-2020), five strategic thrusts have been identified for the long term viability of the marine transport sub-sector. These include: -

- ❖ enhancing domestic capabilities in the building of smaller vessels, ship repairing and maintenance activities;
- ❖ intensifying the upgrading of skills and engineering capabilities;
- ❖ strengthening infrastructure and support facilities;
- ❖ strengthening the institutional support; and
- ❖ expanding activities in the fabrication of offshore structure

**Revenue Forecasts**

As depicted in the figure below, the Malaysian shipbuilding industry for offshore oil and gas is set for continued growth. By 2013, Frost & Sullivan estimates revenues to reach RM2.7 billion, growing at a CAGR of 20.9% over the forecast period.

**Revenue forecasts of the shipbuilding industry in the offshore oil and gas industry (Malaysia), 2007**

<b>YEAR</b>	<b>REVENUES (RM MILLION)</b>	<b>GROWTH RATE (%)</b>
2007	893.7	-
2008	1,064.9	19.2
2009	1,291.5	21.3
2010	1,566.5	21.3
2011	1,899.9	21.3
2012	2,304.3	21.3
2013	2,794.8	21.3
<b>CAGR</b>	<b>20.9%</b>	

*(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)*

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

##### 4.8.5 Industry Players and Competition

The vessel charter and shipbuilding industry is a competitive industry, with both local and foreign players operating in the Malaysian market. These players range from large multinational companies to small and medium enterprises. Competitive factors include price and quality of services as well as the quality and availability of vessels. While competition is expected to remain stiff, the threat from potential new entrants is relatively low due to the high barriers of entry inherent in the industry, such as high capital costs, extensive licensing requirements, proven track record of established market players and the complexity of the business.

##### 4.8.6 Laws and Regulations

###### 4.8.6.1 Offshore Oil and Gas Marine Vessel Charter Market in Malaysia

All ships engaged in providing shipping services in the domestic shipping sector must be licensed by the Domestic Shipping Licensing Board ("DSL B") under the Ministry of Transport. Malaysia has adopted a legislative framework for the control of pollution and the protection of the environment in Malaysia. The environmental legislation applies to the offshore petroleum industry through the Environmental Quality Act 1974 and the Exclusive Economic Zone Act 1984.

The Malaysian Department of Environment ("DOE") enforces the environment act if the oil and gas activities are within territorial waters. If the oil and gas activities are beyond the territorial waters and in the Economic Exclusive Zone ("EEZ"), the regulatory control rests with the Petroleum Authorities (PETRONAS and Ministry of Domestic Trade and Consumer Affairs) with input from the DOE.

The Federation of Malaysian Manufacturers, Malaysian Gas Association and Society of Petroleum Engineers are the major industry associations that outline and promote environmental performance of oil and gas activities.

The other relevant legislation is: -

- ❖ Petroleum Mining Act 1966
- ❖ Petroleum Safety Measures Act 1984
- ❖ Continental Shelf Act 1966
- ❖ Merchant Shipping Ordinance 1952

The following international conventions are applicable to offshore platforms in Malaysia: -

- ❖ International Convention for the Prevention of Pollution From Ships 1973 as modified by the Protocol of 1978 ("MARPOL 73/78")
- ❖ The United Nations Convention on the Law of the Sea ("UNCLOS")
- ❖ Basel Convention for Waste Disposal
- ❖ Convention on Wetlands of International Importance ("RAMSAR")
- ❖ Vienna Convention for the Protection of the Ozone Layer
- ❖ Montreal Protocol on Substances that Deplete the Ozone Layer

In addition, all vessels are required to have the necessary certifications from classification societies prior to commencement of operations. Examples of international classification societies include the American Bureau of Shipping ("ABS") and Lloyds Register.

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

##### 4.8.6.2 Shipbuilding industry in Malaysia

###### International Association of Classification Societies ("IACS")

Dedicated to safe ships and clean seas, IACS makes a unique contribution to maritime safety and regulation through technical support, compliance verification and research and development. More than 90% of the world's cargo carrying tonnage is covered by the classification design, construction and through-life compliance rules and standards set by the ten Member Societies of IACS.

The class renewal surveys/special surveys include extensive out-of-water examinations to verify that the structure, main and essential auxiliary machinery, systems and equipment of the ship remain in a condition which satisfies the rules.

###### United Nations Convention on the Law of the Sea (UNCLOS)

The United Nations Convention on Law of the Sea (UNCLOS) is the international convention that resulted from the third United Nations Convention (Conference) on the Law of the Sea, which took place from 1973 through 1982. The Law of the Sea Convention defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources.

###### Recognised Organisations

The International Convention for the Safety of Life at Sea (SOLAS) and the other International Conventions permit the flag Administration to delegate the inspection and survey of ships to a classification society. The classification society is authorised to require the vessel owners to comply with applicable rules and regulations. It may also carry out inspections and surveys if requested by the appropriate authorities of a port State.

*(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)*

###### Government Incentives

Several measures are already in place to develop the shipping sector. These measures include: -

- ❖ accelerated capital allowance on ships is allowed with an initial first year capital allowance of 20 per cent and a further 20 per cent annually;
- ❖ granting of tax exemption to Malaysian shipping companies on shipping income earned from operating Malaysian ships, which is defined as a sea-going ship registered as such under the Merchant Shipping Ordinance 1952 other than a ferry, barge, tugboat, supply vessel, crew boat, kighter, dredger, fishing boat or other similar vessel. Any dividend paid out of such an exempt account is also tax exempt;
- ❖ exemption from income tax for Malaysian crew serving onboard Malaysian ship;
- ❖ exemption of import duty on vessels above 4,000 gross registered tonnage;

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

- ❖ creation of a Shipping Fund to finance acquisition of ships, as well as venture capital for equity participation in local companies;
- ❖ certificate of Pioneer Status, which provides for certain tax exemptions; and
- ❖ reinvestment allowance on approved capital expenditure incurred for shipyard companies

The Malaysia Industrial Development Authority (MIDA) had granted approval to SESSB to obtain the 'Certificate of Pioneer Status,' which provides tax exemption of 100% on statutory income related to vessel manufacturing for a period of five (5) years commencing from November 2006.

#### 4.8.7 Demand and Supply Conditions

In Malaysia, there are an estimated 280 to 300 offshore oil and gas platforms in 2007. Supported by PETRONAS' intention to increase production by 3% to meet demand and achieve adequate annual reserves, market players believe an additional 65-70 new oil and gas platforms in Malaysia will be built over the forecast period, bringing the total number of platforms to around 350 by 2012.

##### *Offshore Oil and Gas Marine Vessel Charter Market in Malaysia*

At present, it is estimated that there are around 200 domestically-owned vessels in Malaysia. Assuming that a minimum of one vessel is needed per platform, there is already a clear shortage in supply. Charter rates for both short and long term vessels have been steadily rising, and are expected to continue rising over the forecast period.

Spurred by the uptrend in oil prices, further E & P activities and construction of oil and gas platforms are expected. As a result, a majority of vessel charter providers have indicated plans to increase their fleet size to fill the current supply vacuum and meet burgeoning demand from oil majors and petroleum companies.

##### *Shipbuilding industry in Malaysia*

In terms of supply, there is a shortage of Malaysian owned OSVs, with about 60% of OSVs currently plying Malaysian waters estimated to be foreign-owned. At present, there are approximately 15 local shipbuilders that specialise in fabricating OSV's specific for the offshore oil and gas industry. On average, a shipbuilder can deliver between 2 to 7 OSVs annually, depending on their individual capabilities and resources. To meet burgeoning demand for OSVs propelled by high and increasing crude oil prices, some local shipbuilders are outsourcing production from abroad.

*(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)*

#### 4.8.8 Substitute Products/Services

The presence of substitute products can lower the market attractiveness and profitability because they limit price levels. The threat of substitute depends on: -

- ❖ buyers' willingness to substitute
- ❖ relative price and performance of substitutes
- ❖ cost of switching to substitutes



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

Specific to the marine vessel chartering and shipbuilding industry for the offshore oil and gas industry, there are no product substitutes for marine vessels or OSVs throughout the activity lifecycle. This is simply because offshore oil and gas platforms and production facilities are based at sea, thus requiring marine vessels to provide support services.

##### 4.8.9 Reliance on and Vulnerability to Imports

###### *Offshore Oil and Gas Marine Vessel Charter Market in Malaysia*

The offshore oil and gas sector is restrained by the lack of human capital. In spite of the higher wages offered, sea-faring or offshore jobs appear unattractive to the general employment force at large. As such, to a certain extent, the oil and gas vessel charter market is reliant on foreign human resources for both low-level and high-level jobs, including support crews, engineers and even captains.

The majority of vessels that serve the local offshore oil and gas industry are foreign (estimated at 60% of total number of vessels) due to shortage of local supply. However, given the preference for local vessels (as encouraged by PETRONAS) the number of Malaysian vessels is on the rise and expected to continue increasing.

The charter market for marine vessels is reliant on the availability of vessels. To this end, it is highly reliant on the capabilities of shipbuilders to produce high quality vessels on a timely basis that meet international regulatory standards, and the requirements of oil majors and petroleum companies.

###### *Shipbuilding industry in Malaysia*

Generally all engineering machinery and equipment used in shipbuilding of OSVs are imported from developed countries such as United States of America, Germany, Japan and Singapore. While certain components may be fabricated locally under the supervision of the original equipment manufacturer ("OEM") principals, Malaysia is not expected to enter into the manufacturing of these engineering machinery and equipment in the near future, due to the high levels of technology and significant capital required.

As such, the industry is reliant on imported machinery and parts. The majority of vessels that serve the local offshore oil and gas industry are also foreign, due to shortage of local supply. However, given the preference for local vessels (as encouraged by PETRONAS) the number of Malaysian made vessels is on the rise and expected to continue increasing.

*(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)*

#### 4.9 MAJOR CUSTOMERS

Our Group is of the opinion that we are not highly dependent on any particular customer. This is because customers typically differ from year to year as vessel manufacturing involves a long production and delivery period. Along with our wide customer base and past experience, our Group is confident that we can charter out our vessels reasonably quickly following expiry of contract, or in the event the charter contract is terminated or cancelled, based on prevailing market conditions.

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

For the FYE 31 December 2007, our Group's major customers that represented 10% or more of total Group revenue are as follows: -

No	Name of Customer	Division	Revenue Contribution (% / RM'000)	Country of origin
1	Offshore Marine Services Pty. Ltd.	Shipbuilding	21% RM34,959	Australia
2	Petroleum Marine Services SAE	Shipbuilding	19% RM31,358	Egypt
3	Rederij Groen BV. Dr. Lelykade	Shipbuilding	19% RM30,332	Netherlands
4	Tanux Shipping KS	Shipbuilding	12% RM19,884	Norway

For the FYE 31 December 2006, our Group's major customers that represented 10% or more of total Group revenue are as follows: -

No	Name of Customer	Division	Revenue Contribution (% / RM'000)	Country of origin
1	Ming Kiong Agencies (S) Pte Ltd	Shipbuilding	31% RM30,129	Singapore
2	Superior Energy Services L. L. C.	Shipbuilding	23% RM21,896	USA

For the FYE 31 December 2005, our Group's major customers that represented 10% or more of total Group revenue are as follows: -

No	Name of Customer	Division	Revenue Contribution (% / RM'000)	Country of origin
1	ASL Project Services Pte Ltd.	Shipbuilding	27% RM13,959	Singapore
2	Sisma Enterprise Sdn Bhd	Chartering	17% RM8,921	Malaysia
3	Nautika Sdn Bhd	Chartering	12% RM6,157	Brunei

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**4. INFORMATION ON OUR GROUP (Cont'd)****4.10 MAJOR SUPPLIERS**

A discussion on our dependence on equipment suppliers has been set out in Section 3.2(c) of this Prospectus. For the FYE 31 December 2007, our Group's major suppliers that represented 10% or more of total Group purchases are as follows: -

No	Name of Supplier	Purchases (% / RM'000)	Country of origin
1	Ming Kiong Agencies (S'pore) Pte Ltd	24% RM37,757	Singapore
2	Scott & English Sdn Bhd	15% RM23,791	Malaysia

For the FYE 31 December 2006, our Group's major suppliers that represented 10% or more of total Group purchases are as follows: -

No	Name of Supplier	Purchases (% / RM'000)	Country of origin
1	Ming Kiong Agencies (S) Pte Ltd	31% RM37,423	Singapore

For the FYE 31 December 2005, our Group's major suppliers that represented 10% or more of total Group purchases are as follows: -

No	Name of Supplier	Purchases (% / RM'000)	Country of origin
1	Ming Kiong Agencies (S) Pte Ltd	26% RM16,158	Singapore

Our Group maintains a diversified pool of suppliers, in order to reduce dependence on any particular supplier. As shown in the figure below, our Group's number of suppliers has increased steadily from 146 in 2005 to 224 in 2007.

Years	2005	2006	2007
Number of Suppliers	146	150	224

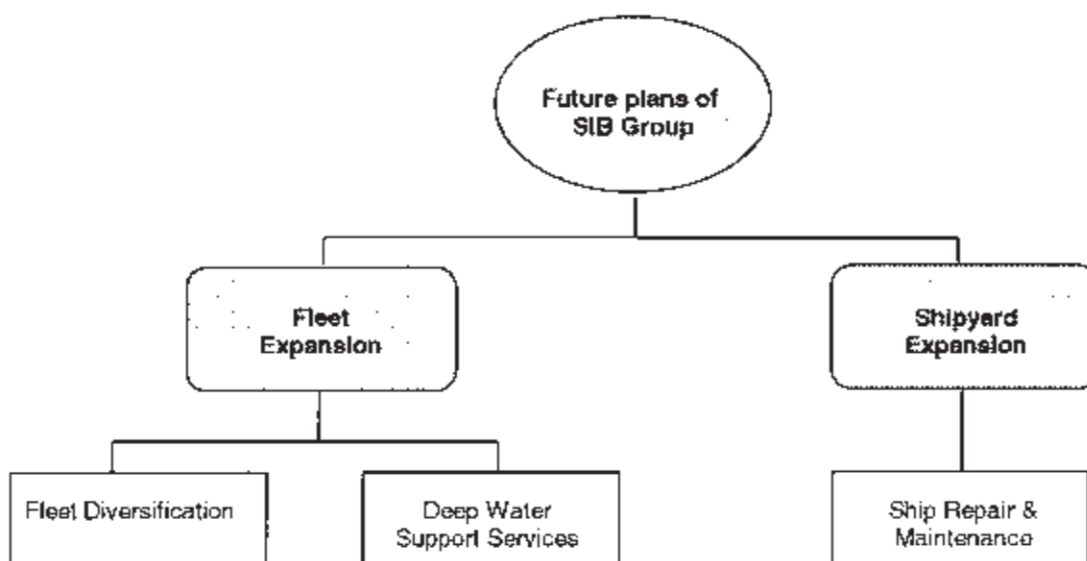
We have ceased making purchases from Ming Kiong Agencies (Singapore) Pte Ltd from 1 March 2008 and instead, we will purchase directly from our suppliers in the future, pursuant to our confirmation letter to the SC dated 1 March 2008 as disclosed in Section 6.1(v) of this Prospectus. Despite being our main supplier in the past, our Group is confident that no negative effect will arise from the cessation as we will be able to source the same raw materials from other suppliers.

Our Group is of the opinion that we are not dependent on any single supplier.

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

##### 4.11 FUTURE PLANS AND STRATEGIES



At present, there is strong demand for marine vessels in the Malaysian offshore oil and gas industry. This follows increasing E & P activities by oil and gas players, in tandem with high and increasing crude oil prices. Most of the marine vessels that are used for offshore support services are currently foreign-owned, with approximately only 40% of the total number of vessels plying Malaysian waters estimated to be locally-owned.

In line with encouragement by PETRONAS for upstream oil and gas players to increase utilisation of Malaysian-owned vessels, the future outlook for local players like us remains highly promising. As one of the major integrated service providers in the marine vessel charter market and shipbuilding industry, our Group has commenced several key strategies in order to remain competitive, grow and expand our business, such as the following: -

##### 4.11.1 Fleet expansion

As our Group's business continues to grow, we plan to expand our current vessel fleet with new vessels that are equipped with the latest features and technology. Specifically, our Group will expand our current fleet strength from twenty-nine (29) to more than forty (40) vessels within the next three (3) years the majority of which are to be built in our own shipyards.

With the increase of the production capacity of our shipyards, we have the advantage inherent as an 'integrated service provider' to choose a suitable business model. Our Group may either sell our newly built vessels or charter them.

##### *Fleet diversification*

Our group's strategy to increase our vessel fleet will entail an investment in excess of RM300 million over the next three (3) years. Among the vessels to be manufactured are landing crafts (of up to 72 m), tug boats and AHTS of up to 12,000 BHP and 150 ton bollard pull. Further, some of these vessels will have enhanced technological features including dynamic positioning (DP) systems.

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


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***Deep water support services***

Collectively, these vessels will be used for transportation of supplies, personnel and project materials, and perform anchor handling and towing duties. More importantly, these new, higher powered vessels, backed with the latest technology will enable our Group to expand our activities into deeper waters. This falls in line with demand from oil and gas majors that are increasing E & P activities in deep waters.

With an expanded fleet size, our Group hopes to meet the increasing demand for Malaysian-owned vessels in the offshore oil and gas industry. Furthermore, our Group believes that our young fleet of vessels with higher engine capacities and better technology will enable us to garner higher yielding contracts, which will ultimately contribute positively towards steady and recurring revenues.

**4.11.2 Shipyard expansion**

Our Group will invest between RM50 to RM100 million over the next three (3) years to upgrade the capabilities of our shipyards. This will include investment into more automated machinery to add to its current facilities, which is expected to increase production efficiency and ensure the manufacture of high quality marine vessels. Following upgrades made to our yards, our Group expects to increase our production capacity from the present fifteen (15) to twenty (20) vessels per year (depending on the type, size and complexity of the vessels) to meet growing market demand.

***Ship Repair and Maintenance***

At present, our Group's shipyards are only involved in shipbuilding, with ship repairs done only for our own marine vessels. However, in line with the expansion of our shipyards, our Group will invest in a slipway which will allow us to provide repair and maintenance services to external customers as well.

With these upgrades and expansion, our Group's ship repair and maintenance activities will include: -

- ❖ high pressure water and steam cleaning
- ❖ copper slag blasting
- ❖ changing and painting of hull steel plates
- ❖ repairing, rebuilding and static balancing of propellers
- ❖ alignment of propeller shafts
- ❖ rebuilding and straightening of propeller shafts
- ❖ refurbishment and renovation of internal hulls
- ❖ overhaul of main engines, generators, pumps and other mechanical works
- ❖ all other engineering, mechanical and electrical jobs

We foresee that the growing number of marine vessels in the market over the next three (3) years will correspondingly increase the demand for ship repair yards. Our Group expects our ship repair services to not only provide for added revenues, but will also increase our range of services as an integrated service provider and enhance our reputation and image in the industry as both a shipbuilder and ship repairer.

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Particulars and Shareholdings

The details of our Promoters and substantial shareholders (who are all Malaysian or corporations incorporated in Malaysia) and their shareholdings in our Group before and after the IPO are as follows: -

Name	Designation	No. of SIB Shares Held Before the IPO		No. of SIB Shares Held After the IPO*	
		Direct	Indirect (%)	Direct	Indirect (%)
<u>Promoter and substantial shareholder</u> SHSB	-	274,080,800	70.9	259,080,800	51.8
<u>Promoters, substantial shareholders and Directors</u>					
Yong Foh Choi	Non-Independent Managing Director	45,416,800	11.7	(a) 274,080,800	70.9
Yong Kiam Sam	Non-Independent Deputy Managing Director	67,132,399	17.4	-	13.5
<u>Deemed substantial shareholders and Director</u> YBHG Datuk Michael Hardin	Non-Independent Non-Executive Chairman	1	#	(a) 274,080,800	70.9
				1	#
				(a) 259,080,800	51.8
				(a) 259,080,800	51.8

Notes: -

(a) Deemed interested by virtue of their substantial shareholdings in SHSB

# Negligible

\* Assuming full subscription of their respective entitlements for the pink form Share allocation pursuant to the IPO.

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.1.2 Profile of Promoters and Substantial Shareholders

#### SHSB

##### (a) Background Information

SHSB was incorporated in Malaysia under the Act on 3 October 1987 as a private limited company under the name of Big Fish Enterprise Sdn Bhd and assumed its present name on 4 September 1997. The company is principally an investment holding company whilst its subsidiaries are engaged in letting of properties.

As at LPD, the authorised share capital of SHSB is RM3,000,000 comprising 3,000,000 shares of RM1.00 each. The issued and paid-up share capital of SHSB is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each.

##### (b) Directors and Substantial Shareholders

The particulars of SHSB's directors and substantial shareholders and their respective shareholdings in SHSB as at LPD are set out below: -

Name	No. of ordinary shares held			
	Direct	(%)	Indirect	(%)
<b>Directors and Substantial Shareholders</b>				
YBHG Datuk Michael Hardin	750,001	50.0	-	-
Yong Foh Choi	749,999	50.0	-	-
<b>Director</b>				
Yong Kiam Sam	-	-	-	-

#### YBHG Datuk Michael Hardin

The profile of YBHG Datuk Michael Hardin is set out in Section 5.2.2 of this Prospectus.

#### Yong Foh Choi

The profile of Yong Foh Choi is set out in Section 5.2.2 of this Prospectus.

#### Yong Kiam Sam

The profile of Yong Kiam Sam is set out in Section 5.2.2 of this Prospectus.

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 5.2 DIRECTORS

## 5.2.1 Particulars and Shareholdings

The details of the Directors of our Group and their shareholdings in our Group before and after the IPO are as follows: -

Name	Designation	No. of SIB Shares Held Before the IPO		No. of SIB Shares Held After the IPO*	
		Direct	Indirect (%)	Direct	Indirect (%)
YBHG Datuk Michael Hardin	Non-Independent Non-Executive Chairman	1	(a) 274,080,800 70.9	1	(a) 259,080,800 51.8
Yong Foh Choi	Non-Independent Managing Director	45,416,800	(a) 274,080,800 70.9	45,716,800	(a) 259,080,800 51.8
Yong Kiam Sam	Non-Independent Deputy Managing Director	67,132,399	-	67,432,399	-
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Non-Independent Non-Executive Director	-	-	30,000	-
Toh Kian Sing	Independent Non-Executive Director	-	-	30,000	-
Wong Chie Bin	Independent Non-Executive Director	-	-	30,000	-

## Notes: -

(a) Deemed interest by virtue of their substantial shareholdings in SHSB

# Negligible

\* Assuming full subscription of their respective entitlements for the pink form Share allocation pursuant to the IPO.

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**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**5.2.2 Profiles of Directors**

**Datuk Michael Hardin**, aged 75, is our Non-Independent Non-Executive Chairman and the representation of our corporate shareholder, SHSB. He obtained a Diploma in Administration Civil Services in 1958 and later a certificate from Oxford Business School, United Kingdom in 1968.

He began his career in the early 1970s as government servant in the Ministry of Forestry and Land in Kuching, Sarawak. In the late 1970s, he held the position of private secretary to the Governor of Sarawak and Chief Ministers office. Upon retiring from civil service, Datuk Michael Hardin ventured into private business and was involved in several businesses including timber operations, general trading and shipping.

He has now been involved with our Group for the past 20 years, since 1988. Along with his extensive experience and involvement in the shipping industry, he has built a wide network of local and foreign business contacts over the years. Datuk has played a significant role in transforming our Group from a previously small shipowner into a respected shipbuilder and shipowner in Malaysia today.

**Yong Foh Choi**, aged 69, is our founder and Non-Independent Managing Director. A self-made businessman, he first gained working experience working in several companies from the logging and timber industries. Later, he incorporated Yong Foh Choi & Sons Enterprise Sdn Bhd ("**YFC & Sons**") to spearhead his own business interests in timber extraction, imports and exports in the early 1960s. By the mid 1970s, the company diversified and branched out into property development, shipping and offshore logistics support services.

He was a shareholder and founding member of BANSB, where he held the position of Managing Director from 1974 till 1993. In 1993, he sold his shares in BANSB, and began developing SSB. Initially, SSB provided chartering services of marine vessels to non-oil and gas industries. However, in 1997, YFC changed SSB's business direction by venturing back into chartering OSVs to the offshore oil and gas industry.

As the founder of our Group, he brings with him over 34 years of hands-on operational experience, especially in maritime regulations, procedures and requirements. His technical and management experience has been instrumental in developing and expanding our Group to our current position today, as a leading shipbuilder and shipowner in the country.

**Yong Kiam Sam**, aged 38, is our Non-Independent Deputy Managing Director. He graduated from the University of Melbourne, Australia with a Bachelor of Commerce in 1992. Later, he obtained a Master in Business Administration from the London Business School, United Kingdom.

He began his career as an accounts executive in Lambir Myanmar Investments Ltd, Myanmar, and later worked as a senior consultant with Ernst & Young Consultants, Singapore.

He is the son of Yong Foh Choi. He has been with our Group since 1996 and sits on the boards of all our subsidiary companies. He has played a crucial role in changing the mind-set of our Group to become more customer-focused, while remaining business-centric. He has also played an important role in expanding our Group's overseas activities.

**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

**Eric Khoo Chuan Syn @ Khoo Chuan Syn**, aged 52, is our Non-Independent Non-Executive Director. He is a practicing Advocate and Solicitor, having graduated with a Bachelor of Laws (LLB) Hons. from the University of Wolverhampton, England, United Kingdom in 1978 and as a Barrister-at-Law from Gray's Inn, London, England, UK in 1979. He worked as a Magistrate with the Judicial Department, from 1979 till 1982, after which he joined the private sector.

With over 25 years of experience as an advocate and solicitor, Mr Khoo has been our Group's main solicitor and legal advisor. As such, we believe that he will be a valuable asset to our Group.

**Toh Kian Sing**, aged 42, is our Independent Non-Executive Director. He is currently a partner of Messrs Rajah & Tann, one of the largest law firms in Singapore, where he is the Head of the Admiralty and Shipping Practice Group.

He graduated at the top of his class in the Faculty of Law of the National University of Singapore, and holds a first class honours degree in civil law from the University of Oxford.

Mr Toh has vast experience as a shipping litigation and arbitration lawyer, specialising in charterparty, bills of lading, ship sale and purchase, ship building and marine insurance disputes. He also handles commodity trading (particularly oil and minerals) and letters of credit disputes.

He is a practising advocate and solicitor of the Supreme Court of Singapore, an arbitrator listed in the panel of arbitrators of the Singapore International Arbitration Centre as well as the China Maritime Arbitration Commission and was appointed a Senior Counsel of the Supreme Court of Singapore in January 2007. With his strong credentials, we are confident that Mr Toh will play a significant role in the continued growth and development of our group.

**Wong Chie Bin**, aged 53, is our Independent Non-Executive director. He is currently the managing partner of Liew & Company Miri, one of the largest audit firm in Miri.

He graduated from the University of Otago, New Zealand with a Bachelors Degree in Commerce. He is a member of the Malaysian Institute of Accountants, a Fellow member of the Malaysian Institute of Taxation and a Member of New Zealand Institute of Chartered Accountants.

Mr Wong is currently a committee member of the Malaysian Institute of Taxation, Sarawak Branch and Malaysian Institute of Accountants CPD coordinator for Miri. With over thirty years of working experience in accounting, auditing, taxation and management consultancy services, we are confident that he will be a strong asset to our Group.

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2007 and 31 December 2008 are as follows: -

	FYE 31 December 2007 Remuneration Band (RM)	Proposed for FYE 31 December 2008 Remuneration Band (RM)
Yong Kiam Sam	RM300,000 to RM350,000	RM400,000 to RM450,000
Yong Foh Choi	RM300,000 to RM350,000	RM300,000 to RM350,000
YBHG Datuk Michael Hardin	RM100,000 to RM150,000	RM100,000 to RM150,000
Eric Khoo Chuan Syn @ Khoo Chuan Syn	-	RM50,000 and below
Toh Kian Sing	-	RM50,000 and below
Wong Chie Bin	-	RM50,000 and below

Other than amounts set aside or accrued in respect of the relevant laws, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for any of our Directors.

### 5.2.4 Board Practices

Name	Designation	Date of Expiration of Current Office Term	Length of Service in our Group
YBHG Datuk Michael Hardin	Non-Independent Non-Executive Chairman	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	20 years
Yong Foh Choi	Non-Independent Managing Director	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	34 years
Yong Kiam Sam	Non-Independent Deputy Managing Director	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	12 years
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Non-Independent Non-Executive Director	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	< 1 month
Toh Kian Sing	Independent Non- Executive Director	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	< 1 month
Wong Chie Bin	Independent Non- Executive Director	Shall retire at our 2009 annual general meeting in accordance with Article 89 of the Articles of Association	< 1 month



**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****Notes: -**

*The following Articles of SIB are applicable to the Directors' term in office provided that there is no change in the directorship from the date of issue of Prospectus to the next AGM.*

**Article 88 – Number of Directors**

*The first Directors shall be Datuk Michael Hardin (W.N.K.P. 331224-13-5091), Yong Foh Choi (W.N.K.P.390604-13-5309) and Yong Kiam Sam (W.N.K.P 700821-13-5023) and all the Directors of the Company shall be natural persons of full age and until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than fifteen (15), but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company but not for any other purpose.*

**Article 89 – Retirement of Directors**

*At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and subject to the Act, be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but subject to the Act, shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of Directors shall take place each year.*

**Article 90 – Selection of Directors to retire**

*The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.*

**Article 91 – Notice of candidate for election as Director**

*No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office, a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.*

**Article 96 – Power to fill vacancy or to add Directors**

*The Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.*

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### Article 100 – Office of Directors how vacated

The office of a Director shall become vacant if the Director: -

- (a) becomes a bankrupt or has a receiving order in bankruptcy made against him or makes any arrangement or composition with his creditors generally;
- (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act;
- (c) ceases to be a Director by virtue of the Act;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (e) resigns from his office by notice in writing to the Company and deposited at the Office; or
- (f) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given.

### Article 120 – Restriction on voting

Subject to Article 119 above, a Director may contract with and be interested in any contract or proposed contract with the Company and subject to the Act, shall not be liable to account for any profit made by him by reason of any such contract PROVIDED ALWAYS that the nature of the interest of the Director in any such contract be declared at a meeting of the Directors. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted.

## 5.3 COMMITTEES

### 5.3.1 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with our Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of financial statements, nomination of the auditors and review of related-party transactions. The Audit Committee comprises of the following individuals: -

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Wong Chie Bin	Chairman of Audit Committee	Independent Non-Executive Director
Toh Kian Sing	Member of Audit Committee	Independent Non-Executive Director
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Member of Audit Committee	Non-Independent Non-Executive Director

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.3.2 Remuneration Committee

The Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package and the terms of employment of our Executive Directors. The Executive Director does not participate in any way in determining his individual remuneration.

The policy adopted by our Remuneration Committee is to provide the necessary package to attract, retain and motivate the Executive Directors of the quality required to manage our business and to align the interest of our Executive Directors with those of shareholders. The Remuneration Committee comprises the following members: -

Name	Designation	Directorship
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Chairman of Remuneration Committee	Non-Independent Non- Executive Director
Wong Chie Bin	Member of Remuneration Committee	Independent Non-Executive Director
Yong Kiam Sam	Member of Remuneration Committee	Non-Independent Deputy Managing Director

### 5.3.3 Nomination Committee

The Nomination Committee is principally responsible for recommending to our Board the appointment of new Directors and committees members, with regard to the Director's contribution and performance, as well as reviewing on an annual basis the appropriate balance and size of non-executive participation.

This requires a review of the mix of skills and experience, including core competencies and qualities that Non-Executive Directors should bring to our Board in order for our Board to function effectively. Our Board as a whole makes all decisions on appointments after considering the recommendations of the Nomination Committee. The Nomination Committee comprises the following members: -

Name	Designation	Directorship
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Chairman of Nomination Committee	Non-Independent Non- Executive Director
Wong Chie Bin	Member of Nomination Committee	Independent Non-Executive Director
Yong Kiam Sam	Member of Nomination Committee	Non-Independent Deputy Managing Director

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.4 KEY MANAGEMENT

#### 5.4.1 Particulars and Shareholdings

The details of the key management of our Group and their shareholdings in SIB before and after the IPO are as follows:

Name	Designation	No. of SIB Shares Held Before the IPO		No. of SIB Shares Held After the IPO*	
		Direct	Indirect (%)	Direct	Indirect (%)
Yong Feh Choi	Non-Independent Managing Director	45,416,800	11.7	(b) 274,080,800	70.9
Yong Kiam Sam	Non-Independent Deputy Managing Director	67,132,399	17.4	-	-
Lau Soo Moi	General Manager, Group's chartering division	-	-	250,000	0.05
Luk Ngow Chai @ Luk Fook Seng	General Manager, Group's shipbuilding division	-	-	250,000	0.05
SharaI Low Wai Har	Finance Manager, chartering division	-	-	180,000	0.04
Josephine Tiong Leh Ngo	Finance Manager, shipbuilding division	-	-	100,000	0.02
Captain Pui Yoon Sen	Operations Manager	-	-	100,000	0.02
Louis Yao Jui	Technical Manager	-	-	180,000	0.04
				(b) 259,080,800	51.8

Notes: -

(a) Deemed interest by virtue of his substantial shareholding in SHSB

\* Assuming full subscription of their respective entitlements for the pink form Share allocation pursuant to the IPO.

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**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**5.4.2 Profiles of the Key Management**

The profile of **Yong Foh Choi** is set out in Section 5.2.2 of this Prospectus.

The profile of **Yong Kiam Sam** is set out in Section 5.2.2 of this Prospectus.

**Lau Soo Moi**, aged 53, is General Manager of our Group's Chartering Division. She has a Bachelors of Science Degree from London University, UK and a Diploma in Ship Management. She has been working with both BANSB and SSB since 1985 as Contract Administration Executive, and then later as Administration Manager. In 1994, she left BANSB and devoted her full attention to developing our Group together with YFC. In 1998, she was promoted to the position of Operations and Business Development Manager. Later in 2002, she was made Assistant General Manager before assuming her current position. Her 23 years of experience in shipping, and vast and in-depth knowledge of the industry will continue to benefit our Group.

**Luk Ngow Chai @ Luk Fook Seng**, aged 61, is the General Manager of our Group's Shipbuilding Division. He graduated with a Bachelor of Science in Civil Engineering from the National University of Taiwan. He has over 35 years of work experience in engineering and general construction. Upon joining our Group in 1984, he has played a pivotal role in our growth throughout the years. Since 1999, he was made in-charge of developing our Group's shipbuilding division, of which he continues to do today under SSSB and SESSB. As the second oldest serving employee of our Group with 23 years, his wide-breadth of experience and continued dedication will remain a critical success factor towards our future growth.

**Sharal Low Wai Har**, aged 42, is the Finance Manager of our Chartering Division. She was admitted as a member of the Chartered Institute of Management Accountants (CIMA) in 1993 and a member of the Malaysian Institute of Accountants in 1994. She started her career in 1987 with Sungai Wang Plaza Sdn Bhd as Accounts Assistant and was promoted to Assistant Finance Manager in 1995. She joined our group in 1999 as an Accountant and was subsequently promoted to the position of Finance Manager in 2001. With over 9 years in our Group, Sharal plays an important role in ensuring the efficiency of our financial operations.

**Josephine Tiong Leh Ngo**, aged 39, is the Finance Manager of our Shipbuilding Division. She graduated with an Accounting degree after completing three (3) years at Manukau Institute of Technology, New Zealand in 1995. In the same year, she joined KPMG Peat Marwick's audit division. Later in 2001, she joined Holiday Inn, Miri as the Finance and Business Support Manager, where she reported directly to the Regional Vice President of Finance in Singapore. In 2003, she joined the Samling group of companies as Finance Manager overseeing various projects and joint ventures for both listed and non-listed companies within the Samling group. She joined our Group in December 2006 and brings with her over 12 years of professional working experience.

**Captain Pui Voon Sen**, aged 59, is our Operations Manager. He obtained a Master Mariner (Foreign-Going) Certificate of Competency Class 1 from Department of Trade, United Kingdom in 1979. He has over forty (40) years of working experience in the shipping and maritime industry, having worked in various capacities for companies like Malaysian International Shipping Corporation, Government Marine Department (Kuching), Sarawak Shell Berhad and Petra Resources Sdn Bhd. He is responsible for managing our Group's fleet of vessels and barges, ship operation and administration matters, and dealing with charterers from the oil and gas industry.



## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

**Louis Yao Jui**, aged 57, is the Technical Manager for our Group's shipbuilding division. He obtained a Bachelor in Engineering in Naval Architecture from Osaka University, Japan in 1977. Shortly after, he completed three (3) months of practical training at the design department of Kawasaki Heavy Industries Kobe Shipyard. He has almost thirty (30) years of working experience in the shipping and maritime industry, having worked in various capacities for both Singaporean and Japanese companies. In his previous position, he was a partner with a Singapore company that regularly contracted for Marine and Port Authority of Singapore. A trained naval architect, he joined our Group in 2000, and plays a key role in configuring/ conceptualising marine vessel designs, while providing technical support to our Group's shipyards.

### 5.5 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESSES/CORPORATIONS

As at LPD, other than as disclosed below, none of our Executive Directors and/or key management are involved in the activities or operations of other businesses or corporations (save and except for their non-executive directorships or shareholdings in other business or corporations, which do not require their day-to-day activities and operations): -

- (a) Yong Foh Choi holds directorships and/or equity interests in a number of private companies. Save for being the substantial shareholder and Director of SHSB (who is also our substantial shareholder), he is also the Executive Director of Sekiwa Logging Sdn Bhd (principally a Timber Merchant) and Yong Foh Choi & Sons Enterprise Sdn Bhd (principally involved in trading, property development and investment holding). Yong Foh Choi's involvements in the day-to-day operations and management in these two (2) companies are minimal as he is mainly involved in advising on strategic issues.
- (b) Save for being the Director of SHSB (who is also our substantial shareholder), Yong Kiam Sam also holds directorships and/or equity interests in a number of small private companies which are principally involved in the trading, property development, letting of properties and investment holding.

Their involvement in such other businesses and corporations neither affects their contribution to our Group nor negatively impacts their ability to act as our Directors. Information on SHSB is set out in Section 5.1.2.

### 5.6 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors, key management personnel or person nominated to become a Director or key management is or has been involved in any of the following events:-

- (i) a petition under any bankruptcy or insolvency laws was filed *(and not struck out)* against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (v) was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

### 5.7 FAMILY RELATIONSHIPS

Save as disclosed below, there is no family relationship (as defined in Section 122A of the Act) or association between our substantial shareholders, Promoters, Directors or key management personnel: -

- ❖ Yong Kiam Sam is the son of Yong Foh Choi; and
- ❖ Luk Ngow Chai @ Luk Fook Seng is the brother in law of Yong Foh Choi.

### 5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

There are no existing or proposed service agreements between our Group and our Directors, key management or key technical personnel.

### 5.9 EMPLOYEES

As at LPD, we have a total of 666 employees as follows: -

Category	No. of Employees	Average Years of Service
Directors and key management	12	9
Other management and Professionals	111	3
Technical and Supervisory	76	2
Clerical and related occupations	55	2
General workers	247	2
Factory workers	165	2
<b>TOTAL</b>	<b>666</b>	

As at LPD, our workforce consists of 102 foreign employees, all of which are legally employed with valid working permits.

As at LPD, our Group does not employ a significant number of contractual/temporary employees.

Our management views human resource as one of the critical success factors and that a dedicated, well-trained and efficient workforce is essential for success. Our management enjoys a good working relationship with our employees and none of our employees belong to any union. As of LPD, we have not been involved with any material industrial disputes with any of our employees.

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## 5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### Training and Development

We believe that employees are key assets that play a pivotal role in continuous growth and recognise the importance of retaining quality employees. It is our human resource strategy to encourage the development and training of employees for the improvement of overall skill and professionalism for the enhancement of productivity. We emphasise training and development as an essential continuing process and encourage our employees to increase their skills and knowledge through hands-on training.

Our Group also allocates approximately 3% - 4% of the monthly basic salaries for the Human Resources Development, of which are almost fully utilised every year for the development and training of employees.

Therefore, we have been consistently sending our personnel to various courses conducted both in-house and externally. We believe in motivating our employees by providing opportunities for progressive career growth, and as such, we provide these training opportunities for employees to enhance their work performance in order to assume wider job responsibilities.

As part of our internal safety-training programme, personnel are also trained in safety and emergency procedures.

We continuously strive to promote camaraderie, and a healthy and comfortable working environment among employees by organising recreational events.

### Management Succession Plan

We place high priority on ensuring that there is continuity in our management team so as to ensure continuity and to maintain our level of competitiveness in the industry. To achieve this, it is our policy to groom the lower and middle management staff to gradually assume the responsibilities of the senior management. The strategy for management continuity is driven by top management. Our Executive Directors are involved in the process of identifying key competencies and requirements for managerial and more senior positions. Job and candidate profiles are developed for management positions in line with our business goals, strategies and culture.

### 5.10 SIGNIFICANT CHANGES IN SHAREHOLDINGS IN OUR COMPANY FOR THE PAST THREE (3) YEARS

The significant changes of our Promoters' and substantial shareholders' shareholdings in our Company for the past three (3) years preceding the date of this Prospectus are as follows: -

Name	As at date of Incorporation, 28 December 2007				After Acquisitions			
	No. of SIB Shares held				No. of SIB Shares held			
	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
<b>Promoters and substantial shareholders</b>								
SHSB	-	-	-	-	274,080,800	70.9	-	-
YBHG Michael Hardin	1	33.3	-	-	1	#	<sup>(a)</sup> 274,080,800	70.9
Yong Foh Choi	1	33.3	-	-	45,416,800	11.7	<sup>(a)</sup> 274,080,800	70.9
Yong Kiam Sam	1	33.3	-	-	67,132,399	17.4	-	-

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**5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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*Notes: -*

(a) *Deemed interested by virtue of their substantial shareholdings in SHSB*  
# *Negligible*

**5.11 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO (2) YEARS**

None of our Promoters, Directors and substantial shareholders have directorships or substantial shareholdings in other public corporations for the past two (2) years preceding the date of this Prospectus.

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## 6. APPROVALS AND CONDITIONS

### 6.1 CONDITIONS IMPOSED BY THE SC AND MITI

The SC, pursuant to the CMSA and the FIC's *Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests*, has approved the IPO vide its letter dated 25 February 2008. The conditions imposed by the SC and the status of compliance are as follows: -

Conditions Imposed By SC					Status of Compliance														
(i)	<p>Moratorium on the disposal of SIB Shares for 1 year from the listing date of SIB on the Main Board of Bursa Securities be imposed on the following shareholder:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">After the Proposed Listing</th> </tr> <tr> <th>No. of SIB Shares</th> <th>% of enlarged share capital</th> <th>No. of SIB Shares under moratorium</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>SHSB</td> <td>259,080,800</td> <td>51.8</td> <td>225,000,000</td> <td>45.0</td> </tr> </tbody> </table>					After the Proposed Listing				No. of SIB Shares	% of enlarged share capital	No. of SIB Shares under moratorium	% of enlarged share capital	SHSB	259,080,800	51.8	225,000,000	45.0	Complied via letter of undertaking dated 28 May 2008 furnished to the SC on the same date by SHSB whose Shares are subjected to the moratorium as detailed in Section 6.2 of this Prospectus
	After the Proposed Listing																		
	No. of SIB Shares	% of enlarged share capital	No. of SIB Shares under moratorium	% of enlarged share capital															
SHSB	259,080,800	51.8	225,000,000	45.0															
(ii)	The remaining directors of SIB, once appointed, should submit their respective declarations to the SC based on Schedule 16.02 (3) of the Policies and Guidelines On Issue/Offer of Securities (Issue Guidelines).				Complied														
(iii)	The listing prospectus of SIB should only be issued after the account of the SIB Group for the FYE 31 December 2007 have been audited;				Complied														
(iv)	AmInvestment Bank and the external auditors of SIB should, prior to the issue of the listing prospectus, submit written confirmations to the SC that the total adjusted audited net tangible assets of the proposed subsidiaries of SIB as at 31 December 2007 is not less than the total purchase consideration of RM211.608 million;				Complied via letters of confirmation dated 28 May 2008 and 30 May 2008 to the SC														
(v)	The directors of SIB should, prior to the issue of the listing prospectus, submit a written undertaking to the SC that the SIB Group would cease making purchases via Ming Kiong Agencies (Singapore) Pte Ltd and, instead, would purchase directly from its suppliers in the future;				Complied via letter of confirmation dated 1 March 2008 to the SC														
(vi)	SIB to comply with the National Development Policy (NDP) requirement whereby at least 30% of the enlarged share capital of SIB upon listing is held by Bumiputera shareholders. The existing Bumiputera shareholders of SIB to be recognised by MITI, and the allocation and nomination of new Bumiputera investors to be approved by MITI;				Complied. MITI had vide its letters dated 15 April 2008 and 9 June 2008, recognised our existing Bumiputera shareholder and approved the allocation and nomination of the new Bumiputera investors														
(vii)	AmInvestment Bank/SIB should inform the SC of the status of compliance with the NDP requirement upon completion of the proposed listing exercise.				To be complied														
(viii)	SIB should comply with the following conditions in relation to the landed properties:																		
	(a) SIB should rectify the following structures within 6 months from the date of the approval letter:																		
	<ul style="list-style-type: none"> <li>❖ 2 units of open-sided sheds on Lot 2040 (Kuala Baram Industrial Estate, Miri, Kuala Baram Land District, Sarawak); and</li> </ul>				To be complied														



## 6. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed By SC	Status of Compliance
❖ 3 units of temporary staff quarters and shed (currently used as office cum store) on Lot 816 (Kuala Baram Land District, Sarawak);	To be complied
(b) SIB should rectify the workshops and 2-storey office building on Lots 1341 and 2142 (Miri Concession Land District, Sarawak) within 6 months from the date of approval letter; and	To be complied
(c) SIB should rectify the open-sided shed at the rear of Lot 1340 (Piasau Industrial Estate, Miri Concession Land District, Sarawak) within 6 months from the date of approval letter; ; and	To be complied
(ix) SIB and AmInvestment Bank should comply with the relevant requirements relating to the implementation of the floatation proposal as stipulated in the SC Guidelines.	To be complied

The SC (under the FIC's Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests) has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholders in SIB would change arising from the implementation of the IPO, as follows: -

Shareholders	Before IPO <sup>(1)</sup>	After IPO
	% held	% held
Bumiputera	33.30	<sup>(2)</sup> 30.00
Non-bumiputera	66.70	70.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Notes:

(1) As at incorporation

(2) Excluding public portion and subject to approval from MITI

The MITI has approved the IPO vide its letter dated 15 April 2008. The conditions imposed by the MITI and the status of compliance are as follows: -

Conditions Imposed By MITI	Status of Compliance						
(i) MITI recognises the shareholdings of a Bumiputera investor in SIB (i.e. YBHG Datuk Michael Hardin) upon completion of the Acquisitions and Proposed Listing as follows: -	To be complied, if applicable						
<table border="1"> <thead> <tr> <th>Shareholder</th> <th>No. of SIB Shares</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>YBHG Datuk Michael Hardin (via SHSB 0.5 X 51.8%)</td> <td>129,540,401</td> <td>25.9</td> </tr> </tbody> </table>	Shareholder	No. of SIB Shares	% of enlarged share capital	YBHG Datuk Michael Hardin (via SHSB 0.5 X 51.8%)	129,540,401	25.9	
Shareholder	No. of SIB Shares	% of enlarged share capital					
YBHG Datuk Michael Hardin (via SHSB 0.5 X 51.8%)	129,540,401	25.9					
subject to the following condition: -							
approval of the MITI is required for the sale/transfer of the recognised shareholdings. However, the sale/transfer for up to 30% of the said shareholdings is allowed without obtaining approval of the MITI.							

**6. APPROVALS AND CONDITIONS (Cont'd)**

Conditions imposed By MITI	Status of Compliance
(ii) SIB to inform MITI of the shareholdings of the recognised Bumiputera shareholders, six (6) months after the listing of SIB for the purpose of ascertaining compliance.	To be complied

**6.2 MORATORIUM ON SHARES**

In accordance with the SC Guidelines, certain of our existing shareholders will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of our enlarged issued and paid-up capital for one (1) year from the date our admission to the Official List of the Main Board of Bursa Securities.

Our existing shareholder whose shares are subjected to the moratorium as imposed by the SC are as follows: -

Name	No. of SIB Shares held after IPO	% of enlarged issued and paid-up share capital *	No. of Shares under Moratorium	% of enlarged issued and paid-up share capital
SHSB	259,080,800	51.8	225,000,000	45.0

\* Computed based on enlarged issued and paid-up share capital of 500,000,000 Shares

SHSB has provided an undertaking to the SC that it shall not sell, transfer or assign its shareholding in SIB during the moratorium period in accordance with the SC Guidelines. The shareholders of SHSB, namely YBHG Datuk Michael Hardin and Yong Foh Choi have also provided an undertaking that they shall not sell, transfer or assign their shareholdings in SHSB during the moratorium period.

The restriction, which is fully accepted by SHSB, is specifically endorsed on the Share certificate representing the shareholding of SHSB which is under the moratorium to ensure that our registrars do not register any transfer not in compliance with the restriction imposed by the SC. In compliance with the restriction, Bursa Depository will, on our registrars' instruction in the prescribed forms, ensure that trading of these shares are not permitted during the moratorium period.

The endorsement affixed on the Share certificate is as follows: -

*"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the SC ("**Moratorium Period**"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction"*

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**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST****7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

Pursuant to the Listing Requirements, a "related-party" of our Group is a director or major shareholder having an interest of 10% or more of the aggregate of the nominal amounts of all the voting shares of our Group or our subsidiaries or an interest of 5% or more of the aggregate of the nominal amounts of all the voting shares of our Group or our subsidiaries where such person is the largest shareholder of our Group or our subsidiaries, and includes any person who was or within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or major shareholder as well as a person connected with such director or major shareholder.

Save as disclosed below, for the past three (3) FYE up to 31 December 2007 and three (3) months period ended 31 March 2008, we do not have any other existing and/or proposed related-party transactions or other subsisting contracts of arrangement entered into which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act: -

**(a) Recurrent Related-party Transactions**

Save as disclosed below, for the past three (3) FYE up to 31 December 2007 and three (3) months period ended 31 March 2008, our Group does not have any other existing and/or proposed recurrent related-party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

Transacting Parties	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and / or Related-party Transaction	Business Activities of Company	Transaction Value (RM'000)			Three (3) months ended 31 March 2008
				FYE 31 December			
				2005	2006	2007	
Syankat Lambir Timber Sdn Bhd ("SLTSB")	Chartering of vessels to SSSB	SLTSB is a wholly owned subsidiary of YFC & Sons.  Yong Foh Choi is the shareholder and director of YFC & Sons; Yong Kiam Sam is also a director of YFC & Sons.	Trading in spare parts and equipment	-	35	76	11
SLTSB	Rental of office at Lot 1339, Krokop to SSB	SLTSB is a wholly owned subsidiary of YFC & Sons.  Yong Foh Choi is the shareholder and director of YFC & Sons; Yong Kiam Sam is also a director of YFC & Sons.	Trading in spare parts and equipment	24	24	18	-

## 7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and / or Related-party Transaction	Business Activities of Company	Transaction Value (RM'000)			Three (3) months ended 31 March 2008
				FYE 31 December			
				2005	2006	2007	
Ming Kiong Agencies (Singapore) Pte Ltd # ("MKAPL")	Purchase of materials (e.g. ship plate, angle bar & piping) by SSSB and SSSB	Yong Foh Choi is the shareholder and director of MKA; Yong Kiam Sam is also a shareholder	Real estate activities with own leased property NEC and commission agencies	16,158	37,424	37,757	9,064
Kejuruteraan Gemilang Jaya Sdn Bhd ("KGJSB")	Contract works for sandblasting & painting for SSSB	Yong Kiam Maw, the son of Yong Foh Choi, is the shareholder, director and secretary of KGJSB.	Shipbuilding contractor, blasting, painting and general trading & supply	-	-	316	316
Manmohan's (Labuan) Sdn Bhd ("MLSB")	Rental of office at Lot 20, Labuan to SSB	MLSB is a wholly owned subsidiary of YFC & Sons.  Yong Foh Choi is the shareholder and director of YFC & Sons; Yong Kiam Sam is also a director of YFC & Sons.	Developer	6	12	12	3
Syarikat Guan Teck Enterprise (Sarawak) Sdn Bhd ("SGTESB")	Lease of office at Lot 1035, Piasau to SSB and SPSB	SGTESB is a wholly owned subsidiary of SHSB.  The profile of SHSB is disclosed in Section 5.1.2 of this prospectus.	Properties owner	24	24	36	30
Tenyo Enterprise Sdn Bhd ("TESB")	Supply of materials to SSSB	Luk Ngow Chai @ Luk Fook Seng is the shareholder and director of TESB	Trading	588	1,447	1,662	396
Liew & Company, Miri	Provision of audit and taxation services	Wong Chie Bin is the partner of Liew & Company	Chartered Accountants	8	8	10	-

Note: -

# Pursuant to the SC's approval letter dated 25 February 2008 for the IPO and the letter of confirmation dated 1 March 2008 from SIB to the SC disclosed in Section 6.1 (v) of this Prospectus, our Group would cease making purchases with MKAPL and instead would purchase directly from our suppliers in the future.

All the abovementioned transactions were based on normal commercial terms and are on arm's length basis.

Please refer to Section 7.7 below for further details.



## 7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

## (b) Non-Recurrent Related-party Transactions

Save for the Acquisitions and as disclosed below, for the past three (3) FYE up to 31 December 2007 and three (3) months period ended 31 March 2008, our Group does not have any other existing and/or proposed non-recurrent related-party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

Transacting Parties	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and / or Related-party Transaction	Business Activities of Company	Transaction Value (RM'000)			Three (3) months ended 31 March 2008
				FYE 31 December			
				2005	2006	2007	
SLTSB	Sale of Lot 1339, Krokop to SSSB	SLTSB is a wholly owned subsidiary of YFC & Sons  Yong Foh Choi is the shareholder and director of YFC & Sons; Yong Kiam Sam is also a director of YFC & Sons	Trading in spare parts and equipment	-	-	2,459	-
Grolink Marine Industry Sdn Bhd ("GMISB")	Sale of vehicle to SSSB	Yong Kiam Miaw, the son of Yong Foh Choi, is the director and secretary of GMISB	Importer and exporter	100	-	-	-
MKAPL	Acquisition of vessel from SSSB	Yong Foh Choi is the shareholder and director of MKAPL; Yong Kiam Sam is also a shareholder	Real estate activities with own leased property NEC and commission agencies	-	30,129	1,871	-
YFC & Sons	Acquisition of Lot 2980 from SSB	Yong Foh Choi is the shareholder and director of YFC & Sons; Yong Kiam Sam is also a director of YFC & Sons	Trading, property development and investment	-	-	3,030	-
Yong Foh Choi & 3 others	Sale of shares in BVSB to SPSB	Yong Foh Choi is our Promoter, shareholder and Director	-	-	-	3,500	-
SHSB	Acquisition of shares in SGTESB from SSB	YBHG Datuk Michael Hardin, Yong Foh Choi and Yong Kiam Sam are the directors of SHSB.  YBHG Datuk Michael Hardin and Yong Foh Choi are the shareholders of SHSB	Investment holding company	-	-	1,100	-



**7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

Transacting Parties	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and / or Related-party Transaction	Business Activities of Company	Transaction Value (RM'000)			Three (3) months ended 31 March 2008
				FYE 31 December			
				2005	2006	2007	
SHSB and SGTESB	Deed of novation of debts owing by SGTESB to SSB to SHSB	YBHG Datuk Michael Hardin, Yong Foh Choi and Yong Kiam Sam are the directors of SHSB.  YBHG Datuk Michael Hardin and Yong Foh Choi are the shareholders of SHSB  Upon completion, SGTESB will be a wholly owned subsidiary of SHSB	SHSB: Investment holding company  SGTESB: Properties owner	-	-	2,582	-
Khoo & Co., Advocates and Solicitors	Provision of legal services	Eric Khoo Chuan Syn@ Khoo Chuan Syn is the partner of Khoo & Co., Advocates and Solicitors	Advocates	32	188	225	26
Rajah and Tann	Provision of legal services	Toh Kian Sing is the partner of Rajah & Tann	Advocates	2	189	315	-

All transactions were based on normal commercial terms and are on arm's length basis.

The Audit Committee will supervise the terms of related-party transactions, and the Directors of our Company will report related-party transactions, if any, annually in our Company's annual report.

**(c) Shareholders' Advances**

There have been no shareholders' advances by the shareholders of our Group to the companies within our Group.

The Directors of our Company are of the opinion that all business transactions between our Group and the Directors, substantial shareholders and/or key management of our Company and/or persons connected to them are on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. The Audit Committee will supervise the terms of related-party transactions, and the Directors of our Company will report related-party transactions, if any, annually in our Company's annual report.

**7.2 TRANSACTION THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past three (3) FYE up to 31 December 2007 and subsequent financial period thereof immediately preceding the date of this Prospectus.

**7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****7.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND) MADE BY US OR ANY OF OUR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES**

Our Directors have confirmed that to the best of their knowledge and belief, other than as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Company and/or subsidiaries to or for the benefit of our Directors, substantial shareholders, key management and/or persons connected to them as at the end of each of the past three (3) FYE up to 31 December 2007 and three (3) months period ended 31 March 2008: -

Transacting Parties	Nature of Transaction	Nature of relationship	Transaction Value (RM'000)			
			FYE 31 December			Three (3) months ended 31 March 2008
			2005	2006	2007	
SHSB	Advance (short-term)	YBHG Datuk Michael Hardin, Yong Foh Choi and Yong Kiam Sam are the directors of SHSB.  YBHG Datuk Michael Hardin and Yong Foh Choi are the shareholders of SHSB	-	1,460	-	-

The above outstanding loans were without interest. As at 31 December 2007, the amount due from SHSB had been fully settled.

**7.4 INTERESTS IN SIMILAR BUSINESS**

As at LPD, to the best of knowledge and belief of our Directors, none of our Directors or substantial shareholders are interested, directly or indirectly in any business carrying on a similar trade as our Group.

**7.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/ TO BE ACQUIRED WITHIN THREE (3) YEARS PRECEDING THE DATE OF THIS PROSPECTUS**

Save for the Acquisitions and in Section 7.1 of this Prospectus, none of our Directors and/or substantial shareholders have any interest, direct or indirect, in the promotion of, or in any material assets acquired or proposed to be acquired or disposed of or proposed to be disposed of or leased or proposed to be leased to us or any of our subsidiaries in respect of the past three (3) FYE up to 31 December 2007 and subsequent financial period thereof immediately preceding the date of this Prospectus.

**7.6 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS**

Other than as disclosed in Section 7.1, as at LPD, none of the Directors and/or substantial shareholders of our Group has interest in any contract or arrangement, which is significant in relation to the business of our Group.

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**7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****7.7 RECURRENT RELATED-PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related-party transactions involving recurrent transactions of revenue or trading nature subject, inter-alia, to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related-party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of Practice Note No. 12/2001 of the Listing Requirements;
- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related-party transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related-party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable us, in our normal course of business, to enter into the categories of related-party transactions, provided such related-party transactions are made at arm's length and on normal commercial terms.

An application will be sought from Bursa Securities within three (3) market days from the issuance of this Prospectus for a waiver to allow our Group to obtain shareholders' ratification and shareholders' mandate for recurrent related-party transactions to be entered into by us or any of our subsidiaries with our directors or substantial shareholders or persons connected with such directors or substantial shareholders at our extraordinary general meeting or annual general meeting, whichever earlier, commencing next after our listing date.

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**7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

**7.8 DECLARATION BY THE ADVISERS, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT**

AmInvestment Bank hereby confirms that, as at the date of the Prospectus, there is no conflict of interest with respect to its capacity as **Adviser** to our Group for the IPO.

AmInvestment Bank is the **Sole Underwriter** and **Sole Placement Agent** for the IPO Shares. AmInvestment Bank hereby confirms that, as at the date of this Prospectus, there is no conflict of interest with respect to its capacity as the **Sole Underwriter** and **Sole Placement Agent** for the IPO Shares. The **Underwriting Agreement**, which certain details are as set out in Section 2.9 and Section 15 of this Prospectus, was entered into on an arms-length basis and on market terms.

Messrs. Reddi & Co hereby confirm that there is no conflict of interest in its capacity as **Solicitors** to our Group for the IPO and due diligence respectively.

Messrs. Ernst & Young. hereby confirm that there is no conflict of interest in its capacity as **Auditors and Reporting Accountants** to our Group for the IPO.

Frost & Sullivan has given its confirmation that there is no conflict of interest in its capacity as **Independent Market Research Consultants** for the IPO.

Raine & Horne International Zaki + Partners Sdn Bhd and Colliers, Jordan Lee & Jaafar Sdn Bhd have given their confirmation that there is no conflict of interest in their capacity as **Valuers** to our Group for the IPO.

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## 8. OTHER INFORMATION CONCERNING OUR GROUP

### 8.1 INFORMATION ON LAND AND BUILDINGS

A summary of the land and buildings owned and leased by our Group is as follows: -

No.	Name of Registered Owner and Postal Address/Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and existing Use	Land and/or Built up area	Restriction in Interest/Encumbrances	Whether the COF have been issued	Market Value as at 14 December 2007/Monthly rental (RM'000)
1	SSSB/ Lot 816, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak	1 year/ 60 years/ 27.02.2056	Serviced state alienated industrial land with an open-sided single-storey high span fabrication yard, an adjoining workshop and a guard house/  This property is currently subleased to SSSB as a shipping fabrication yard/  Portion of the land containing 80,27 square metres is subleased to a third party	11,617 hectares/ 13,446 square metres	This land is to be used only for industrial purposes / No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys  Charged to RHB Bank Berhad	Yes	23,100
2	BMSB/ Provisional Lease Lot 2040, Kuala Baram Industrial Estate, Kuala Baram, 98100 Miri, Sarawak	60 years/ 17.07.2058	Serviced state alienated industrial land with two (2) open-sided workshops /  The property is currently used as store	1,975 hectares	This land is to be used only for industrial purposes/ No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys/  Charged to RHB Bank Berhad	Not applicable	2,735
3	SSB/ Lot 1359, Jalan Piasau Utara 1, Piasau Industrial Estate, 98000 Miri, Sarawak	20 years/ 60 years/ 20.12.2047	Improved/serviced industrial land with a double-storey office block cum storage/warehouse and a guard house/  It is currently tenanted to a third party	4,244.0 square metres/ 2,058.55 square metres	This land is to be used only for industrial purposes/ No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys	Yes	2,800



## 8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and existing Use	Land and/or Built up area	Restriction in Interest/Encumbrances	Whether the COF have been issued	Market Value as at 14 December 2007/Monthly rental (RM'000)
4	ASSB/ Lot 288, Kuala Baram Industrial Estate, Kuala Baram, 98100 Miri, Sarawak	60 years/ 22.10.2067	Unimproved vacant state alienated industrial land	1,9647 hectares	This land is to be used only for industrial purposes/ No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys	Not applicable	2,529
5	SSSB/ Lot 1339, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	39 years/ 60 years/ 31.12.2027	Improved/serviced industrial land with a single-storey office block cum workshop building and a guard house/ This property is currently used as administrative office and dockyard	4,059.0 square metres/ 1,652.39 square metres	This land is to be used only for industrial purposes	Yes	2,460
6	SSB/ Lot 1340, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	29 years/ 60 years/ 31.12.2027	Improved/serviced industrial land with a double-storey office block cum storage/workshop building/ This office is currently unoccupied	4,039.0 square metres/ 1,506 square metres	This land is to be used only for industrial purposes/ Charged to Public Bank Berhad	Yes	2,330
7	SSSB/ Lot 1341, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	60 years/ 31.12.2027	Improved/ serviced industrial land/ It is currently used as dockyard	1,971.0 square metres	This land is to be used only for industrial purposes/ Charged to United Overseas Bank (Malaysia) Berhad	Not applicable	783
8	SSSB/ Lot 2142, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak	60 years/ 24.02.2052	Improved/serviced industrial land/ It is currently used as dockyard	4,700.0 square metres	This land is to be used only for industrial purposes/ No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys/ Charged to Public Bank Berhad	Not applicable	1,570

## 8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and existing Use	Land and/or Built up area	Restriction in Interest/Encumbrances	Whether the COF have been issued	Market Value as at 14 December 2007/Monthly rental (RM'000)
9	BVSB/ Country lease 205316669, District of Labuan, Wilayah Persekutuan	999 years/ 02.08.2865	Unconverted development land which is currently vacant	10.17 acres	Charged to CIMB Islamic Bank Berhad	Not applicable	4,260
10	SSB (2/10 undivided rights title share)/ Lot 1802 Lambir Land District	60 years/ 17.08.2015	Unimproved vacant agriculture land	23,110 square metres	This land is to be used only for agricultural purposes	Not applicable	156
11	SSSB/ Lot 156 Block 5 KBLD	60 years/ 29.04.2016	Unimproved vacant agriculture land	8,050.0 square metres	This land is to be used only for agricultural purposes	Not applicable	334
12	Leased Asset SGTESB Lot 1035, Block 4, MCLD, Piasau Industrial Area, Miri, Sarawak	60 years/ 16.10.2039	Workshop/ office	0.757 acres/ 20,904 square feet	Third party charge to RHB Bank Berhad	application submitted, pending approval	10

Notes: -

- (1) The valuation of the abovementioned land and buildings have been carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, a firm of independent registered valuers in arriving at the market value for the computation of the purchase consideration for the Acquisitions.
- (2) The Valuation Certificate is set out in Section 12 of this Prospectus.

**8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

A net revaluation surplus on the abovementioned eleven (11) pieces of land and buildings owned by us are computed as follows: -

	RM'000
Open market value of land and buildings	43,057
Less: Net book value as at 30 September 2007	(28,165)
<b>Revaluation surplus</b>	<b>14,892</b>

**Note: -**

The above revaluation surplus had been taken into consideration in arriving at the purchase consideration for the Acquisitions.

The Directors of SIB wish to highlight that, to the best of their knowledge and belief, the properties stated in Section 8.1 above: -

- (i) have not breached any of the land-use conditions/permissible land use;
- (ii) saved as disclosed in sub-section (iii) below and Section 6.1(viii) of this Prospectus, where buildings are involved, there has not been any material non-compliance with current statutory requirements, land rules or building regulations; and
- (iii) in respect of Lot 1035, Block 4, MCLD, the COF has yet to be issued by relevant authorities. Nevertheless, the owner, SGTESB is in the process of applying for the CFO.

**8.2 ACQUISITIONS OF PROPERTIES DURING THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS**

Listed below are the details of properties acquired during the last two (2) years preceding the date of this Prospectus:

No	Registered owner/ Location	Date of Transaction	Prices Paid (RM'000)
1	SSSB <sup>(1)</sup> Krokop North, Miri/ Lot 1339 MCLD of Miri, Sarawak	24 September 2007	2,459

**Note: -**

- (1) Pursuant to a Sale and Purchase agreement dated 24 September 2007 between SLTSB and SSSB as disclosed in Section 14.4 (b).

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**8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)****8.3 MATERIAL PLANT AND EQUIPMENT**

Listed below is the detailed information on material plant and equipment utilised by our Group: -

Registered owner	Description/ Existing use	Gross Registered Tonnage	Market value # (RM'000)
CMSB	Sealink Victoria 4/Landing Craft	492	7,100
ESWSB	Sealink Vanessa 6/Multi Purpose Vessel	494	17,700
ESSB	Sealink Maju 4/Tugboat	248	6,600
	Sealink Maju 5/Tugboat	248	6,600
GSB	Sealink Pacific 101/Barge	3,148	3,000
	Godri Satu/Tugboat	127	1,800
MCSB	Everbright 9/Tugboat	253	4,900
NSSB	Sealink Pacific 381/Barge	3,901	7,700
SBSB	Sealink Maju 21/Anchor Handling Tugboat	499	14,200
	Seagood Victoria 6/Landing Craft	488	8,100
	Sealink Vanessa 4/Multi Purpose Vessel	496	18,200
	Sealink Vanessa 7/Multi Purpose Vessel	494	18,000
SMGSB	Sealink Cassandra/Supply Vessel	490	11,000
	Kanari/Tugboat	38	550
	Kancil/Tugboat	38	500
SMSB	Sealink Pacific 389/Barge	4,598	9,500
SGPL	Seagood Cassandra 2/ Utility Vessel	496	12,000
SPSB	Sealink Maju 2/Tugboat	257	6,000
	Sealink Maju 6/Tugboat	254	5,200
	Victoria 2/Landing Craft	499	5,500
SSB	Layang Indah/Passenger Vessel	95	2,000
	Sealink Pacific 330/ Barge	6,638	12,000
	Sealink Maju/Tugboat	223	4,200

**8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

<b>Registered owner</b>	<b>Description/ Existing use</b>	<b>Gross Registered Tonnage</b>	<b>Market value # (RM'000)</b>
	KPL 3/Landing Craft	59.27	500
	Pacific Indah/Landing Craft	488	8,200
	Sealink Indah/Landing Craft	479	3,600
SRSB	Sealink Pacific 201/Barge	2,568	3,600
	Sealink Pacific 287/Barge	2,987	5,100
	Sealink Pacific 288/Barge	2,987	5,100
<b>Total</b>			<b>208,450</b>

*Note: -*

# *The valuation of the abovementioned vessels have been carried out by Messrs Raine & Horne International Zaki + Partners Sdn Bhd, a firm of independent registered valuers. The Valuation Certificate is set out in Section 12 of this Prospectus*

A net revaluation surplus on the abovementioned twenty-nine (29) marine vessels owned by us are computed as follows: -

	<b>RM'000</b>
Open market value of twenty-nine (29) marine vessels	208,450
Less: Net book value as at 30 September 2007	(130,283)
<b>Revaluation surplus</b>	<b>78,167</b>

*Note: -*

*The above revaluation surplus had been taken into consideration in arriving at the purchase consideration for the Acquisitions.*

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**9. FINANCIAL INFORMATION****9.1 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the proforma consolidated results of our Group for the past three (3) FYE 31 December 2005 to 31 December 2007. The proforma consolidated results have been prepared on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

<b>FYE 31 December</b>	<b>2005 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>
Revenue	51,379	96,691	162,670
Cost of sales	(29,093)	(57,167)	(103,745)
Gross profit	22,286	39,524	58,925
Other income	11,431	19,548	14,477
Administrative expenses	(5,373)	(10,990)	(13,685)
Other expenses	-	(169)	(4,881)
Operating profit	28,344	47,913	54,836
Finance costs	(2,258)	(4,761)	(8,970)
	26,086	43,152	45,866
Share of profit of associate	1,430	-	-
PBT	27,516	43,152	45,866
Income tax expense	(4,534)	(5,598)	(4,666)
PAT	22,982	37,554	41,200
Attributable to:			
- Equity holders of SIB	22,982	37,554	41,200
Number of SIB Shares had our Group been in existence ('000) <sup>(1)</sup>	386,630	386,630	386,630
EPS (sen) <sup>(2)</sup>	5.94	9.71	10.66
EBIDTA	37,235	55,573	65,103
Gross profit margin (%)	43.4	40.9	36.2
Net profit margin (%)	44.7	38.8	25.3
Effective tax rate (%)	17.7 <sup>**</sup>	13.0	10.2

**Notes: -**

- (1) Based on the issued and paid-up share capital of 386,630,000 Shares immediately prior to the Public Issue.
- (2) EPS calculated based on profit attributable to equity holders of the Company for the financial year divided by the number of Shares in issue had our Group been in existence. As there were no potential Shares to be issued throughout the financial years under review, EPS was not disclosed on a diluted basis.
- (3) There were no exceptional or extraordinary items in all the financial years under review.  
<sup>\*\*</sup> Included income tax expense of the associate of RM394,450

**9. FINANCIAL INFORMATION (Cont'd)**

**9.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**  
*(Prepared for inclusion in the Prospectus)*



**Ernst & Young**  
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The Board of Directors  
Sealink International Berhad  
Lot 1035, Block 4, MCLD  
Piasau Industrial Area  
98000 Miri

6 June 2008

Dear Sirs

**Sealink International Berhad ("SIB" or "the Company")**  
**Reporting Accountants' Letter on**  
**Proforma Consolidated Financial Information**  
*(Prepared for inclusion in the Prospectus dated 30 June 2008)*

We have reviewed the proforma consolidated financial information of SIB and its subsidiaries ("SIB Group" or "the Group") as set out in the attached accompanying statements, which we have stamped for the purpose of identification. The proforma consolidated financial information has been prepared for illustrative purposes only on the basis of assumptions as set out in the accompanying notes and after making certain adjustments to show what:

- (i) the financial results of SIB Group for the three (3) financial years ended 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the years being reported thereon;
- (ii) the financial position of SIB Group as at 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place on that date; and
- (iii) the cash flows of SIB Group for the financial year ended 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the financial year.

The proforma consolidated financial information, because of its nature, may not be reflective of SIB Group's actual financial results, financial position and cash flows.

It is solely the responsibility of the Board of Directors of SIB to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

**9. FINANCIAL INFORMATION (Cont'd)**

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated financial information with the responsible officers of SIB. Our work involved no independent examination of any of the underlying financial information.

In our opinion,

- (i) the financial statements used in the preparation of the proforma consolidated financial information have been prepared in accordance with applicable approved accounting standards in Malaysia;
- (ii) the proforma consolidated financial information has been properly prepared on the basis of assumptions stated in the accompanying notes and such basis is consistent with the accounting policies adopted by SIB Group; and
- (iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

Yours faithfully

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

Miri, Malaysia

A handwritten signature in cursive script that reads 'Yong Nyet Yun'.

**Yong Nyet Yun**  
2708/04/10 (J)  
Partner

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information****1. Introduction**

The proforma consolidated financial information, comprising the proforma consolidated income statements for the three (3) financial years ended 31 December 2007, the proforma consolidated balance sheet as at 31 December 2007, the statement of assets and liabilities as at 31 December 2007 and the notes thereto, and the proforma consolidated cash flow statement for the financial year ended 31 December 2007, have been prepared for inclusion in the Prospectus of SIB to be dated 30 June 2008 in connection with the listing of SIB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").


**2. Listing scheme**

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of SIB on the Main Board of Bursa Securities, SIB undertakes a listing scheme, which involves the following exercises: -

**2.1 Acquisitions**

On 19 January 2008, SIB entered into Sale and Purchase Agreements for the following acquisitions ("the Acquisitions"):

- (a) Acquisition of the entire equity interests in Godrimaju Sdn. Bhd. ("GSB"), comprising 1,000,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM4,960,000 which was fully satisfied by the issuance of 9,920,000 new ordinary shares of RM0.50 each in SIB ("SIB Shares") at an issue price of RM0.50 per share credited as fully paid-up.
- (b) Acquisition of the entire equity interests in Midas Choice Sdn. Bhd. ("MCSB") and Sea Legend Shipping Sdn. Bhd. ("SLSSB") (Collectively referred to as "MCSB Group"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM4,860,000 which was fully satisfied by the issuance of 9,720,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (c) Acquisition of the entire equity interests in Sea-Good Pte. Ltd. ("SGPL"), comprising 500,000 ordinary shares of SGD1.00 each, for a total purchase consideration of RM40,740,000 which was fully satisfied by the issuance of 81,479,997 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (d) Acquisition of the entire equity interests in Sealink Shipyard Sdn. Bhd. ("SSSB") and Aliran Saksama Sdn. Bhd. ("ASSB") (Collectively referred to as "SSSB Group"), comprising 1,500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM26,807,000 which was fully satisfied by the issuance of 53,614,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.

 **ERNST & YOUNG AF0039**  
Chartered Accountants (Miri)  
For information purposes only

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****2. Listing scheme (Cont'd)****2.1 Acquisitions (Cont'd)**

- (e) Acquisition of the entire equity interests in Sealink Pacific Sdn. Bhd. ("SPSB") and Bristol View Sdn. Bhd. ("BVSB") (Collectively referred to as "SPSB Group"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM15,638,000 which was fully satisfied by the issuance of 31,276,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (f) Acquisition of the entire equity interests in Sealink Engineering And Slipway Sdn. Bhd. ("SESSB") and Baram Moulding Industries Sdn. Bhd. ("BMISB") (Collectively referred to as "SESSB Group"), comprising 1,500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM10,930,000 which was satisfied by the issuance of 21,860,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (g) Acquisition of the entire equity interests in Cergas Majusama Sdn. Bhd. ("CMSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM3,170,000 via cash.
- (h) Acquisition of the entire equity interests in Era Sureway Sdn. Bhd. ("ESWSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM6,217,000 via cash.
- (i) Acquisition of the entire equity interests in Euroedge Sdn. Bhd. ("ESB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM4,885,000 via the issuance of 9,770,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (j) Acquisition of the entire equity interests in Era Surplus Sdn. Bhd. ("ESSB"), comprising 1,000,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM885,000 via the issuance of 1,770,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (k) Acquisition of the entire equity interests in Navitex Shipping Sdn. Bhd. ("NSSB"), comprising 2 ordinary shares of RM1.00 each, for a total purchase consideration of RM7,250,000 via the issuance of 14,500,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (l) Acquisition of the entire equity interests in Seabright Sdn. Bhd. ("SBSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM34,600,000 via the issuance of 69,200,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (m) Acquisition of the entire equity interests in Sealink Management Sdn. Bhd. ("SMGSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM2,815,000 via the issuance of 5,630,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.



**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****2. Listing scheme (Cont'd)****2.1 Acquisitions (Cont'd)**

- (n) Acquisition of the entire equity interests in Sealink Marine Sdn. Bhd. ("SMSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM10,665,000 via the issuance of 21,330,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.
- (o) Acquisition of the entire equity interests in Sutherland Resources Sdn. Bhd. ("SRSB"), comprising 500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM8,906,000 via cash.
- (p) Acquisition of the entire equity interests in Sealink Sdn. Bhd. ("SSB"), comprising 1,500,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM28,280,000 via the issuance of 56,560,000 SIB Shares at an issue price of RM0.50 per share credited as fully paid-up.

The total purchase consideration for Acquisitions of RM212 million was arrived at on a willing buyer-willing seller basis based on the adjusted audited Net Assets of GSB, MCSB and its subsidiary, SGPL, SSSB and its subsidiary, CMSB, ESWSB, ESB, ESSB, NSSB, SBSB, SESSB and its subsidiary, SMGSB, SMSB, SPSB and its subsidiary, SRSB and SSB as at 30 September 2007.

The Acquisitions were completed on 28 May 2008.

**2.2 Public Issue**

The Public Issue of 113,370,000 Public Issue Shares is at an issue price of RM1.25 per SIB Share ("Public Issue").

**2.3 Offer for Sale**

The Offer For Sale of 15,000,000 Offer Shares, representing 3% of SIB's enlarged issued and paid up share capital, at the offer price of RM1.25 per SIB Share are payable in full on application upon such terms and conditions as set out in this Prospectus for private placement to selected investors ("Offer for Sale").

**2.4 Listing**

Upon completion of the Public Issue and Offer for Sale, the entire enlarged issued and paid-up share capital of SIB comprising 500,000,000 Shares of RM0.50 each shall be listed on the Main Board of Bursa Securities.

(Collectively referred to as the "Listing Scheme").

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****3. Basis of preparation of proforma consolidated financial information**

The proforma consolidated financial information has been prepared to illustrate what:

- (a) the financial results of SIB Group for the three (3) financial years ended 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the years being reported thereon;
- (b) the financial position of SIB Group as at 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place on that date; and
- (c) the cash flows of SIB Group for the financial year ended 31 December 2007 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the financial year.

The proforma consolidated financial information has been prepared using the bases and the accounting principles consistent with those adopted by SIB Group, after giving effect to the proforma adjustments considered appropriate, based on the following:

- (a) the audited financial statements of MCSB for the financial years/periods ended 31 May 2005, 2006 and 2007 and 31 December 2006 and 2007;
- (b) the audited financial statements of ESWSB for the financial periods/years ended 30 June 2006 and 2007 and 31 December 2006 and 2007; and
- (c) the audited financial statements of the other subsidiaries of SIB for the three (3) financial years ended 31 December 2007.

The financial statements for the subsidiaries have been prepared in accordance with the applicable approved accounting standards in Malaysia, except for financial statements of SGPL for the three (3) financial years ended 31 December 2007 which were prepared in accordance with applicable Singapore Financial Reporting Standards. Where relevant, adjustments were made to the financial results and financial positions to comply with applicable Financial Reporting Standards in Malaysia for the purpose of inclusion in the proforma consolidated financial information.

For illustrative purposes, it was assumed that SIB acquired its subsidiaries prior to 1 January 2005 in arriving at the proforma consolidated income statements for the three (3) financial years ended 31 December 2007.

The proforma consolidated financial information has been prepared for illustrative purposes only and, because of their nature, may not be reflective of the actual financial position, results of operations and cash flows of the SIB Group.

The financial information has been rounded to the nearest thousand, unless otherwise indicated. SIB's functional currency is Ringgit Malaysia (RM).

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****4. Summarised Proforma Consolidated Income Statements of SIB Group**

**4.1** The following table sets out a summary of the proforma consolidated income statements of SIB Group for the past three (3) financial years ended 31 December 2007, prepared on the assumption that SIB Group has been in existence throughout the periods under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information set out in Section 9.2 of this Prospectus.

**4.2 SIB Group**

	Financial year ended		
	31.12.2005 RM'000	31.12.2006 RM'000	31.12.2007 RM'000
Revenue	51,379	96,691	162,670
Cost of sales	(29,093)	(57,167)	(103,745)
Gross profit	22,286	39,524	58,925
Other income	11,431	19,548	14,477
Other expenses	-	(169)	(4,881)
Administrative expenses	(5,373)	(10,990)	(13,685)
Operating profit	28,344	47,913	54,836
Finance costs	(2,258)	(4,761)	(8,970)
	26,086	43,152	45,866
Share of profit of associate	1,430	-	-
Profit before taxation	27,516	43,152	45,866
Income tax expense	(4,534)	(5,598)	(4,666)
Profit for the year	22,982	37,554	41,200
Number of shares assumed in issue ('000) <sup>(1)</sup>	386,630	386,630	386,630
Earnings per share			
Basic <sup>(2)</sup>	5.94 sen	9.71 sen	10.66 sen
Diluted <sup>(3)</sup>	5.94 sen	9.71 sen	10.66 sen
Gross profit margin (%)	43.4	40.9	36.2
Net profit margin (%)	44.7	38.8	25.3
Earnings before interest, depreciation, taxation and amortisation ("EBIDTA")	37,235	55,573	65,103
Effective tax rate (%)	17.7 <sup>***</sup>	13.0	10.2
Trade receivables turnover period (months)	3.5	2.5	1.8
Trade payables turnover period (months)	10.2	10.5	5.0
Inventories turnover period (months)	20.5	18.0	21.1

**9. FINANCIAL INFORMATION (Cont'd)**

**Notes to the Proforma Consolidated Financial Information (Cont'd)**

**4. Summarised Proforma Consolidated Income Statements of SIB Group (Cont'd)**

*Notes:*

- (1) Based on the number of shares in issue at RM0.50 each had SIB Group been in existence.*
  - (2) Basic EPS calculated based on profit attributable to equity holders of SIB Group for the financial years divided by the number of shares in issue at RM0.50 each had SIB Group been in existence.*
  - (3) Diluted EPS calculated based on profit attributable to equity holders of SIB Group for the financial years divided by the number of shares in issue at RM0.50 each had SIB Group been in existence. The Group has no potential ordinary shares in issue in each of the respective financial year and therefore, diluted earnings per share is presented as equal to basic earnings per share.*
  - (4) There were no exceptional or extraordinary items for the financial years under review.*
- \*\* Included income tax expense of the associate of RM394,450*

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**ERNS&YOUNG AF0039**  
Chartered Accountants (Miri)  
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**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****5. Proforma Consolidated Balance Sheets of SIB as at 31 December 2007**

The proforma balance sheets below are for illustrative purposes only, based on SIB's audited financial statements as at 31 December 2007, to show effects of the Acquisitions, Public Issue and the utilisation of proceeds on 31 December 2007.

		As at	Proforma I After	Proforma II After Public	Proforma III After Utilisation
	Note	31.12.2007	Acquisitions	Issue	Of Proceeds
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		-	258,746	258,746	258,746
Prepaid land lease payments		-	32,753	32,753	32,753
		<u>-</u>	<u>291,499</u>	<u>291,499</u>	<u>291,499</u>
<b>CURRENT ASSETS</b>					
Inventories		-	182,111	182,111	182,111
Trade receivables		-	24,003	24,003	24,003
Other receivables		-	42,701	42,701	42,701
Tax recoverable			504	504	504
Cash and bank balances	5.2	*	13,105	154,818	99,818
		<u>*</u>	<u>262,424</u>	<u>404,137</u>	<u>349,137</u>
<b>TOTAL ASSETS</b>		<u>*</u>	<u>553,923</u>	<u>695,636</u>	<u>640,636</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital		*	193,315	250,000	250,000
Share premium		-	-	85,028	80,028
Retained earnings		-	6,101	6,101	6,101
Total equity	5.1	<u>*</u>	<u>199,416</u>	<u>341,129</u>	<u>336,129</u>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	5.3	-	45,703	45,703	35,672
Other payables		-	1,304	1,304	1,304
Deferred taxation		-	41,466	41,466	41,466
		<u>-</u>	<u>88,473</u>	<u>88,473</u>	<u>78,442</u>

**EY** ERNST & YOUNG AP0039  
Chartered Accountants Miri  
For identification purposes only



**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****5. Proforma Consolidated Balance Sheets of SIB as at 31 December 2007 (Cont'd)**

	Note	As at 31.12.2007 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Public Issue RM'000	Proforma III After Utilisation Of Proceeds RM'000
<b>CURRENT LIABILITIES</b>					
Borrowings	5.3	-	169,355	169,355	129,386
Trade payables		-	43,229	43,229	43,229
Other payables		-	53,122	53,122	53,122
Provision for taxation		-	328	328	328
		-	266,034	266,034	226,065
<b>TOTAL LIABILITIES</b>		*	354,507	354,507	304,507
<b>TOTAL EQUITY AND LIABILITIES</b>		*	553,923	695,636	640,636
Number of shares in issue ('000)	**		386,630	500,000	500,000
Net tangible asset (RM'000)		-	199,416	341,129	336,129
Net tangible asset per share		0.50	0.52	0.68	0.67

\* Denotes RM1.50

\*\* Denotes 3 shares

**5.1 The movements of equity and reserves are as follows:**

	Share Capital RM'000	Retained Earnings RM'000	Share Premium RM'000	Total RM'000
<b>At 31 December 2007</b>	#	-	-	##
Add: Issued for Acquisitions	193,315	* 6,101	-	199,416
<b>Balance after Proforma I</b>	193,315	6,101	-	199,416
Add: Public Issue	56,685	-	85,028	141,713
<b>Balance after Proforma II</b>	250,000	6,101	85,028	341,129
Less: Estimated listing expenses	-	-	(5,000)	(5,000)
<b>Balance after Proforma III</b>	250,000	6,101	80,028	336,129

# Denotes 3 ordinary shares of RM0.50 each

## Denotes RM1.50

\* This represents excess of SIB's interest in the net fair value of the subsidiaries' identifiable assets, liabilities and contingent liabilities over cost.

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****5. Proforma Consolidated Balance Sheets of SIB as at 31 December 2007 (Cont'd)**

5.2 The movements of cash and bank balances are as follows:

	RM'000
<b>At 31 December 2007</b>	-
Add: Cash and bank balances in subsidiaries acquired	13,105
<b>Balance after Proforma I</b>	<u>13,105</u>
Add: Proceeds from Public Issue (RM1.25 x 113,370,000)	141,713
<b>Balance after Proforma II</b>	<u>154,818</u>
Less: Repayment in borrowings	(50,000)
Estimated listing expenses	(5,000)
<b>Balance after Proforma III</b>	<u><u>99,818</u></u>

5.3 The movements of interest bearing borrowings and gearing are as follows:

	Short Term RM'000	Long Term RM'000
<b>At 31 December 2007</b>	-	-
Add: Borrowings in subsidiaries acquired	169,355	45,703
<b>Balance after Proforma I and II</b>	<u>169,355</u>	<u>45,703</u>
Less: Repayment in borrowings	(39,969)	(10,031)
<b>Balance after Proforma III</b>	<u><u>129,386</u></u>	<u><u>35,672</u></u>

	As at 31.12.2007 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Public Issue RM'000	Proforma III After Utilisation Of Proceeds RM'000
Gearing (times)	<u>-</u>	<u>1.1</u>	<u>0.6</u>	<u>0.5</u>

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****5. Proforma Consolidated Balance Sheets of SIB as at 31 December 2007 (Cont'd)****5.4 Notes to the Proforma Consolidated Balance Sheets of SIB Group as at 31 December 2007**

The proforma consolidated balance sheets together with the notes thereon have been prepared on accounting principles and bases consistent with those adopted by SIB Group, a summary of which is set out in Section 10 of the Prospectus, and are presented in a form suitable for inclusion in the Prospectus. The proforma consolidated balance sheets of SIB Group have been prepared for illustrative purposes only.

The following transactions are assumed to have been effected as at 31 December 2007:-

***Proforma I***

Proforma I incorporates Acquisitions as set out in Section 2.1 above.

***Proforma II***

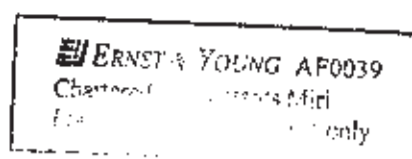
Proforma II incorporates the effects of Proforma I and Public Issue as set out in Section 2.2.

***Proforma III***

Proforma III incorporates the effects of Proforma II and the following:-

- (i) Estimated share issue expenses of RM5.0 million will be set off against the available Share Premium account.
- (ii) Proposed utilisation of the gross proceeds from Public Issue of RM141.7 million to be utilised as follows:

	<b>RM'000</b>
Repayment of bank borrowings	50,000
Part finance the construction of marine vessels	60,000
Working capital	26,713
Estimated listing expenses	5,000
	<u>141,713</u>



**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of Assets and Liabilities**

6.1 The statement of assets and liabilities of SIB Group as at 31 December 2007 is prepared based on the audited financial statements of the subsidiaries of SIB Group on the assumption that the Listing Scheme has been completed on that date.

<b>ASSETS</b>	<b>Note</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6.3	258,746
Prepaid land lease payments	6.4	32,753
		<u>291,499</u>
<b>CURRENT ASSETS</b>		
Inventories	6.5	182,111
Trade receivables	6.6	24,003
Other receivables	6.7	42,701
Tax recoverable		504
Cash and bank balances	6.8	99,818
		<u>349,137</u>
<b>TOTAL ASSETS</b>		<u><u>640,636</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	6.9	250,000
Share premium		80,028
Retained earnings		6,101
Total equity		<u>336,129</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	6.10	35,672
Other payables	6.14	1,304
Deferred taxation	6.12	41,466
		<u>78,442</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	6.10	129,386
Trade payables	6.13	43,229
Other payables	6.14	53,122
Provision for taxation		328
		<u>226,065</u>
<b>TOTAL LIABILITIES</b>		<u>304,507</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>640,636</u></u>

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of Assets and Liabilities (Cont'd)****6.2 Ratios**Ratios

NTA per share	RM0.67
Current ratio (times)	1.62
After tax return shareholders' funds <sup>(i)</sup> (%)	12.26
Gearing ratio (times)	0.49

## Notes:

<sup>(i)</sup>  $\frac{\text{Profit after tax for the year}}{\text{Shareholders' funds}}$

**6.3 Property, plant and equipment**

	<b>RM'000</b>
<b>Carrying amount</b>	
Buildings	10,724
Vessels and vessel equipment	198,428
Equipment, furniture and fittings	3,389
Plant and machinery	21,925
Motor vehicles	1,216
Capital work-in-progress	23,064
	<u>258,746</u>

**6.4 Prepaid land lease payments**

The prepaid lease payments are in respect of leasehold land.


**6.5 Inventories**

	<b>RM'000</b>
At cost:	
Vessel parts and materials	28,969
Machinery and equipment	56,783
Consumables	234
Work-in-progress	96,125
	<u>182,111</u>

**6.6 Trade receivables**

	<b>RM'000</b>
Trade receivables	24,183
Less: Provision for doubtful debts	(180)
	<u>24,003</u>

The Group's normal trade term ranges from 30 days to 60 days.

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**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of assets and liabilities (Cont'd)****6.7 Other receivables**

	<b>RM'000</b>
Deposits for machinery and equipment for shipbuilding	31,738
Other deposits	1,334
Prepayments	6,818
Sundry receivables	2,811
	<u>42,701</u>

**6.8 Cash and cash equivalents**

	<b>RM'000</b>
Fixed deposits with licensed banks	1,406
Cash on hand and at bank	98,412
Cash and bank balances	<u>99,818</u>

**6.9 Share capital**

	<b>Number of Ordinary Share of RM0.50 Each</b>	<b>Amount RM'000</b>
Authorised	<u>1,000,000,000</u>	<u>500,000</u>
Issued and fully paid	<u>500,000,000</u>	<u>250,000</u>

**6.10 Borrowings**

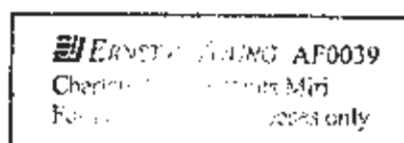
	<b>Note</b>	<b>RM'000</b>
<b>Short Term Borrowings</b>		
Secured:		
Term loans		6,949
Revolving credits		73,093
Bankers acceptances		8,766
Hire purchase	6.11	3,906
		<u>92,714</u>
Unsecured:		
Revolving credits		34,640
Bankers acceptances		2,032
		<u>36,672</u>
		<u>129,386</u>

**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of assets and liabilities (Cont'd)****6.10 Borrowings (Cont'd)**

	Note	RM'000
<b>Long Term Borrowings</b>		
Secured:		
Term loans		32,128
Hire purchase	6.11	3,544
		<u>35,672</u>
<b>Total Borrowings</b>		
Term loans		39,077
Revolving credits		107,733
Bankers acceptances		10,798
Hire purchase	6.11	7,450
		<u>165,058</u>
Maturity of borrowings (excluding hire purchase):		
Within one year		125,480
Later than 1 year and not later than 2 years		11,783
Later than 2 years and not later than 5 years		19,310
5 years or more		1,035
		<u>157,608</u>

The effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	%
Fixed loans	5.00 - 8.25
Floating rate loan	3.06 - 7.90
Revolving credits	4.93 - 5.20
Bankers acceptances	4.00 - 5.30



**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of assets and liabilities (Cont'd)****6.11 Hire purchase payables**

	Note	RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year		4,273
Later than 1 year and not later than 2 years		2,527
Later than 2 years and not later than 5 years		1,197
		<u>7,997</u>
Less: Future finance charges		(547)
Present value of finance lease liabilities		<u>7,450</u>
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year		3,906
Later than 1 year and not later than 2 years		1,163
Later than 2 years and not later than 5 years		2,381
		<u>7,450</u>
<b>Analysed as:</b>		
Due within 12 months	6.10	3,906
Due after 12 months	6.10	3,544
		<u>7,450</u>


The hire purchase bore interest at balance sheet date of between 4.42% to 8.87% per annum.

**6.12 Deferred taxation**

	RM'000
Deferred tax liabilities	<u>41,466</u>

The components of deferred tax liability and asset during the financial year prior to offsetting are as follows:

	RM'000
<b>Deferred tax liabilities:</b>	
Property, plant and equipment	
- accelerated allowance	20,855
- acquisitions of subsidiaries at fair value	24,809
	<u>45,664</u>

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**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****6. Statement of assets and liabilities (Cont'd)****6.12 Deferred taxation (Cont'd)**

	<b>RM'000</b>
<b>Deferred tax assets:</b>	
Unutilised tax losses	(135)
Unabsorbed capital allowances	(4,063)
	<u>(4,198)</u>

**6.13 Trade payables**

	<b>RM'000</b>
Trade payables	40,159
Due to customers on contracts	3,070
	<u>43,229</u>

The normal trade credit term granted to the Group ranges from 30 days to 90 days.

Included in trade payables is an amount of RM10,791,300 due to companies in which certain Directors of the Company have substantial financial interests.

**6.14 Other payables**

	<b>RM'000</b>
<b>Current</b>	
Deposits	122
Accruals	9,261
Land premium payable	474
Sundry payables	41,470
Chartering fee and insurance received in advance	216
Amount due to directors	1,579
	<u>53,122</u>
<b>Non-Current</b>	
Land premium payable	<u>1,304</u>

Included in sundry payables is an amount of RM18,561,837 due to companies in which certain Directors of the Company have substantial financial interests.

The amount due to Directors is unsecured, interest free and has no fixed term of repayments.


**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****7. Proforma Consolidated Cash Flow Statement**

7.1 The proforma consolidated cash flow statement of SIB Group for the financial year ended 31 December 2007 is provided for illustrative purposes only, assuming that SIB Group had been in existence throughout the financial year under review.

The proforma consolidated cash flows for the financial year ended 31 December 2007 are prepared based on the audited financial statements of the subsidiaries of SIB.

**7.2 SIB Group**

	<b>Financial year ended 31.12.2007 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	45,866
Adjustments for:	
Depreciation	9,834
Amortisation of prepaid land lease payments	433
Property, plant and equipment written off	693
Impairment of property, plant and equipment	3,838
Provision for doubtful debts	180
Bad debts recovered	(169)
Bad debts written off	172
Gain on disposal of property, plant and equipment	(773)
Gain on disposal of leasehold land	(20)
Gain on disposal of investment in associate	(9,698)
Loss on foreign exchange	430
Interest expenses	8,970
Interest income	(162)
Operating profit before working capital changes	<u>59,594</u>
Increase in inventories	(96,547)
Increase in receivables	(17,074)
Decrease in payables	(27,813)
Cash absorbed by operations	<u>(81,840)</u>
Income tax refunded	372
Income tax paid	(1,795)
Interest paid	(8,970)
Net cash used in operating activities	<u>(92,233)</u>

 **ERNST & YOUNG** AF0039  
Chartered Accountants  
Fellow of the Institute of Accountants



**9. FINANCIAL INFORMATION (Cont'd)****Notes to the Proforma Consolidated Financial Information (Cont'd)****7. Proforma consolidated cash flow statements (Cont'd)****7.2 SIB Group (Cont'd)**

**Financial  
year ended  
31.12.2007  
RM'000**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	162
Purchase of property, plant and equipment	(46,960)
Additions in prepaid land lease payment	(1,994)
Net proceeds from disposal of property, plant and equipment	7,124
Proceeds from disposal of prepaid land lease payments	1,943
Proceeds from disposal of investment in associate	28,676
Net cash used in investing activities	<u>(11,049)</u>

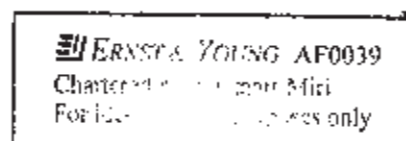
**CASH FLOWS FROM FINANCING ACTIVITIES**

Net movement in trade financing	84,002
Proceeds from term loans	26,800
Repayments of term loans	(15,026)
Repayment of hire purchase payables	(2,976)
Net cash from financing activities	<u>92,800</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (10,482)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF  
FINANCIAL YEAR** 3,799

**CASH AND CASH EQUIVALENTS AT END OF  
FINANCIAL YEAR** (6,683)



**9. FINANCIAL INFORMATION (Cont'd)****9.3 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our cash and cash equivalents, capitalisation and indebtedness: -

- (i) as at 31 December 2007 based on our proforma consolidated financial statements after the Acquisitions; and
- (ii) as adjusted for the net proceeds arising from the issue of the 113,370,000 Public Issue Shares pursuant to our IPO and the utilisation of proceeds as set out in Section 2.6 of this Prospectus.

	Proforma as at 31 December 2007 after the Acquisitions RM'000	After the IPO and utilisation of proceeds RM'000
<b>Cash and cash equivalents</b>	<b>13,105</b>	<b>99,818</b>
<b>Indebtedness</b>		
Short-term indebtedness:		
- Term loans and hire purchase (secured and guaranteed)	15,857	10,855
- Revolving credits, bankers' acceptance and bank overdrafts (secured and guaranteed)	104,994	81,859
- Revolving credits, bankers' acceptance and bank overdrafts (unsecured and guaranteed)	48,504	36,672
Long-term indebtedness:		
- Term loans and hire purchase (secured and guaranteed)	45,703	35,672
<b>Total indebtedness</b>	<b>215,058</b>	<b>165,058</b>
<b>Capitalisation</b>		
Total shareholders' equity	199,416	336,129
<b>Total capitalisation</b>	<b>199,416</b>	<b>336,129</b>
<b>Total capitalisation and indebtedness</b>	<b>414,474</b>	<b>501,187</b>

The indirect and contingent liabilities of our Group are as set out in Section 9.6 (ii) of this Prospectus.

**9.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) FYE up to 31 December 2007 included in Sections 9.1 and 9.2 of this Prospectus.

**9. FINANCIAL INFORMATION (Cont'd)**

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

**9.4.1 Overview of Operations****Revenue**

Our Group's revenue increased by 139.1% from RM21.5 million for the FYE 31 December 2004 to RM51.4 million for the FYE 31 December 2005. This was mainly due to higher demand for vessel charter/hire.

In 2005, SSSB expanded its business in the shipbuilding and started to build and sell vessels to overseas customers. During the year, four (4) vessels were completed of which one (1) was sold to a third party at RM14.2 million whilst the remaining three (3) vessels were retained in the Group.

In 2006, our Group's revenue increased by 88.2% (or RM45.3 million) to RM96.7 million, mainly due to further expansion of the shipbuilding business. During the year, six (6) vessels were completed of which one (1) was sold to a third party. As at 31 December 2006, six (6) vessels were under construction of which one (1) was to a third party and the remaining five (5) were retained in the Group. There were twenty-four (24) vessels available for charter/hire by 2006.

Our Group's revenue increased by 68.2% from RM96.7 million to RM162.7 million in 2007. This was mainly due to the increase in contract revenue for shipbuilding business of RM60.6 million and charter/hire business of RM5.4 million. In 2007, seven (7) vessels were completed of which three (3) were sold to third parties. As at 31 December 2007, eleven (11) vessels were under construction and another twelve (12) were at initial stages of preparation for construction.

**Gross Profit**

For FYE 31 December 2005, as a result of the high demand for vessels, our Group was able to achieve a gross margin of 52.5% for vessel charter/hire whereas contract revenue from shipbuilding which contributed RM2.7 million in gross profit, achieved a gross margin of 19.1%, resulting in a gross margin on a consolidated basis of 43.4%.

Our gross profit for FYE 31 December 2006 increased by RM17.2 million (or 77.3%) compared to FYE 31 December 2005. This was mainly due to the expansion of our shipbuilding business. In 2006, shipbuilding contributed RM17.5 million (or 44.4%) to our Group's total gross profit whereas in 2005, shipbuilding contributed RM2.7 million or 12.1% to our Group's total gross profit.

In 2006, our gross profit margin for vessel charter/hire continued to increase and was at 56.0% whereas the gross profit margin for contract revenue in shipbuilding improved from 19.1% to 30.5%. Because of the differences in the profit margins achieved in the two businesses, the increase in the contract revenue for shipbuilding has the effect of lowering the overall profit margin on a consolidated basis to 40.9%, down 2.5% from 2005, albeit the gross margin of each business improved as compared to previous year.

**9. FINANCIAL INFORMATION (Cont'd)**

In 2007, our gross profit further increased to RM58.9 million from RM39.5 million in 2006. Again, the shipbuilding contributed the largest portion of the growth. The gross profit from shipbuilding increased by RM16.2 million (or 92.2%) compared to 2006. The lower gross profit margin derived from shipbuilding has the effect of lowering the overall gross profit margin for the Group on a consolidated basis. As a result, the gross profit margin dropped to 36.2% in 2007 compared to 40.9% in 2006. Charter hire business had contributed positively to our Group's gross profit and gross profit margin over the years.

**Operating Profit**

Our operating profit increased by RM22.6 million (or 389.7%) from RM5.8 million for the FYE 31 December 2004 to RM28.3 million for the FYE 31 December 2005, mainly due to the increase in revenue and other income. The gain on disposal of vessels of approximately RM9.6 million in 2005 had contributed to the significant increase in other income. One vessel was disposed of due to our Group's policy of maintaining a young fleet for greater efficiency.

Our operating profit increased by RM19.6 million from RM28.3 million for the FYE 31 December 2005 to RM47.9 million for the FYE 31 December 2006 mainly due to the increase in revenue and other income. Included in other income in 2006 was a gain on disposal of three (3) vessels amounting to RM16.7 million. These vessels were disposed of because these small vessels did not meet customers' demand.

The administrative expenses increased from RM5.4 million in 2005 to RM11.0 million in 2006. This was mainly due to the unrealised loss on foreign exchange and higher administrative staff costs, repair and maintenance and legal and professional fees.

Our operating profit increased by RM6.9 million (or 14.4%) in 2007 mainly due to the increase in revenue. We also obtained some other income from gain on the disposal of investment in an associate amounting to RM9.7 million and a gain on disposal of vessel amounting to RM0.8 million. However, there was an increase in other expenses amounting to RM3.7 million resulting from the recognition of impairment loss for property, plant and equipment ("PPE").

The administrative expenses increased by RM2.7 million (or 24.5%) in 2007. This was mainly due to costs of RM2.2 million incurred for the release and delivery of two vessels acquired from overseas.

**PBT**

Our PBT for the FYE 31 December 2005 increased by RM15.3 million or 125.4% compared to FYE 31 December 2004

Finance costs amounted to RM4.8 million and RM9.0 million incurred in 2006 and 2007 respectively. Finance costs increased from RM2.3 million in 2005 to RM4.8 million in 2006 because additional loans were obtained for working capital purposes and to finance the acquisition of new vessels.

The finance costs increased to RM9.0 million for the FYE 31 December 2007 due to the utilisation of the revolving credit facilities and additional loans obtained to finance the acquisition of new vessels. The outstanding borrowings as at 31 December 2007 were at RM215.1 million compared to RM104.0 million as at 31 December 2006.

**9. FINANCIAL INFORMATION (Cont'd)****PAT**

Our PAT increased significantly over the past three years from RM10.1 million in 2004 to RM23.0 million, RM37.6 million and RM41.2 million in 2005, 2006 and 2007 respectively. Our Group's effective tax rates over the past three years were 17.7%, 13.0% and 10.2%. Our effective tax rates were generally lower than the statutory tax rates mainly due to the utilisation of the reinvestment allowance, exemption claimed under Pioneer Status and gain on disposal of investment in an associate which was not subject to tax. These were offset by certain expenses not deductible for tax purposes.

**9.4.2 Segmental analysis**

The following is the segmental analysis by company of the proforma consolidated results of our Group for the past three (3) FYE up to 31 December 2007. The proforma consolidated results are provided for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the financial years under review.

**Revenue**

The table below sets forth the breakdown of our Group's revenue by our subsidiaries for the respective financial years: -

<b>FYE 31 December</b>	<b>2005 (RM'000)</b>	<b>2006 (RM'000)</b>	<b>2007 (RM'000)</b>
CMSB	437	2,125	2,065
ESB	608	-	-
ESSB	-	-	-
ESWSB	-	-	1,455
GSB	3,486	2,221	2,021
MCSB	1,918	2,950	2,835
NSSB	3,131	684	1,105
SBSB	2,176	8,738	14,185
SESSB	-	15,377	61,690
SGPL	2,087	2,223	2,459
SMGSB	955	1,009	363
SMSB	4,455	2,516	17
SPSB	4,993	6,579	7,215
SRSB	4,954	2,291	2,602
SSB	10,599	10,358	13,279
SSSB	31,074	95,073	110,385
SLSSB	-	-	-
BMISB	-	-	-
BVSB	-	-	-
ASSB	-	-	-
	<b>70,873</b>	<b>152,144</b>	<b>221,676</b>
Consolidation adjustments	(19,494)	(55,453)	(59,006)
<b>Proforma consolidated revenue</b>	<b>51,379</b>	<b>96,691</b>	<b>162,670</b>

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**9. FINANCIAL INFORMATION (Cont'd)**

The table below sets forth the breakdown of our Group's revenue by sectors for the respective financial years: -

<b>FYE 31 December</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Shipbuilding	31,074	110,450	172,074
Chartering	39,505	41,438	49,347
Rental	294	256	255
	<b>70,873</b>	<b>152,144</b>	<b>221,676</b>
Consolidation adjustments	(19,494)	(55,453)	(59,006)
<b>Proforma consolidated revenue</b>	<b>51,379</b>	<b>96,691</b>	<b>162,670</b>
Shipbuilding	14,180	57,432	118,011
Chartering	37,019	39,124	44,539
Rental	180	135	120
<b>Proforma consolidated revenue</b>	<b>51,379</b>	<b>96,691</b>	<b>162,670</b>

The table below sets forth the breakdown of our Group's revenue by geography for the respective financial years: -

<b>FYE 31 December</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Local	45,187	88,053	90,778
Overseas	25,686	64,091	130,898
	<b>70,873</b>	<b>152,144</b>	<b>221,676</b>
Consolidation adjustments	(19,494)	(55,453)	(59,006)
<b>Proforma consolidated revenue</b>	<b>51,379</b>	<b>96,691</b>	<b>162,670</b>
Local	25,693	32,600	31,772
Overseas	25,686	64,091	130,898
<b>Proforma consolidated revenue</b>	<b>51,379</b>	<b>96,691</b>	<b>162,670</b>

Revenue from shipbuilding has grown significantly important over the years. This is in line with our objective of expanding our shipbuilding activity, especially by venturing into overseas market. Shipbuilding activities represent 27.6%, 59.4% and 72.5% of our Group's total revenue in 2005, 2006 and 2007 respectively. Prior to 2005, there were no sales of vessels constructed from our own yard to third parties. In 2005, SSSB expanded its business in the shipbuilding and started to build and sell vessels to overseas customers. During the year, four (4) vessels were completed of which one (1) was sold to a third party.

Our Group further expanded its shipbuilding business in 2006. The contract revenue from shipbuilding increased by RM43.2 million to RM57.4 million in 2006 compared to RM14.2 million in 2005 and further increased by RM60.6 million to RM118.0 million in 2007.

Historically charter/hire business is our main source of revenue. Although shipbuilding constituted a majority of our revenue in 2006 and 2007, there was continuing effort to increase our revenue from charter/hire. Revenue from charter/hire increased gradually from RM37.0 million in 2005 to RM39.1 million in 2006, and RM44.5 million in 2007, due to the increase in number of vessels. There were twenty-three (23), twenty-four (24) and twenty-nine (29) vessels available for charter/hire in 2005, 2006 and 2007 respectively.

**9. FINANCIAL INFORMATION (Cont'd)**

The increase in oil and gas activities in recent years has resulted in high demand for offshore support vessels worldwide. As a result, we have been expanding our shipbuilding activities and endeavouring to develop overseas market. Besides building the vessels to meet our own fleet expansion strategy, we started to build vessels for overseas market in 2005. The local market constituted 50%, 34% and 20% of our total revenue over the past three years whilst the overseas market constituted the remaining 50%, 66% and 80% of our total revenue for the same respective years.

**Gross Profit**

The table below sets forth the breakdown of our Group's gross profit by our subsidiaries for the respective financial years: -

<b>FYE 31 December</b>	<b>2005 (RM'000)</b>	<b>2006 (RM'000)</b>	<b>2007 (RM'000)</b>
CMSB	(29)	903	976
ESB	(341)	(1)	-
ESSB	-	-	-
ESWSB	-	-	1,039
GSB	1,259	1,135	1,264
MCSB	684	1,683	1,607
NSSB	2,544	202	579
SBSB	1,438	6,150	9,609
SESSB	-	8	15,208
SGPL	1,490	1,610	1,428
SMGSB	363	134	66
SMSB	2,792	1,388	(664)
SPSB	1,475	2,613	3,110
SRSB	3,689	1,097	1,267
SSB	3,820	3,763	4,482
SSSB	96	17,581	20,950
SLSSB	-	-	-
BMISB	-	-	-
BVSB	-	-	-
ASSB	-	-	-
	<b>19,280</b>	<b>38,266</b>	<b>60,921</b>
Consolidation adjustments	3,006	1,258	(1,996)
<b>Proforma consolidated gross profit</b>	<b>22,286</b>	<b>39,524</b>	<b>58,925</b>

The table below sets forth the breakdown of our Group's gross profit by sectors for the respective financial years: -

<b>FYE 31 December</b>	<b>2005 (RM'000)</b>	<b>2006 (RM'000)</b>	<b>2007 (RM'000)</b>
Shipbuilding	96	17,589	36,158
Chartering	18,911	20,495	24,596
Rental	273	182	167
	<b>19,280</b>	<b>38,266</b>	<b>60,921</b>
Consolidation adjustments	3,006	1,258	(1,996)
<b>Proforma consolidated gross profit</b>	<b>22,286</b>	<b>39,524</b>	<b>58,925</b>
Shipbuilding	2,702	17,535	33,705
Chartering	19,425	21,928	25,188
Rental	159	61	32
<b>Proforma consolidated gross profit</b>	<b>22,286</b>	<b>39,524</b>	<b>58,925</b>
<b>Gross profit margin</b>			
Shipbuilding	19.1%	30.5%	28.6%
Chartering	52.5%	56.0%	56.6%
Rental	88.3%	45.2%	26.7%

## 9. FINANCIAL INFORMATION (Cont'd)

The table below sets forth the breakdown of our Group's gross profit by geography for the respective financial years: -

FYE 31 December	2005 (RM'000)	2006 (RM'000)	2007 (RM'000)
Local	12,522	16,817	20,792
Overseas	6,758	21,449	40,129
	19,280	38,266	60,921
Consolidation adjustments	3,006	1,258	(1,996)
<b>Proforma consolidated gross profit</b>	<b>22,286</b>	<b>39,524</b>	<b>58,925</b>

The total gross profit from charter/hire increased from RM19.4 million in 2005 to RM25.2 million in 2007. This was in line with the increase of our fleet size from 23 vessels in 2005 to 29 vessels in 2007. However, the percentage of gross profit derived from charter/hire decreased from 87.2% for the FYE 31 December 2005 to 55.5% for the FYE 31 December 2006 and further dropped to 42.7% in 2007 over our Group's total gross profit. As our shipbuilding companies expanded rapidly and started to construct vessels to the overseas customers in recent years, the percentage of our total gross profit derived from shipbuilding increased from 12.1% in 2005 to 44.4% in 2006 and further increased to 57.2% in 2007. Rental income only constituted a very small percentage of our Group's total gross profit over the past three years.

The charter/hire business achieved higher gross profit margin compared to the shipbuilding activity. The gross profit margins from chartering were 52.5%, 56.0% and 56.6% in 2005, 2006 and 2007 respectively. Our gross profit margin from charter/hire is a function of revenue and direct cost. Our charter/hire revenue is dependent on the demand of vessels, the securing of contracts and the charter/hire rate. On the other hand, the amount of direct costs incurred is affected by the type of vessels which will determine the fixed costs such as depreciation and insurance for vessels.

The gross profit margins for shipbuilding were 19.1%, 30.5% and 28.6% in 2005, 2006 and 2007 respectively. Lower revenue derived from the contracts and the high fixed costs such as depreciation and staff costs had resulted in lower gross profit margin in 2005. The increase in the gross profit margin in 2006 and 2007 was in line with the expansion of our shipyards. By expanding our shipyards and securing higher number of contracts with overseas customers, the revenue from shipbuilding had increased significantly in 2006 and 2007 and consequently, higher gross profit margins for these two financial years.

### PBT

The table below sets forth the breakdown of our Group's PBT by our subsidiaries for the respective financial years: -

FYE 31 December	2005 (RM'000)	2006 (RM'000)	2007 (RM'000)
CMSB	(20)	666	805
ESB	2,880	(16)	(2)
ESSB	(8)	(106)	(2,187)
ESWSB	(3)	(1)	990
GSB	1,202	949	881
MCSB	533	1,492	1,389
NSSB	5,511	(251)	506
SBSB	1,295	6,215	8,560
SESSB	(60)	(376)	13,093
SGPL	2,639	1,334	10,769
SMGSB	279	1,728	(7)
SMSB	2,318	9,036	(1,178)

**9. FINANCIAL INFORMATION (Cont'd)**

<b>FYE 31 December</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
SPSB	1,623	1,930	2,169
SRSB	5,253	621	1,090
SSB	2,270	8,991	2,524
SSSB	(951)	11,834	9,466
SLSSB	-	(4)	(2)
BMISB	(4)	(1)	(16)
BVSB	(1)	(5)	(1)
ASSB	(2)	(2)	(14)
	<b>24,754</b>	<b>44,034</b>	<b>48,835</b>
Consolidation adjustments	2,762	(882)	(2,969)
<b>Proforma consolidated PBT</b>	<b>27,516</b>	<b>43,152</b>	<b>45,866</b>

The table below sets forth the breakdown of our Group's PBT by sectors for the respective financial years: -

<b>FYE 31 December</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Shipbuilding	(1,011)	11,458	22,559
Chartering	25,492	32,394	26,109
Rental	273	182	167
	<b>24,754</b>	<b>44,034</b>	<b>48,835</b>
Consolidation adjustments	2,762	(882)	(2,969)
<b>Proforma consolidated PBT</b>	<b>27,516</b>	<b>43,152</b>	<b>45,866</b>
Shipbuilding	1,770	11,623	20,421
Chartering	25,587	31,468	25,413
Rental	159	61	32
<b>Proforma consolidated PBT</b>	<b>27,516</b>	<b>43,152</b>	<b>45,866</b>

The significant increase in the PBT for NSSB and SRSB in 2005 and SMSB and SSB in 2006 was mainly due to gains derived from the sale of vessels.

PBT for SGPL increased by RM9.4 million in 2007 mainly due to gain derived from the disposal of investment in an associate following the completion of the winding up of its associate in 2007.

ESSB suffered a loss in 2007 due to costs incurred and written off in respect of release and delivery of its two vessels acquired from overseas in that year.

The increase in PBT for SBSB, SESSB and SSSB over the past three years is in line with the higher gross profit for the same period. In 2007, the PBT for SSSB increased by a lower percentage than the gross profit mainly due to the provision of impairment losses for its PPE and prepaid land lease payments and PPE written off of approximately RM3.5 million.

**9.4.3 Significant Factors Affecting Profits**

The main factors that have affected and are expected to continue to affect our profits include but are not limited to the following: -

**(i) Growth**

The following figure provides a snapshot of the market drivers in the offshore oil and gas vessel charter market and shipbuilding industry in Malaysia, along with their impact within the short-term, medium term and long-term.



## 9. FINANCIAL INFORMATION (Cont'd)

1	Rising oil prices stimulate E & P Activities	High	High	High
2	Government commitment on increasing domestic production	High	High	High
3	Decreasing shallow water reserves	Medium	Medium	High
4	Increased downstream demand	Medium	Medium	Medium
5	Locally available technical expertise and capital	Low	Medium	Medium

(Source: Independent Market Research of the Oil and Gas Marine Vessel Charter Market and Shipbuilding Industry in Malaysia prepared by Frost & Sullivan)

### (ii) Demand and Supply Conditions

The sustained current high crude oil prices is the present market driver of the oil and gas industry, motivating oil companies to further explore and develop new oil fields and/or fields that were previously considered not commercially viable. Consequently, the level of activity in the industry has increased resulting in a higher demand for our Group's products and services. Our Group's revenue and profits is dependent on the demand and supply conditions for the oil and gas industry as set out in Section 4.8.7 of this Prospectus.

### (iii) Fluctuations in Prices of Raw Materials

The increase in cost of raw materials has an impact on the profitability of our Group. As such, we endeavour to source raw materials at the lowest cost possible, and establish long-term relationships with reliable suppliers that can provide a consistent supply of raw materials.

A significant portion of costs increases could be imputed in selling prices to avoid reductions in our profit margin.

### (iv) Tax Consideration

The amount of provision for taxation was adequate to cover all known current tax liabilities due to Inland Revenue Board ("IRB") and Inland Revenue Authority of Singapore ("IRAS"). The tax submission for our Group has been made up to the year of assessment 2006 for Malaysian subsidiaries and year of assessment 2007 (FYE 31 December 2006) for SGPL.

The effective tax rates are arrived at as follows: -

	2005 RM'000	2006 RM'000	2007 RM'000
Taxation – Company	4,534	5,598	4,666
Taxation - Associate	394	-	-
	4,928	5,598	4,666
PBT	26,086	43,152	45,866
Share of profit of associate	1,824	-	-
PBT after share of profit of associate	27,910	43,152	45,866
Effective tax rate (%)	17.66	12.97	10.17



**9. FINANCIAL INFORMATION (Cont'd)****2005**

The effective tax rate for the FYE 31 December 2005 at 17.7% is arrived at after taking into consideration the effects of income not subject to tax in our Group and associate at RM2.5million (-8.9%). These are offset by the effects of disallowed expenses of RM428,000 (1.5%) and other reasons (-2.9%).

**2006**

The effective tax rate for the FYE 31 December 2006 reduced to 13.0% after taking into consideration the effects of income not subject to tax in our Group at RM4.7 million (-10.9%) and reinvestment allowances claimed in respect of the shipbuilding business at RM2.4 million (-5.6%). These were offset by the effects of disallowed expenses of RM893,000 (2.1%) and other reasons (-0.6%).

**2007**

In 2007, the Malaysian corporate income tax rate was reduced by 1% to 27%. The effective tax rate for FYE 31 December 2007 further reduced to 10.2% after taking into consideration the effects of income not subject to tax in the Group at RM2.3 million (-5.1%), tax exemption claimed under Pioneer Status at RM3.5 million (-7.6%) and reinvestment allowances claimed in respect of the shipbuilding business at RM2.3 million (-5.0%), lower tax rate enjoyed by the foreign subsidiary at RM967,000 (-2.1%) and adjustments to deferred tax at a lower rate at RM624,000 (-1.4%). These were offset by the effects of disallowed expenses of RM1.3 million (2.9%) and other reasons (1.5%).

Income not subject to tax includes the gain on the disposal of investment in an associate amounting to RM9.7 million by SGPL.

SESSB had been granted Pioneer Status Incentive under the Promotion of Investments Act, 1986 with effect from 21 November 2006 for a period of 5 years.

Based on the draft tax computation for the year ended 31 December 2007, certain of the Malaysian subsidiaries had unabsorbed tax losses and unutilised capital allowances as follows: -

FYE 31 December 2007	RM'000
Unabsorbed tax losses	530
Unutilised capital allowances	15,570
	16,100

**9.4.4 Material Changes in Sales/Revenue**

A discussion on the reasons on material changes in our revenue for the past three (3) FYE up to 31 December 2007 is as set out in Section 9.4.1 of this Prospectus.

**9.4.5 Impact of Foreign Exchange/Interest Rates/Commodity Prices on Operating Profits**

We have business transactions in foreign currencies in the normal course of our business, which include purchases of raw materials and supplies, and the export of our products.

## 9. FINANCIAL INFORMATION *(Cont'd)*

Fluctuations in the price of raw materials and supplies can be passed onto our customers, thus ensuring that we are not materially affected by fluctuations in commodity prices.

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE up to 31 December 2007.

### 9.4.6 Impact of Inflation

There was no material impact of inflation on our historical profits for the past three (3) FYE up to 31 December 2007.

### 9.4.7 Government/Economic/Fiscal or Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, is as set out in Section 3.1(b), Section 3.1(d) and Section 3.2(a) of this Prospectus.

There was no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE up to 31 December 2007.

### 9.4.8 Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE up to 31 December 2007.

## 9.5 LIQUIDITY AND CAPITAL RESOURCES

### 9.5.1 Working Capital

Our Group has been financing our operations through cash generated from our operations and external source of funds. Our Group's external source of funds mainly comprises of shareholders' equity and bank borrowings. As at 31 March 2008, our Group has deposits, cash and bank balances of RM11.08 million and total borrowings of RM244.06 million.

As at 31 December 2007, our Group has total current assets of RM349.1 million and current liabilities of RM226.1 million. The current assets comprise mainly of inventories and other receivables. Our average inventory holding period for the FYEs 31 December 2005, 2006 and 2007 was 20.5 months, 18.0 months and 21.1 months respectively. In order to meet the high demand of vessels in the world market, we also sell completed vessels. This has contributed to the long inventory holding periods since 2005.

Included in other receivables as at 31 December 2007 was the deposits for machinery and equipment for shipbuilding amounting to RM31.7 million.

Our Directors are of the opinion that after taking into account the consolidated cashflow forecast, banking facilities available and the gross proceeds from the Public Issue Shares, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

### 9.5.2 Cash Flow

A summary of the our Group's proforma cash flow for the FYE 31 December 2007 based on the proforma consolidated cash flow statement as disclosed in Section 9.2 of this Prospectus is set out below: -

**9. FINANCIAL INFORMATION (Cont'd)**

FYE 31 December 2007	RM'000 <sup>(1)</sup>
Net cash used in operating activities	(92,233)
Net cash used in investing activities	(11,049)
Net cash from financing activities	92,800
<b>Net decrease in cash and cash equivalents</b>	<b>(10,482)</b>
Cash and cash equivalents at beginning of financial year	3,799
<b>Cash and cash equivalents at end of financial year</b>	<b>(6,683)</b>

*Notes: -*

(1) *Components of cash and cash equivalents at end of financial year: -*

	RM'000 <sup>(2)</sup>
Deposits with licensed financial institutions	1,406
Cash on hand and at bank	11,699
Cash and bank balances	13,105
Bank overdrafts	(19,788)
	<b>(6,683)</b>

(2) *After incorporating the effects of the Acquisitions*

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends. Some of our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

**Net cash used in operating activities**

For the FYE 31 December 2007, RM96.5 million was used to purchase the inventories and to pay for the expenditure incurred on vessels under construction. Also, included in the operating cash flow were the increase in amount due from customer on contracts and other receivables of RM21.5 million, the decrease in trade and other payables of RM23.4 million, interest paid of RM9.0 million and net income tax paid of RM1.4 million.

**Net cash used in investing activities**

Net cash used in investing activities amounting to RM11.0 million was mainly due to the acquisition of PPE and additions in prepaid land lease payment amounting to RM47.0 million and RM2.0 million respectively. These were set off by the proceeds from the disposals of investment in an associate, PPE and prepaid land lease payment of RM28.7 million, RM7.1 million and RM1.9 million respectively.

**Net cash from financing activities**

The net cash from financing activities comprised of the utilisation of the credit facilities amounting to RM110.8 million and the repayments of term loans and hire purchase payables amounting to RM18.0 million.

**9.5.3 Borrowings**

As at 31 March 2008, the total outstanding bank borrowings in the form of term loans, banker's acceptances and hire purchase financing amounted to approximately RM244.06 million. The borrowings can be analysed further as follows: -

**9. FINANCIAL INFORMATION (Cont'd)**

<b>Outstanding Borrowings</b>	<b>Amount RM'000</b>
<b>Short Term (Due within 12 months)</b>	
Bank overdrafts	28,549
Term loans	12,625
Revolving credits	132,423
Bankers acceptance	21,140
Hire purchase	3,847
<b>Long Term (Due after 12 months)</b>	
Term loans	42,736
Hire purchase	2,739
<b>Total interest-bearing borrowings</b>	<b>244,059</b>
Gearing Ratio as at 31 December 2007 <sup>(1)</sup>	1.22
Gearing Ratio after IPO <sup>(2)</sup>	0.58

The above borrowings include foreign borrowings as follows: -

	<b>Amount USD'000</b>	<b>Amount RM'000<sup>(3)</sup> Equivalent</b>
<b>Interest-bearing borrowings</b>		
Term loan – Due within 12 months	750	2,486
Term loan – Due after 12 months	808	2,676
	<b>1,558</b>	<b>5,162</b>

*Notes: -*

- (1) Based on proforma shareholders' funds as at 31 December 2007 of RM199.42 million upon completion of the Acquisitions
- (2) Based on proforma shareholders' funds as at 31 December 2007 of RM336.13 million upon completion of the IPO and after the utilisation of proceeds as set out in Section 2.6 of this Prospectus
- (3) The exchange rate used is USD1:RM3.32

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year thereof immediately preceding the date of this Prospectus.

#### **9.5.4 Breach of Terms and Conditions/Covenants Associated with Credit Arrangement/Bank Loan**

To the best of our Directors' knowledge, as at LPD, neither we nor any of our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

#### **9.5.5 Type of Financial Instruments Used**

As at LPD, we do not have nor are we using any financial instrument for hedging purposes.

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