

PROSPECTUS

THIS PROSPECTUS IS DATED
14 APRIL 2010



SEREMBAN ENGINEERING BERHAD

(Formerly known as Seremban Engineering Sdn Bhd)

(Company No. 45332-X)

(Incorporated in Malaysia under the Companies Act, 1965)



PUBLIC ISSUE AND OFFER FOR SALE OF 28,000,000 ORDINARY SHARES OF RM0.50 EACH IN OUR COMPANY COMPRISING:

- RENOUNCEABLE RESTRICTED OFFERING OF 8,000,000 ORDINARY SHARES OF RM0.50 EACH BY WAY OF A RENOUNCEABLE RESTRICTED OFFER TO THE ENTITLED SHAREHOLDERS OF SUCCESS TRANSFORMER CORPORATION BERHAD ("SUCCESS TRANSFORMER") ON THE BASIS OF 1 ORDINARY SHARE OF RM0.50 EACH IN OUR COMPANY FOR EVERY 15 EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN SUCCESS TRANSFORMER AS AT THE ENTITLEMENT DATE (AS DEFINED HEREIN);
- ISSUE OF 3,500,000 NEW ORDINARY SHARES OF RM0.50 EACH TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF SUCCESS TRANSFORMER AND ITS SUBSIDIARIES, OUR COMPANY AND OUR GROUP OF COMPANIES ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- ISSUE/ OFFER OF 10,000,000 ORDINARY SHARES OF RM0.50 EACH BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- ISSUE OF 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH TO THE MALAYSIAN PUBLIC

AT AN ISSUE/OFFER PRICE OF RM0.85 PER ORDINARY SHARE OF RM0.50, EACH PAYABLE IN FULL UPON APPLICATION, IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser, Sole Underwriter and Placement Agent



RHB INVESTMENT BANK BERHAD

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.



SEREMBAN ENGINEERING BERHAD

PROSPECTUS



SEREMBAN ENGINEERING BERHAD

(Formerly known as Seremban Engineering Sdn Bhd)
(Company Number 45332-X)

Lot 1A-1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park
70400 Seremban, Negeri Sembilan, Malaysia.

Tel: +606 677 5898 Fax: +606 677 5162

Email: enquiry@sesb98.com
Website: www.sesb98.com

IMPORTANT NOTICE

OUR DIRECTORS, PROMOTERS AND THE OFFEROR HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. THEY CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

RHB INVESTMENT BANK BERHAD ("RHB INVESTMENT BANK"), BEING OUR PRINCIPAL ADVISER FOR OUR IPO (AS DEFINED HEREIN), ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO.

THE SC HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR OUR IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR OUR SHARES BEING OFFERED. BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR PART OF THE CONTENTS OF THIS PROSPECTUS. OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

THE VALUATION UTILISED FOR THE PURPOSE OF OUR IPO SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE PROPERTIES OF OUR COMPANY.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

YOU CAN ALSO VIEW OR DOWNLOAD THIS PROSPECTUS FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITES OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, CIMB BANK BERHAD AT www.cimbclicks.com.my AND AFFIN BANK BERHAD AT www.affinOnline.com (VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES) AND ON THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING THE DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (I) WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE SOLE UNDERWRITER TO UNDERWRITE THE PUBLIC ISSUE (AS DEFINED HEREIN) AND THE OFFER FOR SALE (AS DEFINED HEREIN) AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND OUR IPO WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

TENTATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Tentative date
Opening of the application for our IPO (as defined herein)	14 April 2010 at 10.00 a.m.
Commencement date and time for trading for the provisional offer of the Restricted Shares (as defined herein)	15 April 2010 at 9.00 a.m.
Tentative last date and time for:	
• Sale of provisional offer of the Restricted Shares	21 April 2010 at 5.00 p.m.
• Transfer of provisional offer of the Restricted Shares	26 April 2010 at 4.00 p.m.
• Closing of applications, acceptance and payment (including excess application in respect of the Restricted Shares)	29 April 2010 at 5.00 p.m.
Tentative date for balloting of applications for the Retail Offer (as defined herein)	3 May 2010
Tentative date for allotment of our IPO Shares (as defined herein) to successful applicants	6 May 2010
Tentative listing date	10 May 2010

This timetable is tentative and is subject to change which may be necessary to facilitate implementation procedures. The applications for our IPO Shares (as defined herein) will close on the time and date stated above or such later date or dates as our Directors, Sole Underwriter and Offeror (as herein defined) may in their absolute discretion mutually decide.

Should the closing date for the application for our IPO Shares be extended, the dates for the allotment of our IPO Shares pursuant to our IPO and our Listing will be extended accordingly. We will announce any extension of time for the application for our IPO Shares by way of advertisements in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

Unless otherwise stated, the financial data used throughout this Prospectus is based on the restated financial data (i.e. reflecting the retrospective effects of the change in the accounting policy on the revenue recognition policy for our process equipment fabrication division). Our Company had on 1 January 2008 changed the revenue recognition policy for our process equipment fabrication division from “delivery and acceptance basis” to a combination of “percentage of completion method” and “delivery and acceptance basis”.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

All references to “our Company” and “Seremban Engineering” in this Prospectus are to Seremban Engineering Berhad (*formerly known as Seremban Engineering Sdn Bhd*), references to “our Group” is to our Company, our subsidiaries and our jointly controlled entity taken as a whole and references to “we”, “us”, “our” and “ourselves” are to our Company, our subsidiaries and our jointly controlled entity, save where the context otherwise requires.

Unless the context otherwise requires, references to “Management” are to our Directors as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors.

This Prospectus includes statistical data provided by various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by publicly available sources. In each such cases, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the independent market research report by Vital Factor Consulting Sdn Bhd, International Economic Environment in the Fourth Quarter of 2009 issued by Bank Negara Malaysia and the Quarterly Update on the Malaysian Economy Report for the Fourth Quarter of 2009 issued by Ministry of Finance. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither ourselves nor our advisers have verified these figures.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections, including the projections from the independent market research report by Vital Factor Consulting Sdn Bhd, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from the information contained in such forward-looking statements as a result of numerous factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policies, legislations or regulations.

Additional factors that could cause our actual results, performance, achievements or industry results to differ materially include, but are not limited to, those discussed in Section 5 (Risk Factors) of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Subject to any applicable laws, rules, regulations and guidelines having the force of law, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

Unless otherwise indicated, the following words and abbreviations shall apply throughout this Prospectus:

ACE	:	ACE Standard International Limited, our jointly controlled entity
Act	:	Companies Act, 1965 for the time being in force including any statutory modification, amendment or re-enactment thereof
ADA	:	Authorised Depository Agent
Application Form(s)	:	The application form(s) for the application for our IPO Shares accompanying this Prospectus
ASME	:	American Society of Mechanical Engineers, a professional body that promotes safety and quality standards in the field of mechanical engineering
ATM	:	Automated teller machine
Authorised Financial Institution(s)	:	The authorised financial institution(s) participating in the Internet Share Applications with respect to payments for our 6,500,000 new Shares under the Retail Offer
Board	:	Board of Directors of our Company
Bonus Issue	:	Bonus issue of 58,072,000 new Shares, credited as fully paid-up, on the basis of approximately 2,904 Bonus Shares for every 100 existing Shares held in our Company on 30 March 2010, which was completed on 31 March 2010
Bonus Share(s)	:	New Share(s) issued pursuant to the Bonus Issue
Bumiputera Offer	:	Issue of 9,928,000 Issue Shares and offer of 72,000 Offer Shares at the IPO Price by way of private placement to Bumiputera investors approved by the MITI, as set out in Section 4.3 of this Prospectus
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act 2007 for the time being in force including any statutory modification, amendment or re-enactment thereof
CNC	:	Computer numerical control
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 4 of the Act
Dividend Payment	:	Our Company had on 26 March 2010 declared and paid a final tax exempt dividend of RM5,500,000 to our existing shareholder, Success Transformer
DOSH	:	Department of Occupational Safety and Health
DS	:	Daiichi Steel Sdn Bhd, a 75% owned subsidiary of Success Transformer

DEFINITIONS (Cont'd)

EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
ECU	:	Equity Compliance Unit of the SC
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy diskettes
Electronic Share Application	:	Application for our 6,500,000 new Shares under the Retail Offer through a Participating Financial Institution's ATM
Entitled Shareholders	:	Shareholder(s) of Success Transformer except for the parties as set out in Section 4.3.2 of this Prospectus, who must be registered in the Record of Depositors as at the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on 14 April 2010, being the time and date which the Entitled Shareholders must be registered in the Record of Depositors to be entitled to the Restricted Shares
EPS	:	Earnings per Share
Excluded Party/(ies)	:	Person(s) who are excluded from the Restricted Offer as set out in Section 4.3.2 of this Prospectus
Flotation Exercise	:	Bonus Issue, Public Issue, Offer for Sale and Listing, collectively
Foreign Addressed Shareholder(s)	:	The Entitled Shareholder(s) who does(do) not have a registered address in Malaysia as stated in the Record of Depositors as at the Entitlement Date
FYE	:	Financial year(s) ended/ending 31 December
GDP	:	Gross domestic product
Henry Butcher or Independent Valuer	:	Henry Butcher Malaysia (NS) Sdn Bhd
Incorporation of Revaluation Surplus	:	Incorporation of a net revaluation surplus of approximately RM3.694 million arising from the valuation of our Company's properties
Internet Participating Financial Institution(s)	:	The institution(s) participating in the Internet Share Applications, namely, Malayan Banking Berhad, CIMB Bank Berhad, CIMB Investment Bank Berhad and Affin Bank Berhad
Internet Share Application	:	Application for our 6,500,000 new Shares under the Retail Offer through an online share application service provided by the Internet Participating Financial Institution(s)
IPO / Initial Public Offering	:	This initial public offering of our Shares comprising the Public Issue and the Offer for Sale
IPO Price	:	RM0.85 for each IPO Share
IPO Share(s)	:	Aggregate of 28,000,000 Shares to be made available for application under the Restricted Offer, the Bumiputera Offer, the Pink Form Offer and the Retail Offer
ISO	:	International Organisation for Standardisation

DEFINITIONS (Cont'd)

Issue Share(s)	:	19,928,000 new Shares to be issued pursuant to the Public Issue
Listing	:	Admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM40,000,000 comprising 80,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and any amendments thereto
LPD	:	24 March 2010, being the latest practicable date prior to the registration of this Prospectus
M&A	:	Memorandum and Articles of Association of our Company
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for the trading of securities
MI	:	Minority interests
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
NBBI	:	National Board of Boilers & Pressure Vessel Inspectors, a non-profit organisation that is responsible for promoting safety through standards for construction, installation, repair, maintenance and inspection of pressure equipment
NBV	:	Net book value
NKIL	:	Nikkon Industrial Lighting Sdn Bhd, a wholly-owned subsidiary of Success Transformer
NSZ	:	Ningbo Success Zhenye Luminaire Limited Liabilities Company, a 60% owned subsidiary of Success Transformer
OASB	:	Omega Attraction Sdn Bhd, our ultimate holding company
Offeror or Selling Shareholder	:	Success Transformer, being the offeror pursuant to the Offer for Sale
Offer for Sale	:	Offer for sale by the Offeror of the Offer Shares to be allocated in the manner set out in Section 4.3 of this Prospectus
Offer Share(s)	:	8,072,000 Shares to be offered for sale by the Offeror pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
OMI	:	Omega Metal Industries Sdn Bhd, a 65% owned subsidiary of Success Transformer
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application, a list as set out in Section 19.5.2 of this Prospectus

DEFINITIONS (Cont'd)

PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE multiple	:	Price earnings multiple
Pink Form Offer	:	Issue of 3,500,000 new Shares at the IPO Price to the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group, at the IPO Price
Promoters	:	Success Transformer, OASB, WTECH, Wong Choon Cheon, Wong Chee Kian, Wong Poh Chee, Tan Tian Seng, Tan Ah Moy and Tan Ah Bah @ Tan Ah Ping, collectively
Public	:	All persons or members of the public excluding Directors of the Success Transformer Group, our Group, our substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	:	Public issue by our Company of the Issue Shares to be allocated in the manner set out in Section 4.3 of this Prospectus
QA/QC	:	Quality assurance/quality control
R&D	:	Research and development
Record of Depositors	:	A record of depositors provided by Bursa Depository under the rules of Bursa Depository
Reporting Accountants	:	Messrs SC Lim, Ng & Co.
Restricted Offer	:	Renounceable restricted offer of 8,000,000 Shares to the Entitled Shareholders on the basis of 1 Restricted Share for every 15 existing Success Transformer Shares held as at the Entitlement Date, at the IPO Price
Restricted Share(s)	:	8,000,000 Offer Shares reserved for the Restricted Offer
Retail Offer	:	Issue of 6,500,000 new Shares at the IPO Price to the Malaysian Public
RHB Investment Bank or Principal Adviser or Sole Underwriter or Placement Agent	:	RHB Investment Bank Berhad
SC	:	Securities Commission
SC Guidelines	:	Equity Guidelines, including any amendments thereto issued by the SC
Seremban Engineering or Company	:	Seremban Engineering Berhad (<i>formerly known as Seremban Engineering Sdn Bhd</i>)
Seremban Engineering Group or Group	:	Our Company, our subsidiaries namely, SEISB and SEPEN, and our jointly controlled entity namely, ACE, collectively

DEFINITIONS (Cont'd)

Seremban Engineering Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in our Company
SEISB	:	Seremban Engineering Industries Sdn Bhd, a wholly-owned subsidiary of our Company
SEPEN	:	Sepen Engineering Sdn Bhd, a 60% owned subsidiary of our Company
SESP	:	SES Property Sdn Bhd, a wholly-owned subsidiary of Success Transformer
SETM	:	Success Electronics & Transformer Manufacturer Sdn Bhd, a wholly-owned subsidiary of Success Transformer
sq. m.	:	Square metre
Success Transformer	:	Success Transformer Corporation Berhad, our holding company
Success Transformer Group	:	Success Transformer and its subsidiaries, collectively
Success Transformer Share(s)	:	Ordinary share(s) of RM0.50 each in Success Transformer
STMKT	:	Success Transformer Marketing Sdn Bhd, a wholly-owned subsidiary of Success Transformer
UK	:	United Kingdom
Underwriting Agreement	:	Underwriting agreement dated 31 March 2010 entered into between our Company, the Offeror and RHB Investment Bank
USA	:	United States of America
Vendors	:	Our Directors, namely Wong Choon Cheon, Tan Tian Seng, Wong Poh Chee and Wong Chee Kian, collectively, who entered into sale and purchase agreements with Success Transformer on 12 December 2006 and 1 April 2008 respectively
Vital Factor/ Independent Market Researcher	:	Vital Factor Consulting Sdn Bhd
Vital Factor Report	:	Vital Factor's independent market research report on the independent assessment of the metal fabrication industry focusing on process equipment and metal structures for the palm oil industry in Malaysia dated 30 March 2010
WTECH	:	WTECH Holdings Sdn Bhd, a substantial shareholder of Success Transformer

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DEFINITIONS (Cont'd)

CURRENCY

£	:	Pound Sterling, the lawful currency of the UK
€ or EURO	:	Euro, the lawful currency of the European Union
RM and sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the USA
¥	:	Japanese Yen, the lawful currency of Japan

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TECHNICAL TERMS

To facilitate better understanding of the business of our Group, the following glossary contains an explanation and description of certain terms used in this Prospectus in connection with our Group. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

fabrication	:	Fabrication is the term generally applied to the value-added process of construction equipment, machines and structures out of various raw materials, primarily metal. Fabrication generally involves the cutting, bending and welding of metal
heat exchanger	:	A heat exchanger is a device that is designed to transfer heat from one medium to another medium. The medium may be separated by a solid barrier, or the medium may come into direct contact with one another
“NB” stamp	:	A marking that identifies boilers, pressure vessels, and other pressure retaining items as registered with the NBBI
non-destructive testing	:	Non-destructive testing refers to tests that are carried out in such a way that the specimen’s structural or surface integrity are not disturbed, i.e. the specimen is not destroyed
non-pressurised tank	:	In general, non-pressurised tank refers to closed vessel that is designed to hold fluid at ambient pressure. Some examples of non-pressurised tanks include storage tanks, silos, oil heaters, mixing tanks and others
pressure vessel	:	A pressure vessel refers to a closed vessel that is designed to hold fluid in a liquid or gaseous state at a pressure different from the ambient pressure. Pressure vessels may be fired or unfired. The term “pressure vessel” shall refer to unfired pressure vessels, unless otherwise stated
process equipment	:	In general, the term process equipment refers to machinery and equipment that are designed to carry out one or more physical or chemical processes on an industrial scale. Process equipment also includes vessels that are designed to store raw materials, intermediate products and finished products
“R” symbol	:	A marking certifying that repairs or alterations made on boilers or pressure vessels that comply with ASME codes are in accordance with NBBI regulations
shutdown services	:	In general, shutdown services refer to the scheduled periodic shutdown of a plant, production line, machinery and equipment, or some other facility to allow work to be carried out on that facility. During the shutdown period, no production occurs at the facility. The scope of work that is carried out is usually extensive and may include inspection, maintenance, repair, cleaning and upgrading
stainless steel	:	Stainless steel is a metal alloy whose major components are iron and chromium, with chromium content of at least 10% by weight. Other alloying elements such as nickel, zinc, silicon and carbon may also be added. Stainless steel is characterised by its resistance to corrosion
“U” symbol	:	A marking that designates a vessel as a pressure vessel, as defined and regulated by ASME codes
unfired pressure vessel	:	An unfired pressure vessel refers to a pressure vessel that is not designed to accept heat from an external source. A cooking gas cylinder is an example of an unfired pressure vessel

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1. INTRODUCTION

This Prospectus is dated 14 April 2010.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for its contents.

We have received the SC's approval vide its letter dated 29 January 2010 for our IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends our IPO. You should rely on your own evaluation to assess the merits and risks of our IPO.

We have also obtained the approval from Bursa Securities on 25 February 2010, for, *inter-alia*, our admission to the Official List of the Main Market of Bursa Securities and for permission to deal in and for the quotation of all our Shares.

Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been issued and despatched to all the successful applicants. Admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

The acceptance of applications for our Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for all our Shares on the Main Market of Bursa Securities. If the permission for our Listing is not granted within 6 weeks from the date of this Prospectus (or such longer period as may be specified by the SC), provided that we are notified by Bursa Securities within the aforesaid timeframe, we are required to return in full, without interest, all monies paid in respect of any application accepted, at your own risk. If any such monies are not returned within 14 days after we become liable to pay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. If we fail to do so, we may not be allowed to proceed with our Listing. In such an event, all monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within 14 days after we become liable to do so, the provision of subsection 243(2) of the CMSA shall apply accordingly.

If you are submitting your application by way of Application Form or Electronic Share Application or Internet Share Application (refer to Sections 19.4, 19.5 and 19.6 respectively of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application or Internet Share Application.

You should rely on the information contained in this Prospectus. We, our Principal Adviser and the Offeror have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue or offer made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

1. INTRODUCTION (*Cont'd*)

We are not making any offer to sell or invitation to subscribe for our IPO Shares in any jurisdiction other than Malaysia and in any circumstances in which such an invitation and/or offer is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdiction may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR IPO SHARES.

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2. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Profession	Nationality
Tan Sri Ahmad Fuzi Bin Abdul Razak <i>(Independent Non-Executive Director cum Chairman)</i>	B-6-5 Mont' Kiara Aman No. 4 Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur	Company Director	Malaysian
Wong Choon Cheon <i>(Non-Independent Executive Director cum Vice Chairman)</i>	No. 99, Jalan Dato' Klana Maamor 70200 Seremban Negeri Sembilan	Company Director	Malaysian
Wong Chee Kian <i>(Managing Director)</i>	No. 99, Jalan Dato' Klana Maamor 70200 Seremban Negeri Sembilan	Company Director	Malaysian
Wong Poh Chee <i>(Executive Director)</i>	No. 74, Jalan Duyung 3 Taman Duyung 70200 Seremban Negeri Sembilan	Company Director	Malaysian
Tan Tian Seng <i>(Executive Director)</i>	No. 279, Lorong S2 A6/1 Green Street Home 1 70300 Seremban Negeri Sembilan	Company Director	Malaysian
Tan Ah Moy <i>(Alternate Director to Tan Tian Seng)</i>	No. 99, Jalan Dato' Klana Maamor 70200 Seremban Negeri Sembilan	Company Director	Malaysian
Ir. Mohamad Noh Bin Serul <i>(Executive Director)</i>	431, Jalan Pulau 25 Taman Sri Pulau Sikamat 70400 Seremban Negeri Sembilan	Company Director	Malaysian
Tan Ah Bah @ Tan Ah Ping <i>(Non-Independent Non-Executive Director)</i>	No. 1, Jalan 21/6 Sea Park 46300 Petaling Jaya Selangor	Company Director	Malaysian
Wong Wai Hung <i>(Non-Independent Non-Executive Director)</i>	No. 1, Jalan PUJ 5/8 Taman Puncak Jalil Bandar Putra Permai 43300 Seri Kembangan Selangor	Company Director	Malaysian
Chiam Tau Meng <i>(Independent Non-Executive Director)</i>	No. 4, Jalan SS20/9 Damansara Utama 47400 Petaling Jaya Selangor	Company Director	Malaysian
Dato' Dr. Ir. Andy Seo Kian Haw <i>(Independent Non-Executive Director)</i>	No. 33, Jalan USJ 5/1 J UEP Subang Jaya 47610 Subang Jaya Selangor	Company Director	Malaysian

2. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Chiam Tau Meng	Chairman	Independent Non-Executive Director
Tan Sri Ahmad Fuzi Bin Abdul Razak	Member	Independent Non-Executive Director cum Chairman
Dato' Dr. Ir. Andy Seo Kian Haw	Member	Independent Non-Executive Director

COMPANY SECRETARY : Pang Kah Man (MIA 18831)
c/o LSCA Management Consultants Sdn Bhd
A-11-3 (Suite 2)
Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel No. : 03 – 2287 3788

REGISTERED OFFICE : A-11-3 (Suite 2)
Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel No. : 03 – 2287 3788

HEAD / MANAGEMENT OFFICE / PRINCIPAL PLACE OF BUSINESS : Lot 1A-1C
Lorong Bunga Tanjung 1/3
Senawang Industrial Park
70400 Seremban
Negeri Sembilan
Tel No. : 06 – 677 5898
Website : www.sesb98.com
E-mail address : enquiry@sesb98.com

AUDITORS AND REPORTING ACCOUNTANTS : SC Lim, Ng & Co. (AF 0681)
Chartered Accountants
A-11-3 (Suite 1)
Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel No. : 03 – 2284 1788

DUE DILIGENCE SOLICITORS : Lee, Perara & Tan
Advocates and Solicitors
55, Jalan Thambypillai
Off Jalan Tun Sambanthan
Brickfields
50470 Kuala Lumpur
Tel No. : 03 – 2273 4307

2. CORPORATE DIRECTORY (Cont'd)

- INDEPENDENT VALUER** : Henry Butcher Malaysia (NS) Sdn Bhd (V(1) 0008/9)
No. 11, Jalan Tunku Hassan
70000 Seremban
Negeri Sembilan
Tel No. : 06 – 761 8681
- SELLING SHAREHOLDER** : Success Transformer Corporation Berhad
A-11-3 (Suite 2)
Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel No. : 03 – 2287 3788
- PRINCIPAL BANKERS** : HSBC Bank (Malaysia) Berhad
50-52, Jalan Dato' Bandar Tunggal
70000 Seremban
Negeri Sembilan
Tel No. : 06 – 762 9603
- : CIMB Bank Berhad
Level 1, Amanah Raya Building
Damansara Heights, Jalan Semantan
50490 Kuala Lumpur
Tel No. : 03 – 2084 6877
- : United Overseas Bank (Malaysia) Berhad
24-26, Jalan Dato Lee Fong Yee
70000 Seremban
Negeri Sembilan
Tel No. : 06 – 762 5651
- : Citibank Berhad
165, Jalan Ampang
50450 Kuala Lumpur
Tel No. : 03 – 2383 1111
- : AmBank (M) Berhad
Level 12A, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : 03 – 2026 3939
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O. Box 13269
50804 Kuala Lumpur
Tel No. : 03 – 7841 8000

2. CORPORATE DIRECTORY (Cont'd)

SHARE REGISTRAR : Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03 – 7841 8000

INDEPENDENT MARKET RESEARCHER : Vital Factor Consulting Sdn Bhd
75C & 77C Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03 – 7728 0248

PRINCIPAL ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT : RHB Investment Bank Berhad
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel No. : 03 – 9287 3888

LISTING SOUGHT : Main Market of Bursa Securities

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3. INFORMATION SUMMARY

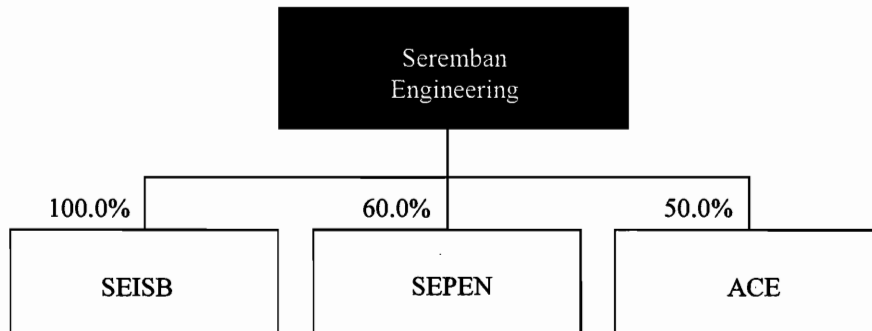
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND OUR IPO, WHICH IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS SECTION AND THE ENTIRE PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN OUR COMPANY.

3.1 Overview of our Group and business

Our Company was incorporated in Malaysia as a private limited company under the Act on 19 February 1979 under the name of Seremban Engineering Services & Supplies Sdn Berhad. We subsequently changed our name to Seremban Engineering Sdn Bhd on 27 June 1979. Our Company was converted into a public company on 19 August 2009 and assumed our present name. Our Company is principally an investment holding company and is involved in the fabrication of process equipment, metal structure and the provision of maintenance and shutdown services. Our Company commenced operations in June 1979.

Our Group

Our Group structure and the principal activities of our subsidiaries and jointly controlled entity are as follows:



Company	Principal activities
<i>Our subsidiaries</i>	
SEISB	Supply of labour for our Group's fabrication operations
SEPEN	Fabrication of process equipment and metal structure
<i>Our jointly controlled entity</i>	
ACE	Dormant ⁽¹⁾

Note:

(1) The proposed principal activity of ACE is the provision of environmental cleaning services for the oil and gas industry.

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3. INFORMATION SUMMARY (Cont'd)

Our history

Our history can be traced back to 1979 when our Company was incorporated by Mr Wong Choon Cheon and Dato' Wong Choon Tat. Our Company was initially incorporated to focus on the business of automobile industries specialising in regrinding crankshaft, reboring cylinder blocks, skimming cylinder heads, rebushing cylinder head valve seats and other precision machining works. In 1991, Mr Wong Choon Cheon, our current Non-Independent Executive Director cum Vice Chairman, took control of our Company pursuant to a family arrangement to sort out the assets amongst the Wong family. He shifted the business activities of our Company to fabrication of process equipment and metal structure. His effective interest pursuant to the takeover exercise was 88%. On 1 March 2007, Success Transformer acquired 60% equity interest in our Company. Subsequently, on 30 April 2008, our Company became a wholly-owned subsidiary of Success Transformer when Success Transformer acquired the remaining 40% equity interest in our Company. Refer to Section 6.3 of this Prospectus for further details on the acquisition of our Company by Success Transformer. As our holding company is a company listed on the Main Market of Bursa Securities, the Flotation Exercise is a chain listing. Success Transformer is of the opinion that since our Company has been achieving steady growth and has fulfilled the criteria for listing on Bursa Securities, Success Transformer believes that it is a good opportunity for our Company to have a better expansion and continuing growth potential through listing on our own. Furthermore, the listing status will enable us to gain better recognition and corporate stature to enhance our corporate reputation and in assisting to expand our customer base as well as easier access to capital market for cost effective capital raising for our projects.

Mr Wong Choon Cheon, Mr Wong Chee Kian and Ms Wong Poh Chee have been instrumental in the growth and development of our Group. Mr Wong Choon Cheon has many years of experience in the fabrication of process equipment and metal structure which he acquired during his employment with Wong Heng Engineering Sdn Bhd. Hence, under Mr Wong Choon Cheon's leadership and management, in 1990, our Company shifted our business focus from provision of automotive maintenance services to a more profitable business of provision of services such as plant shutdown, general maintenance, plant modification and repair services to manufacturing and processing plants. With approximately 48 years of experience in the fabrication of process equipment and metal structure, he has successfully led our Group to become an established and reputable player in the metal fabrication industry in Malaysia. Further, under the management of Mr Wong Chee Kian, our Group has diversified into various industries and expanded to reach the export markets. Ms Wong Poh Chee is responsible for overseeing the overall operations, administrative, human resource, finance and marketing and information technology ("IT") operations of our Group.

Our Company was registered with DOSH in 1994 to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products and in 1996 as a gas contractor to fabricate gas piping. In 2003, our Company obtained a licence from the MITI to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products. Subsequently in 2005, our Company was registered with DOSH to undertake boiler repair.

In 1996, our Group moved into our current premise at Lot 1A in Senawang Industrial Park in Negeri Sembilan before acquiring an adjacent piece of land in 1997, which is being used to construct a covered fabrication facility on the same premises. As part of our Group's expansion plans, our Company constructed additional covered fabrication facilities on our current premises in 2006 and 2008. Covered fabrication facility refers to open sided building with metal roofing. In 2009, our subsidiary, SEPEN had acquired a vacant industrial land in Rawang to facilitate additional fabrication activities. We have commenced the construction work on this land at the end of 2009 and expect to begin fabrication activities at this new yard by the fourth quarter of 2010.

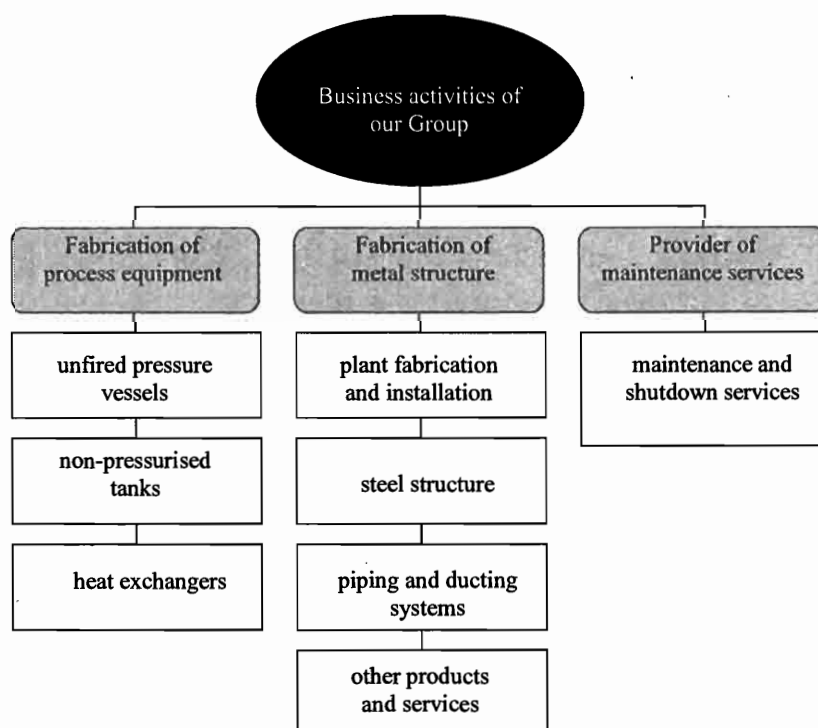
3. INFORMATION SUMMARY (Cont'd)

In 2007, our Company acquired 100% equity interest in SEISB from Mr Wong Choon Cheon and Ms Wong Poh Chee. SEISB was initially involved in hiring, servicing of machinery equipment and labour supply for our Group. In 2009, it changed its principal activity whereby it supplies labour for our Group's fabrication operations. In 2008, our Company subscribed for a 60% equity stake in SEPEN, a company that is engaged in the fabrication of process equipment and metal structure. Subsequently, on 15 April 2009, our Company subscribed for 50% equity interest in ACE to capture potential opportunities in the provision of environmental cleaning services for the oil and gas industry.

For FYE 2008, 66.6% of our Group's revenue was derived from overseas market with customers (based on the origin of purchase orders) from Singapore, Germany, France, India, USA, Sri Lanka and the Netherlands. For FYE 2009, 57.2% of our Group's revenue was derived from overseas market with customers (based on the origin of purchase orders) from Singapore, Germany, Japan and Sri Lanka.

Our business

Our business activities, products and services are as depicted below:



Refer to Sections 6 and 7 of this Prospectus for further information on our Group and our business respectively.

The metal fabrication industry, specifically the fabrication of process equipment and metal structure, plays an important role in supporting the growth and development of major sectors of the Malaysian economy including palm oil, food processing, chemical, rubber products, biodiesel and oil, gas and petrochemicals.

Refer to Section 9 of this Prospectus for further information on the industry players and market position of our Company.

3. INFORMATION SUMMARY (*Cont'd*)

3.2 Our competitive strengths and advantages

We believe our position as one of the established players in the metal fabrication industry in Malaysia is primarily attributable to the following competitive strengths and advantages:

(i) One-stop metal fabrication centre

We have the capabilities to fabricate a wide range of process equipment and metal structure for industrial use. Our diverse metal fabrication expertise not only enables us to address a wider range of business opportunities across a varied range of user industries but also provides our customers with the convenience of an one-stop solution for their metal fabrication needs.

(ii) Turnkey plant fabrication and installation

We have the full capabilities to undertake turnkey projects including plant demolition, total plant fabrication and installation including machinery and equipment with the exception of non-metal structural and civil works.

(iii) Quality standard certifications

We are licensed by the relevant authorities to operate as fabricator of pressure vessels and piping systems, and undertake boiler repair. Further, we have demonstrated our ability to continually fabricate process equipment that meet and conform with quality and safety standards under, *inter-alia*, ASME and the NBBI. Our Company has received ISO 9001:2008 quality management system certification for the scope of "manufacture and fabrication of process equipment such as unfired pressure vessels, heat exchangers, tanks and silos" from Bureau Veritas Certification (Malaysia) Sdn Bhd.

(iv) Supporting a large end-user industry

Our Group's process equipment and metal structure fabrication activities support the palm oil industry in Malaysia, which is a major contributor to the Malaysian economy. Our Group's ability to support the large palm oil industry creates opportunities for our Group to grow our business in line with the development of the palm oil industry.

(v) Export market

Our business is predominantly export-oriented, with 66.6% and 57.2% of our Group's revenue for FYE 2008 and FYE 2009 respectively derived from overseas market based on the origin of purchase orders. Our Group's ability to meet the needs of international customers is a strong endorsement of the quality of our products and services.

(vi) Established reputation and track record

Since 1990, our Company has developed a reputation as an established fabricator in the metal fabrication industry in Malaysia focusing on process equipment and metal structure, with long term customer relationship and proven track record, and in adherence to safety and quality standards certifications accredited by internationally recognised bodies.

(vii) Ability to serve a wide range of industries

Our Group fabricates a wide range of process equipment and metal structure for different types of user industries, including palm oil industry, food processing industry, chemical industry, wood industry, oil and gas industry, latex based industry and waste treatment industry. The ability to serve the needs of our customers in a wide range of different user industries provides our Group with the capability to address opportunities across a wider spectrum of the market.

3. INFORMATION SUMMARY (Cont'd)

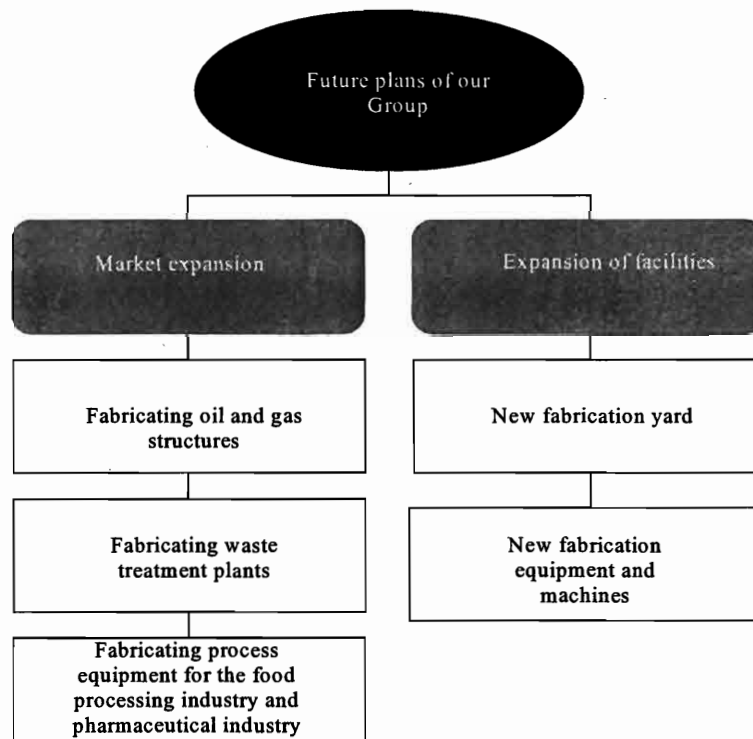
(viii) Timely delivery

Many of our Group's pressure vessels and metal structure are used as part of a larger project or plant. As a result, any delays in the delivery of the finished fabricated products may impact on the timing of the entire project or plant. We have consistently met our customers' requirements in terms of timely delivery of process equipment and metal structure, and plant fabrication and installation.

Refer to Section 7.5 of this Prospectus for further information on our Group's competitive strengths and advantages.

3.3 Our future plans and strategies

The future plans and strategies of our Group are focused on 2 areas as depicted in the diagram below:



Market expansion

Presently, we have secured projects to fabricate process equipment for the oil and gas industry, waste treatment plants, food processing and pharmaceutical industries. As part of our future plans, our Group intends to progressively further expand our market presence to fabricate process equipment facilities for the oil and gas industry, waste treatment plants, food processing and pharmaceutical industries.

Expansion of facilities

We had acquired a vacant industrial land measuring approximately 1.68 acres in Rawang, Selangor which we plan to establish a new fabrication yard to be utilised for our additional fabrication activities. We have commenced the construction work at the end of 2009 and expect to commence fabrication activities by the fourth quarter of 2010. We also plan to purchase new fabrication equipment and machinery to enhance our fabrication capabilities.

Refer to Section 7.19.1 of this Prospectus for further details on our Group's future plans and strategies.

3. INFORMATION SUMMARY (Cont'd)

3.4 Our prospects

There are strong indications that economic conditions in Malaysia are improving from negative effects of the global financial crisis that began in mid 2007. The near term outlook, particularly for 2010, is likely to be more positive than 2009. In the medium term, the global economic outlook moving forward will have an effect on the growth of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry. The growth in the global economy should improve the prospects of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry by stimulating its user industry. The recovery in the price of crude palm oil may encourage operators in the palm oil industry to invest in new facilities to process palm oil, including process equipment and metal structure. Hence, the short to medium term outlook of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry is likely to be more positive.

Our Directors are of the view that the prospects of our Group are favourable. Furthermore, our competitive strengths and advantages and future plans would enable us to sustain our business and provide business growth opportunities.

Refer to Section 7.19.2 of this Prospectus for further details on our Group's prospects.

3.5 Financial highlights**3.5.1 Income statements**

The table below sets out our proforma consolidated income statements for FYE 2005 to FYE 2007 and our audited consolidated income statements for FYE 2008 and FYE 2009. The proforma consolidated income statements for the past 3 FYE 2005 to FYE 2007 are provided for illustrative purposes assuming that our Group has been in existence throughout the financial years under review, except for the financial information of SEPEN which was only consolidated from 29 August 2008 onwards as SEPEN was only incorporated on this date. Adjustments were made to the proforma consolidated income statements to account for retrospective effects of the change in the accounting policy on the revenue recognition policy for our process equipment fabrication division.

Our Company had on 1 January 2008 changed the revenue recognition policy for our process equipment fabrication division from "delivery and acceptance basis" to a combination of "percentage of completion method" and "delivery and acceptance basis". This change was made to allow better reflection of the periodic performance of process equipment fabrication division and this change is consistent with those adopted by companies which operate in similar industry. In accordance with Financial Reporting Standards 108: Accounting Policies, Changes in Accounting Estimates and Errors, adjustments were made to the proforma consolidated income statements to account for the retrospective effects of this change. Refer to Section 14.1 of this Prospectus for the comparison in the revenue recognition policy between the audited and audited (restated) financial results of our Group for the past 5 FYE 2005 to FYE 2009.

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3. INFORMATION SUMMARY (Cont'd)

You should read the summary financial information in conjunction with the full text of this Prospectus, including the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and the Accountants' Report set out in Sections 14.8 and 15 respectively of this Prospectus and the management's discussion and analysis of financial condition and results of operations as set out in Section 14.2 of this Prospectus.

	Proforma Group (Audited) [^]			Audited	
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM '000 (Restated) [#]	RM '000 (Restated) [#]	RM '000 (Restated) [#]	RM '000	RM '000
Revenue	34,704	54,333	55,208	62,127	69,036
Gross profit	6,551	10,114	13,768	14,349	17,337
EBITDA	4,920	8,664	11,140	11,377	13,852
PBT	3,982	7,488	9,907	9,948	12,164
Taxation	(995)	(2,167)	(1,995)	(2,130)	(2,912)
PAT	2,987	5,321	7,912	7,818	9,252
Number of Shares in issue*	60,072	60,072	60,072	60,072	60,072
Gross EPS (sen) ^{^^}	6.6	12.5	16.5	16.4	19.8
Net EPS (sen) ^{^^}	5.0	8.9	13.2	12.8	15.0

Notes:

[^] The proforma income statements of our Group for FYE 2005 to FYE 2007 were arrived at after incorporating the full year results of our subsidiary company, SEISB, which we own since June 2007.

[#] The proforma income statements of our Group for FYE 2005 to FYE 2007 have been prepared based on the audited financial statements of our Group, after incorporating the retrospective effects of the change in accounting policy on the revenue recognition policy for our fabrication of process equipment division.

^{*} Number of Shares in issue before the Public Issue.

^{^^} The gross and net EPS are computed based on the PBT after MI and PAT after MI respectively divided by the number of Shares in issue before the Public Issue.

3.5.2 Balance sheets

Our proforma consolidated balance sheets set out below is for illustrative purposes only based on our audited consolidated balance sheets as at 31 December 2009 and have been prepared on the assumption that the Flotation Exercise had been effected on 31 December 2009.

You should read the proforma consolidated balance sheets in conjunction with the full text of this Prospectus, including the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and the Accountants' Report set out in Sections 14.8 and 15 respectively of this Prospectus and the management's discussion and analysis of financial condition and results of operations as set out in Section 14.2 of this Prospectus.

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3. INFORMATION SUMMARY (Cont'd)

	(I)	(II)	(III)	
	As at 31 December 2009 (Audited) RM'000	After Bonus Issue RM'000	After (I) and Dividend Payment RM'000	After (I), (II) and Public Issue and utilisation of proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	26,026	26,026	26,026	35,026
Prepaid lease payment	195	195	195	195
Investment properties	97	97	97	97
Investment in jointly controlled entity	14	14	14	14
	<u>26,332</u>	<u>26,332</u>	<u>26,332</u>	<u>35,332</u>
Current assets				
Inventories	5,325	5,325	5,325	5,325
Amount due from contract customers	3,170	3,170	3,170	3,170
Trade and other receivables	23,085	23,085	23,085	23,085
Deposits, cash and bank balances	11,663	11,663	6,163	9,102
	<u>43,243</u>	<u>43,243</u>	<u>37,743</u>	<u>40,682</u>
TOTAL ASSETS	<u>69,575</u>	<u>69,575</u>	<u>64,075</u>	<u>76,014</u>
EQUITY AND LIABILITIES				
Share capital	1,000	30,036	30,036	40,000
Share premium	-	-	-	4,975
Retained profits	37,347	9,338	3,838	3,838
Revaluation reserves	4,820	3,793	3,793	3,793
Equity attributable to equity holders of our Company	<u>43,167</u>	<u>43,167</u>	<u>37,667</u>	<u>52,606</u>
MI	516	516	516	516
	<u>43,683</u>	<u>43,683</u>	<u>38,183</u>	<u>53,122</u>
Non-current liabilities				
Bank borrowings	3,033	3,033	3,033	33
Hire purchase payables	108	108	108	108
Deferred tax liabilities	2,250	2,250	2,250	2,250
	<u>5,391</u>	<u>5,391</u>	<u>5,391</u>	<u>2,391</u>
Current liabilities				
Trade and other payables	12,201	12,201	12,201	12,201
Bank borrowings	7,366	7,366	7,366	7,366
Hire purchase payables	84	84	84	84
Tax payable	850	850	850	850
	<u>20,501</u>	<u>20,501</u>	<u>20,501</u>	<u>20,501</u>
TOTAL LIABILITIES	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>	<u>22,892</u>
TOTAL EQUITY AND LIABILITIES	<u>69,575</u>	<u>69,575</u>	<u>64,075</u>	<u>76,014</u>
NA per ordinary share (sen)*	2,158.4	71.9	62.7	65.8

Note:

* Computed by dividing the equity attributable to equity holders of our Company by the number of Shares assumed in issue.

3. INFORMATION SUMMARY *(Cont'd)*

3.6 Summary of our IPO

- IPO size : Issue/ Offer of 28,000,000 IPO Shares comprising the Public Issue of 19,928,000 Issue Shares by our Company and Offer for Sale of 8,072,000 Offer Shares by the Offeror.
- Restricted Offer : Renounceable restricted offer of 8,000,000 Shares, subject to reallocation, by way of renounceable restricted offer to the Entitled Shareholders on the basis of 1 Restricted Share for every 15 existing Success Transformer Shares held as at the Entitlement Date, at the IPO Price.
- Bumiputera Offer : Issue of 9,928,000 Issue Shares and offer of 72,000 Offer Shares, subject to reallocation, by way of private placement to Bumiputera investors approved by the MITI, at the IPO Price.
- Pink Form Offer : Issue of 3,500,000 new Shares, subject to reallocation, to the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group, at the IPO Price.
- Retail Offer : Issue of 6,500,000 new Shares to the Malaysian Public, at the IPO Price, of which 3,250,000 new Shares representing 50% of the Retail Offer will be set aside for retail Bumiputera investors.
- Reallocation : Any Restricted Shares not subscribed for by the Entitled Shareholders pursuant to the Restricted Offer shall first be made available for excess Restricted Shares application at the IPO Price and thereafter any unsubscribed Restricted Shares shall be made available for application by the Malaysian Public in the event of an over-subscription under the Retail Offer at the IPO Price.
- The Shares allocated to the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group shall also be reallocated to the Malaysian Public at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer.
- Any Shares not subscribed for by the Bumiputera investors under the Bumiputera Offer shall be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any IPO Shares that are reallocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors, shall be made available for application by the Malaysian Public.
- IPO Price : RM0.85 per IPO Share

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3. INFORMATION SUMMARY (Cont'd)

Use of proceeds : We intend to utilise the gross proceeds from the Public Issue of RM16.939 million in the following manner:

Purpose	RM'000
Purchase of plant and machinery and extension/ upgrading of properties	9,000
Repayment of borrowings	3,000
Working capital	2,939
Defray listing expenses	2,000
Total gross proceeds	16,939

Refer to Section 4 of this Prospectus for detailed information on our IPO.

3.7 Risk factors

An investment in our Shares involves a certain degree of risk. Before investing in our Shares, you should carefully consider the following risk factors (which may not be exhaustive), along with other matters in this Prospectus.

Risks relating to our business and industry

- (i) Loss of our management team or any failure to attract similarly qualified personnel in the future will adversely impact our business and growth prospects;
- (ii) We are dependent on a few major customers;
- (iii) We are subject to the credit risks of our customers;
- (iv) We face the risk of incorrect estimation of our project costs, costs overrun and delays in project implementation;
- (v) We are subject to the fluctuations in prices and availability of raw materials;
- (vi) We are exposed to the risks associated with the joint venture/ investment activity;
- (vii) We may not be able to secure new projects or we may suffer from delays in projects secured;
- (viii) We are exposed to product liability claims and other claims by our customers;
- (ix) Change in political, economic and regulatory conditions;
- (x) We face competition;
- (xi) We are exposed to the risk of non-renewal and/or revocation of permits, approvals, business licences, and the quality and safety accreditations for our operations;
- (xii) We are dependent on the palm oil industry;
- (xiii) We are dependent on obtaining adequate financing to fund our operations;
- (xiv) We are dependent on our suppliers; and
- (xv) We are exposed to unexpected equipment failures or catastrophic events which may lead to production curtailments or shutdowns.

Risks relating to our Listing and investment in our Shares

- (i) Ownership and control;
- (ii) Potential delay or failure of our Listing;
- (iii) No prior market for our Shares; and
- (iv) Volatility in our Share price and trading volume.

Refer to Section 5 of this Prospectus for further details on the above risk factors.

4. PARTICULARS OF OUR IPO

4.1 Opening and closing of applications

Applications will be accepted from 10.00 a.m. on 14 April 2010 and will be closed at 5.00 p.m. on 29 April 2010 or such later date or dates as our Directors, Sole Underwriter and Offeror may in their absolute discretion mutually decide. **Late applications will not be accepted.**

4.2 Tentative timetable

The tentative timing of events leading up to our Listing is set out below:

Event	Tentative date
Opening of the application for our IPO	14 April 2010 at 10.00 a.m.
Commencement date and time for trading for the provisional offer of the Restricted Shares	15 April 2010 at 9.00 a.m.
Tentative last date and time for:	
• Sale of provisional offer of the Restricted Shares	21 April 2010 at 5.00 p.m.
• Transfer of provisional offer of the Restricted Shares	26 April 2010 at 4.00 p.m.
• Closing of applications, acceptance and payment (including excess application in respect of the Restricted Shares)	29 April 2010 at 5.00 p.m.
Tentative date for balloting of applications for the Retail Offer	3 May 2010
Tentative date for allotment of our IPO Shares to successful applicants	6 May 2010
Tentative listing date	10 May 2010

This timetable is tentative and is subject to change which may be necessary to facilitate implementation procedures. The application for our IPO Shares will close on the time and date stated above or such later date or dates as our Directors, Sole Underwriter and Offeror may in their absolute discretion mutually decide. Should the closing date for the application for our IPO Shares be extended, the dates for the allotment of our IPO Shares pursuant to our IPO and our Listing will be extended accordingly. We will announce any extension of time for the application for our IPO Shares by way of advertisements in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

4.3 Details of our IPO

4.3.1 Bonus Issue

Our Company had undertaken a bonus issue of 58,072,000 new Shares, credited as fully paid-up, on the basis of approximately 2,904 Bonus Shares for every 100 existing Shares held in our Company on 30 March 2010, by way of capitalising an aggregate of RM28,009,000 out of the retained earnings of our Company as at 31 December 2009 and RM1,027,000 out of the revaluation reserves of our Company after incorporating an audited net revaluation surplus of RM3,693,973 arising from the valuation of the properties of our Company. The Bonus Issue was completed on 31 March 2010.

4.3.2 Restricted Offer

Success Transformer, our holding company, shall make available 8,000,000 Restricted Shares, representing 10.00% of our enlarged issued and paid-up share capital, for application by the Entitled Shareholders on the basis of 1 Restricted Share for every 15 existing Success Transformer Shares held as at the Entitlement Date, at the IPO Price, payable in full upon application. Upon completion of the Restricted Offer, Success Transformer shall hold 52,000,000 Shares, representing 65.00% of our enlarged issued and paid-up share capital.

4. PARTICULARS OF OUR IPO (Cont'd)

Excluded Parties

This Prospectus, together with the accompanying documents, will not be registered or be made to comply with the applicable securities legislation of any country or jurisdiction other than Malaysia and the Restricted Offer will not be offered or deemed to be offered for subscription in any country or jurisdiction other than Malaysia. Accordingly, this Prospectus and the accompanying documents relating to the Restricted Offer will not be sent to Foreign Addressed Shareholders.

The Restricted Shares are available for application by the Entitled Shareholders, except for Excluded Parties, being persons who are:

- (a) Foreign Addressed Shareholders;
- (b) located in jurisdictions outside Malaysia in which acceptance of the entitlement under the Restricted Offer would result in the contravention of the laws of such jurisdiction (whether in the absence of any necessary consent and/or compliance with any registration of other legal requirements or for any other reason); or
- (c) in the opinion of our Directors (on the advice of our legal counsel), would be necessary or expedient to be excluded from participating in the Restricted Offer by reason of legal or regulatory requirements.

Success Transformer had on 30 March 2010 obtained its shareholders' approval in respect of the Excluded Parties.

Notwithstanding the above, any offer or issue of Restricted Shares is made and valid in Malaysia only.

Foreign Addressed Shareholders or Excluded Parties will have no rights or claims whatsoever against us, the Offeror, Promoters, advisers, Sole Underwriter, any of their respective directors or any other persons involved in our IPO in respect of their rights entitlements or any proceeds in respect of the Restricted Offer and they shall not accept any responsibility and liability in the event that any acceptance and/or excess application under the Restricted Offer is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in such countries or jurisdictions.

Foreign Addressed Shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction to which they may be subject to. Your participation in our IPO shall be based on your warranty to us that you may lawfully so participate without us, the Offeror, Promoters, advisers, Sole Underwriter, any of their respective directors or any other persons involved in our IPO being in breach of the laws of any jurisdiction.

Each Entitled Shareholder accepting all or part of the Restricted Shares provisionally offered to him/her will be deemed to have represented that he/she and/or the beneficial owner of those Success Transformer Shares in respect of which the Restricted Shares are accepted, is not an Excluded Party.

Renunciation and entitlement basis

The Restricted Offer is **RENOUNCEABLE**. Entitled Shareholders who apply for the Restricted Shares will first be allocated the Restricted Shares (on the basis of 1 Restricted Share for every 15 existing Success Transformer Shares held as at the Entitlement Date) provided that such Entitled Shareholders have remitted the required application monies for the Restricted Shares in accordance with the procedures for application and acceptance set out in Section 19 of this Prospectus.

4. PARTICULARS OF OUR IPO (Cont'd)

Fractional entitlement

In determining an Entitled Shareholder's entitlement to the Restricted Shares, any fractional entitlement to the Restricted Shares shall be disregarded. Fractional entitlements, if any, shall be dealt with in such manner as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

Excess application

Any Restricted Shares provisionally offered to the Entitled Shareholders which are not accepted and not validly taken up under the Restricted Offer, will be made available to the Entitled Shareholders and/or renounees who have applied for excess Restricted Shares.

Basis of allotment of excess Restricted Shares

Our Board reserves the right to allot the excess Restricted Shares applied for in a fair and equitable basis and in such manner as it deems fit or expedient and in the best interest of our Company. As such, it is the intention of our Board to allot the excess Restricted Shares in the following priority:

- (i) firstly, to minimise the incidence of odd lots; and
- (ii) secondly, for allocation to applicants who applied for excess Restricted Shares at the IPO Price, on a pro rata basis calculated based on the entitlement as at the Entitlement Date and the quantum of excess Restricted Shares applied for.

Our Board will also consider, on a fair and equitable manner, other factors including the level of acceptances, cost effectiveness and timeliness in finalising the allocation to meet Bursa Securities' timeline, during the allocation process. Nevertheless, our Board reserves the right to allot any application of excess Restricted Shares, in full or in part, and in such basis as it deems fit or expedient and in the best interest of our Company without assigning any reason thereof.

Underwriting

OASB and WTECH had on 31 March 2010, given their irrevocable written undertakings to subscribe for 4,054,519 Restricted Shares and 777,713 Restricted Shares respectively provisionally offered to them under the Restricted Offer.

The remaining 3,167,768 Restricted Shares are fully underwritten by the Sole Underwriter.

4.3.3 Bumiputera Offer

10,000,000 Shares, representing 12.50% of our enlarged issued and paid-up share capital, are available for application at the IPO Price by way of private placement to Bumiputera investors approved by the MITI.

In the event that the MITI is unable to fully allocate the entire portion reserved for Bumiputera investors, the balance of the Shares not taken up under the Bumiputera Offer will be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any IPO Shares that were reallocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors shall be made available for application by the Malaysian Public.

A total of 4,365,000 Shares held under the Bumiputera Offer are fully underwritten by the Sole Underwriter.

4. PARTICULARS OF OUR IPO (Cont'd)

4.3.4 Pink Form Offer

3,500,000 new Shares, representing 4.375% of our enlarged issued and paid-up share capital, are available for application at the IPO Price by the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to our Group's success as follows:

Allocation of Shares

A total of 264 persons are eligible for our Shares pursuant to the Pink Form Offer, comprising the following:

Category	Number of person	Aggregate number of Shares allocated
Eligible Directors of the Success Transformer Group and our Group	18	765,000
Eligible employees of the Success Transformer Group and our Group	180	594,000
Persons who have contributed to the success of our Group	66	2,141,000
Total	264	3,500,000

Criteria of allocation

Our Shares pursuant to the Pink Form Offer are allocated to the eligible Directors and employees of the Success Transformer Group and our Group, based on, *inter-alia*, the following criteria as approved by our Board:

- at least 18 years old;
- category, position and seniority; and
- other factors deemed relevant by our Board.

The criteria of allocation for our Shares pursuant to the Pink Form Offer to be allocated to persons who have contributed to the success of our Group is based on the level of contribution rendered by these people to the success of our Group in terms of our Group's turnover and profitability growth, as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers and sub-contractors, who have contributed to the business development and success of our Group.

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4. PARTICULARS OF OUR IPO (Cont'd)

Details of allocation to the eligible Directors of the Success Transformer Group and our Group

The allocation of our Shares pursuant to the Pink Form Offer to the eligible Directors of the Success Transformer Group and our Group is as follows:

Directors	Designation	No. of Shares
Tan Sri Ahmad Fuzi Bin Abdul Razak	Independent Non-Executive Director cum Chairman	50,000
Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman	50,000
Wong Chee Kian	Managing Director	50,000
Wong Poh Chee	Executive Director	50,000
Tan Tian Seng	Executive Director	50,000
Tan Ah Moy	Alternate Director to Tan Tian Seng	50,000
Ir. Mohamad Noh Bin Serul	Executive Director	50,000
Tan Ah Bah @ Tan Ah Ping	Non-Independent Non-Executive Director	50,000
Wong Wai Hung	Non-Independent Non-Executive Director	50,000
Chiam Tau Meng	Independent Non-Executive Director	50,000
Dato' Dr. Ir. Andy Seo Kian Haw	Independent Non-Executive Director	50,000
Wong Kee Pen	Director of SEPEN	50,000
Wong Kah Poh	Director of SEPEN	50,000
Woh Way Cheang	Director of SEPEN	50,000
Tan Chung Ling	Director of SEISB	50,000
Liew G Hoe @ Liew Chee Hoe	Director of Success Transformer	5,000
Yeoh Kim Wah	Director of Success Transformer	5,000
Pan Kim Foon	Director of Success Transformer	5,000
Total		765,000

Under-subscription of our Shares pursuant to the Pink Form Offer

Any Shares which are not subscribed for by the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group will be made available for application under the Retail Offer.

Underwriting

All the abovementioned Directors had on 11 September 2009 and 12 March 2010 given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer as tabulated above. Further, certain persons who have contributed to the success of our Group had on 12 March 2010 given their irrevocable undertakings to subscribe for an aggregate of 30,000 Shares allocated to them under the Pink Form Offer.

The remaining 2,705,000 Shares under the Pink Form Offer are fully underwritten by the Sole Underwriter.

4. PARTICULARS OF OUR IPO (Cont'd)

4.3.5 Retail Offer

6,500,000 new Shares, representing 8.125% of our enlarged issued and paid-up share capital, are made available for application at the IPO Price by the Malaysian Public, of which 3,250,000 new Shares representing 50% of the Retail Offer will be set aside for retail Bumiputera investors.

All 6,500,000 new Shares under the Retail Offer are fully underwritten by the Sole Underwriter.

There is no minimum subscription amount to be raised from our IPO.

4.3.6 Reallocation

Any Restricted Shares not subscribed for by the Entitled Shareholders pursuant to the Restricted Offer shall first be made available for excess Restricted Shares application at the IPO Price and thereafter any unsubscribed Restricted Shares shall be made available for application by the Malaysian Public in the event of an over-subscription under the Retail Offer at the IPO Price.

The Shares allocated to the eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group shall also be reallocated to the Malaysian Public at the IPO Price in the event of an over-subscription under the Retail Offer and under-subscription under the Pink Form Offer.

Any Shares not subscribed for by the Bumiputera investors under the Bumiputera Offer shall be made available for application by the retail Bumiputera investors as part of our IPO balloting process. Thereafter, any IPO Shares that are reallocated to the retail Bumiputera investors (as part of our IPO balloting process) and not taken up by the retail Bumiputera investors, shall be made available for application by the Malaysian Public.

4.4 Listing

In conjunction with our IPO, we have sought admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital comprising 80,000,000 Shares on the Main Market of Bursa Securities, of which the approval was obtained on 25 February 2010.

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4. PARTICULARS OF OUR IPO (Cont'd)

4.5 Share capital

	No. of Shares	RM
Authorised share capital	100,000,000	50,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	60,072,000	30,036,000
To be issued pursuant to the Public Issue	19,928,000	9,964,000
Enlarged issued and fully paid-up share capital upon listing on the Main Market of Bursa Securities	80,000,000	40,000,000
Offer for Sale	8,072,000	4,036,000

The IPO Price is payable in full on application.

As at the date of this Prospectus, we have only 1 class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. Our IPO Shares, upon allotment and issuance, will rank *pari passu* in all respects with our existing issued and paid-up share capital including voting rights and will be entitled to all dividends, rights and distributions that may be declared subsequent to the date of allotment and issuance of our IPO Shares.

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

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each present shareholder either in person or proxy, by attorney or other duly authorised representative shall have 1 vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held. A proxy may but need not be a member of our Company.

4.6 Market capitalisation

Based on the IPO Price and our enlarged issued and paid-up share capital of 80,000,000 Shares, our market capitalisation on the Main Market of Bursa Securities upon listing will be RM68,000,000.

4.7 Purposes of our IPO

The purposes of our IPO are as follows:

- (a) To achieve listing status for our Company;
- (b) To provide an opportunity for the investing community including the Malaysian Public, shareholders of Success Transformer, eligible Directors and employees of the Success Transformer Group, our Group and persons who have contributed to the success of our Group to participate in our continuing growth by way of equity participation;
- (c) To enable us to have access to the capital market for cost effective capital raising for future expansion and the continuing growth of our Group; and
- (d) To enable us to gain recognition and corporate stature through our listing status and further enhance our corporate reputation and assist us in expanding our customer base.

4. PARTICULARS OF OUR IPO (Cont'd)

4.8 Basis of arriving at the IPO Price

Our Directors, together with RHB Investment Bank as the Principal Adviser, Sole Underwriter and Placement Agent, and the Offeror have determined and agreed to the IPO price of RM0.85 per IPO Share, based on the following factors:

- (a) our Group's historical net EPS of approximately RM0.12 (computed based on our consolidated PAT for FYE 2009 and our enlarged issued and paid-up share capital) and the net PE multiple of approximately 7.1 times;
- (b) our proforma consolidated NA per Share as at 31 December 2009 of approximately RM0.66 (based on our enlarged issued and paid-up share capital);
- (c) our competitive strengths and advantages as outlined in Section 7.5 of this Prospectus;
- (d) our future plans and strategies as outlined in Section 7.19.1 of this Prospectus; and
- (e) the overview and prospects of the metal fabrication industry as outlined in Section 9 of this Prospectus.

You should also take note that upon and subsequent to our Listing, the market price of our Shares is subject to the vagaries of market forces and other uncertainties, which may affect the pricing of our Shares being traded. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

4.9 Dilution

Dilution is the amount by which the IPO Price paid by subscribers of our Shares in our IPO exceeds the NA per Share after our IPO. The NA per Share of our Group as at 31 December 2009, adjusted for the Bonus Issue and Dividend Payment up to the date of this Prospectus, but before adjusting for the net proceeds from the Public Issue, was approximately RM0.63 based on the number of Shares in issue before the Public Issue.

Pursuant to the issue of 19,928,000 new Shares under the Public Issue at the IPO Price and after further adjusting for the estimated listing expenses, the adjusted NA per Share of our Group as at 31 December 2009 based on our enlarged issued and paid-up share capital of 80,000,000 Shares would have been approximately RM0.66 per Share. This represents an immediate increase in NA per Share of RM0.03 to our existing shareholder and an immediate dilution in NA per Share of RM0.19 to our new shareholders.

The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.85
NA per Share as at 31 December 2009, after adjusting for the Bonus Issue and Dividend Payment but before adjusting for the net proceeds from the Public Issue	0.63
NA per Share after our IPO	0.66
Increase in NA per Share to existing shareholders	0.03
Dilution in NA per Share to new shareholders	0.19
Dilution in NA per Share to new shareholders as a percentage to the IPO Price	22.4%

4. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of shares acquired by our substantial shareholder during the period of 3 years prior to the date of this Prospectus, the total consideration paid by it and the average price per share paid by our substantial shareholder:

	No. of shares	Consideration RM'000	Effective cash cost per share RM
Success Transformer	600,000 ⁽¹⁾	14,628	0.30 *
	400,000 ⁽²⁾	21,780	0.68 *
Public	19,928,000 ⁽³⁾	16,939	0.85

Notes:

* Calculated based on our enlarged issued and paid-up share capital of 80,000,000 Shares.

(1) Being ordinary shares of RM1.00 each in our Company whereby the issued and paid-up share capital is 1,000,000 shares comprising ordinary shares of RM1.00 each. The acquisition was completed on 1 March 2007.

(2) Being ordinary shares of RM1.00 each in our Company whereby the issued and paid-up share capital is 1,000,000 shares comprising ordinary shares of RM1.00 each. The acquisition was completed on 30 April 2008.

(3) Being ordinary shares of RM0.50 each in our Company.

Save as disclosed above, there is no acquisition of any existing equity securities in our Company by our Directors, senior management, substantial shareholder or persons connected with them during the past 3 years in which they have the right to acquire.

4.10 Use of proceeds

The expected total gross proceeds from the Public Issue is RM16.939 million. We intend to utilise the gross proceeds in the following manner:

	Notes	RM'000	Estimated timeframe for utilisation upon our Listing
Purchase of plant and machinery and extension/ upgrading of properties	1	9,000	Within 12 months
Repayment of borrowings	2	3,000	Within 3 months
Working capital	3	2,939	Within 6 months
Defray estimated listing expenses	4	2,000	Within 1 month
Total gross proceeds		16,939	

The aforesaid proceeds which are not utilised prior to their due dates shall be kept in interest bearing accounts with licensed financial institutions.

Notes:

1. Purchase of plant and machinery and extension/ upgrading of properties

We intend to utilise RM6.0 million from our IPO proceeds to purchase new plant and machineries as follows:

- a) sand blasting and painting facility for RM3.0 million;
- b) laser cutting machine for RM1.5 million; and
- c) welding and other machines for RM1.5 million.

4. PARTICULARS OF OUR IPO (Cont'd)

All these plant and machineries will be utilised for our fabrication process. The sand blasting and painting facility is for sand blasting and painting purposes. The laser cutting machine is for cutting stainless steel or steel sheets and plates. The welding and other machines are purchased for welding and other purposes.

We also intend to utilise RM3.0 million from our IPO proceeds to further expand our fabrication yard and upgrade our office building.

2. Repayment of borrowings

We intend to use RM3.0 million from our IPO proceeds to repay borrowings. We expect the repayment of our trade financing facilities to be completed within 3 months from the date of our Listing. Assuming for a period of 12 months and based on the then 12-month prevailing interest rate of 5.8%, we expect interest savings of approximately RM174,000 over the tenure of the term loan.

The proposed repayment of bank borrowings are as follows:

Name of bank	Amount outstanding as at 31 March 2010 (RM)	Proposed repayment (RM)	Interest rate per annum/ (Maturity date)	Purpose of borrowings
Citibank Berhad	1,322,777.56	1,200,000	6.15% - 6.35% / (30 May 2012)	Construction of factory building and purchase of machineries
AmBank (M) Berhad	2,306,837.11	1,800,000	4.70% / (September 2014)	Construction of factory building

The actual amount of borrowings outstanding upon our Listing may vary as we continue to service/ repay our bank borrowings as and when they fall due and/or to drawdown other short term facilities in our ordinary course of business. Nonetheless, we will use any funds remaining after repayment of our borrowings as working capital.

3. Working capital

A total of approximately RM2.9 million from our IPO proceeds will be set aside to finance our Group's day-to-day operations, which include, but not limited to payments to creditors, salaries and defrayment of operating expenses.

4. Defray estimated listing expenses

Our Company will bear the entire listing expenses and fees incidental to our Listing of approximately RM2.0 million as follows:

	RM'000
Professional fees	1,000
Authorities' fees	134
Advertisement and printing expenses	250
Underwriting commission and placement fees	392
Issuing house's fees	120
Contingencies	104
Total	2,000

If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

4. PARTICULARS OF OUR IPO (Cont'd)

Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale is expected to raise gross proceeds of RM6,861,200, which will accrue entirely to the Offeror. The Offeror shall bear all other expenses such as underwriting commission, brokerage, stamp duty, registration of share transfer fees relating to the Offer Shares estimated to be RM800,000.

4.11 Financial impact from utilisation of proceeds

Our utilisation of proceeds from the Public Issue is expected to have a financial impact on our Group as follows:

(i) Interest savings

We intend to utilise RM3.0 million from our IPO proceeds to repay bank borrowings. Assuming for a period of 12 months and based on the then 12-month prevailing interest rate of 5.8%, we expect an interest savings of approximately RM174,000 over the tenure of the term loan.

(ii) Enhancement of working capital

We intend to utilise approximately RM2.9 million from our IPO proceeds for our working capital requirements, which include, but not limited to, payments to creditors, salaries and defrayment of operating expenses. Our cash and cash equivalents will be approximately RM8.24 million after our Listing based on our proforma consolidated cash flow statement for FYE 2009. This will allow us to internally fund our daily operational activities without being overly dependent on external funding.

4.12 Brokerage, underwriting commission and placement fee**(i) Brokerage**

We will bear the brokerage fees relating to the Issue Shares, at the rate of 1.0% of the IPO Price in respect of successful applications, which bear the stamp of RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of Malaysian Investment Banking Association in Malaysia or the Issuing House. Brokerage with respect to the Offer Shares shall be borne by the Offeror.

(ii) Underwriting commission

We will pay the Sole Underwriter an underwriting commission of 2.3% of the IPO Price in respect of 13,498,000 Issue Shares.

The Offeror will pay the Sole Underwriter the underwriting commission of 2.3% of the IPO Price in respect of 3,239,768 Offer Shares.

(iii) Placement fee

We will pay the Placement Agent a placement commission of 0.5% and 1.5% of the value of the Shares to be placed out to placees identified by our Group and the Placement Agent respectively under the Bumiputera Offer.

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4. PARTICULARS OF OUR IPO (*Cont'd*)

4.13 Salient terms of the Underwriting Agreement

Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

We, together with the Offeror have entered into an underwriting agreement with RHB Investment Bank, whereby the Sole Underwriter shall underwrite 16,737,768 IPO Shares ("Underwritten Shares"). The salient terms extracted from the Underwriting Agreement, amongst others, are set out below:

"2.2 *Conditions precedent*

- (a) *The obligations of the Sole Underwriter under the underwriting agreement are in all respects conditional upon –*
- (1) *The Sole Underwriter being reasonably satisfied that the listing and quotation of the shares under the Restricted Offer, Bumiputera Offer, Pink Form Offer and Retail Offer will be granted 2 Market Days after Bursa Securities has received all the necessary supporting documents;*
 - (2) *the approval, registration of the Prospectus with the SC and lodgement of the Prospectus and the necessary documents with the Companies Commission of Malaysia in accordance with the requirement under the CMSA before the date of issue of the Prospectus;*
 - (3) *the IPO and the Listing not being prohibited by any statute, order, rule, regulation, directive or guidelines (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) and all necessary approvals and consents mentioned in the Prospectus, required in relation to the IPO and the Listing including but not limited to governmental approvals and all conditions mentioned in the respective approvals having been obtained and are in full force and effect and the respective approvals have not been withdrawn, revoked, suspended or terminated on or prior to the Closing Date;*
 - (4) *the underwriting agreement having been duly executed by all parties and stamped;*
 - (5) *there not being, in the opinion of the Sole Underwriter, on or prior to the Closing Date, any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial, business, operations or otherwise) of the Company or any of its subsidiaries or its jointly controlled entity from that set out in the Prospectus which is material in the context of the IPO or any occurrence of any event or discovery of any fact or circumstances rendering untrue or incorrect or not complied with to an extent which is material, any of the warranties and representations in clause 3 below as though given or made on such date. The Sole Underwriter will be entitled to receive a written confirmation to the effect from the Company in such form and substance satisfactory to the Sole Underwriter;*
 - (6) *there being no material variation in the Prospectus made without the consent of the Sole Underwriter with regard to the following matters:*
 - (A) *The authorised and issued share capital of the Company (other than any change to the issued and paid-up share capital of the Company arising from the IPO).*
 - (B) *The number of Issue Shares comprised in the Proposed Public Issue and the number of Offer Shares comprised in the Proposed Offer for Sale and the price thereof.*
 - (C) *The composition of the Board of Directors and key management of the Company and the nature of business and principal activities of the Company and the Group.*

4. PARTICULARS OF OUR IPO (Cont'd)

- (D) Involvement as a party to any litigation, arbitration or any other legal proceedings of a material nature pending, threatened or otherwise in Malaysia or elsewhere which is likely to materially and adversely affect the application for the Underwritten Shares or any proceedings which might materially and adversely affect the position or business of the Company and the Group.*
- (E) Information/ statement relating to the financial results and condition, contingent liabilities and capital commitments affecting the Company and the Group.*
- (F) The nature of the business and the principal activities of the Company or the Group.*
- (G) Information/ statement as to the material contracts entered into by the Group which has a material impact (financial, business or operation) of the Group.*
- (H) Information/ statement affecting the Company and the Group relating to the net tangible or net asset value per Share, the gearing ratio of the Company and the utilisation of proceeds arising from the IPO.*
- (I) Additional risk factors which may affect the Company and the Group.*
- (7) the Sole Underwriter having been satisfied that the Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments, and/or supplements thereto;*
- (8) the IPO, the Prospectus and the underwriting of the Underwritten Shares by the Sole Underwriter have been approved by the Board of Directors of the Company and the Offeror and a copy of the resolution duly certified by a director or secretary of the Company and the Offeror are delivered to the Sole Underwriter;*
- (9) the Prospectus having been issued within 2 months from the date of the underwriting agreement or within such extended period as may be consented by the Company, the Offeror and the Sole Underwriter;*
- (10) the IPO has been approved by the shareholders of Success Transformer at an extraordinary general meeting;*
- (11) there not having occurred on or prior to the Closing Date, any event rendering untrue, inaccurate or incorrect any of the representations, warranties and undertakings of the Company and/or the Offeror as contained in clause 3 of the underwriting agreement;*
- (12) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by the Company and/or the Offeror contained in clause 3 of the underwriting agreement;*
- (13) the Sole Underwriter having been satisfied that arrangements have been made by the Company and/or the Offeror to ensure payment of the expenses referred to in the underwriting agreement;*
- (14) the funds for the Placement Shares have been deposited into the joint account that is opened under the name of the Company and the Sole Underwriter before the registration of the Prospectus or such other extended date as agreed by the Sole Underwriter, but in no event later than the Closing Date;*
- (15) as at the Closing Date, the Sole Underwriter being reasonably satisfied that the Company can meet the public shareholding spread requirements under the Main Market Listing Requirements of Bursa Securities; and*
- (16) the delivery to the Sole Underwriter on the Closing Date of such reports or confirmations dated the Closing Date from the Board of Directors of the Company and the Offeror as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries or its jointly controlled entity.*

4. PARTICULARS OF OUR IPO (Cont'd)

6.4 Sub-underwriting

The Sole Underwriter is authorised to nominate such other person at the sole discretion of the Sole Underwriter to assume its obligations to subscribe for the unsubscribed Underwritten Shares in accordance with the provisions of the underwriting agreement.

7.2 Underwriting Commission

- (b) *The Underwriting Commission remains payable –*
- (1) *whether or not the Sole Underwriter becomes obliged under the underwriting agreement to apply for any unsubscribed Underwritten Shares;*
 - (2) *notwithstanding the termination of the underwriting agreement or the termination or cancellation of the obligations of the Sole Underwriter, unless such termination or cancellation is due to the default of the Sole Underwriter and in which event, the Sole Underwriter will not be entitled to its Underwriting Commission; or*
 - (3) *in the event the Company fails to proceed with the Listing or the Listing does not take effect or cannot be effected for any reason whatsoever despite the fulfilment of all the conditions precedent.*
- (e) *Notwithstanding clause 7.2(b)(2) in the underwriting agreement, in the event the Sole Underwriter is not entitled to its Underwriting Commission on termination or cancellation of the underwriting agreement due to its fault, the parties hereby agree that the Broken Funding Cost shall remain payable notwithstanding termination of the underwriting agreement pursuant to clause 8.1.*

8.1 Termination

Unless otherwise provided for in the underwriting agreement, if at any time on or prior to the Listing Date –

- (a) *the Sole Underwriter has notice of any breach of the undertakings or obligations in the underwriting agreement by the Company and/or the Offeror which is incapable of being remedied;*
- (b) *any change rendering any of the warranties or representations in clause 3.1 inaccurate in a material respect, which is incapable of being remedied;*
- (c) *the Sole Underwriter gives notice to the Company and/or the Offeror requiring it to remedy any breach capable of remedy and the Company and/or the Offeror failed, within 7 Market Days thereof, to remedy such breach;*
- (d) *there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the underwriting agreement;*
- (e) *any of the condition precedent in clause 2.2 of the underwriting agreement is not fulfilled or not waived by the Sole Underwriter on the Closing Date;*
- (f) *there have in the opinion of the Sole Underwriter occurred, or happened any material and adverse change in the business, financial condition or operations of the Company and the Group;*
- (g) *the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:*
 - (i) *on or after the date of the underwriting agreement; and*
 - (ii) *prior to the Listing Date,*
lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the underwriting agreement and remains at or below that level for at least 3 Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition,

unless the compliance thereof is waived or modified at the Sole Underwriter's absolute discretion, the Sole Underwriter will be entitled to terminate the underwriting agreement by notice to the Company and/or the Offeror.

4. **PARTICULARS OF OUR IPO (Cont'd)**

8.2 Consequences of termination

On delivery of the notice under clause 8.1, the underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liabilities of the Company and/or the Offeror under clauses 7.2 (in relation to payment of the Underwriting Commission or the Broken Funding Cost, as the case may be), clause 7.3 (interest payable for the delay in payment of the Underwriting Commission), clause 8.3 (in relation to the undertaking by the Company and the Offeror to indemnify the Sole Underwriter) and clause 10.1 (in relation to cost and expenses payable)."

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5. RISK FACTORS

WE ARE EXPOSED TO A NUMBER OF POSSIBLE RISKS THAT MAY ARISE FROM ECONOMIC, BUSINESS, MARKET AND FINANCIAL FACTORS AND DEVELOPMENTS, WHICH MAY HAVE AN ADVERSE IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP AND/OR OUR SHARE PRICE.

5.1 Risks relating to our business and industry**(i) Loss of our management team or any failure to attract similarly qualified personnel in the future will adversely impact our business and growth prospects**

We attribute our success to the leadership and contributions of our management team, which comprises Mr Wong Choon Cheon, Mr Wong Chee Kian, Ms Wong Poh Chee and Mr Tan Tian Seng as well as our other key management personnel. Furthermore, as stated in Section 7.4.2 of this Prospectus, certain of our Directors play a major role in our direct distribution channel whereby they focus on marketing our process equipment, metal structure and maintenance services directly to end-users. Upon completion of the Flotation Exercise, Mr Wong Choon Cheon, Mr Wong Chee Kian, Ms Wong Poh Chee and Mr Tan Tian Seng collectively hold 0.24% directly in our Company. Refer to Section 10.2.2 of this Prospectus for our Directors' shareholdings in our Company.

We also believe that our continued and future success is therefore dependent to a significant extent on our ability to retain our key management personnel who is responsible for formulating and implementing our business strategies, business development and daily management and operations. For further details on the qualifications of our management team, refer to Section 10.3 of this Prospectus. There is high demand for such qualified and experienced personnel and the search for personnel with relevant skills set and experience can be time consuming. In addition, we may need to offer higher compensation and other benefits in order to attract and retain such key management personnel. The loss of our key management personnel without suitable and timely replacements may adversely affect our business and financial performance.

Our Board will strive to continue attracting and retaining our key management personnel, who are essential to successfully support our Group's operations. In addition, every effort is being made to groom the younger members of our management team to gradually take over from the senior members to ensure a smooth transition in the management team in the event of any departures of our key management personnel. Details of our management succession planning are set out in Section 10.3.4 of this Prospectus.

On 1 March 2007, our Company has entered into separate service agreements with our Directors, namely, Mr Wong Chee Kian and Ms Wong Poh Chee for a period of 10 years and Mr Tan Tian Seng for a period of 5 years, which will expire on 1 March 2017 and 1 March 2012 respectively. The terms of termination includes, either party giving 6 months notice in writing or by payment of 6 months salary based on the last drawn salary prior to the date of the notice. Our Company may also terminate the service agreement at any time immediately upon giving notice on the occurrence of certain events such as misconduct or a material breach by the Directors of their obligations under the service agreements. For further details on the service agreements, refer to Section 10.6 of this Prospectus.

5. RISK FACTORS (Cont'd)

Further, Mr Wong Choon Cheon, Mr Wong Chee Kian, Ms Wong Poh Chee and Mr Tan Tian Seng had provided a profit guarantee for FYE 2008 and FYE 2009 pursuant to the share sale agreement entered into with Success Transformer on 1 April 2008. For further details on the profit guarantee arrangement, refer to Section 10.2.7 of this Prospectus.

(ii) We are dependent on a few major customers

Our major customers include Lipico Technologies Pte Ltd ("Lipico") and Desmet Ballestra (Malaysia) Sdn Bhd and these major customers, in aggregate, accounted for approximately 68%, 51.3% and 61.9% of our Group's revenue for FYE 2007, FYE 2008 and FYE 2009 respectively. For more information on our major customers, refer to Section 7.17 of this Prospectus. There can be no assurance that these customers will maintain or increase their current level of business with our Group and continue to place orders with us over time. The loss of, or significant reduction in orders from these customers could have a material adverse impact on our performance and financial position.

(iii) We are subject to the credit risks of our customers

Our financial performance and position are dependent, to a certain extent, on the creditworthiness of our customers. If circumstances arise that affect our customers' ability or willingness to pay us, we may experience payment delays or in more severe cases, we may not be able to collect payment. Accordingly, we would have to make provisions for doubtful debts, or incur debt write-offs, which may have an adverse impact on our profitability.

(iv) We face the risk of incorrect estimation of our project costs, costs overrun and delays in project implementation

Our revenue is derived from project-based contracts. We manage and monitor the project costs closely starting from the initial stage of cost estimation until the installation and commissioning of the projects. If we were to underestimate the project costs and/or if there is an unanticipated increase in any of our cost components and/or if there were a delay in executing the project resulting in costs overruns, the profitability of the project will be adversely affected. Any delay in the progress or completion of the project will also delay the recognition of revenue for that project. We may also face potential claims from our customers for causing loss due to any delay in completing the project. The occurrence of any such events will have an adverse impact on our performance and financial position.

(v) We are subject to the fluctuations in prices and availability of raw materials

Our total cost of raw materials accounted for 67.6%, 69.5%, 69.7%, 60.6% and 67.2% of our total cost of sales for FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009 respectively. Our products depend on obtaining adequate supplies of raw materials on a timely basis and of a particular quality. One of the major components of our raw materials is stainless steel. The prices and supply of our raw materials such as steel sheets and plates are, among others, subject to market volatility, market supply and demand conditions and governmental regulations. A reduction in the supply of any main raw materials may lead to an increase in costs or result in disruptions to our planned procurement and/or fabrication schedule. Our Group neither hedges our exposure to the fluctuations in the commodity prices nor enter into any long term raw material purchase contracts.

In the event that we are unable to secure adequate supplies of raw materials at competitive prices and/or on a timely basis for our fabrication needs, or there are significant fluctuations in the prices of raw materials, our business and financial performance may be adversely affected.

However, to date, we have not faced any difficulties in obtaining our raw materials, which have had material adverse effect on our operations. Notwithstanding that, we cannot guarantee that any shortage of supply of raw materials in the future will not affect our business and operating results.

5. RISK FACTORS (Cont'd)**(vi) We are exposed to the risks associated with the joint venture/ investment activity**

Our jointly controlled entity, ACE, is currently dormant. The proposed activity of ACE is the provision of environmental cleaning services for the oil and gas industry via steam stripping equipment. Together with our joint partner, we are currently in the midst of conducting feasibility and viability studies on such product and service. Should we decide to kick start ACE's operations, we may need to procure additional funding to, *inter alia*, fund the fabrication of the steam stripping equipment and the corresponding marketing activities. While we maintain good credit worthiness with licensed banking institutions, there can be no assurance that we will be able to obtain additional funding from the banking institutions for ACE's operations.

(vii) We may not be able to secure new projects or we may suffer from delays in projects secured

Our business is project-based. We therefore have to continuously and consistently secure new projects. There can be no assurance that we are able to secure new projects or that these projects will not suffer delays caused by customers to delay the commissioning of the fabrication order secured. As such, our profitability and financial performance will depend on our ability to secure new projects that are profitable on a regular basis. If we are unable to do so for any reason, our profitability and financial performance may be adversely affected.

(viii) We are exposed to product liability claims and other claims by our customers

The process equipment fabricated by our Group must conform to and perform according to our customers' specifications. Generally, we give product warranty period ranging from 6 to 18 months. During this period, we are required to rectify defects in our workmanships at no additional cost to our customers. If we are required to rectify defects during the warranty period, which result in substantial costs being borne by us, the profitability from that particular project will be reduced. We may be also subject to product liability claims from our customers or third parties for the losses or damages suffered as a result of manufacturing defects. We have not purchased insurance coverage for product liability and thus not covered or compensated by insurance in respect of losses, claims and liability arising from or in connection with product liability. Should these events occur, our financial performance and position could be adversely affected. As at 31 March 2010, our Company has not received any claims from our customers.

(ix) Change in political, economic and regulatory conditions

Adverse developments in the political, economic and regulatory conditions in Malaysia as well as other countries where we market our products and services could materially and adversely affect the financial and operational conditions as well as the overall profitability of our Group. These changes may include, but not limited to the changes in general economic, business and credit conditions, political leadership, government legislations and policies affecting manufacturers, inflation, interest rates, risks of war, expropriation, nationalisation, employment of foreign workers, renegotiation or nullification of existing contracts and methods of taxation.

For FYE 2008 and FYE 2009, 61.0% and 56.0% respectively of our revenue was contributed by the Singapore market. Hence, our business and financial performance may be affected should there be any changes in Singapore resulting in more stringent restrictions or unfavourable changes arising from trade restrictions or customs and tariffs.

Much of the above changes are beyond our control. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

5. RISK FACTORS (Cont'd)**(x) We face competition**

We face competition from existing industry peers and new entrants. These competitors may have substantially greater financial, technical, marketing and other resources than us. There can be no assurance that we will be able to compete effectively with existing and new competitors in the future, in light of the changing and competitive market environment. Increased competition in the industry may adversely affect our sales, profit margins and operating results.

(xi) We are exposed to the risk of non-renewal and/or revocation of permits, approvals, business licences, and the quality and safety accreditations for our operations

We have obtained certain permits and licences from various governmental authorities and quality and safety accreditations from internationally recognised bodies. Details of our permits, approvals, business licences and quality and safety accreditations from internationally recognised bodies are set out in Section 13.1 of this Prospectus. Some of these permits, approvals, business licences and accreditations are subject to periodic inspection as well as fulfillment of certain conditions imposed by the relevant authorities or bodies, and the standard of compliance required in relation thereto may be subject to changes from time to time.

Revocation of our permits, approvals and business licences and/or non-renewal of the accreditations by internationally recognised bodies may have an adverse effect on our operations, business and reputation as we may lose certain customers and/or projects and our track record may be tarnished with the non-renewal of accreditations. This may result in substantial monetary losses, which would materially and adversely impact our Group's profitability. To date, our Company has not experienced any non-renewal and/or revocation of permits, approvals, business licences and quality and safety accreditations.

(xii) We are dependent on the palm oil industry

For FYE 2008 and FYE 2009, 49% and 81% respectively of our Group's revenue was derived from customers operating in the palm oil industry. Our operations and financial performance will be adversely affected if there is a decline in the palm oil production activities due to factors hindering such activities such as decline in palm oil prices, adverse changes in the regulatory environment governing the industry or natural disasters. While our Group can diversify into servicing other end-user industries, there can be no assurance that any change in the palm oil industry will not have a material adverse effect on our operations and financial performance.

(xiii) We are dependent on obtaining adequate financing to fund our operations

For some of our projects, our revenue is collected substantially upon completion of such projects. For certain projects, we will receive down payments or deposits prior to the project commencement. Notwithstanding this, we still require adequate funding either from internal resources or borrowings to fund the initial costs outlay of the projects. If we are unable to secure adequate financing, our cash flow, operations, growth and expansion plans will be adversely affected. Refer to Section 14.2.3 of this Prospectus for "Liquidity and capital resources".

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5. RISK FACTORS (Cont'd)

(xiv) We are dependent on our suppliers

Our purchases from our top 3 suppliers for each of FYE 2007, FYE 2008 and FYE 2009 accounted in aggregate approximately 65.4%, 59.9% and 59.9% of our Group's total purchases, respectively. There can be no assurance that we will be able to reduce our dependence on these suppliers over time or be able to source for alternative suppliers who can supply the required products to us with the same level of quality on a timely basis and based on the same credit terms. If the suppliers of our raw materials are unable to deliver the required products to us in accordance with the quality we require on time, our fabrication operations may be affected which will have a material and adverse effect on our operations and financial performance.

(xv) We are exposed to unexpected equipment failures or catastrophic events which may lead to production curtailments or shutdowns

Our fabrication activities are supported by machinery and equipment such as welding machine, CNC milling and drilling machine, CNC plasma cutting machine, U-shaped benders and shearing machines. These machinery and equipment are necessary for all types of fabrication activities. These machinery and equipment may, on occasion, be out of service as a result of unanticipated failures or damaged during accidents. In addition, our facilities are also subject to catastrophic loss due to unanticipated events such as fire and floods. These events may cause interruptions in, or prolonged suspension of, any substantial part of our fabrication, or any damage to or destruction of our fabrication facilities. Further, as our fabrication activities are dependent on continual supply of electricity, any major interruptions in the supply of electricity may result in operational disruptions. Consequently, it may affect our fabrication schedules and the timely delivery of our products to our customers. This could have an adverse impact on our business, financial condition and results of operations.

5.2 Risks relating to our Listing and investment in our Shares**(i) Ownership and control**

Our Company will be controlled by Success Transformer, which will hold 65% of our Shares following our IPO. Accordingly, Success Transformer will be able to exercise the voting rights attached to our Shares in respect of matters requiring shareholders' approval including the constitution of our Board and thus the direction and future operations of our Group.

Depending on how Success Transformer choose to vote and due to the size of their shareholding, Success Transformer will have a significant influence over matters that require the passing of resolutions by our shareholders, unless they are required to abstain from voting by law or by the relevant authorities.

(ii) Potential delay or failure of our Listing

Our Listing may potentially be delayed or aborted in the event of the following:

- (a) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its stated obligations;
- (b) we are unable to meet the public shareholding spread requirement of at least 25% of the enlarged issued and paid-up share capital of our Company being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; and
- (c) any force majeure event(s), which are beyond our control before our Listing.

5. RISK FACTORS (Cont'd)

In such event, investors will not receive any of our IPO Shares and we together with the Selling Shareholder will return in full, without interest, all monies paid in respect of any application for our IPO Shares in compliance with the provisions of sub-section 243(2) of the CMSA.

(iii) No prior market for our Shares

Prior to our IPO, there has been no market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained.

We, together with the Offeror and the Principal Adviser and Sole Underwriter, have determined and agreed to the IPO Price, after taking into consideration several factors including, but are not limited to, our Group's financial performance, our Group's future plans and prospects, the prospects of the industry in which our Group operates and the prevailing market conditions. The prices, at which our Shares will trade on Bursa Securities at any point in time after our Listing, may vary significantly from the IPO Price.

(iv) Volatility in our Share price and trading volume

Shares of other companies listed on Bursa Securities have experienced considerable price volatility in the past. It is possible that our Shares will be subject to price volatility, which may have no direct correlation with our Company's NA value, financial results or performance. Price volatility may also affect the ability of our shareholders to sell and the price at which our Shares can be sold.

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations. The market price of our Shares is also susceptible to certain new developments within the metal fabrication industry, acquisition or strategic alliance by our competitors or us or gain or loss of our major customers or projects.

On the other hand, the performance of our Shares on the Main Market of Bursa Securities could be affected by external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of our Shares, which could potentially result in substantial losses for investors in acquiring our Shares.

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6. INFORMATION ON OUR GROUP

6.1 History and business

Our Company was incorporated in Malaysia as a private limited company under the Act on 19 February 1979 under the name of Seremban Engineering Services & Supplies Sdn Berhad. We subsequently changed our name to Seremban Engineering Sdn Bhd on 27 June 1979. Our Company was subsequently converted into a public company on 19 August 2009 and assumed our present name. Our Company is principally an investment holding company and is involved in the fabrication of process equipment, metal structure and the provision of maintenance and shutdown services. Our Company commenced operations in June 1979.

Our history can be traced back to 1979 when our Company was incorporated by Mr Wong Choon Cheon and Dato' Wong Choon Tat. Our Company was initially incorporated to focus on the business of automobile industries specialising in regrinding crankshaft, reboring cylinder blocks, skimming cylinder heads, rebushing cylinder head valve seats and other precision machining works. In 1991, Mr Wong Choon Cheon, our current Non-Independent Executive Director cum Vice Chairman, took control of our Company pursuant to a family arrangement to sort out the assets amongst the Wong family. He shifted the business activities of our Company to fabrication of process equipment and metal structure. His effective interest pursuant to the takeover exercise was 88%. On 1 March 2007, Success Transformer acquired 60% equity interest in our Company. Subsequently, on 30 April 2008, our Company became a wholly-owned subsidiary of Success Transformer when Success Transformer acquired the remaining 40% equity interest in our Company.

Mr Wong Choon Cheon, Mr Wong Chee Kian and Ms Wong Poh Chee have been instrumental in the growth and development of our Group. Mr Wong Choon Cheon has many years of experience in the fabrication of process equipment and metal structure which he acquired during his employment with Wong Heng Engineering Sdn Bhd. Hence, under Mr Wong Choon Cheon's leadership and management, in 1990, our Company shifted our business focus from provision of automotive maintenance services to a more profitable business of provision of services such as plant shutdown, general maintenance, plant modification and repair services to manufacturing and processing plants. With approximately 48 years of experience in the fabrication of process equipment and metal structure, he has successfully led our Group to become an established and reputable player in the metal fabrication industry in Malaysia. Further, under the management of Mr Wong Chee Kian, our Group has diversified into various industries and expanded to reach the export markets. Ms Wong Poh Chee is responsible for overseeing the overall operations, administrative, human resource, finance and marketing and IT operations of our Group.

Our Company was registered with DOSH in 1994 to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products and in 1996 as a gas contractor to fabricate gas piping. In 2003, our Company obtained a licence from the MITI to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products. Subsequently in 2005, our Company was registered with DOSH to undertake boiler repair.

In 1996, our Group moved into our current premise at Lot 1A in Senawang Industrial Park in Negeri Sembilan before acquiring an adjacent piece of land in 1997, which is being used to construct a covered fabrication facility on the same premises. As part of our Group's expansion plans, our Company constructed additional covered fabrication facilities on our current premises in 2006 and 2008. Covered fabrication facility refers to open sided building with metal roofing. In 2009, our subsidiary, SEPEN had acquired a vacant industrial land in Rawang to facilitate additional fabrication activities. We have commenced the construction work on this land at the end of 2009 and expect to begin fabrication activities at this new yard by the fourth quarter of 2010. To date, we have completed fabrication yards with an aggregate built-up area of approximately 14,268 sq. m. Refer to Section 7.6 of this Prospectus for details on our fabrication facilities.

6. INFORMATION ON OUR GROUP (Cont'd)

In 2007, our Company acquired 100% equity interest in SEISB from Mr Wong Choon Cheon and Ms Wong Poh Chee. SEISB was initially involved in hiring, servicing of machinery equipment and labour supply for our Group. In 2009, it changed its principal activity whereby it supplies labour for our Group's fabrication operations. In 2008, our Company subscribed for a 60% equity stake in SEPEN, a company that is engaged in the fabrication of process equipment and metal structure. Subsequently, on 15 April 2009, our Company subscribed for 50% equity interest in ACE to capture potential opportunities in the provision of environmental cleaning services for the oil and gas industry.

For FYE 2008, 66.6% of our Group's revenue was derived from overseas market with customers (based on the origin of purchase orders) from Singapore, Germany, France, India, USA, Sri Lanka and the Netherlands. For FYE 2009, 57.2% of our Group's revenue was derived from overseas market with customers (based on the origin of purchase orders) from Singapore, Germany, Japan and Sri Lanka.

Our Group has achieved numerous milestones since our inception and some of the major milestones are listed below:

Year	Milestones
1994	<ul style="list-style-type: none"> Registered with DOSH to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products.
1995	<ul style="list-style-type: none"> Secured a contract to install chiller piping for the Kuala Lumpur City Centre project.
1996	<ul style="list-style-type: none"> Registered with DOSH to fabricate gas piping. Secured a major project in conjunction with an engineering consulting company for the complete installation, testing and commissioning of machinery and components for a coil painting and recoiling line, including the complete piping system, the hydraulic system, for a manufacturer of steel building products located at Kapar, Klang, Selangor. Secured a project for installation, testing and commissioning of machinery and components for cathodic electro-deposition painting system for a motorcycle plant in Gurun, Kedah. Secured a project to install a natural gas piping system for a glove manufacturing line in Salak Tinggi, Selangor. Moved into our current premise at Lot 1A in Senawang Industrial Park in Negeri Sembilan.
1997	<ul style="list-style-type: none"> Purchased an adjacent piece of land to our current premise, and constructed a covered fabrication area.
1998	<ul style="list-style-type: none"> Secured 2 projects to fabricate complete latex glove dipping lines with on-line chlorination systems in Colombo, Sri Lanka and Bangkok, Thailand.
1999	<ul style="list-style-type: none"> Secured 2 projects to fabricate complete latex glove dipping lines with on-line chlorination systems in Salak Tinggi, Selangor and Ipoh, Perak.
2001	<ul style="list-style-type: none"> Secured a contract to fabricate pressure vessels and non-pressurised tanks for a palm oil refinery plant in Prai, Penang.
2002	<ul style="list-style-type: none"> Received a Certificate of Authorisation to apply the ASME "U" stamp on pressure vessels fabricated by us. Secured projects to fabricate pressure vessels for a palm oil refinery plant in Sabah, East Malaysia as well as pressure vessels, heat exchangers and tanks for a palm oil refinery plant in Indonesia. Secured a contract to fabricate 10 units of silos for a manufacturing plant in Nilai, Negeri Sembilan.
2003	<ul style="list-style-type: none"> Obtained licence from the MITI to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products.
2004	<ul style="list-style-type: none"> Secured a contract to fabricate a conveyor system for a particleboard manufacturing plant in Kuala Lipis, Pahang.

6. INFORMATION ON OUR GROUP (Cont'd)

Year	Milestones
2005	<ul style="list-style-type: none"> Registered with DOSH to undertake boiler repair. Lloyd's Register certified that our Company has manufactured pressure equipment with CE Marking of conformity with the European Commission's Pressure Equipment Directive. Secured a contract to fabricate and install machineries and piping for a plaster board manufacturing plant in Klang, Selangor. Recorded export sales for pressure vessels to Europe.
2006	<ul style="list-style-type: none"> Secured a South East Asia contract to fabricate process equipment for palm oil from Lipico Technologies Pte Ltd, Singapore. Expanded the covered fabrication area on our current premises to 8,786 sq. m. *
2007	<ul style="list-style-type: none"> Success Transformer acquired 60.0% equity interest in our Company. Secured a contract to fabricate a latex glove dipping line in Mumbai, India. SEISB became our wholly-owned subsidiary whereby it was initially involved in hiring, servicing of machinery equipment and labour supply.
2008	<ul style="list-style-type: none"> Secured a project for the fabrication and installation of equipment and piping for the largest sludge treatment plant in South East Asia, which was located in Singapore. Expanded the covered fabrication area at our current premises to 10,565 sq. m. * Obtained Certificate of Authorisation to use the "R" symbol for metallic repairs and/or alterations at our fabrication plant located in Senawang Industrial Park and extended for field repair and/or alterations controlled by the respective location from the NBBI. Success Transformer acquired the remaining 40.0% interest in our Company and our Company became a wholly-owned subsidiary of Success Transformer. Subscribed for 60.0% equity interest in SEPEN. Obtained Certificate of Authorisation to apply the "NB" Mark and register boilers, pressure vessels, and/or other pressure retaining items from the NBBI.
2009	<ul style="list-style-type: none"> Subscribed for a 50.0% equity interest in ACE. Received ISO 9001:2008 quality management system certification for the scope of "manufacture and fabrication of process equipment such as unfired pressure vessels, heat exchangers, tanks and silos" from Bureau Veritas Certification (Malaysia) Sdn Bhd.

Note:

* Refer to Section 7.6 of this Prospectus for details on our fabrication facilities.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.2 Share capital

Our authorised share capital is currently RM50,000,000 comprising 100,000,000 Shares, of which RM30,036,000 comprising 60,072,000 Shares have been issued and fully paid-up. The changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
19.02.1979	2	1.00	Subscribers' shares	2
01.06.1979	49,998	1.00	Cash	50,000
10.05.1989	50,000	1.00	Cash	100,000
16.07.1993	1 "A" Class *	1.00	Cash	100,001
16.07.1993	100,000	1.00	Cash	200,001
28.09.1994	299,999	1.00	Cash	500,000
18.08.1995	500,000	1.00	Cash	1,000,000
30.07.2009 ^	-	0.50	Share split 1:2	1,000,000
31.03.2010	58,072,000	0.50	Bonus Issue	30,036,000

Notes:

* 1 "A" class share of RM1.00 each was issued on 16 July 1993 to Mr Wong Hock Heng (being the first original holder). The "A" class share entitles the first original holder to be a permanent director of our Company and shall not be subject to rotation, retirement and/or removal and shall be entitled to exercise at every general meeting of our Company and on every poll votes equal to 12% of the total percentage of the votes which can be cast by all the shareholders for the time being of our Company combined. However, on the demise of the first original holder of "A" class share or on the "A" class share being transferred out from the first original holder of the said share, the "A" class share shall become an ordinary share and all rights and obligation attested to the "A" class share shall be void. The "A" class share was converted to ordinary share on 29 November 1994.

^ On 30 July 2009, our Company had undertaken a share split whereby 1,000,000 ordinary shares of RM1.00 each was sub-divided into 2,000,000 ordinary shares of RM0.50 each.

As at LPD, our Company does not have any outstanding warrants, options, convertible securities and uncalled capital. Upon completion of our IPO, our issued and paid-up share capital will subsequently increase to RM40,000,000 comprising 80,000,000 Shares by way of the Public Issue of 19,928,000 new Shares.

6.3 Our holding company

Our Company became a wholly-owned subsidiary of Success Transformer on 30 April 2008. As our holding company is a company listed on the Main Market of Bursa Securities, the Flotation Exercise is a chain listing.

On 12 December 2006, Success Transformer entered into a share sale agreement with the Vendors to acquire 600,000 ordinary shares of RM1.00 each in our Company, representing 60% equity interest in our Company, for a cash consideration of RM14,628,000. The purchase consideration of RM14,628,000 was arrived at after considering, *inter-alia*, the profit guarantee by the Vendors of RM4,600,000 and RM5,400,000 for FYE 2006 and 2007 respectively, the rationale for the acquisition as detailed below and the audited financial results of our Company for FYE 2001 to FYE 2005. The acquisition of 60% equity interest in our Company was completed on 1 March 2007.

6. INFORMATION ON OUR GROUP (Cont'd)

Subsequently, on 1 April 2008, Success Transformer entered into another share sale agreement with the Vendors to acquire the remaining 40% equity interest in our Company, comprising 400,000 ordinary shares of RM1.00 each in our Company, for a cash consideration of RM21,780,000. The purchase consideration of RM21,780,000 was arrived at after taking into consideration of profit guarantee by the Vendors of RM7,500,000 and RM9,000,000 for FYE 2008 and FYE 2009 respectively. The acquisition of 40% equity interest in our Company was completed on 30 April 2008. Following this acquisition, our Company became a wholly-owned subsidiary of Success Transformer.

The rationale for Success Transformer to acquire our Company are as follows:

- (i) Our Company is an established local player in the manufacturing and fabrication of process equipment with a track record of more than 10 years. Since FYE 2003, our Company had consistently demonstrated a good track record and our financial results reflect an increasing profitability trend due to higher sales and contracts secured;
- (ii) The acquisition provides Success Transformer with an opportunity to take a strategic stake in an established business, which in turn, enables Success Transformer to enhance its profitability and generate higher return for its shareholders;
- (iii) Success Transformer will also be able to spread its business risks as our Company offers services to support a wide range of industries and our Company has a wide range of local and international clientele. This gives Success Transformer an opportunity to explore the possibility to cross-sell its products to our existing or potential customers; and
- (iv) Success Transformer believes that the acquisition will provide it with greater liberty in implementing its strategic initiatives and policies to improve the performance of our Group.

Details and status of the profit guarantee arrangement between Success Transformer and the Vendors are as follows:

FYE	Group profit guarantee arrangement (RM'000)	(Audited) Consolidated PAT (RM'000)	Variance (RM'000)
2006	4,600	5,139	539
2007	5,400	6,297	897
2008	7,500	7,818	318
2009	9,000	9,252	252

Refer to Section 10.2.7 of this Prospectus for further details of the profit guarantee arrangement.

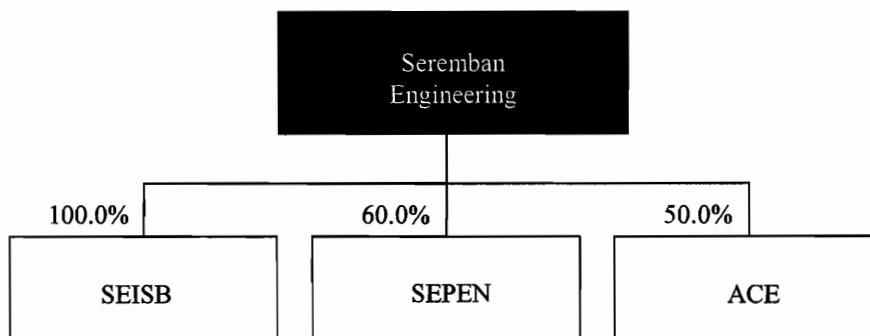
Success Transformer is of the opinion that since our Company has been achieving steady growth and has fulfilled the criteria for listing on the Main Market of Bursa Securities, Success Transformer believes that it is a good opportunity for our Company to have a better expansion and continuing growth potential through listing on our own. Furthermore, the listing status will enable us to gain better recognition and stature to enhance our corporate reputation and in assisting to expand our customer base as well as easier access to capital market for cost effective capital raising for our projects.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4 Information on our subsidiaries and jointly controlled entity

The corporate structure of our Group is set out below:



Our Company is principally an investment holding company and is involved in the fabrication of process equipment, metal structure and the provision of maintenance and shutdown services. The details of our subsidiaries and jointly controlled entity are as follows:

Company	Registration number	Principal activities
<i>Our subsidiaries</i>		
SEISB	276178-T	Supply of labour for our Group's fabrication operations
SEPEN	831242-H	Fabrication of process equipment and metal structure
<i>Our jointly controlled entity</i>		
ACE	British Virgin Islands ("BVI") Company No. 1513600	Dormant ⁽¹⁾

Note:

(1) The proposed principal activity of ACE is the provision of environmental cleaning services for the oil and gas industry.

As at LPD, our Company does not have any associated company.

6.4.1 SEISB

(i) History and business

SEISB was incorporated in Malaysia on 13 September 1993 as a private limited company under the Act and commenced operations on 2 January 1998. It is principally involved in the supply of labour for our Group's fabrication operations.

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6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Share capital

The present authorised share capital of SEISB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each in SEISB, of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each in SEISB have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SEISB 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)
13.09.1993	2	1.00	Subscribers' shares	2
16.03.2001	200,000	1.00	Cash	200,002
21.01.2010	49,998	1.00	Cash	250,000

As at LPD, SEISB does not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholder

SEISB is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

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

6.4.2 SEPEN

(i) History and business

SEPEN was incorporated in Malaysia on 29 August 2008 as a private limited company under the Act and commenced operations on 3 September 2008. SEPEN is principally involved in the fabrication of process equipment and metal structure.

(ii) Share capital

The present authorised share capital of SEPEN is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in SEPEN, of which RM400,000 comprising 400,000 ordinary shares of RM1.00 each in SEPEN have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SEPEN 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)
29.08.2008	2	1.00	Subscribers' shares	2
02.09.2008	399,998	1.00	Cash	400,000

As at LPD, SEPEN does not have any outstanding warrants, options, convertible securities or uncalled capital.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) Substantial shareholders

The substantial shareholders of SEPEN and their respective shareholdings in SEPEN as at LPD are as follows:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Seremban Engineering	240,000	60.0	-	-
Wong Kee Pen	80,000	20.0	80,000 ⁽¹⁾	20.0
Wong Kah Poh	80,000	20.0	80,000 ⁽²⁾	20.0
Tan Ah Bah @ Tan Ah Ping	-	-	240,000 ⁽³⁾	60.0
Tan Chung Ling	-	-	240,000 ⁽⁴⁾	60.0
Pan Kim Foon	-	-	240,000 ⁽³⁾	60.0
OASB	-	-	240,000 ⁽⁵⁾	60.0
Success Transformer	-	-	240,000 ⁽⁶⁾	60.0

Notes:

- (1) Deemed interest by virtue of his son, Wong Kah Poh's interest in SEPEN.
- (2) Deemed interest by virtue of his father, Wong Kee Pen's interest in SEPEN.
- (3) Deemed interest by virtue of his/her substantial interests in Success Transformer and our Company.
- (4) Deemed interest by virtue of her parent's substantial interests in Success Transformer and our Company.
- (5) Deemed interest by virtue of its substantial interests in Success Transformer and our Company.
- (6) Deemed interest by virtue of it being our holding company.

(iv) Subsidiary and associated company

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

6.4.3 ACE

(i) History and business

ACE was incorporated as a shelf company in the BVI on 16 December 2008 as a BVI business company under the BVI Companies Act, 2004. Presently, ACE is dormant. However, the proposed activity of ACE is the provision of environmental cleaning services for the oil and gas industry.

(ii) Share capital

The present authorised share capital of ACE is USD50,000 comprising 50,000 shares of USD1.00 each in ACE. The present issued and paid-up share capital is USD10,000 comprising 10,000 shares of USD1.00 each in ACE.

The detail of its issued and paid-up share capital since its establishment is as follows:

Date of subscription	No. of shares subscribed	Par value (USD)	Consideration	Cumulative issued and paid-up share capital (USD)
15.04.2009	10,000	1.00	Cash	10,000

6. INFORMATION ON OUR GROUP (Cont'd)

As at LPD, ACE does not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

The substantial shareholders of ACE and their respective shareholdings in ACE as at LPD are as follows:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Seremban Engineering	5,000	50.0	-	-
Carsten Ranico & Partners (M) Sdn Bhd	5,000	50.0	-	-
Tan Ah Bah @ Tan Ah Ping	-	-	5,000 ⁽¹⁾	50.0
Pan Kim Foon	-	-	5,000 ⁽¹⁾	50.0
Tan Chung Ling	-	-	5,000 ⁽²⁾	50.0
Carsten Ranico	-	-	5,000 ⁽³⁾	50.0
Claus Vagn Jakobsen	-	-	5,000 ⁽³⁾	50.0
Per Schalck Sorensen	-	-	5,000 ⁽³⁾	50.0
Success Transformer	-	-	5,000 ⁽⁴⁾	50.0
OASB	-	-	5,000 ⁽⁵⁾	50.0

Notes:

- (1) Deemed interest by virtue of his/her substantial interests in Success Transformer and our Company.
- (2) Deemed interest by virtue of her parent's substantial interests in Success Transformer and our Company.
- (3) Deemed interest by virtue of his substantial interest in Carston Ranico & Partners (M) Sdn Bhd.
- (4) Deemed interest by virtue of it being our holding company.
- (5) Deemed interest by virtue of its substantial interests in Success Transformer and our Company.

(iv) Subsidiary and associated company

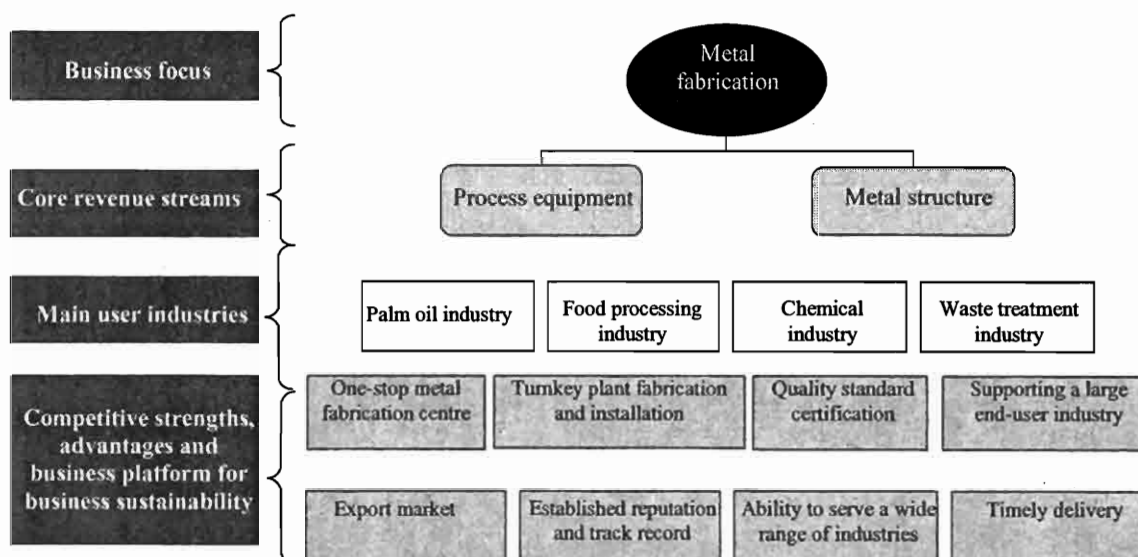
As at LPD, ACE does not have any subsidiary or associated company.

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7. BUSINESS OVERVIEW

7.1 Business model

Our Group's business model is depicted in the figure below:



7.1.1 Business focus and core revenue streams

Our Group's principal business activity is in the fabrication of process equipment and metal structure, and our Group's core revenue streams are derived mainly from the fabrication of process equipment and metal structure. These are as follows:

(i) Process equipment

- unfired pressure vessels;
- non-pressurised tanks; and
- heat exchangers.

(ii) Metal structures

- plant fabrication and installation;
- steel structure;
- piping and ducting systems; and
- other products and services.

Our secondary business activity includes the provision of maintenance and shutdown services.

7.1.2 Main user industries

Our Group fabricates a wide range of process equipment and metal structure for different types of user industries. The main user industries served by our Group include:

- palm oil industry;
- food processing industry;
- chemical industry;
- waste treatment industry; and
- other industries.

7. BUSINESS OVERVIEW (Cont'd)

A major proportion of our Group's revenue is focused on the fabrication of pressure vessels, heat exchangers, ovens, storage tanks, silos, extractors and toasters for palm oil mills and refineries. For FYE 2008 and FYE 2009, the palm oil industry contributed approximately 49% and 81% of our Group's revenue respectively.

Some of the other types of structure and systems that are fabricated by our Group for other user industries include:

- fabrication of ovens, coil systems for heating, coolers and dryers for food processing applications;
- fabrication and installation of chemical plants including deodorizers, reactors, mixing tanks, storage tanks and silos; and
- fabrication of conveyor systems, incinerator systems, scrubbers, and piping and ducting systems for industrial waste treatment applications.

The different types of user industries provide our Group with the capability to address opportunities across a wider spectrum of the market.

7.1.3 Competitive strengths, advantages and business platform

Our Group's business is supported by the competitive strengths and advantages that will provide the platform for business sustainability. These include:

- one-stop metal fabrication centre;
- turnkey plant fabrication and installation;
- quality standard certifications;
- supporting a large end-user industry;
- export market;
- established reputation and track record;
- ability to serve a wide range of industries; and
- timely delivery.

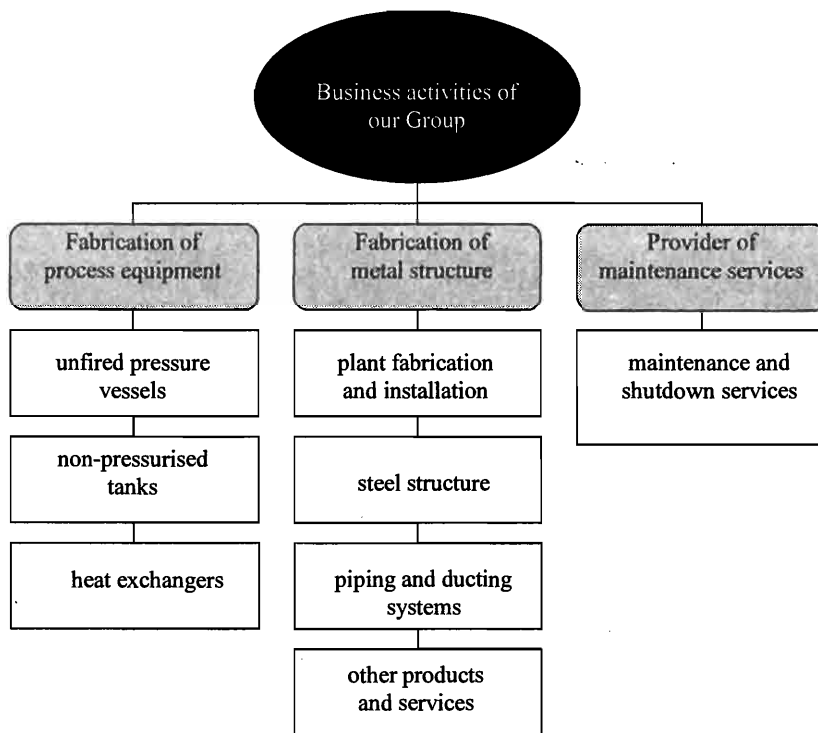
Refer to Section 7.5 of this Prospectus for further details of our Group's competitive strengths and advantages.

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7. BUSINESS OVERVIEW (Cont'd)

7.2 Principal activities and products

Our Group's principal activities are as depicted below:



Fabrication of process equipment

Our Group fabricates the following types of process equipment:

Process equipment	Types	Range of application
Pressure vessels	<ul style="list-style-type: none"> • Deodorizers • Reactors • Separators • Bleachers • Deaerators • Toasters • Filters • Catalytic converters • Vaporizers • Crystallisers • Storage vessels • "Food grade" pressure vessels* 	<ul style="list-style-type: none"> - Palm oil refining - Palm oil and other edible oil extraction and processing - Biodiesel production - Oil and gas refining - Chemical production - Food and beverage production - Waste treatment

7. BUSINESS OVERVIEW (Cont'd)

Process equipment	Types	Range of application
Non-pressurised tanks	<ul style="list-style-type: none"> • Receivers • Hoppers • Storage tanks • Oil heaters • Mixers • Scrubbers • Cyclone separators • Absorbers • Silos 	<ul style="list-style-type: none"> - Palm oil refining - Palm oil and other edible oil extraction and processing - Biodiesel production - Oil and gas refining - Chemical production - Food processing - Waste treatment
Heat exchangers	<ul style="list-style-type: none"> • Heat exchangers • Condensers • Evaporators • Fluid bed coolers • Hydrogenation converter 	<ul style="list-style-type: none"> - Palm oil refining - Chemical processing - Oil and gas refining - Glove production - Food processing - Biodiesel processing - Waste treatment

Note:

* "Food grade" pressure vessels are for use in the production of food and related applications.

Fabrication of metal structure

(i) Plant fabrication and installation

Our Group has the capabilities to undertake turnkey projects including engineering design for pressure vessels, procurement, fabrication, commissioning and installation of an entire manufacturing plant. However, our Group is not involved in civil engineering work such as site preparation, laying the foundation and general construction work. Our Group also fabricates any pressure vessels, non-pressurised tanks, piping systems and ducting systems that are required for the plant. We also install machinery and equipment that are manufactured by external parties at the plant.

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7. BUSINESS OVERVIEW (Cont'd)

Some of the successfully fabricated and installed individual manufacturing lines and systems completed by our Group are as follows:

Project	Location	Value (RM'000)	Year
Machineries and components for a cathodic electro-deposition painting system for a motorcycle manufacturing plant	Kedah, Malaysia	¥180 million *	1996
Machinery and components for coil painting and recoiling line	Selangor, Malaysia	1,019	1996
Complete latex glove dipping lines with on-line chlorination systems	Colombo, Sri Lanka	4,695	1997 to 1998
Complete latex glove dipping lines with on-line chlorination systems	Bangkok, Thailand	9,390	1997 to 1998
Complete latex glove dipping lines with on-line chlorination systems	Selangor, Malaysia	14,100	1999
Complete latex glove dipping lines with on-line chlorination systems	Perak, Malaysia	6,630	1999
A conveyor system for particleboard manufacturing plant	Pahang, Malaysia	734	2004
Machineries and piping for a plaster board manufacturing plant	Selangor, Malaysia	2,150	2005
Latex glove dipping lines	Mumbai, India	550	2007 to 2008
Waste treatment plant	Singapore	14,284	2008 to 2009

Note:

* The project secured was for a client from Japan and payment received was in Japanese Yen.

(ii) Steel structure

Our Group fabricates a variety of steel structure, including:

- Steel structure for buildings and factories;
- Structural platforms;
- Frameworks for machinery and equipment;
- Walkways, stairways and ladders;
- Pipe support structures; and
- Girders for overhead cranes.

(iii) Piping and ducting systems

Our Company was registered as a gas contractor (gas piping) with DOSH. We are currently in the midst of renewing our DOSH licence, which expired on 5 February 2010. DOSH had on 23 March 2010 conducted an inspection for the renewal of the licence. The issuance of the new licence is currently pending.

We are engaged in fabricating and installing piping and ducting systems for a wide range of industrial applications. We have the capability to fabricate and install piping systems using carbon steel pipes, stainless steel pipes and jacketed pipes. We also fabricate ducting systems for a range of industrial plants.

7. BUSINESS OVERVIEW (Cont'd)

(iv) Other products and services

Other products and services that our Group offers include fabrication of parts, components and spare parts for process equipment and other machinery, carrying out non-destructive testing for clients, drafting services, rental of machinery and equipment and supply of skilled labour.

Provider of maintenance services

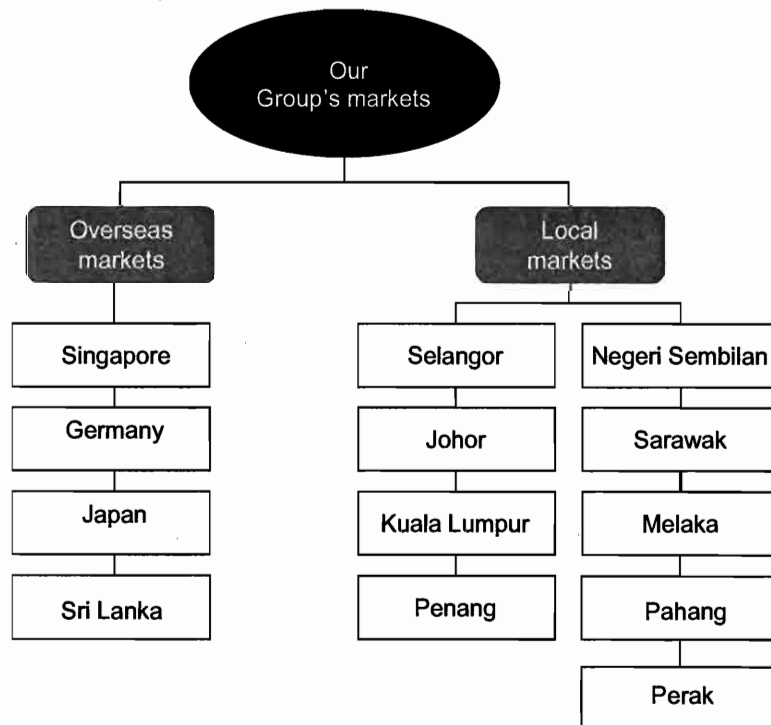
Our Group currently provides the following types of maintenance and shutdown services:

- (i) General maintenance;
- (ii) Plant modification;
- (iii) Plant shutdown; and
- (iv) Repair services for plant breakdown.

Our Group has obtained a certificate of authorisation to use the "R" symbol for metallic repairs and/or alterations at our fabrication plant located in Senawang Industrial Park and extended for field repairs and/or alterations controlled by the respective location from the NBBI. The "R" symbol indicates that our Group has undertaken a level of inspection that assures quality and safe repairs and/or alterations.

7.3 Principal markets

The principal markets for our products and services (based on the origin of purchase orders) for FYE 2009 are as follows:



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7. BUSINESS OVERVIEW (Cont'd)

For FYE 2008 and FYE 2009, overseas markets accounted for 66.6% and 57.2% respectively of our total revenue, while revenue from local markets accounted for 33.4% and 42.8% respectively of our total revenue. The revenue contribution by markets for FYE 2008 and FYE 2009 is as set out in the table below:

	Revenue for FYE 2008		Revenue for FYE 2009	
	(RM'000)	(%)	(RM'000)	(%)
Overseas markets	41,397*	66.6	39,457	57.2
Singapore	37,879	61.0	38,644	56.0
Germany	1,735	2.8	268	0.4
France	832	1.3	-	-
India	552	0.9	-	-
USA	212	0.3	-	-
Sri Lanka	123	0.2	27	^
The Netherlands	62	0.1	-	-
Japan	-	-	518	0.8
Local markets	20,730	33.4	29,579	42.8
Total	62,127	100.0	69,036	100.0

Notes:

* Does not add up due to rounding error.

^ Negligible.

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7. BUSINESS OVERVIEW (Cont'd)

Our Group served a total of 77 Malaysian customers and 8 overseas customers during FYE 2009.

Export revenue derived from the Singapore market for FYE 2009 was largely attributed by Lipico who acts as project executor and co-ordinator for their clients. Lipico has been working closely with our Group to supply fabricated process equipment to their end-users. The revenue contribution by markets (based on the location of Lipico's clients) for FYE 2008 and FYE 2009 attributed by Lipico is as set out in the table below:

	Revenue for FYE 2008		Revenue for FYE 2009	
	(RM'000)	(%)	(RM'000)	(%)
Overseas markets	23,554	99.6	31,972	90.1
Indonesia	2,112	9.0	13,239	37.3
The Netherlands	1,915	8.1	10,028	28.3
Africa	-	-	4,031	11.4
Italy	-	-	1,981	5.6
Finland	8	^	9	^
India	905	3.9	2,036	5.7
Singapore	3,311	14.0	71	0.2
Thailand	55	0.2	2	^
Germany	9,526	40.3	238	0.7
Iran	3,226	13.6	-	-
China	1,451	6.1	337	0.9
Taiwan	961	4.1	-	-
Ecuador	77	0.3	-	-
Ukraine	7	^	-	-
Malaysian market	96	0.4	3,506	9.9
Total	23,650	100.0	35,478	100.0

Note:

^ Negligible.

7.4 Marketing and distribution channel strategy

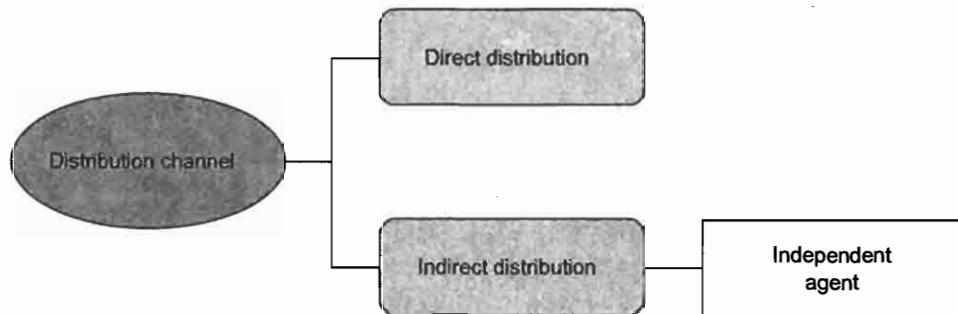
7.4.1 Marketing strategy

The major thrust of our Group's marketing strategy is to position us as an one-stop metal fabrication centre of quality process equipment and metal structure that meet the requirements of users in a wide range of industries. As our Group's process equipment and metal structure are normally customised to an individual customer's specifications and fairly technical in nature, our Group's sales and marketing activities are primarily carried out by our Directors.

As part of our strategy to promote our capabilities and expertise to potential customers, we also participate in exhibitions. In 2001, we participated in the Manufacturing & Operating of Boilers & Pressure Vessels exhibition held in Malaysia organised by the Malaysian Iron & Steel Industry Federation (Boilers and Pressure Vessels Group). In April 2008, we participated as an exhibitor at the Hannover Messe (Hannover Fair) in Hannover, Germany.

7. BUSINESS OVERVIEW (Cont'd)**7.4.2 Distribution channel strategy**

The distribution channel of our Group is based on direct and indirect distribution as depicted in the following diagram:



The direct distribution approach is executed through our Directors, who focus on marketing our process equipment, metal structure and maintenance services directly to end-users. The direct distribution strategy has the advantage of enabling our Group to work closely with our customers to evaluate and attain a better understanding of their requirements, which also serves as a feedback mechanism for continuous product innovation and improvement.

Under the indirect distribution channel, from time to time, our Company appoints local independent agent, on a commission basis, to focus on securing sales. Currently, our Company has one local independent agent to assist our Company to secure business contracts. As at LPD, our Company has not generated any revenue through the indirect distribution approach.

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7. BUSINESS OVERVIEW (Cont'd)

7.5 Competitive strengths and advantages

Our business is supported by the following competitive strengths and advantages that will provide the platform for business sustainability:

(i) One-stop metal fabrication centre

We have the capabilities to fabricate a wide range of process equipment and metal structure for industrial use. Some of our products include pressure vessels, heat exchangers, filters, grinders, tanks and silos, coolers and dryers, ovens, coil systems, conveyor systems, oil extractors and toasters, piping systems and ducting.

Our capabilities are supported by fabrication yards with an aggregate built-up area of approximately 14,268 sq. m. and the following machinery and equipment to undertake all types of fabrication activities:

- CNC milling and drilling machine;
- CNC plasma cutting machine;
- U-shaped bender;
- Hydraulic press brakes;
- Bending machines;
- Conventional lathes;
- Horizontal boring machines;
- Plate rolling machines;
- Section and pipe rolling machines;
- Shaping machines;
- Plasma cutting machines;
- Tungsten inert gas welding machines;
- Metal inert gas welding machines;
- Flux cored welding machines;
- Arc welding machines; and
- Orbital welding machines.

We are also able to fabricate individual production line including metal and mechanical parts, and machinery and equipment up to the entire plant for various user industries including:

- Complete latex glove dipping lines;
- Cathodic electro-deposition painting system; and
- Food processing line.

Our Group's diverse metal fabrication expertise not only enables us to address a wider range of business opportunities across a varied range of user industries but also provides our customers with the convenience of an one-stop solution for their metal fabrication needs.

(ii) Turnkey plant fabrication and installation

We have the full capabilities to undertake turnkey projects including plant demolition, total plant fabrication and installation including machinery and equipment with the exception of non-metal structural and civil works. Some examples of turnkey projects that we have undertaken include:

- Fabrication and installation of machinery and components for a coil painting and recoiling line for a manufacturer of steel products in Kapar, Klang, Selangor;
- Fabrication and installation of latex foam mattress and pillow manufacturing plant in Ipoh, Perak;
- Fabrication and installation of a cathodic electro-deposition painting system for a motorcycle manufacturing plant in Gurun, Kedah; and

7. BUSINESS OVERVIEW *(Cont'd)*

- Fabrication and installation of equipment and piping for the largest sludge treatment plant in South East Asia, which is located in Singapore.

This enables us to position ourselves as a total turnkey provider of plant fabrication and installation.

(iii) Quality standard certifications

We have obtained the following licences for our business operations:

- DOSH licence to manufacture heat exchangers, tanks, pressure vessels and other steel fabricated products;
- DOSH licence for boiler repair; and
- DOSH licence for gas contractor (gas piping)^.

Note:

^ *We are currently in the midst of renewing our DOSH licence, which expired on 5 February 2010. DOSH had on 23 March 2010 conducted an inspection for the renewal of the licence. The issuance of the new licence is currently pending.*

This indicates that our Group is licensed to operate as a fabricator of pressure vessels and piping systems, and undertake boiler repair by the relevant authorities.

Further, we have also obtained the following certifications, which indicate that our fabrication and repair of pressure vessels are undertaken in accordance with the quality and safety standards established by internationally recognised bodies:

- ASME "U" stamp for the manufacture of pressure vessels from ASME;
- Certificate of Authorisation to apply the "NB" Mark and register boilers, pressure vessels and other pressure retaining items from the NBBI; and
- Certificate of Authorisation to use the "R" symbol for metallic repairs and/or alterations at our Group's fabrication plant located in Senawang Industrial Park and extended for field repairs and/or alterations controlled by the respective location from the NBBI.

These certifications provide our customers with the assurance of our Group's compliance with international standards.

Our Company has received ISO 9001:2008 quality management system certification for the scope of "manufacture and fabrication of process equipment such as unfired pressure vessels, heat exchangers, tanks and silos" from Bureau Veritas Certification (Malaysia) Sdn Bhd. The certification is valid from 21 July 2009 to 21 July 2012.

(iv) Supporting a large end-user industry

Our Group's total revenue that is derived from the palm oil industry for FYE 2005, FYE 2006, FYE 2007 and FYE 2008 and FYE 2009 is 68%, 73%, 42%, 49% and 81% respectively. A major proportion of our Group's process equipment is fabricated for use in palm oil mills and refineries including pressure vessels, heat exchangers, non-pressurised tanks and other process equipment.

The palm oil industry is a major contributor to the Malaysian economy from the following perspectives:

- In 2006 (the most recent year for which data is available), the sales value of palm oil milling activities totalled RM54.5 billion. *(Source: Department of Statistics)*
- In 2009, the export value of palm oil and palm kernel oil totalled RM39.5 billion. *(Source: Malaysian Palm Oil Board and Department of Statistics)*
- In 2009, the quantity of crude palm oil produced in Malaysia totalled 17.6 million tonnes. *(Source: Malaysian Palm Oil Board)*

7. BUSINESS OVERVIEW (Cont'd)

As a major proportion of our Group's finished products are used in the palm oil industry, our Group's ability to support this industry creates opportunities for us to grow our business in line with the development of the palm oil industry.

(v) Export market

Our business is predominantly export-oriented. This is reflected by the fact that export revenue accounted for approximately RM39.5 million, representing approximately 57.2% of our total revenue for FYE 2009 (FYE 2008: RM41.4 million, 66.6%). We served a total of 8 overseas customers from 4 countries for FYE 2009 (FYE 2008: 12 overseas customers from 7 countries).

Our ability to meet the needs of international customers is a strong endorsement of the quality of our products and services. It is also an indication that our Group is able to compete effectively in the export market. We serve a wide range of end-user customers from all around the world amongst others, Germany, France, the Netherlands, Singapore, Indonesia, Thailand, Ecuador, Ukraine, India and Iran.

(vi) Established reputation and track record

Since 1990, we have developed a reputation as an established fabricator in the metal fabrication industry in Malaysia focusing on process equipment and metal structure. Our established market reputation is substantiated by the fact that for FYE 2009, 6 of our top 20 customers have been with us for 5 years or more (FYE 2008: 8 of our top 20 customers). The long term customer relationship is a demonstration of customers' loyalty, which provides a platform for business sustainability and this is important to customers particularly in the fabrication of pressure vessels, as adherence to safety and quality standards are critical components in the metal fabrication industry. Projects are likely to be awarded to companies that have a long and proven track record, which will serve as a reference site to secure new contracts and customers.

(vii) Ability to serve a wide range of industries

We fabricate a wide range of process equipment and metal structure for different types of user industries including palm oil industry, food processing industry, chemical industry, wood industry, oil and gas industry, latex based industry and waste treatment industry. The ability to serve the needs of customers in a wide range of different user industries provides us with the capability to address opportunities across a wider spectrum of the market.

(viii) Timely delivery

Many of our Group's pressure vessels and metal structure are used as part of a larger project or plant. As a result, any delays in the delivery of the finished fabricated products may impact on the timing of the entire project or plant.

We have consistently met our customers' requirements in terms of timely delivery of the process equipment and metal structure, and plant fabrication and installation. This is mainly contributed by our effective project management and planning. We also utilise our financial resources to secure supplies of key raw material and components to ensure no disruptions to our fabrication schedule.

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7. BUSINESS OVERVIEW (Cont'd)

7.6 Principal place of business and location of principal assets

Our fabrication facilities are located at Senawang Industrial Park in Negeri Sembilan. The details of our facilities are as set out below:

Company	Facility	Approximate built-up and covered area (Sq. m.)	Location of facility
Seremban Engineering	Head office/ fabrication yard	11,889	Lot 1A – 1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan
SEPEN ⁽¹⁾	Fabrication yard	2,379	Lot 6A, Lorong Bunga Tanjung 1/2, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan

Note:

(1) SEPEN had recently acquired a vacant industrial land in Rawang, Selangor to construct a covered fabrication yard for an estimated cost of RM1.75 million. The fabrication activities are expected to commence on this land by the fourth quarter of 2010.

All of our principal assets are located at Lot 1A-1C, Lorong Bunga Tanjung 1/3, and Lot 6A, Lorong Bunga Tanjung 1/2, both located within Senawang Industrial Park, 70400 Seremban, Negeri Sembilan.

7.7 Production capacity

At present, our fabrication work is carried out at our fabrication yards with a total covered area of approximately 14,268 sq. m. where the design, fabrication, installation and inspection of process equipment are undertaken prior to delivery to our client's premises. Our production capacity and/or fabrication works is partly limited by our manufacturing floor area.

It is difficult for us to estimate our annual production capacity and utilisation rate of our Group's fabrication yard as we operate on project basis.

Notwithstanding this and in line with our future plans, we intend to expand our fabrication capacity and our subsidiary, SEPEN, had recently acquired a vacant industrial land in Rawang, measuring a land area of approximately 1.68 acres, to facilitate additional fabrication activities which is expected to commence by the fourth quarter of 2010. With this new fabrication yard, it is expected that our production capacity will increase by 10% and that an estimate total capital costs of approximately RM3.3 million will be invested in this new facility. The construction costs of RM1.75 million will be financed by internally generated funds and bank borrowings of RM0.135 million and RM1.615 million respectively, while the purchase of plant, machinery and equipment will be financed through term loan.

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7. BUSINESS OVERVIEW (Cont'd)

7.8 Technology used

Our Group uses the following technologies in our fabrication process:

(i) Welding technology

Welding is a fabrication process that joins materials, including metals, by causing coalescence. It is often done by melting the workpieces and adding a filler material to form a pool of molten material that cools to become a strong joint. Sometimes pressure is also used in conjunction with heat, or by itself, to produce the weld. We use gas welding, arc welding, flux cored welding and resistance welding in our fabrication operations.

Gas welding

In gas welding, fuel gas is combusted in oxygen to produce a welding flame, which is applied to melt metal at the welding point. Most gas welding processes are similar, differing only in the fuel gases used. Common gas welding processes include the following:

- Oxyacetylene welding;
- Air acetylene and oxygen gas welding;
- Oxygen hydrogen welding; and
- Pressure gas welding.

Arc welding

In arc welding, an electric arc is created between an electrode and the base material to melt metal at the welding point. The welding region is sometimes protected by an inert or semi-inert gas. Filler materials are sometimes used.

Flux cored welding

Flux cored welding is a type of arc welding that utilises a consumable tubular electrode with a core that is made up of flux material. The flux is used to generate gasses necessary to protect the weld from atmosphere, although an externally supplied shielding gas is sometimes used in flux cored welding.

Resistance welding

Resistance welding involves the generation of heat by passing a current through the resistance caused by the contact between 2 or more metal surfaces. Small pools of molten metal are formed at the weld as high amounts of current are passed through the metal.

(ii) Non-destructive testing

Non-destructive testing is used to ensure defects are rectified before installation and commissioning. Unfired pressure vessels in particular have to undergo rigorous weld inspection to ensure that there are no leaks, fractures or other weaknesses in the vessel's welds that may compromise the safety and integrity of the unfired pressure vessel.

We carry out the following types of non-destructive testing:

X-ray and ultrasonic weld inspection

By using these techniques, welds are checked to ensure that they are free from foreign-matter inclusion (for example, slag inclusion), possess adequate penetration, free from distortion and the dimensions of the weld are accurate.

7. BUSINESS OVERVIEW (Cont'd)

X-ray and ultrasonic weld inspection are undertaken by external parties. These weld inspection are examples of non-destructive testing techniques commonly carried out on welds.

Hydrostatic test

Under this test, the unfired pressure vessel is sealed and filled with water. The water is then pressurised to the test pressure, which is typically 130% of the unfired pressure vessel's design pressure. The pressure is maintained for a specified period of time. The vessel is monitored for any water leakage, the presence of which indicates the existence of a defect.

Dye penetration test

Under this test, the surface of the unfired pressure vessel that is being tested is sprayed with a liquid chemical mixture known as a 'penetrant'. The penetrant is allowed to soak into any flaws that may be present on the surface. After a certain period of time, the surface is wiped clean to remove excess penetrant and a developer is applied to the surface to make the penetrant more visible. The surface is then inspected for any traces of penetrant, the presence of which indicates the existence of a defect.

(iii) Mechanical engineering

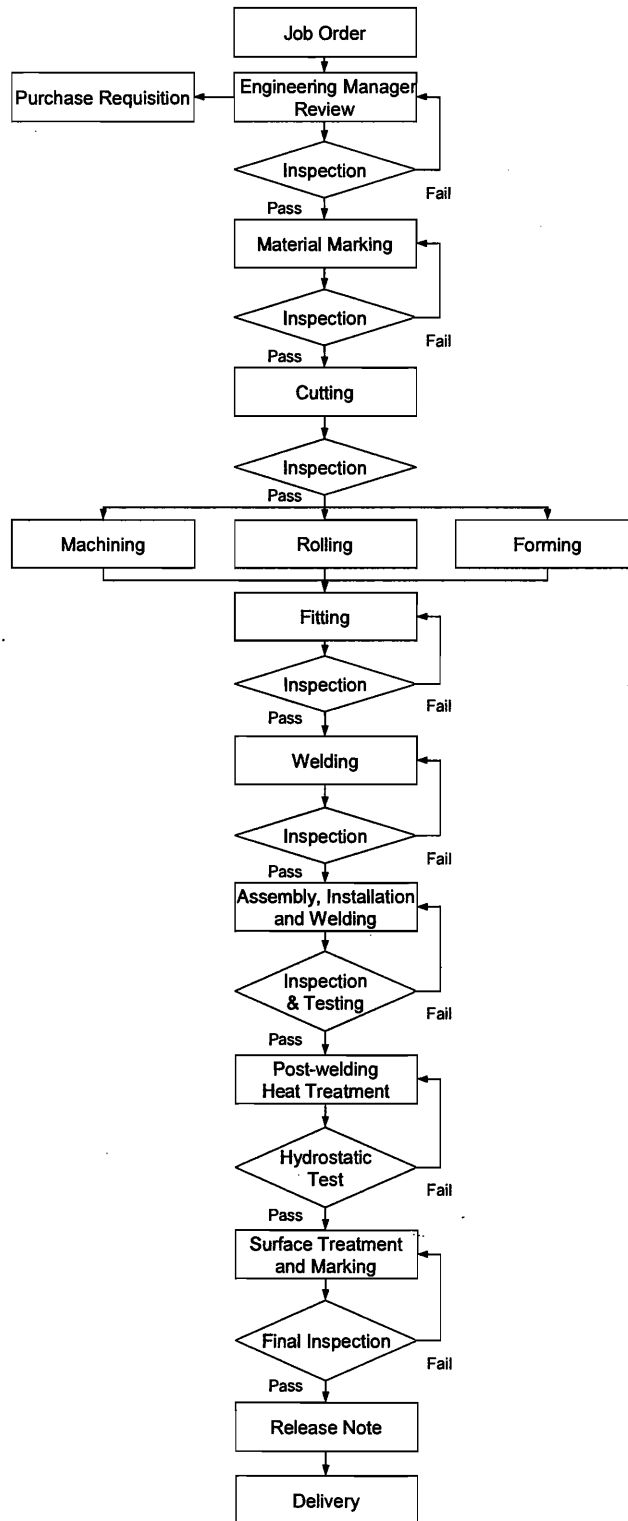
Mechanical engineering is the application of physical principles to the creation of useful structure, devices, objects and machines. Mechanical engineers use principles such as heat, force and the conservation of mass and energy to analyse static and dynamic physical systems, in contributing to the design of things such as structure, vehicles, industrial equipment and machinery and other objects. We currently employ mechanical engineering principles and make use of computer aided design software in designing unfired pressure vessels, non-pressurised tanks, heat exchangers, steel structure and other process equipment and metal structure.

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7. BUSINESS OVERVIEW (Cont'd)

7.9 Process flow

The general process flow for fabricating pressure vessel is as depicted below:



7. BUSINESS OVERVIEW (Cont'd)

- (i) Once the project engineer receives the job order from the Marketing Department, the design engineering team sets out to design the pressure vessels according to specifications and requirements.
- (ii) The engineering manager is responsible for reviewing the engineering drawing and other necessary documentation and will also place an order to purchase the necessary materials for the pressure vessel.
- (iii) The engineering manager inspects the engineering drawings and documentation of the design of the pressure vessels. Any necessary changes to the drawings and design are returned to the project engineer for rectification.
- (iv) Once approved by the engineering manager, the drawings documents are then submitted to DOSH or our customer's inspection agencies for certification and approval.
- (v) Incoming raw material for the manufacture of pressure vessels are inspected by the QC department to ensure that they meet with the required specifications and are as summarised in the purchase order.
- (vi) The raw materials, which include steel sheets, are marked for cutting based on the engineering drawing. QC personnel inspect the markings according to procedures specified by ASME QC Manual or as specified by our customer.
- (vii) The project engineer or supervisor inspects and verifies instructions and plans for cutting using CNC equipment. Any discrepancies in the markings uncovered during the inspections that are not marked to specifications, are measured and remarked according to specifications before CNC cutting commences.
- (viii) A QC inspection is carried out on the steel segments and pieces of the pressure vessel that have been cut to ensure that they conform to the engineering drawings specifications and design.
- (ix) The metal pieces are further worked on to a shape or profile by machining, rolling and forming as specified. The metal sheets and pieces that make up the pressure vessel are then fitted-up and inspected before it is passed to be welded together.
- (x) Welding is carried out based on ASME welding process procedures, and as specified on the engineering drawings.
- (xi) The QC personnel inspect the welds by carrying out a visual inspection, and by performing non-destructive tests based on ASME QC Manual. Some of these may include magnetic particle, ultrasonic, dye penetrant and weld thickness tests to determine the quality of the welding.
- (xii) Further assembly, installation and welding of fittings and accessories are carried out. QC inspections and testing are routinely done during the assembly of the pressure vessel before it proceeds to the next process of a post-welding heat treatment of the whole pressure vessel (if required).
- (xiii) The pressure vessel then undergoes hydrostatic pressure testing to check for leakage under high pressure upon completion of the post-welding heat treatment.
- (xiv) Surface treatment, which includes sand blasting and painting (only for carbon steel pressure vessel), acid pickling, painting and markings are then carried out on the pressure vessel. This is the final stage of the fabrication process for pressure vessels.

7. BUSINESS OVERVIEW (Cont'd)

- (xv) The project engineers or supervisors and QC personnel carry out a final inspection on the pressure vessel before a release note is issued and the pressure vessel is ready for delivery to our customer.

In general, the process flow that our Group uses to fabricate other types of process equipment and metal structure is similar to the process flow for fabricating pressure vessel.

7.10 Raw materials, products and services

The following are the major types of raw materials, products and services purchased by our Group for FYE 2008 and FYE 2009:

Product category	FYE 2008			
	Value of purchases (RM'000)	Percentage of our Group's total purchases (%)	Source Malaysia (%)	Other countries ^ (%)
Raw materials	25,744	80.9*	21.8	78.2
Stainless steel plates	16,044	50.4	-	100.0
Stainless steel and steel pipes	4,051	12.7	41.8	58.2
Steel plates	3,088	9.7	97.3	2.7
Other steel products	1,239	3.9	66.1	33.9
Other stainless steel products	1,024	3.2	9.2	90.8
Other metal products	298	0.9	-	100.0
Parts, fittings and consumables	5,374*	16.9	20.5	79.5
Welding and other consumables	2,711	8.5	17.9	82.1
Parts and fittings	2,664	8.4	23.2	76.8
Third-party services	697*	2.2	100.0	-
Dish forming services	255	0.8	100.0	-
Sand blasting and painting services	188	0.6	100.0	-
Sub-contracted services	218	0.7	100.0	-
Engineering consultancy services	37	0.1	100.0	-
TOTAL	31,816*	100.0	23.3	76.7

Notes:

* Does not add up due to rounding error.

^ Includes purchases of overseas-produced raw materials, parts, fittings and consumables from Malaysian stockists.

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7. BUSINESS OVERVIEW (Cont'd)

Product category	FYE 2009			
	Value of purchases (RM'000)	Percentage of our Group's total purchases (%)	Source Malaysia (%)	Other countries ^ (%)
Raw materials	19,935*	77.3	25.7	74.3
Stainless steel plates	11,847	45.9	-	100.0
Stainless steel and steel pipes	4,474	17.3	53.0	47.0
Steel plates	2,375	9.2	99.2	0.8
Other steel products	479	1.9	70.6	29.4
Other stainless steel products	590	2.3	9.6	90.4
Other metal products	172	0.7	-	100.0
Parts, fittings and consumables	5,303	20.6	41.8	58.2
Welding and other consumables	3,087	12.0	47.8	52.2
Parts and fittings	2,216	8.6	33.4	66.6
Third-party services	553	2.2	100.0	-
Dish forming services	402	1.6	100.0	-
Sand blasting and painting services	65	0.3	100.0	-
Sub-contracted services	53	0.2	100.0	-
Engineering consultancy services	33	0.1	100.0	-
TOTAL	25,791	100.0	30.6	69.4

Notes:

* Does not add up due to rounding error.

^ Includes purchases of overseas-produced raw materials, parts, fittings and consumables from Malaysian stockists.

The prices of our raw materials are volatile and differ from supplier to supplier. As such, our procurement team is tasked to source for the raw materials we require at the best price, after taking into consideration the quality and service level of our suppliers. As at LPD, we have not been materially affected by the price volatility of our raw materials.

To-date, we have not experienced any difficulties in procuring raw materials and/or consumables as we have established and maintained a good relationship with our suppliers. We have also not experienced any major disruption in the supply of raw materials and/or consumables for the past 5 FYE 2005 to FYE 2009.

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7. BUSINESS OVERVIEW (Cont'd)

7.11 QA/QC

Our Group places significant emphasis on product quality and adheres to stringent quality standards. This is reflected by the fact that our Company has received the following certifications from international bodies:

Accreditation body	Scope	Date authorised	Expiry date
ASME	To apply the ASME "U" stamp on pressure vessels fabricated by our Company at the location ⁽¹⁾ and field sites controlled by the location ⁽¹⁾⁽²⁾	2 July 2008	23 July 2011
NBBI	To apply the "R" symbol on metallic repairs and/or alterations at the location ⁽¹⁾ and extended for field repairs and/or alterations controlled by the location ⁽¹⁾⁽³⁾	26 June 2008	23 July 2011
NBBI	To apply the "NB" mark and register boilers, pressure vessels or other pressure retaining items with the NBBI ⁽⁴⁾	23 July 2008	23 July 2011
Lloyd's Register Technical Services Sdn Bhd	Pressure vessels fabricated by our Company for IOI Loders Croklaan Oil B.V. Project, Netherlands in 2005 are certified with CE Marking of conformity assessment and verification compliance with the European Commission's Pressure Equipment Directive (PED) 97/23/EC as approved by Lloyd's Register Nederland B.V. ⁽⁵⁾	-	-

Notes:

- (1) *The location refers to Lot 1A-1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan.*
- (2) *The "U" stamp indicates that our Company has adhered to the safety and quality standards of ASME.*
- (3) *The "R" symbol indicates that our Company has undertaken a level of inspection that assures quality and safe repairs and/or alterations.*
- (4) *The "NB" mark indicates that the pressure vessels and/or other process equipment fabricated by our Company have been inspected and fabricated in accordance with safety standards.*
- (5) *The CE Marking is a conformity mark that certifies that a product has met the applicable European Union safety, health or environmental requirements.*

Our Company has received ISO 9001:2008 quality management system certification for the scope of "manufacture and fabrication of process equipment such as unfired pressure vessels, heat exchangers, tanks and silos" from Bureau Veritas Certification (Malaysia) Sdn Bhd. The certification is valid from 21 July 2009 to 21 July 2012.

We have in-house QA/QC testing facilities located at our fabrication yards at Senawang Industrial Park in Negeri Sembilan. As at LPD, our Group has 9 QA/QC personnel out of whom 4 of them are qualified to carry out dye penetration QA tests.

In addition to utilising in-house equipment and facilities, our Group also engages external non-destructive testing inspectors to carry out certain QA tests, as this is common in the metal fabrication industry.

We are committed to delivering high quality products and services to our customers consistently. Refer to Section 7.9 of this Prospectus for details on the QA/QC measures during the stages of our fabrication process.

7. BUSINESS OVERVIEW (Cont'd)

7.12 R&D

R&D efforts are focused on internal process improvement and QA as a means to assist in creating and sustaining our Group's competitiveness.


Continuing R&D is critical in enabling our Group to achieve the following:

- (i) increase efficiency, effectiveness and productivity resulting in the minimisation of production costs;
- (ii) minimise the instances of defects to maximise quality and minimise cost; and
- (iii) provides significant sustainable competitive advantages to continue achieving business success.

We did not recognise any expenditure for R&D activities for the last 3 FYE 2007 to FYE 2009 as our Group's R&D activities were mainly related to process improvement.

7.13 Trademark

We have taken steps to protect our trademarks in Malaysia. We have submitted applications to register the logo of our Company, SEPEN and SEISB as trademarks under the Trade Marks Act 1976 and Trade Marks Regulations 1997, under the following class:

	Date submitted	Class	Description
	9 April 2009	37	Building construction; repair; installation services all included in class 37
	9 April 2009	42	Scientific and technological service and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services all included in class 42
	22 July 2009	6	Common metals and their alloys, metal building materials, transportable buildings of metal, pipes and tubes of metal, safes, good of common metal not included in other classes and all included in class 6

As at LPD, the above-mentioned trademark applications are currently pending registration.

7.14 Interruptions to business

Our Group has not experienced any material disruption in our operations that had a significant effect on our operations/ revenue for the past 12 months prior to the date of this Prospectus.

7.15 Seasonality

Our Group does not experience any material seasonality in our business, as our business operations are relatively stable throughout the year, with the exception of a minor slowdown in business activity during the principal festive seasons at the beginning and end of each calendar year.

7. BUSINESS OVERVIEW (Cont'd)

7.16 Awards and recognition

The following are awards and recognition which we have received:

Year	Recipient	Awards/ Recognition	Customer
2009	Seremban Engineering	Certificate of Appreciation for the co-operation, quality and excellent service in the fabrication and installation works at sludge treatment plant	ECO Special Waste Management Pte Ltd
2009	Seremban Engineering	Certificate of Appreciation for working safety which has helped contribute to Cabot Asia Pacific's achieving 3.5 million recordable injury free man-hours as at 11 May 2009	Cabot (Malaysia) Sdn Bhd
2008	Seremban Engineering	Certificate of Appreciation in recognition of achieving 10,000 man-hours without lost time injuries	Cabot (Malaysia) Sdn Bhd
2007	Seremban Engineering	Certificate of Safety Recognition in relation to obtaining an injury free work site while undertaking work on the installation of the new air dried noodle line at Batu Tiga factory at Shah Alam, Selangor	Nestle Manufacturing (Malaysia) Sdn Bhd
1996	Seremban Engineering	Certificate of Safety Recognition in relation to obtaining an injury free work site while undertaking work on the coil paint line for the Malaysian coating project at Kapar, Klang, Selangor	BHP Steel (M) Sdn Bhd
1995	Seremban Engineering	Service Excellence Award in appreciation for the co-operation, quality and excellent service accorded	Metek Kitamura (M) Sdn Bhd

7.17 Major customers

Our Group enjoys a close and long-standing business relationship with our customers, and places significant emphasis on developing and maintaining customer satisfaction, goodwill and rapport. Many of our customers are repeat customers who have been with our Group for a number of years.

Save for the following, there are no other major customers who have contributed 10% or more to our Group's turnover for FYE 2007 to FYE 2009:

Customer	Length of relationship (year)	Level of turnover					
		FYE 2007		FYE 2008		FYE 2009	
		RM'000	%	RM'000	%	RM'000	%
Lipico	12	20,153	36.5	23,650	38.1	35,478	51.4
Desmet Ballestra (Malaysia) Sdn Bhd	15	17,389	31.5	8,216	13.2	7,266	10.5
Eco Special Waste Management Pte Ltd	2	-	-	13,114	21.1	893	1.3

The fluctuation in revenue contribution from our customers varies from year to year due to the nature of our business being conducted on a project basis. We may not generate similar projects in terms of size and scope with the same customer in subsequent years.

7. BUSINESS OVERVIEW (Cont'd)

Lipico is a key player for providing engineering services for the oils and fats industries in Asia and has also established engineering and technical service centres in India, China and Malaysia. Its international network of sales offices cover, amongst others Singapore, China, India and Taiwan (Source: website of Lipico, www.lipico.com). It acts as a project executor/ co-ordinator for their clients and work closely with suppliers like our Group to supply fabricated process equipment for them.

Desmet Ballestra (Malaysia) Sdn Bhd is a member company of Desmet & Ballastra Group ("Desmet Group"), which is an established player in the oils and fats technologies with sales and engineering offices in 15 countries and representation network in another 22 countries (Source: website of Desmet Group, www.desmetgroup.com).

Both Lipico and the Desmet Group have extensive experience in the oils and fats industries and their extensive client base would enable our Company to have access to a wider customer base without the need to invest and establish a network outside Malaysia.

Eco Special Waste Management Pte Ltd ("Eco") is in the business of waste management, which involves mainly waste management in the industrial and commercial industries with forte in hazardous and non-hazardous waste. Eco provides comprehensive waste management solutions to customers by offering one-stop services and facilities to treat both hazardous and non-hazardous waste. (Source: website of Eco, <http://www.eco.com.sg>).

7.18 Major suppliers

Save for the following, there are no other major suppliers who have contributed 10% or more to our Group's purchases for FYE 2007 to FYE 2009:

Supplier	Length of relationship (year)	Level of purchases					
		FYE 2007		FYE 2008		FYE 2009	
		RM'000	%	RM'000	%	RM'000	%
Kentzu Steel Sdn Bhd	13	10,372	33.2	11,264	35.0	9,392	36.0
Leon Fuat Hardware (Klang) Sdn Bhd	> 13	9,894	31.7	4,894	15.2	5,647	21.7
Yick Hoe Metal Industries Sdn Bhd	5	147	0.5	3,102	9.7	583	2.2

The fluctuation in purchases from our suppliers was a result of varying requirements for different projects. We may not procure similar purchases in terms of size and scope with the same supplier for subsequent years.

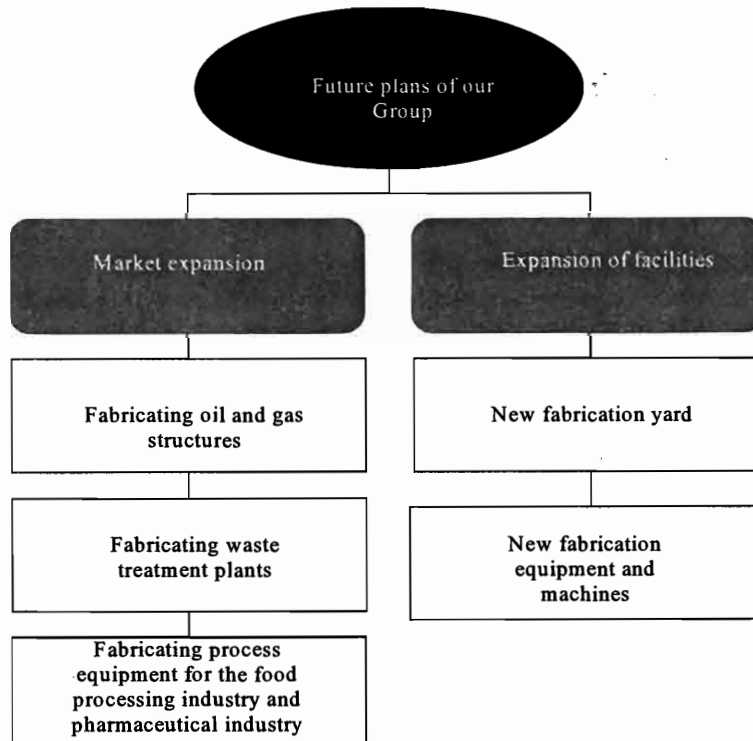
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7. BUSINESS OVERVIEW (Cont'd)

7.19 Future plans and strategies and prospects

7.19.1 Future plans and strategies

The future plans and strategies of our Group are focused on 2 areas as depicted in the diagram below:



(i) Market expansion

(a) Fabricating oil and gas structures

To-date, our Group has won and completed a contract to fabricate process equipment for an oil refinery operator. Our Group is currently engaged in fabricating process equipment for the oil and gas industry, albeit on a small scale. We intend to progressively further expand into the oil and gas industry by fabricating process equipment for onshore oil and gas facilities.

We have recently entered into a cooperation agreement with Affcom Resources Sdn Bhd with the objective of incorporating a joint venture company in Malaysia for the purpose of undertaking various business activities or ventures namely in the design and fabrication of equipment for oil terminals, refineries, lube oil plants and engineering or any other related oil industries. Affcom Resources Sdn Bhd is an affiliate of an independent integrated oil company, incorporated in Malaysia and its activities cover trading, marketing, refining, and oil and gas fabrication in Malaysia and overseas.

7. BUSINESS OVERVIEW (Cont'd)

(b) Fabricating waste treatment plants

We secured a project to fabricate and install process equipment for Eco, which was the South East Asia's largest sludge treatment plant in Singapore in 2008. The project was completed in June 2009. This represents our first foray into the waste treatment industry. With this experience, we plan to progressively expand our waste treatment fabrication and installation activities.

We intend to establish our track record in the waste treatment industry as part of our strategy to expand our market in the waste treatment industry.

(c) Fabricating process equipment for food processing industry and pharmaceutical industry

Currently, we are involved in fabricating process equipment for the food processing industry and pharmaceutical industry, albeit on a small scale. We intend to progressively expand our fabrication activities for these industries.

As part of our strategy, SEPEN had acquired a vacant industrial land in Rawang, Selangor, with a land area of approximately 1.68 acres and had commenced the construction of a covered fabrication yard on this land for fabrication of process equipment for the food processing industry and pharmaceutical industry and other industries which our Group operates in.

(ii) Expansion of facilities**(a) New fabrication yard**

SEPEN had acquired a vacant industrial land in Rawang, Selangor with a land area of approximately 1.68 acres. Our Management intends to utilise this land for additional fabrication activities. We also plan to purchase new fabrication equipment and machinery for this new fabrication yard. Refer to Section 7.6 of this Prospectus for details on our fabrication facilities. We have commenced the construction work on this land at the end of 2009 and expect to begin fabrication activities at this new yard by the fourth quarter of 2010.

(b) New fabrication equipment and machines

Our Group plans to purchase new fabrication equipment and machines in 2010 to enhance our fabrication capabilities and to be in line with our Company's competitive strengths and advantages of being an one-stop metal fabrication centre. Some of the new fabrication equipment and machines that our Group plans to purchase include sand blasting and painting facility, laser cutting machine, welding and other machines.

With the purchase of new sand blasting and painting facility machines, we will be able to perform sand blasting and painting functions internally. The laser cutting machine will allow us to cut metals with higher degree of precision. This would improve our efficiency as we would be less reliant on skilled labour and we will also be able to produce better quality products. Furthermore, we will save on fabrication cost, as we do not need to lease certain equipment and machines.

7. BUSINESS OVERVIEW (Cont'd)

7.19.2 Prospects of our Group

There are strong indications that economic conditions in Malaysia are improving from negative effects of the global financial crisis that began in mid 2007. The near term outlook, particularly for 2010, is likely to be more positive than 2009. In the medium term, the global economic outlook moving forward will have an effect on the growth of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry. The growth in the global economy should improve the prospects of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry by stimulating its user industry. The recovery in the price of crude palm oil may encourage operators in the palm oil industry to invest in new facilities to process palm oil, including process equipment and metal structure. Hence, the short to medium term outlook of the metal fabrication industry focusing on process equipment and metal structure for the palm oil industry is likely to be more positive.

Our Directors are of the view that the prospects of our Group are favourable. Furthermore, our competitive strengths, advantages and future plans would enable us to sustain our business and provide business growth opportunities.

Our competitive strengths and advantages will place us in a better position to weather a potential economic downturn as compared to fabricators that do not possess such competitive strengths and advantages. Further, our competitive strengths and advantages also will ensure business sustainability as well as providing a sound platform for business growth. Refer to Section 7.5 of this Prospectus for further details of our competitive strengths and advantages.

We have in place a strong business plan moving forward which are focused in 2 areas as discussed in Section 7.19.1 of this Prospectus. Our future plans will help to sustain our business, provide growth opportunities and at the same time adopt a prudent approach in expanding our business.

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8. OVERVIEW OF THE ECONOMY

8.1 Overview of the global economy

The recovery in the global economy improved further in the fourth quarter of 2009. While the recovery was evident in most economies, the speed of the recovery differed across regions. The advanced economies experienced gradual pick-up in growth, while the recovery in the regional economies has been relatively stronger as domestic demand was reinforced by the rebound in intra-regional trade. Conditions in the international financial markets continued to improve as the combination of the accommodative monetary policy and the search for yield encouraged investors to return to the markets. To some extent, this led to larger capital inflows into the Asian region, placing challenges to the conduct of monetary policy should it contribute to asset price inflation.

In the USA, real domestic product expanded for the second consecutive quarter by an annualised rate of 5.7% in the fourth quarter of 2009, its biggest quarterly growth in six years. More than half of the growth in GDP was attributed to the smaller drawdown in private inventory, while the rest of the growth came from revival in non-residential fixed investment and net exports. Non-residential fixed investment registered strong growth, led by the double-digit increase of 13.3% in business investment in equipment and software. Net exports' contribution came mainly from the moderation in imports growth to 10.5%. Meanwhile, real personal consumption expenditure increased at a slower pace of 2% due to lower purchases of motor vehicles as consumers frontloaded these purchases during the cash-for-clunkers programme in the third quarter of 2009. On the inflation front, headline consumer price index turned around to record a positive growth of 1.4% during the quarter, driven by higher energy prices.

In Japan, real GDP grew at a faster annualised rate of 4.6% in the fourth quarter of 2009, due to continued improvements in private consumption and net exports. Exports recorded a reduced contraction of 5.8%, supported by stronger demand from Asia, in particular China. This development was also reflected in a slower rate of decline of 4.7% in industrial production, due mainly to improvements in transport equipment and general machinery. Private consumption continued to improve, supported by policy measures. Although unemployment rates eased in the fourth quarter of 2009 to 5.1%, sentiment remained weak as consumers continued to be concerned about falling incomes and job security. On the inflation front, deflationary pressures subsided as core consumer prices (excluding fresh food) declined at a slower rate of 1.7%, due to higher energy prices.

The Euro area expanded marginally by 0.1% quarter-on-quarter in the fourth quarter of 2009 due largely to the government stimulus measures and the pick-up in external demand. France led the improvements in the region, recording a growth of 0.6%, while economic activity in Germany was flat for the quarter. On an annual basis, the Euro area recorded a smaller contraction of 2.1% during the quarter. Benefiting from the fiscal support for consumption especially in automobiles, production indicators for the euro area showed improvements. These were further reinforced by the recovery in exports, especially in the intra-European Union trade as well as demand from Asia. On the inflation front, consumer prices turned around to record a positive growth of 0.4% in the fourth quarter of 2009, due mainly to higher energy prices.

The UK economy was among the last major economies to emerge from recession with real GDP recorded its first quarter-on-quarter growth of 0.1% in the fourth quarter of 2009. On an annual basis, the economy recorded a smaller contraction of 3.2%. The improvement in growth came from the manufacturing sector as well as the services sector, in particular hotel and restaurant and government and other services. Meanwhile, inflation trended upwards to 2.1% in the fourth quarter of 2009 due mainly to the base effect from the very low energy prices in late 2008.

Against the backdrop of improved conditions in the financial markets amid the gradual economic recovery, more central banks in the major advanced economies have begun to announce plans to unwind the quantitative support measures introduced during the crisis. In the USA, while the federal funds rate was maintained at 0 – 0.25%, the Federal Reserve of the USA ("FED") reiterated its stance that was made in June 2009 on ending some of its financial measures beginning 1 February 2010. These include the Commercial Paper Funding Facility, Primary Dealer Credit Facility and Term Securities Lending Facility. In addition, the temporary liquidity swap arrangements between the FED and other central banks expired on 1 February 2010.

8. OVERVIEW OF THE ECONOMY (*Cont'd*)

On 19 February 2010, the FED increased the discount rate by 25 basis points to 0.75% in their effort to normalise lending facilities. The FED also planned to complete its purchases of USD1.25 trillion agency mortgage-backed securities and USD175 billion of agency debt by the end of first quarter of 2010. Meanwhile the expiration date for the Term Asset-Backed Securities Loan Facility will remain on 31 March 2010 for loans backed by all types of collaterals except for new-issue commercial mortgage backed securities, which will expire on 30 June 2010. In the Euro area, the European Central Bank had announced details of the withdrawal of its liquidity provisions. The fixed rate offered for the 12-month unlimited loans to commercial banks ended on 16 December 2009, while the 6-month loans has been discontinued on 31 March 2010. In addition, the purchases of €60 billion worth covered bonds are expected to expire in June 2010. There, however, continued to be downside risks in the UK and Japan. The Bank of England expanded the purchase of asset and corporate bonds for the third time in November 2009 by another £25 billion to a total of £200 billion. However, the central bank halted the program in early February 2010 to monitor the impact of previous purchases on the economy. Meanwhile, the Bank of Japan introduced a ¥10 trillion credit program in December 2009 to deepen commercial banks' liquidity and to ease deflationary pressure.

In the fourth quarter, prices of crude oil rose to USD80 per barrel, the highest level in 12 months, following a sharp increase of almost USD10 in the first three weeks of October 2009. The increase in crude oil prices was mainly due to optimism about a sustained recovery in global demand. During the quarter, crude oil prices averaged around USD76 per barrel. At the end of the year, crude oil traded at USD79 per barrel, an increase of 78% from the level at the end of 2008. Meanwhile, oil prices continued to trend upward at the beginning of 2010, reaching a 15-month high of USD83 per barrel on 6 January 2010.

In the Asian region, the growth momentum from the third quarter continued into the fourth quarter of 2009, with most economies recording faster growth. While the main impetus emanated from a sustained rise in private consumption and a pick-up in investment activity, growth was further augmented by a rebound in exports from the intra-regional trade centred around China as well as a revival in demand from the advanced economies. Regional growth was led by China, which posted a double-digit growth rate of 10.7%, the fastest expansion since the first quarter of 2008, supported by the ongoing fiscal stimulus programmes. Meanwhile, Chinese Taipei, Korea, Thailand, Indonesia, Singapore and Philippines also continued to expand at a stronger pace in the fourth quarter of 2009. As the inflationary pressures remained benign, central banks in the region maintained an accommodative monetary policy stance to ensure a more sustainable economic recovery. However, for some economies facing sharp increases in asset prices, monetary authorities undertook measures to discourage the possible build-up of asset bubbles, either through imposing administrative measures to limit speculation in the property market or using restrictions on short-term capital flows.

In the foreign exchange market, most major currencies appreciated against the USD during the first two months of the quarter following continued improvements in risk appetite and global financial market conditions. However, in December 2009, the trend reversed as most major currencies weakened against the USD following expectations of an early hike in the USA interest rate following stronger-than-expected USA data. In addition, the EURO and £ were also affected by concerns over government debt outlook and sovereign ratings in the UK and in some parts of Europe. Similarly, the ¥ weakened as investors reacted to the Bank of Japan's decision to inject ¥10 trillion of emergency loans into the financial system to fight deflation. In the region, most currencies strengthened in the quarter against the USD following optimism over growth prospects in the Asian economies.

Going forward, the recovery in the global economy is expected to continue into 2010 supported by the continued implementation of stimulus measures. However, the prospects for sustainable growth hinges critically on the recovery in private sector demand especially in the advanced economies facing several structural issues in terms of the high unemployment, fragile financial sectors and weaker fiscal positions. The emerging economies, especially Asia, are however expected to experience better growth prospects given the stronger domestic demand and more robust financial sectors.

(Source: International Economic Environment in the Fourth Quarter of 2009, Bank Negara Malaysia)

8. OVERVIEW OF THE ECONOMY (*Cont'd*)

8.2 Overview of the Malaysian economy

The Malaysian economy rebounded 4.5% in the fourth quarter 2009 after recording three consecutive quarters of negative growth. For the whole of 2009, the economy contracted 1.7%. The strong rebound in the quarter was supported by higher domestic demand and exports. On the supply side, all sectors in the economy recorded positive growth except mining, which declined at a slower rate. After recording four consecutive quarters of negative growth, the manufacturing sector turned around to register a growth of 5.3% following significant improvement in global demand for electrical and electronic ("E&E") products. Similarly, the agriculture sector rebounded strongly by 6.0%, driven by strong output of palm oil, rubber and livestock. The services sector, the largest contributor, expanded further by 5.1% led by finance and insurance, real estate and business services as well as communication sub-sectors. The construction sector grew strongly by 9.2% largely due to higher activities in the non-residential sub-sectors and special trade works. Meanwhile, the mining sector posted a contraction of 2.8% on account of lower output of crude oil.

On the demand side, favourable economic performance in the fourth quarter of 2009 was driven by higher domestic demand which expanded by 3.0%. This was largely underpinned by expansion in investment activities. Private consumption grew 1.7% attributed to rising household income following higher commodity prices, stable labour market conditions and strong stock market performance. In addition, major festive celebrations and school holidays also spurred consumption. This is in line with the Consumer Sentiments Index that surged to a seven-quarter high to 109.6 points indicating a positive outlook for consumer spending. Reflecting the positive sentiment, major consumption indicators such as passenger car sales and imports of consumption goods rebounded 18.5% and 6.3%, respectively. Meanwhile, public consumption increased 1.3% supported by expenditure on supplies and maintenance. Total investment rebounded 8.2% on account of continued public investment, in particular, construction projects under the two stimulus packages. This was reflected in investment indicators, mainly construction-related materials such as production of iron and steel which recorded a significant turnaround of 47%, as well as imports of capital and intermediate goods that registered a steady growth of 17.4% and 0.1%, respectively. Meanwhile, overall manufacturing capacity utilisation rate improved further to 81.4%. Sales of commercial vehicles also rebounded 9.7%. This was in line with the Business Conditions Index which soared above the 100-point threshold at 118.8 points, reflecting continued confidence among business entities.

After recording four consecutive quarters of negative growth, value added of the manufacturing sector rebounded 5.3%. This was in tandem with improved global demand as well as strong consumer and business sentiment. Manufacturing output grew 4.8% underpinned by strong external demand, particularly for E&E products. Manufacturing sales improved further by -0.1% to RM129.1 billion in the fourth quarter of 2009. Consequently, the overall capacity utilisation rate in the sector increased to 81.4%.

Output of domestic-oriented industries accelerated 9.4%, supported largely by a substantial increase of 23.9% in chemicals and chemical based production. Output of food products rose sharply by 12.4%, while beverages rebounded 13.1% largely due to the festive season and improved external demand. Off-estate processing turned around to grow 8.5%, spurred by rising output and prices of crude palm oil.

Export-oriented industries expanded 1.4% during the period as a result of strong global demand for E&E products. Output of semiconductor devices expanded 3.9%. This was in line with global chips sales driven by increased demand for cellphones and computers especially in China and India. Besides E&E, all major subsectors recorded robust growth except textiles, apparel and footwear, which declined 16.1% on account of competition from lower cost producers. Meanwhile, output of petroleum products contracted 3.4% in tandem with lower crude oil production.

The Malaysian economy is expected to continue on its growth trajectory in 2010. This is reflected by the Leading Index, which increased by 11.3% and 10.7% in November and December 2009, respectively. Growth will emanate mainly from sustained domestic demand and improvements in the external sector.

(Source: Quarterly Update on the Malaysian Economy Report for the Fourth Quarter of 2009, Ministry of Finance)

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd
(Company No.: 266797-T)

75C & 77C Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel: (603) 7728-0248
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Email: enquires@vitalfactor.com
Website: www.vitalfactor.com

30 March 2010

The Board of Directors
Seremban Engineering Berhad
Lot 1A – 1C and Lot 6A, Lorong Bunga Tanjung 1/3
Senawang Industrial Park
70400 Seremban
Negeri Sembilan

Dear Sirs and Madam

Independent Assessment of the Metal Fabrication Industry focusing on Process Equipment and Metal Structures for the Palm Oil Industry in Malaysia

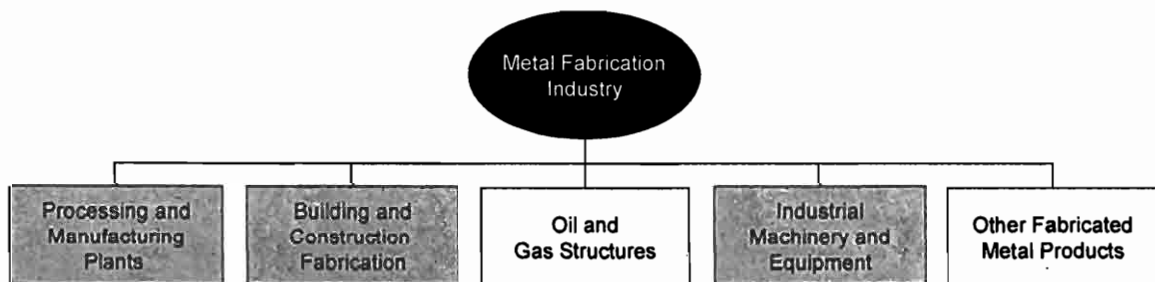
The following is an Independent Assessment of the Metal Fabrication Industry focusing on Process Equipment and Metal Structures for the Palm Oil Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of **Seremban Engineering Berhad** (herein together with all or any one or more of its subsidiaries will be referred to as “Seremban Engineering Group” or the “Group”) in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

The principal business activity of Seremban Engineering Group is in the fabricating of process equipment and metal structures focusing on the Palm Oil Industry.

1 METAL FABRICATION INDUSTRY

1.1 Industry Overview

- The overall Metal Fabrication Industry may be segmented into the following broad categories:



 Sectors in which Seremban Engineering Group is engaged in.

- In general, the Metal Fabrication Industry is focused on the value-added process of constructing equipment, machines and structures out of various raw materials, primarily metal as the main raw material. The fabrication process generally involves the cutting, bending and welding of metal.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING

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- The Metal Fabrication Industry is very broad, and covers operators engaged in fabricating a wide range of products. Some of the principal categories of the Metal Fabrication Industry in Malaysia include:
 - Processing and manufacturing plants;
 - Building and construction fabrication;
 - Oil and gas structures;
 - Industrial machinery and equipment;
 - Other fabricated metal products.
- The processing and manufacturing plant fabrication category comprises fabricating various types of process equipment which is designed to carry out one or more physical or chemical processes on an industrial scale, and form an integral part of many manufacturing lines. Process equipment also includes vessels that are designed to store raw materials, intermediate products and finished products.
- Examples of process equipment include unfired pressure vessels, non-pressurised tanks, heat exchangers, conveyor systems, coolers, dewatering equipment, dust scrubbers, extruders, feeders, instrumentation and control equipment, mixers and blenders, packaging equipment, separation equipment, vacuum equipment, and weighing systems.
- The building and construction fabrication category is focused on the fabrication of metal structures that are used in constructing various types of structures and buildings. Examples of structural metal products include prefabricated buildings, metal structures and parts of structures for use in buildings, bridges and bridge sections, towers and masts, metal doors, windows and frames, and metal scaffoldings.
- The fabricating of offshore and onshore oil and gas structures category include jackets, topsides, modules and skidded systems. Examples of onshore oil and gas structures include onshore receiving facilities, storage tanks and pipelines.
- The industrial machinery and equipment category refers to machinery and equipment that are used for industrial purposes. Examples of industrial machinery and equipment include edible oil extraction equipment, food processing equipment, Computer Numerically Control (CNC) and manual machine tools, robotic welding systems; formwork systems for constructing bridges, tunnels, towers and buildings, and the various types of machinery that are used to manufacture electrical and electronic goods.
- Examples of other fabricated metal products include metal drums and boxes, shipping containers, metal furniture and fixtures, and some types of metal household goods.
- Seremban Engineering Group is currently engaged in fabricating process equipment for processing and manufacturing plants, and fabricating metal structures, which falls under building and construction fabrication. The Group is also engaged in fabricating machinery and equipment for extracting palm oil and other types of edible oils, which fall under the industrial machinery and equipment category.
- The Group's plant fabrication and installation business activity is captured under the building and construction fabrication category.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

2 THREAT OF SUBSTITUTE PRODUCTS

- In general, there are currently no practical substitutes for fabricated process equipment such as unfired pressure vessels, non-pressurised tanks, steam boilers and heat exchangers. There are usually no practical substitutes for each type of process equipment, as each type is designed to fulfil a specific function.
- For example, **unfired pressure vessels** are designed to store liquids and/or gasses at a higher pressure than in ambient pressure or normal atmospheric pressure. Some of the current applications to which unfired pressure vessels are applied for which there are no practical substitutes are as follows:
 - Some industrial processes occur more efficiently at high pressures. Pressure vessels are required or utilised to obtain this high pressure.
 - In gas storage applications, pressure vessels can store a larger quantity of gas in a given space than is possible if the gas were stored at ambient pressure in a non-pressurised container. The construction of pressure vessels is also more economical in terms of material used to construct them.

3 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

3.1 Manufacturing Licence

- Application of a manufacturing licence under the Industrial Coordination Act, 1975 is required for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full-time employees (*Source: Malaysian Industrial Development Authority*).
- On 13 May 2003, Seremban Engineering obtained a Manufacturing Licence from the Ministry of International Trade and Industry of Malaysia (MITI) with respect to the manufacture of heat exchangers, tanks, pressure vessels and other steel fabricated products effective from 21 February 2003.
- On 19 July 2005, Seremban Engineering obtained a Manufacturing Licence from MITI with respect to the manufacture of rotor for mud grinding machines and conveyor system & parts thereof effective from 21 February 2005.

3.2 Department of Occupational Safety and Health (DOSH)

- DOSH is a Department under the Ministry of Human Resources. DOSH is responsible for the administration and enforcement of legislation related to occupational safety and health, including the design and fabrication of systems and equipment such as pressure vessels, boilers and gas pipelines.
- DOSH is responsible for carrying out enforcement activities on industries governed by the following legislation:
 - Occupational Safety and Health Act (OSHA) 1994;
 - Factories and Machinery Act 1967;
 - Petroleum Act (Safety Measures) 1984.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Seremban Engineering is registered with DOSH for the following:
 - Fabrication of Pressure Vessels and the registration is valid from 16 June 2008 to 15 June 2010;
 - Gas Contractor (Gas Pipeline) and the registration is valid from 6 February 2008 to 5 February 2010;
 - Repairer of Boilers and the registration is valid from 16 June 2008 to 15 June 2010.
- The Group has submitted an application to renew its Gas Contractor (Gas Pipeline) registration. DOSH conducted an inspection of Seremban Engineering's premises on 23 March 2010. The application is currently pending.

3.3 American Society of Mechanical Engineers (ASME)

- ASME is a professional body that promotes safety and quality standards in the field of mechanical engineering. ASME is involved in the development and maintenance of codes, standards and conformity assessment programmes.
- ASME currently maintains and distributes 600 codes and standards used around the world for the design, manufacture and installation of mechanical devices including process equipment (Source: The American Society of Mechanical Engineers).
- Seremban Engineering holds the following Certificate of Authorisation from ASME:

Stamp	Scope	Date Authorised	Date Expires
U	Manufacture of pressure vessels at the above location ¹ and field sites controlled by the above location	2 July 2008	23 July 2011

Note: 1) The location referred to is at Seremban Engineering Berhad, Lot 1A – 1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan, Malaysia.

3.4 National Board of Boiler and Pressure Vessel Inspectors' Certificate of Authorisation (NBBI)

- The NBBI is an independent non-profit organisation that is responsible for promoting safety through standards for construction, installation, repair, maintenance and inspection of pressure equipment.
- Seremban Engineering holds the following Certificate of Authorisation from NBBI:

Symbol	Scope	Date Issued	Date Expires
R	Metallic repairs and/or alterations at the above location ¹ and extended for field repairs and/or alterations controlled by this location	26 June 2008	23 July 2011

Note: 1) The location referred to is at Seremban Engineering Berhad, Lot 1A – 1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan, Malaysia.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Seremban Engineering holds a Certificate of Authorisation, which enables the company to apply the “NB” stamp and register boilers, pressure vessels, or other pressure retaining items with NBBi in accordance with its provisions. This “NB” stamp would indicate that the pressure vessel has been inspected and fabricated in accordance to safety standards. The scope of Authorisation is limited to items manufactured in accordance with ASME “U” Stamp. This certificate was issued on 23 July 2008, and will expire on 23 July 2011.

3.5 CE Marking

- The CE Marking is a conformity mark that certifies that a product has met with applicable European Union safety, health or environmental requirements. CE Marking is mandatory for many types of products sold on the single market in the European Economic Area.
- Lloyd’s Register Technical Services Sdn Bhd has certified that Seremban Engineering has fabricated pressure vessels for a client in Europe in 2005 with CE Marking of conformity assessment and verification in compliance with the European Commission’s Pressure Equipment Directive (PED) 97/23/EC as approved by Lloyd’s Register Nederland B.V.

3.6 Government Incentives

- In general, the Malaysian Government provides incentives for companies engaged in promoted activities or products under the Promotion of Investments Act 1986, including Reinvestment Allowance.

Reinvestment Allowance

- A manufacturing company that has been in operation for at least 12 months and incurs qualifying capital expenditure to expand, modernise or automate its existing business or diversify its existing business into any related products within the same industry can apply for Reinvestment Allowance (*Source: Malaysian Industrial Development Authority*).
- Seremban Engineering is currently enjoying Reinvestment Allowance benefits.

3.7 Trademark and Brand Registration

- Seremban Engineering has submitted applications to register the Seremban Engineering Group logo as trademarks under the Trade Marks Act 1976 and Trade Mark Regulations 1997, under the following classes:
 - Class 6;
 - Class 37;
 - Class 42.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Seremban Engineering Group's logo is depicted below:



- The trademark applications are currently pending registration.

4 ENVIRONMENTAL REGULATIONS

4.1 Scheduled Waste

- Seremban Engineering Group generates the following types of waste that are classified as Scheduled Waste during the normal course of its business operations:
 - "SW 305, Spent lubricating oil" under the Environmental Quality (Scheduled Wastes) Regulations 2005.
- The Group has appointed an approved contractor to remove the scheduled waste.

4.2 Steel Scrap

- Seremban Engineering Group generates bulk waste in the form of steel, stainless steel and other metal scrap from the cutting of steel, stainless steel and other metal plates, bars and other products during the normal course of its business operations.
- The Group reuses steel, stainless steel and other metal scrap whenever it is practicable to do so. Steel, stainless steel and other metal scrap that cannot be reused is normally stored at the Group's premises and ultimately sold to scrap metal dealers.

5 SUPPLY – LOCAL PRODUCTION

- Seremban Engineering Group's principal business activity is in the fabrication of the following types of process equipment and metal structures:
 - Process Equipment
 - Pressure vessels (unfired);
 - Non-pressurised tanks;
 - Heat exchangers;
 - Piping and ducting systems;
 - Other products and services including manufacturing of spare parts, carrying out non-destructive testing for third parties, supplying drafting, supply of labour and other services, and rental of machinery and equipment.
 - Metal Structures
 - Plant fabrication and installation;
 - Steel structures.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(Cont'd)


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- There are no specific data and statistics available on the local production of each type of process equipment metal structures fabricated by Seremban Engineering Group. Therefore the report will cover the larger category in which the data and statistics of these types of process equipment and metal structures are captured.

5.1 Sales Value of the Manufacture of Other General Purpose Machinery

- According to the Department of Statistics, unfired pressure vessels and heat exchangers of the type fabricated by Seremban Engineering Group are classified under the category "Other general purpose machinery".
- Between 2003 and 2007 (the most recent year for which data is available), the sales value of the manufacture of other general purpose machinery increased at an average annual rate of 31.5%. In 2007, the sales value of the manufacture of other general purpose machinery increased by 63.1% to reach RM409.6 million (based on 198 establishments) *(Source: Department of Statistics)*.

5.2 Sales Value of the Manufacture of Tin Cans and Metal Boxes

- According to the Department of Statistics, some of the types of non-pressurised tanks fabricated by Seremban Engineering Group are classified under the category "Tin cans and metal boxes".
- Between 2003 and 2007 (the most recent year for which data is available), the sales value of the manufacture of other tin cans and metal boxes increased at an average annual rate of 10.6%. In 2007, the sales value of the manufacture of tin cans and metal boxes increased by 27.6% to reach RM2.2 billion (based on 85 establishments) *(Source: Department of Statistics)*.

5.3 Sales Value of the Manufacture of Tanks, Reservoirs and Containers of Metal

- According to the Department of Statistics, unfired pressure vessels and some types of non-pressurised tanks fabricated by Seremban Engineering Group are classified under the category "Tanks, reservoirs and containers of metal".
- Between 2005 and 2009, the sales value of the manufacture of tanks, reservoirs and containers of metal increased at an average annual rate of 0.5%. In 2009, the sales value of the manufacture of tanks, reservoirs and containers of metal declined by 29.2% to reach RM729.9 million.

(Source: Department of Statistics)

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(Cont'd)

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5.4 Sales Value of the Manufacture of Structural Metal Products

- According to the Department of Statistics, metal structures of the type fabricated by Seremban Engineering Group are classified under the category “Structural metal products”.
- Between 2003 and 2007 (the most recent year for which data is available), the sales value of the manufacture of structural metal products increased at an average annual rate of 12.3%. In 2007, the sales value of the manufacture of structural metal products increased by 26.3% to RM3.4 billion (based on 1,682 establishments) *(Source: Department of Statistics)*.

6 SUPPLY – IMPORTS

- In general, the supply of process equipment and metal structures in Malaysia comprises locally produced process equipment and metal structures, and imported process equipment and metal structures.

6.1 Imports of Unfired Pressure Vessels

- Between 2004 and 2008, the import value of unfired pressure vessels increased at an average annual rate of 42.2%. In 2008, the import value of unfired pressure vessels declined by 22.2% to RM83.5 million.
- In 2008, Italy and Japan were the two largest sources of imports for unfired pressure vessels of the type fabricated by Seremban Engineering Group, respectively representing 35.6% and 19.0% of total imports by value under this category. The other sources of imports for unfired pressure vessels were China, Germany, the United States, the United Kingdom, Belgium, India and Korea.
- Between January and October 2009, the import value of unfired pressure vessels totalled RM96.3 million.

*(Source: Department of Statistics)***6.2 Imports of Heat Exchangers**

- Between 2004 and 2008, the import value of heat exchangers increased at an average annual rate of 31.5%. In 2008, the import value of heat exchangers increased by 2.3% to reach RM269.4 million.
- In 2008, India and Japan were the two largest sources of imports for heat exchangers of the type fabricated by Seremban Engineering Group, representing 35.7% and 12.1% of total imports by value under this category respectively. The other sources of imports for heat exchangers included Germany, Australia, the United States, China, the United Kingdom, the United Arab Emirates and Italy.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Between January and October 2009, the import value of heat exchangers totalled RM180.8 million.

(Source: Department of Statistics)

6.3 Imports of Non-Pressurised Tanks

- Between 2004 and 2008, the import value of non-pressurised tanks of the type fabricated by Seremban Engineering Group declined marginally. In 2008, the import value of non-pressurised tanks of the type fabricated by Seremban Engineering Group declined by 11.7% to RM17.1 million.
- In 2008, China and the United States were the largest sources of imports for non-pressurised tanks of the type fabricated by Seremban Engineering Group, accounting for 54.8% and 11.0% of total exports under this category by value respectively. The other sources of imports for non-pressurised tanks in 2008 included Indonesia, Singapore, Denmark, Japan, Italy, Taiwan and the United Kingdom.
- Between January and October 2009, the import value of non-pressurised tanks of the type fabricated by Seremban Engineering Group totalled RM8.6 million.

(Source: Department of Statistics)

6.4 Imports of Structural Metal Products

- Between 2004 and 2008, the import value of structural metal products of the type fabricated by Seremban Engineering Group declined at an average annual rate of 18.0%. In 2008, the import value of structural metal products of the type fabricated by Seremban Engineering Group increased by 68.0% to reach RM49.5 million.
- In 2008, Japan and the United Kingdom were the largest sources of imports for structural metal products of the type fabricated by Seremban Engineering Group, respectively accounting for 29.5% and 25.2% of total imports under this category by value. The other sources of imports for structural metal products included China, the United States, Ireland, Taiwan, New Zealand, Germany and Korea.
- Between January and October 2009, the import value of structural metal products of the type fabricated by Seremban Engineering Group totalled RM34.3 million.

(Source: Department of Statistics)

7 DEMAND – EXPORTS

7.1 Exports of Unfired Pressure Vessels

- Between 2004 and 2008, the export value of unfired pressure vessels increased at an average annual rate of 15.6%. In 2008, the export value of unfired pressure vessels declined by 4.9% to RM152.6 million.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- In 2008, Papua New Guinea and Germany were the two largest export destinations for unfired pressure vessels of the type fabricated by Seremban Engineering Group, respectively representing 22.2% and 14.8% of total exports by value under this category. The other export markets for unfired pressure vessels were China, Ukraine, Kenya, Zambia, Bangladesh, Oman and Finland.
- Between January and October 2009, the export value of unfired pressure vessels totalled RM99.7 million.

(Source: Department of Statistics)

7.2 Exports of Heat Exchangers

- Between 2004 and 2008, the export value of heat exchangers increased at an average annual rate of 32.2%. In 2008, the export value of heat exchangers increased by 19.7% to reach RM183.7 million.
- In 2008, Japan and China were the two largest export destinations for heat exchangers of the type fabricated by Seremban Engineering Group, representing 32.4% and 14.8% of total exports by value under this category respectively. The other export markets for heat exchangers were Australia, United Arab Emirates, Oman, Egypt, the United States, Argentina and Korea.
- Between January and October 2009, the export value of heat exchangers totalled RM149.2 million.

(Source: Department of Statistics)

7.3 Exports of Non-Pressurised Tanks

- Between 2004 and 2008, the export value of non-pressurised tanks of the type fabricated by Seremban Engineering Group declined at an average annual rate of 2.6%. In 2008, the export value of non-pressurised tanks of the type fabricated by Seremban Engineering Group declined by 33.3% to RM23.8 million.
- In 2008, Indonesia was the largest export destination for non-pressurised tanks of the type fabricated by Seremban Engineering Group, accounting for 63.3% of total exports under this category by value. China was the second largest export destination, accounting for 16.3% of total exports. The other export markets for non-pressurised tanks in 2008 were Thailand, Brunei, Senegal, Vietnam, Mozambique, India and Germany.
- Between January and October 2009, the export value of non-pressurised tanks of the type fabricated by Seremban Engineering Group totalled RM3.2 million.

(Source: Department of Statistics)

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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7.4 Exports of Structural Metal Products

- Between 2004 and 2008, the export value of structural metal products of the type fabricated by Seremban Engineering Group increased at an average annual rate of 9.5%. In 2008, the export value of structural metal products of the type fabricated by Seremban Engineering Group declined by 66.5% to RM38.8 million.
- In 2008, Yemen was the largest export destination for structural metal products of the type fabricated by Seremban Engineering Group, accounting for 26.7% of total exports under this category by value. Sri Lanka was the second largest export destination, accounting for 16.3% of total exports. The other export markets for structural metal products were the United Arab Emirates, Pakistan, Japan, Qatar, India, Sri Lanka, Bahrain and the Netherlands.
- Between January and October 2009, the export value of structural metal products of the type fabricated by Seremban Engineering Group totalled RM25.0 million.

(Source: Department of Statistics)

8 SUPPLY DEPENDENCIES

- The main raw materials used in fabrication of process equipment and metal structures are stainless steel plates.
- Other raw materials used in the Group's fabrication operations include:
 - steel plates;
 - stainless steel and steel pipes;
 - other stainless steel and steel products, and other metal products;
 - parts and fittings, and consumables.
- Currently, there are no primary producers of stainless steel operating in Malaysia. Therefore all stainless steel products used in the Metal Fabrication Industry are ultimately imported. However as there are various sources of supply of stainless steel plates overseas, any disruptions in supply of this type of material is minimised.
- As Malaysia is a producer of steel products, including sheets, plates, bars and other products, these types of raw materials are easily available through local sources.

8.1 Manufacture of Basic Iron and Steel Products

- Between 2005 and 2009, the sales value of the manufacture of basic iron and steel products declined at an average annual rate of 3.0%. In 2009, the sales value of manufacture of basic iron and steel products decreased by 42.3% to RM16.4 billion.

(Source: Department of Statistics)

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(Cont'd)


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8.2 Imports of Flat-Rolled Stainless Steel, Width of 600 mm or More

- Between 2004 and 2008, the import value of flat-rolled stainless steel of a width of 600 mm or more increased at an average annual rate of 22.4%. In 2008, import value of flat-rolled stainless steel of a width of 600 mm or more declined by 26.2% to RM2.3 billion.
- Between January and October 2009, the import value of flat-rolled stainless steel of a width of 600 mm or more totalled RM1.1 billion, representing a decline of 49.5% compared to the corresponding period in 2008.

(Source: Department of Statistics)

8.3 Imports of Flat-rolled Stainless Steel of a Width of Less Than 600 mm

- Between 2004 and 2008, the import value of flat-rolled stainless steel of a width of less than 600 mm increased at an average annual rate of 1.4%. In 2008, the import value of Flat-rolled Stainless Steel of a width of less than 600 mm increased by 19.2% to reach RM190.2 million.
- Between January and October 2009, the import value of flat-rolled stainless steel of a width of less than 600 mm totalled RM106.1 million, representing a decline of 38.0% compared to the corresponding period in 2008.

(Source: Department of Statistics)

9 DEMAND DEPENDENCIES

- Seremban Engineering Group fabricates process equipment and metal structures for the following user industries:
 - Palm Oil Industry;
 - Biodiesel Industry;
 - Waste treatment Industry;
 - Food Processing Industry.
- Therefore the demand dependencies for the Metal Fabrication Industry will be focused on the performance of specific user industries. The continuing growth in the user industries will ultimately create demand for the fabrication of process equipment and metal structures.
- As the palm oil sector is a major user industry for Seremban Engineering Group for the financial year ended 31 December 2009, the following section will focus on the performance of this industry in Malaysia
- As process equipment and metal structures are primarily used in manufacturing plants, the following section will also cover the performance of the manufacturing industry to provide an overall indication of the growth in this sector.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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9.1 Output of the Overall Manufacturing Sector

- Between 2005 and 2009, the sales value of the overall manufacturing sector grew marginally at an average annual rate of 0.1%. In 2009, the sales value of the overall manufacturing sector decreased by 19.0% to RM469.5 billion (Source: Department of Statistics).

9.2 Manufacture of Other Vegetable and Animal Oils and Fats

- Between 2005 and 2009, the sales value of the manufacture of other vegetable and animal oils and fats grew at an average annual rate of 13.9%. In 2009, the sales value of the manufacture of other vegetable and animal oils and fats decreased by 30.6% to reach RM1.9 billion (Source: Department of Statistics).

9.3 GDP Contribution of the Agriculture Sector

- Between 2005 and 2009, the Gross Domestic Product (GDP) contribution of the agriculture sector (at current prices) grew at an average annual rate of 10.2%. In 2009, the GDP contribution of the agriculture sector (at current prices) declined by 14.5% to reach RM64.7 billion (Source: Bank Negara Malaysia).

9.4 Area Planted Under Oil Palm

- Between 2005 and 2009, the areas planted under oil palm increased at an average annual rate of 3.7%. In 2009, the areas planted under oil palm increased at an estimated 4.5% to reach 4.7 million hectares (Source: Malaysian Palm Oil Board).

9.5 Production Quantity of Crude Palm Oil

- Between 2005 and 2009, the quantity of crude palm oil produced in Malaysia increased at an average annual rate of 4.1%. In 2009, the quantity of crude palm oil produced in Malaysia declined by 1.0% to 17.6 million tonnes (Source: Malaysian Palm Oil Board).

9.6 Number and Capacity of Palm Oil Mills

- The number and capacity of palm oil mills processing Fresh Fruit Bunches (FFB) in Malaysia is as follows:

	Existing Mills in Operation	
	No.	Capacity (Tonnes '000)
As at December 2009	410	94,407
As at December 2008	407	92,175
As at December 2007	406	89,283
As at December 2006	397	86,244
As at December 2005	395	84,114

(Source: Malaysian Palm Oil Board)

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- The number of operational palm oil mills in Malaysia processing FFB increased from 395 mills as at December 2005 to 410 mills as at December 2009. During this period, processing capacity increased at an average annual rate of 2.9%, to reach 94.4 million tonnes as at December 2009 (*Source: Malaysian Palm Oil Board*).

9.7 Sales Value of Palm Oil Milling Activities

- In general, the main products produced by the palm oil milling category of the Palm Oil Industry are crude palm oil, refined palm oil, and palm kernel oil.
- Between 2003 and 2006 (the most recent year for which data is available), the sales value of palm oil milling activities, which comprises the production of crude palm oil, refined palm oil and palm kernel oil, increased at an average annual rate of 6.2%. In 2006, the sales value of palm oil milling activities increased by 15.6% to reach RM54.5 billion (*Source: Department of Statistics*).

9.8 Exports of Palm Oil and Palm Kernel Oil

- Between 2005 and 2009, the export value of palm oil and palm kernel oil increased at an average annual rate of 16.7%. In 2009, the export value of palm oil and palm kernel oil decreased by 22.9% to RM39.5 billion (*Source: Malaysian Palm Oil Board and Department of Statistics*).

10 RELIANCE ON AND VULNERABILITY TO IMPORTS

- In general, the Metal Fabrication Industry, including process equipment and metal structures in Malaysia is somewhat reliant on imports for the supply of stainless steel, as there are currently no primary producers of stainless steel in Malaysia.
- However as stainless steel is a widely produced and traded commodity, any disruptions in the supply of this raw material is minimised. In 2007 (the most recent year for which data on both global production and exports of stainless steel are available), global production of stainless steel was estimated at 27.8 million tonnes, while total global stainless steel exports were estimated at 15.5 million tonnes (*Source: International Stainless Steel Forum*). Approximately 56% of the stainless steel that was produced in 2007 was traded.

11 COMPETITIVE NATURE

11.1 Nature of Competition in the Industry

- In general, operators in the Metal Fabrication Industry focusing on process equipment and metal structures focusing on the palm oil sector faced normal competitive conditions which is similar to a free enterprise environment where there are no undue government regulations or licensing requirements, there are many operators, operators may enter and leave the industry with relative ease, and no one operator is large enough to dictate product pricing. In such an environment, the industry is also subjected to

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

11.2 Factors of Competition

- As with most free enterprise environments, competition amongst fabricators of process equipment and metal structures fabricators is based on a number of factors, including:
 - Compliance with international safety and quality standards;
 - Capacity of fabrication yard;
 - Track record.

11.3 Impact of Factors of Competition on Seremban Engineering Group

Compliance with International Safety and Quality Standards

- The unfired pressure vessels fabricated by Seremban Engineering Group are fabricated in accordance with stringent quality and safety standards established by internationally recognised bodies. Seremban Engineering has received the following certifications that are relevant in the fabrication of unfired pressure vessels:
 - Certificate of Authorisation to use the "U Stamp" for the manufacture of pressure vessels from ASME;
 - Certificate of Authorisation to apply the "NB" Mark and register boilers, pressure vessels, and or other pressure retaining items from NBBI;
 - Certificate of Authorisation to use the "R" Symbol for metallic repairs and/or alterations at the Group's fabrication plant located in Senawang Industrial Park and extended for field repairs and/or alterations controlled by the respective location from NBBI.
- The Group's certifications provide customers with the assurance of the Group's compliance with stringent international standards.

Capacity of Fabrication Yard

- Seremban Engineering Group has covered fabrication facilities with a total covered area of approximately 153,576 square feet and the necessary machinery and equipment to undertake all types of fabrication activities including:
 - Milling machine;
 - Drilling machine;
 - Plasma cutting machine;
 - Profile bending machine;
 - Hydraulic press brake;
 - Pipe bending machines;
 - Lathes;
 - Plate rolling machine;
 - Metal Inert Gas (MIG) welding machine;
 - Orbital welding machine.
- This enables the Group to take on the fabrication of larger vessels of a certain size.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Track Record

- Seremban Engineering Group has an established reputation and track record, which spans approximately 20 years having been involved in fabricating process equipment since 1990, and unfired pressure vessels since 1993. Track record is particularly important in fabricating process equipment and metal structures, particularly pressure vessels, as safety and reliability are highly critical.
- Projects are likely to be awarded to companies that have a long and established proven track record for safety and delivery quality products and services. The Group's proven track record serves as a reference site for new customers.

12 COMPETITIVE INTENSITY

12.1 General Industry Competitive Intensity

- The overall level of competition among operators in the Metal Fabrication Industry focusing on Process Equipment and Metal Structures for the Palm Oil Industry in Malaysia is **moderate to high**.
- Although there are a relatively large numbers of operators with the capability to fabricate process equipment and metal structures, competition is moderated by the different user industry focus of the major players.

13 OPERATORS IN THE INDUSTRY

- As at August 2009, it is estimated that there were approximately 60 manufacturers of process equipment in Malaysia (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*).
- Listed below are some of the manufacturers of process equipment (sorted in alphabetical order):
 - Advance Boilers Sdn Bhd*
 - Amalgamated Metal Corporation (M) Sdn Bhd⁽¹⁾
 - Asturi Metal Builders (M) Sdn Bhd⁽²⁾
 - Boilermech Sdn Bhd*
 - Bukit Fraser Thermal Technology Sdn Bhd
 - Choon Hin Engineering Works Sdn Bhd
 - CN Asia Corporation Bhd
 - Dialog Group Berhad
 - Enco Systems Sdn Bhd
 - Ikatan Engineering Sdn Bhd
 - Inmech (M) Sdn Bhd*
 - Jutasama Sdn Bhd⁽³⁾
 - Kencana Torsco Sdn Bhd⁽⁴⁾
 - KNM Group Berhad
 - Mackenzie Industries Sdn Bhd*⁽³⁾
 - Mechmar Corporation (Malaysia) Berhad*

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Metal One Engineering Sdn Bhd
- Pan-Merchant Industries Sdn Bhd
- Peer Mark Engineering Sdn Bhd
- Petra Boilers Sdn Bhd* ⁽⁵⁾
- Petra Fabricators Sdn Bhd ⁽⁵⁾
- Pisces Engineering Sdn Bhd
- **Seremban Engineering Group**
- Steamline (Malaysia) Sdn Bhd
- Syarikat Steelcon Sdn Bhd
- Taylor-Wharton Asia (M) Sdn Bhd
- Tepat Teknik Sdn Bhd ⁽⁶⁾
- TMA-Joy Industries Asia Pacific Sdn Bhd
- Uni-Vessel Engineering (B'worth) Sdn Bhd
- Vesseltech Engineering Sdn Bhd
- Vestech Engineering Sdn Bhd
- Vickers Hoskins (M) Sdn Bhd*
- Warga Hikmat Kejuruteraan Sdn Bhd ⁽⁷⁾

The list above is not an exhaustive list of process equipment and metal structure fabricators in Malaysia.

**For these companies, a significant proportion of their businesses come from the manufacturing of boilers, which is also a type of process equipment.*

- 1) Part of APB Resources Berhad.
- 2) Formerly known as Amalgamated Metal Builders (M) Sdn Bhd.
- 3) Part of Wah Seong Corporation Berhad
- 4) Formerly known as Torsco Sdn Bhd.
- 5) Part of Petra Energy Berhad
- 6) Part of MMC Corporation Berhad
- 7) Part of PECD Berhad.

(Sources: Malaysian Industrial Development Authority, Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

14 BARRIERS TO ENTRY

14.1 Capital and Set-up Costs

- Capital and set-up costs create a **moderate** barrier to entry for new entrants wishing to enter the Metal Fabrication Industry.
- The capital and set-up cost to establish a small sized entry level fabrication yard to fabricate process equipment and metal structures is estimated at RM10 million (excluding land and building). This would include working capital of RM3 million, and RM7 million for purchase of machinery and equipment.

(Source: Seremban Engineering Group)

- Smaller fabricators may face difficulties in competing against larger fabricators that have larger fabrication facilities with the capacity to take on larger scale projects. This is where larger fabricators are able to enjoy the benefits of economies of scale.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- More established fabricators also enjoy an advantage in terms of marketing and reputation. Less established new entrants may initially be restricted to fabricating pressure vessels on a sub-contract basis for other operators, which is likely to result in lower margins.
- As a result, the high capital set-up cost relative to expected revenue, and the benefits of size and economies of scale would create a barrier to entry into the Metal Fabrication Industry.

14.2 Meeting the Requirements of the Relevant Regulatory and Standard Bodies

- Any company that wishes to fabricate unfired pressure vessels must comply with stringent safety regulations and standards established by international regulatory bodies. This would form some barriers to entry for entrants that do not comply with the quality standards set by the industry.
- In Malaysia, companies that fabricate unfired pressure vessels are required to register with the Department of Occupational Safety and Health (DOSH) before they are allowed to fabricate these types of equipment. All designs of unfired pressure vessels must be submitted to DOSH for their approval before fabrication, installation or usage. Companies that engage in installation of gas piping systems are also required to register with DOSH.
- Unfired pressure vessels have to be fabricated in accordance with the international boiler and pressure vessel code, which is governed by the American Society of Mechanical Engineers (ASME). After inspection of the pressure vessel by independent inspectors from ASME or National Board of Boiler and Pressure Inspectors (NBBI), certified fabricators are allowed to use the "U" stamp on their unfired pressure vessels.
- Companies that wish to export unfired pressure vessels to the European Economic Areas must meet the European Commission's Pressure Equipment Directive. Fabricators that are certified are allowed to use the "CE" marking to indicate conformity to the Pressure Equipment Directive essential safety requirements.
- A new entrant will have to obtain registrations to DOSH and certifications to international standards to demonstrate the quality and safety of the pressure vessels before customers will accept delivery of the vessel. This will form a moderate to high barrier to entry for new entrants.

14.3 Technical Skills

- The need for technical skills generally creates some barriers to entry into the Metal Fabrication Industry. Some of the key technical skills required include the following:
 - Professional engineers and technical personnel with relevant engineering background, and experience in mechanical engineering.
 - Experienced quality control personnel to carry out non-destructive tests.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- A large pool of skilled workers such as welders, fitters and machinists usually recruited from vocational schools. At this level, the skilled workers should have undergone extensive training and have relevant working experience.
- Having access to a pool of professional engineers, technical personnel, quality control personnel, and skilled welders, fitters and machinists with the necessary qualifications and experience would create a moderate barriers to entry for new entrants.

14.4 Track Record and Reputation

- Track record creates a moderate barrier to entry for new entrants.
- As the technical and quality requirements associated with unfired pressure vessels tend to be critical in nature, track record and reputation are important factors in securing a contract.
- In this respect, established operators with a proven track record and established reputation have a distinct advantage over new entrants.

15 BARRIERS TO EXIT

- The barriers to exit from the Metal Fabrication Industry are low.
- Most of the machinery and equipment used in fabricating pressure vessels such as plate rollers, welding machines, lathes, drills and welding sets can also be used in other industries apart from the Metal Fabrication Industry.

16 AREAS OF GROWTH AND OPPORTUNITIES

16.1 On-going Development of the Palm Oil Industry

- The on-going development of the Palm Oil Industry will continue to create opportunities for operators in the Metal Fabrication Industry who are focused on servicing the requirements of the Palm Oil Industry.
- The continuing development of the Palm Oil Industry as it increases value adding by increasing downstream activities such as oleo chemical production, biodiesel production, and manufacturing palm oil-based foodstuff and consumer products creates opportunities for operators in the Metal Fabrication Industry to fabricate process equipment and metal structures for manufacturing facilities.

16.2 Diversification to other User Industries

- One of the areas of growth and opportunity for operators in the Metal Fabrication Industry is to diversify their markets to other user industries.

9. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT**
(Cont'd)



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- In many cases, operators with the capability to fabricate process equipment such as unfired pressure vessels, heat exchangers and non-pressurised tanks for the Palm Oil Industry can fabricate similar process equipment for other user industries with minimal modifications to the design and fabrication process.
- Diversification as a strategy can help to reduce operators in the Metal Fabrication Industry to reduce dependency by addressing a wider growth opportunities from other industry sectors.

16.3 Structures for Civil Engineering Works

- The Building and Construction Industry also presents growth opportunities for operators in the Metal Fabrication Industry, who can undertake civil engineering works related to fabricating large steel superstructures and segments for structures such as high-rise buildings, bridges, and stadiums.

16.4 Export Market

- Fabricators that have succeeded in penetrating the export market are ideally placed to service customers in overseas markets as these operators have a proven ability and track record in fabricating process equipment that meet with international standards and specifications.
- Despite the global financial crisis, there are still opportunities in the export market and fabricators that are able to gain access to both local and export markets are in a stronger position to sustain the business.

17 THREATS AND RISKS ANALYSIS

17.1 Global Financial Crisis

- Any prolonged and/or widespread downturn in the global economy, such as that caused by the current global financial crisis, is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy will impact on business and manufacturing activities including the Metal Fabrication Industry.

Mitigating Factors

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- In early November 2008, the Malaysian Government announced a RM7 billion stimulus package which is to be channelled into 15 projects, some of which include housing projects, road and health infrastructure, transport system, high technology sectors, training to promote business activities and help minimise the impact of the global financial crisis. It is expected that these measure will help to generate domestic business activities and domestic consumption, which will help to counter the slowdown in the global economy.

17.2 Fluctuations in Price of Stainless Steel and Steel

- Stainless steel and steel are major raw materials used in the Metal Fabrication Industry. The prices of stainless steel and steel experienced an increase over recent years, but have lately been declining.
- Fluctuations in the prices of stainless steel and steel may make it difficult for operators in the Metal Fabrication Industry to accurately price their products. Operators may be uncompetitive if their prices are too high, or may obtain a low profit margin if their prices are too low.

Mitigating Factors

- Stainless steel and steel are widely traded commodities. As such, any fluctuations in the price of stainless steel and steel will affect all operators in the Metal Fabrication Industry equally. Hence, no individual operator in the Metal Fabrication Industry will be able to create sustainable advantage over other operators.

17.3 Dependency on Imported Stainless Steel

- The Metal Fabrication Industry in Malaysia, including the segment focusing on fabricating process equipment and metal structures for the Palm Oil Industry, is reliant on imports for the supply of stainless steel products as Malaysia is not a primary producer of stainless steel.
- Any interruptions in the supply of imported stainless steel products may disrupt the Metal Fabrication Industry in Malaysia.

Mitigating Factors

- The Metal Fabrication Industry is not dependent on any individual country for the supply of stainless steel, as stainless steel is a widely produced and traded commodity.
- In 2007 (the most recent year for which data on both global production and exports of Stainless Steel are available), global production of Stainless Steel was estimated at 27.8 million tonnes, while total global Stainless Steel exports was estimated at 15.5 million tonnes (*Source: International Stainless Steel Forum*). Approximately 56% of the Stainless Steel that was produced in 2007 was traded.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(Cont'd)


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18 INDUSTRY OUTLOOK
18.1 Outlook of the Metal Fabrication Industry Focusing on Process Equipment and Metal Structures for the Palm Oil Industry

- The short to medium term outlook of the Metal Fabrication Industry focusing on process equipment and metal structures for the Palm Oil Industry is likely to be more positive.
- There are strong indications that economic conditions in Malaysia are improving from the negative effects of the global financial crisis that began in mid-2007. The near term outlook, particularly for 2010, is likely to be more positive than 2009.
- In 2009, the real GDP of Malaysia contracted by an estimated 1.7% due to unfavourable global economic conditions. However, real GDP growth in 2010 is projected at an estimated 4.5% to 5.5% (*Source: Bank Negara Malaysia*).
- There are also indications of improvement in the overall manufacturing sector and the agriculture sector in Malaysia:
 - While the sales value of the output of the overall manufacturing sector for the first, second, third and fourth quarters of 2009 were lower than the corresponding quarters in 2008, there are some indications that the performance of the overall manufacturing sector may be improving. The sales value of output for the second quarter of 2009 was 7.2% higher than the sales value of output for the first quarter of 2009, while the sales value of output for the third and fourth quarters of 2009 were 10.6% and 4.1% higher than the second and third quarters of 2009 respectively (*Source: Department of Statistics*).
 - Similarly, there are some indications that the performance of the agriculture sector may be improving. While the GDP contribution of the agriculture sector for the first, second, third and fourth quarters of 2009 were lower than the corresponding quarters in 2008, the GDP contribution of the agriculture sector (at current prices) during the second quarter of 2009 was 29.9% higher than the first quarter of 2009, while the GDP contribution of the agriculture sector (at current prices) during the third and fourth quarters of 2009 were 3.7% and 7.7% higher than the second and third quarters of 2009 respectively (*Source: Bank Negara Malaysia, Department of Statistics*).
- In addition, the price of crude palm oil and palm kernel oil in Malaysia has recovered somewhat after falling to a monthly price of RM1,517 per tonne and RM1,524 per tonne respectively in November 2008, which were the lowest monthly prices recorded since January 2005. In February 2010, the monthly price of crude palm oil and palm kernel oil in Malaysia was RM2,549 per tonne and RM2,925 per tonne respectively (*Source: Malaysian Palm Oil Board*). The recovery in the price of crude palm oil may encourage operators in the Palm Oil Industry to invest in new facilities to process palm oil, including process equipment and metal structures.

9. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(Cont'd)



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- In the medium-term, the global economic outlook moving forward will have an effect on the growth of the Metal Fabrication Industry focusing on process equipment and metal structures for the Palm Oil Industry. The International Monetary Fund forecasted that the global economy will grow at a real rate of 3.1% in 2010 and 4.2% in 2011, which is significantly better than the real growth rate of 3.0% recorded in 2008, and the contraction of 1.1% expected for 2009 (*Source: International Monetary Fund*). The growth of the global economy should improve the prospects of the Metal Fabrication Industry focusing on process equipment and metal structures for the Palm Oil Industry by stimulating its user industries.

19 MARKET RANKING

- In 2009, Seremban Engineering Group ranked 12th among manufacturers of process equipment based on total revenue (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*).

Note: The market ranking is based on companies operating in Malaysia that are identified as being engaged in a similar business activity as Seremban Engineering Group, i.e. the manufacturing of process equipment. Market ranking is based on total company revenue obtained from the most recent publicly available financial accounts. As the companies may be engaged in other business activities, this market ranking is only indicative of the overall financial size of the companies in the manufacture of process equipment.

Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

10.1 Promoters and substantial shareholders

10.1.1 Promoters

As at LPD, our Promoters and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Nationality/ Place of incorporation	Before our IPO		After our IPO [^]					
			<----- Direct ----->		<----- Direct ----->					
			No. of Shares	%	No. of Shares	%	No. of Shares	%		
Success Transformer	Shareholder	Malaysia	2,000,000	100.00	-	-	52,000,000	65.00	-	-
OASB	Shareholder	Malaysia	-	-	2,000,000 ⁽¹⁾	100.00	4,054,519*	5.07	52,000,000 ⁽¹⁾	65.00
WTECH	Shareholder	Malaysia	-	-	-	-	777,713*	0.97	-	-
Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman	Malaysian	-	-	-	-	50,000@	0.06	927,713 ⁽³⁾	1.16
Wong Chee Kian	Managing Director	Malaysian	-	-	-	-	50,000@	0.06	927,713 ⁽⁴⁾	1.16
Wong Poh Chee	Executive Director	Malaysian	-	-	-	-	50,000@	0.06	927,713 ⁽⁵⁾	1.16
Tan Tian Seng	Executive Director	Malaysian	-	-	-	-	50,000@	0.06	-	-
Tan Ah Moy	Alternate Director to Tan Tian Seng	Malaysian	-	-	-	-	50,000@	0.06	927,713 ⁽⁶⁾	1.16
Tan Ah Bah @ Tan Ah Ping	Non-Independent Non-Executive Director	Malaysian	-	-	2,000,000 ⁽²⁾	100.00	50,000@	0.06	56,109,519 ⁽⁷⁾	70.14

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Notes:

- ^ Assuming that the Restricted Shares provisionally offered to the Entitled Shareholders (save for OASB and WTECH) under the Restricted Offer are not fully taken up by them.
- * They have given their irrevocable written undertakings to subscribe for the Restricted Shares provisionally offered to them under the Restricted Offer.
- @ They have given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer.
- (1) Deemed interest by virtue of its substantial interest in Success Transformer.
- (2) Deemed interest by virtue of his substantial interest in OASB and Success Transformer.
- (3) Deemed interest by virtue of his children's and spouse's direct interests in our Company and his substantial interest in WTECH.
- (4) Deemed interest by virtue of his parents' and sister's direct interests in our Company and his substantial interest in WTECH.
- (5) Deemed interest by virtue of her parents' and brother's direct interests in our Company and her substantial interest in WTECH.
- (6) Deemed interest by virtue of her spouse's and children's direct interests in our Company and their substantial interests in WTECH.
- (7) Deemed interest by virtue of his spouse's and daughter's direct interests in our Company and his spouse's and his substantial interests in OASB and Success Transformer.

10.1.2 Substantial shareholders

As at LPD, our substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality/ Place of incorporation	Before our IPO				After our IPO [^]			
		<----- Direct ----->		<--- Indirect --->		<----- Direct ----->		<--- Indirect --->	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Ah Bah @ Tan Ah Ping	Malaysian	-	-	2,000,000 ⁽¹⁾	100.00	50,000 [@]	0.06	56,109,519 ⁽⁵⁾	70.14
Success Transformer	Malaysia	2,000,000	100.00	-	-	52,000,000	65.00	-	-
Tan Chung Ling	Malaysian	-	-	2,000,000 ⁽²⁾	100.00	50,000 [@]	0.06	56,109,519 ⁽⁶⁾	70.14
OASB	Malaysia	-	-	2,000,000 ⁽³⁾	100.00	4,054,519*	5.07	52,000,000 ⁽³⁾	65.00
Pan Kim Foon	Malaysian	-	-	2,000,000 ⁽⁴⁾	100.00	5,000 [@]	#	56,154,519 ⁽⁷⁾	70.19

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Notes:

- # Negligible.
- ^ Assuming that the Restricted Shares provisionally offered to the Entitled Shareholders (save for OASB and WTECH) under the Restricted Offer are not fully taken up by them.
- @ They have given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer.
- * It has given its irrevocable written undertaking to subscribe for the Restricted Shares provisionally offered to it under the Restricted Offer.
- (1) Deemed interest by virtue of his substantial interests in OASB and Success Transformer.
- (2) Deemed interest by virtue of her parents' substantial interests in OASB and Success Transformer.
- (3) Deemed interest by virtue of its substantial interest in Success Transformer.
- (4) Deemed interest by virtue of her direct interests in OASB and Success Transformer and her spouse's substantial interests in OASB and Success Transformer.
- (5) Deemed interest by virtue of his spouse's and daughter's direct interests in our Company and his spouse's and his substantial interests in OASB and Success Transformer.
- (6) Deemed interest by virtue of her parents' direct interest in our Company and her parents' substantial interests in OASB and Success Transformer.
- (7) Deemed interest by virtue of her spouse's and her daughter's direct interests in our Company and her spouse's and her substantial interests in OASB and Success Transformer.

Save as disclosed above, our Company is not aware of any other persons who directly or indirectly, jointly or severally, have control over our Company.

10.1.3 Background information on our Promoters

A brief background of our Promoters is set out below:

(i) Success Transformer

Success Transformer was incorporated as a private limited company in Malaysia under the Act on 13 December 2003. Subsequently, on 30 March 2004, it was converted to a public limited company and was listed on the Second Board of Bursa Securities on 19 January 2005 and transferred to the Main Board (now known as Main Market) of Bursa Securities on 26 March 2007. Success Transformer is principally engaged in investment holding and provision of management services.

The present authorised share capital of Success Transformer is RM100,000,000 comprising 200,000,000 Success Transformer Shares, of which RM60,000,000 comprising 120,000,000 Success Transformer Shares have been issued and fully paid-up.

The directors and substantial shareholders of Success Transformer and their respective shareholdings in Success Transformer as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of Success Transformer Shares	% ^	No. of Success Transformer Shares	% ^
Tan Ah Bah @ Tan Ah Ping	Managing Director	98,000	0.08	60,648,892 ⁽¹⁾	50.83
Pan Kim Foon	Executive Director	98,000	0.08	60,648,892 ⁽²⁾	50.83
Woh Way Cheang	Executive Director	113,400	0.10	-	-
Liew G Hoe @ Liew Chee Hoe	Independent Non-Executive Chairman	30,000	0.03	-	-
Tan Chung Ling	Alternate Director to Pan Kim Foon	75,600	0.06	60,671,292 ⁽³⁾	50.85
Chiam Tau Meng	Independent Non-Executive Director	-	-	-	-

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Designation	Direct		Indirect	
		No. of Success Transformer Shares	% ^	No. of Success Transformer Shares	% ^
Yeoh Kim Wah	Non-Independent Non-Executive Director	-	-	-	-
OASB	-	60,475,292	50.68	-	-
WTECH	-	11,600,000	9.72	-	-
Wong Choon Cheon	Non-Independent Non-Executive Director	-	-	11,650,000 ⁽⁴⁾	9.76
Wong Chee Kian	-	-	-	11,650,000 ⁽⁵⁾	9.76
Wong Poh Chee	Alternate Director to Wong Choon Cheon	-	-	11,650,000 ⁽⁵⁾	9.76
Tan Ah Moy	-	50,000	0.04	11,600,000 ⁽⁶⁾	9.72

Notes:

^ The percentage of interest is based on the issued and paid-up capital of Success Transformer after excluding a total of 675,800 Success Transformer Shares purchased by the company and retained as treasury shares as at LPD.

- (1) Deemed interest by virtue of his spouse's and his interests in OASB, and his spouse's and daughter's direct interests in Success Transformer.
- (2) Deemed interest by virtue of her spouse's and her interests in OASB, and her spouse's and daughter's direct interests in Success Transformer.
- (3) Deemed interest by virtue of her parents' direct interests in OASB and Success Transformer.
- (4) Deemed interest by virtue of his substantial interest in WTECH and his spouse's direct interest in Success Transformer.
- (5) Deemed interest by virtue of his/her substantial interest in WTECH and his/her mother's direct interest in Success Transformer.
- (6) Deemed interest by virtue of her spouse's and children's substantial interests in WTECH.

(ii) OASB

OASB was incorporated as a private limited company in Malaysia under the Act on 13 March 2004. Its current authorised share capital comprises 100,000 ordinary shares of RM1.00 each in OASB ("OASB Shares"), of which all have been issued and fully paid-up. It is principally an investment holding company and is a substantial shareholder of Success Transformer.

The directors and substantial shareholders of OASB and their respective shareholdings in OASB as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of OASB Shares	%	No. of OASB Shares	%
Tan Ah Bah @ Tan Ah Ping	Managing Director	49,466	49.47	9,590 ⁽¹⁾	9.59
Pan Kim Foon	Director	9,590	9.59	49,466 ⁽²⁾	49.47
Saingan Nyata Sdn Bhd	-	6,040	6.04	-	-
Panorama Sakti Sdn Bhd	-	6,366	6.36	-	-
Casa Wonder Sdn Bhd	-	14,167	14.17	-	-

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Designation	Direct		Indirect	
		No. of OASB Shares	%	No. of OASB Shares	%
Yeoh Kim Wah	-	10,261	10.26	4,110 ⁽³⁾	4.11
Tan Chung Chay	Director	-	-	59,056 ⁽⁴⁾	59.06
Yeoh Cheng Twan @ Yeoh Kong Liang	-	4,110	4.11	10,261 ⁽³⁾	10.26

Notes:

- (1) Deemed interest by virtue of his spouse's direct interest in OASB.
(2) Deemed interest by virtue of her spouse's direct interest in OASB.
(3) Deemed interest by virtue of his brother's direct interest in OASB.
(4) Deemed interest by virtue of her parents' direct interests in OASB.

(iii) WTECH

WTECH was incorporated as a private limited company under the Act in Malaysia on 14 April 2008. Its current authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in WTECH ("WTECH Shares"), of which RM100 comprising 100 WTECH Shares have been issued and fully paid-up. It is principally an investment holding company and is a substantial shareholder of Success Transformer.

The directors and substantial shareholders of WTECH and their respective shareholdings in WTECH as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of WTECH Shares	%	No. of WTECH Shares	%
Wong Choon Cheon	Director	40	40.00	60 ⁽¹⁾	60.00
Wong Chee Kian	Director	30	30.00	70 ⁽²⁾	70.00
Wong Poh Chee	Director	30	30.00	70 ⁽³⁾	70.00
Tan Ah Moy	-	-	-	100 ⁽⁴⁾	100.00

Notes:

- (1) Deemed interest by virtue of his children's direct interests in WTECH.
(2) Deemed interest by virtue of his father's and his sister's direct interests in WTECH.
(3) Deemed interest by virtue of her father's and her brother's direct interests in WTECH.
(4) Deemed interest by virtue of her spouse's and children's direct interests in WTECH.

(iv) Wong Choon Cheon

Wong Choon Cheon, aged 65, is the Non-Independent Executive Director cum Vice Chairman of our Company. He brings with him extensive experience having accumulated approximately 48 years of working experience in the metal fabrication industry including fabrication of process equipment and metal structure including plant erection, assembly, installation and commissioning. He has contributed significantly to the growth and development of our Group and has successfully led our Group to become an established and reputable player in the metal fabrication industry in Malaysia. He is mainly responsible for our Group's overall strategy and development of the overall vision of our Group. He began his career with Wong Heng Engineering Sdn Bhd in 1962, and was later appointed as an Executive Director.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

While he was with Wong Heng Engineering Sdn Bhd, he was actively involved in the fabrication of various types of continuous manufacturing lines, process equipment, metal structure and plant fabrication and installation. He and Dato' Wong Choon Tat incorporated our Company in 1979.

In 1991, he took control of our Company, and was appointed as our Managing Director. He played an instrumental role in shifting our Company's business focus from providing automotive maintenance services to provision of services such as plant shutdown, general maintenance, plant modification and repair services to manufacturing and processing plants, and subsequently to our Group's current focus as a fabricator of process equipment and metal structure. He was appointed as our Company's Vice Chairman in 2009.

(v) Wong Chee Kian

Wong Chee Kian, aged 39, is the Managing Director of our Company. He obtained his Bachelor of Science majoring in Business Administration from California State University, Fresno, USA in 1993. He has accumulated approximately 16 years of experience in the metal fabrication industry. He has contributed significantly to the growth and development of our Group. Under his overall management, our Group has diversified into various user industries such as palm oil, oil and gas and food processing, and has expanded to reach into the export markets. He began his career as a Marketing Manager with Hydrafit Sdn Bhd in 1994, where he was responsible for selling and marketing the company's hydraulic hoses and couplings. Subsequently, he joined our Company as a Marketing Executive in 1994, and was promoted to the position of Marketing Manager later in the same year. In 1995, he was promoted to the position of Project Manager, where he was responsible for managing a number of our Group's plant fabrication and installation projects. He was subsequently promoted to the position of General Manager in 2001, where he was responsible for strategic planning and increasing our Group's market penetration locally and overseas. He was appointed to his current position as our Managing Director in 2009 where he is responsible for our Group's day-to-day operations including strategic planning, business development, marketing and promotional activities.

(vi) Wong Poh Chee

Wong Poh Chee, aged 41, is the Executive Director and the Director of Finance, Administration and Human Resources of our Company. She obtained her Bachelor of Science majoring in Marketing from California State University, Fresno, USA in 1990. She began her career in 1990 as an Administrative Supervisor with the Investor's Business Daily in Los Angeles, USA where she was responsible for managing and supervising the entire Telemarketing/ Marketing Department for the financial newspaper company. In 1991, she returned to Malaysia and joined our Company as an Administrative Assistant.

She was appointed as a Director of our Company and promoted to the position of Operations and Administrative Manager in 1998. She is responsible for overseeing the entire IT, overall operations, administrative, human resources, finance and marketing functions of our Group. She is also the Chairman of the Negeri Sembilan Branch of the Federation of Malaysian Manufacturers ("FMM") since 2007.

In addition, she also holds various positions within FMM including Council Member of the FMM since 2007, Vice-Chairman of FMM from 2001 to 2006, Seremban Regional Chairman of FMM from 2001 to 2004, Small and Medium Industries Committee Chairman of FMM from 2001 to 2005, committee member of the FFM Strategic Policies Committee and Finance Committee and the Chairman of the Women in Business Committee of FMM since April 2009.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

She is also a member of the Steering Committee of the World Congress Chambers, which was held from 3 to 5 June 2009. She was awarded the DNS (Darjah Setia) by the Negeri Sembilan Yang Dipertuan Besar in 2010.

(vii) Tan Tian Seng

Tan Tian Seng, aged 56, is the Executive Director and the Production Director of our Company. He brings with him 26 years of experience in fabricating process equipment and metal structure. He began his career in 1973 with Wong Heng Engineering Sdn Bhd, where he was first engaged as a boilermaker and qualified welder. In 1981, he was promoted to the position of Assistant Foreman. Subsequently, he was promoted to the position of Chief Foreman in 1986. He was actively engaged in fabricating various types of continuous manufacturing lines, process equipment and metal structure while he was with Wong Heng Engineering Sdn Bhd. He joined our Company in 1991 as the Workshop Superintendent, where he oversaw workshop operations. He was then promoted to Factory Manager and appointed as a Production Director of our Company in 1992. He is currently responsible for overseeing the day-to-day operations of our Group's fabrication yard, as well as carrying out marketing activities for our Group's maintenance, repair and shutdown services.

(viii) Tan Ah Moy

Tan Ah Moy, aged 61, is the alternate Director to Tan Tian Seng and the Purchasing Director of our Company. She has 28 years of hands-on management experience. She began her career in 1982 as the Workshop Manager of our Company, during which time our Company was engaged in providing automotive maintenance services. She was responsible for the day-to-day running and management of our Company. Following our Company's change in business focus, she was appointed as our Purchasing Manager in 1991. She was appointed to her current position as Purchasing Director in 2008. She is currently in charge of our Group's purchasing function, with responsibility for purchasing all raw materials, machinery and equipment, and tools.

(ix) Tan Ah Bah @ Tan Ah Ping

Tan Ah Bah @ Tan Ah Ping, aged 58, is the Non-Independent Non-Executive Director of our Company, and is a representative of Success Transformer. He is the founder of the Success Transformer Group. In 1972, he established Syarikat Success Electronics Trading. In 1980, his wife, Madam Pan Kim Foon set up Success Electronics Trading to take over the manufacturing and trading of electrical apparatus of Syarikat Success Electronics Trading. In 1990, he incorporated SETM together with his wife and several shareholders to take over Success Electronics Trading's business activities. In 1998, he established STMKT to focus on local marketing activities, and in 1999 he established DS to focus on the manufacture of stamped metal parts. OMI was incorporated in 2000 to focus on manufacturing metal castings. Success Transformer, the holding company of the Success Transformer Group, was listed on Bursa Securities in 2005. He is currently the Managing Director of Success Transformer. Success Transformer acquired 60.0% equity interest in our Company in 2007, and acquired the remaining 40.0% equity interest in 2008.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**10.1.4 Background information on our substantial shareholders**

A brief background on the following substantial shareholders of our Company is set out in Section 10.1.3 above:

- (i) Tan Ah Bah @ Tan Ah Ping;
- (ii) Success Transformer; and
- (iii) OASB.

A brief background of our Company's other substantial shareholders is set out below:

(i) Tan Chung Ling

Tan Chung Ling, aged 32, obtained her Bachelor of Commerce from Murdoch University, Australia in 1999. In 2001, she obtained her Masters of Electronic Commerce from Curtin University, Australia. Her career started in 2001 when she joined SETM as International Sales Coordinator. Subsequently in 2003, she was transferred internally to STMKT as Marketing Executive, involved in marketing activities such as marketing planning, products sales and promotion. In 2004, she was promoted to Business Development Manager of STMKT. She is responsible for business strategic planning, market planning and developing new markets for the Success Transformer Group. On 17 February 2006, she was appointed as an alternate Director of Madam Pan Kim Foon on the Board of Success Transformer. She was also appointed as Director of SEISB on 21 August 2009.

(ii) Pan Kim Foon

Pan Kim Foon, aged 54, is an Executive Director of Success Transformer. She advises the Success Transformer Group on business strategies and planning, purchasing and management matters. She has more than 31 years of working experience in the Electrical Industrial Equipment Industry. She started her career with Syarikat Success Electronics Trading as an assistant to her husband, Mr Tan Ah Bah @ Tan Ah Ping. In 1980, she established Success Electronics Trading to take over the manufacturing and trading of electrical apparatus of Syarikat Success Electronics Trading and was responsible for sales activities. In 1990, she and her husband together with several shareholders incorporated SETM to take over the business activities of Success Electronics Trading and she was appointed as Executive Director of SETM. She oversees the management functions, strategic business planning and development of the Success Transformer Group. She is also the Executive Director of other subsidiaries of Success Transformer namely, STMKT, SESP and NKIL.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.1.5 Changes in Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years

The changes in Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years up to LPD are as follows:

	As at 31 December 2006		As at 31 December 2007		As at 31 December 2008		As at LPD							
	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of Shares	%						
Wong Choon Cheon	600,000	60.00	300,000 ⁽¹⁾	30.00	240,000	24.00	120,000 ⁽¹⁾	12.00	-	-	-	-		
Wong Chee Kian	150,000	15.00	750,000 ⁽²⁾	75.00	60,000	6.00	300,000 ⁽²⁾	30.00	-	-	-	-		
Wong Poh Chee	150,000	15.00	750,000 ⁽³⁾	75.00	60,000	6.00	300,000 ⁽³⁾	30.00	-	-	-	-		
Tan Ah Moy	-	-	900,000 ⁽⁴⁾	90.00	-	-	360,000 ⁽⁴⁾	36.00	-	-	-	-		
Tan Ah Bah @ Tan Ah Ping	-	-	-	-	-	-	600,000 ⁽⁵⁾	60.00	-	-	1,000,000 ⁽⁵⁾	100.00	2,000,000 ⁽⁵⁾	100.00
Success Transformer	-	-	-	-	600,000	60.00	-	-	1,000,000	100.00	-	-	2,000,000	100.00
Tan Chung Ling	-	-	-	-	-	-	600,000 ⁽⁶⁾	60.00	-	-	1,000,000 ⁽⁶⁾	100.00	2,000,000 ⁽⁶⁾	100.00
OASB	-	-	-	-	-	-	600,000 ⁽⁷⁾	60.00	-	-	1,000,000 ⁽⁷⁾	100.00	2,000,000 ⁽⁷⁾	100.00
Pan Kim Foon	-	-	-	-	-	-	600,000 ⁽⁸⁾	60.00	-	-	1,000,000 ⁽⁸⁾	100.00	2,000,000 ⁽⁸⁾	100.00
Tan Tian Seng	100,000	10.00	-	-	40,000	4.00	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interest by virtue of his children's direct interests in our Company.
- (2) Deemed interest by virtue of his father's and sister's direct interests in our Company.
- (3) Deemed interest by virtue of her father's and brother's direct interests in our Company.
- (4) Deemed interest by virtue of her spouse's and children's direct interests in our Company.
- (5) Deemed interest by virtue of his substantial interests in OASB and Success Transformer.
- (6) Deemed interest by virtue of her parents' substantial interests in OASB and Success Transformer.
- (7) Deemed interest by virtue of its substantial interest in Success Transformer.
- (8) Deemed interest by virtue of her direct interests in OASB and Success Transformer and her spouse's substantial interests in OASB and Success Transformer.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.2 Board of Directors

10.2.1 Profiles

The profiles of the following Directors of our Company are set out in Section 10.1.3 above:

- (i) Wong Choon Cheon;
- (ii) Wong Chee Kian;
- (iii) Wong Poh Chee;
- (iv) Tan Tian Seng;
- (v) Tan Ah Moy; and
- (vi) Tan Ah Bah @ Tan Ah Ping.

The profiles of our Company's other Directors are set out below:

(i) Tan Sri Ahmad Fuzi Bin Abdul Razak

Tan Sri Ahmad Fuzi Bin Abdul Razak, aged 61, is the Independent Non-Executive Director cum Chairman of our Company. He obtained his Bachelor of Arts Degree (Hons.) from the University of Malaya in 1972. He subsequently attended a Foreign Service Course with a Certificate in Diplomacy from the University of Oxford in 1974.

He joined the Malaysian Diplomatic and Administrative Service in 1972, and served in various capacities at the Ministry of Foreign Affairs, mainly in the Political Division and at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka before assuming the post of Director General of the Institute of Diplomacy and Foreign Relations, Deputy Secretary General I (Political) and Secretary General of the Ministry of Foreign Affairs. As Secretary General, he played a prominent role in organising the Non Aligned Movement Summit (2003), the Organisation of the Islamic Conference Summit (2003) and the Association of Southeast Asian Nations ("ASEAN") Summit and Related Summits including the East Asia Summit in Kuala Lumpur (2005).

He has previously served as Ambassador at-large; Malaysia's Representative to the ASEAN High Level Task Force on the Drafting of the ASEAN Charter; Malaysia's Representative to the High Level Panel on the Drafting of the Terms of Reference of the ASEAN Human Rights Body; Member, the Board of Berita Nasional Malaysia; Proton Holdings Berhad; the Malaysian-Thailand Joint Authority; the Maritime Institute of Malaysia; the Board of Advisors, Institute of Diplomacy and Foreign Relations; the Board of Trustee, World Islamic Economic Forum ("WIEF"); International Advisory Panel of the WIEF; Chairman, AmanahRaya Capital Group Sdn Bhd; Chairman; AI-Nibras Limited and Independent Non-Executive Director, LCL Corporation Berhad.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

He is currently the Secretary General of the WIEF; Chairman, Islamic Retail Management Fund; Advisor, The Guide to Malaysia Series; Advisor, Muslim World Search Engine; Distinguished Fellow, Institute of Strategic and International Studies; Distinguished Fellow, Institute of Diplomacy and Foreign Relations; Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific; Member, Board of Trustees, Malaysia Medical Relief Society (MERCY), Malaysia; Independent Non-Executive Director, Puncak Niaga Holdings Berhad; Member, Board of Trustees, F3 Strategies Berhad; Chairman, AmanahRaya-REIT Managers Sdn Bhd; Member, Advisory Board, Asia Pacific Entrepreneurship Award; Member, Advisory Council, Alliance Foundation; President, Association of Former Malaysian Ambassadors and Advisor, High School Bukit Mertajam Alumni Malaysia. In recognition of his service to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002) and the PSM (2003).

(ii) Ir. Mohamad Noh Bin Serul

Ir. Mohamad Noh Bin Serul, aged 41, is the Executive Director and the Technical Director of our Company. He obtained his Bachelor degree in Mechanical Engineering from Universiti Teknologi Malaysia in 1991. He subsequently obtained his Advanced Diploma in Business and Management from the Swansea Institute in 1998. He began his career with DOSH, where he was responsible for monitoring and inspecting various types of industrial machinery and equipment, and he is familiar with the various Malaysian and internationally recognised process equipment design codes. He held the position of Assistant Director when he left DOSH in 2003. In 2004, he joined Shell Refining Co. (FOM) Berhad as the Chief Inspector for Plant Integrity Inspection (Static Equipment and Piping), where he was responsible for managing plant integrity, planning and implementing the plant inspection schedule. In 2005, he joined RNZ Integrated Sdn Bhd as a Senior Mechanical Engineer, where he was seconded to PETRONAS Carigali Sdn Bhd for the Sumandak offshore project. He was responsible for reviewing technical drawings for process equipment and metal structure based on PETRONAS and internationally recognised specifications, and reviewing safety and health requirements for compliance with DOSH requirements. In 2005, he was also appointed as the Managing Director of Ideal Plant Technology Sdn Bhd and RBPV Fabricator & Engineering Sdn Bhd, where he was responsible for providing engineering consultation services for clients, reviewing and managing technical matters related to work activities such as code practices and legislation for petroleum piping installation, pressure vessel and steam boiler fabrication and repair, and managing the day-to-day operations of the companies. He joined our Company in 2009 in his current capacity as Technical Director. He is currently responsible for reviewing and managing technical matters related to our Group's process equipment and metal structure fabrication businesses. He is also responsible for verifying and endorsing engineering drawings for metal structure, and training workers in matters related to engineering, technical matters and workplace health and safety.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**(iii) Wong Wai Hung**

Wong Wai Hung, aged 42, is the Non-Independent Non-Executive Director of our Company, and is a representative of Success Transformer. He obtained his Diploma in Commerce majoring in Management Accounting from Tunku Abdul Rahman College in 1991. In 2004, he obtained his Master of Business Administration in Electronic Commerce from Charles Stuart University, Australia. He has been an Associate Member and Chartered Management Accountant of The Chartered Institute of Management Accountants since 1997. He was also admitted as an Associate Member of the Malaysian Institute of Accountants in 1997, and later admitted as a Chartered Accountant of the Malaysian Institute of Accountants in 2001. He started his career as an Audit Trainee with Ong & Wong. In 1991, he joined Chong Kee Ling & Son as an Accounts Assistant. He joined EAC Rubber Industries (M) Sdn Bhd later that same year as an Accounts Supervisor. He subsequently joined NKK International (M) Sdn Bhd as an Assistant Accountant in 1993. He then joined Cahaya Kelang Construction Sdn Bhd as an Accountant in 1995. He joined SETM in 1998 as the Finance Manager, and has been promoted to his current position as the Group Finance Manager of Success Transformer.

(iv) Chiam Tau Meng

Chiam Tau Meng, aged 56, is an Independent Non-Executive Director of our Company. He graduated with a Bachelor of Commerce degree majoring in Accountancy from the University of Otago, New Zealand in 1976. He is an Associate of New Zealand Institute of Chartered Accountants and Malaysian Institute of Accountants. He started his career in 1976 as the Finance Manager of Tolley Industries Ltd, New Zealand. In 1979, he joined Malaysian Containers (1974) Berhad as the Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as the General Manager of Corporate Services. In 1989, he joined Bee Hin Holdings Sdn Bhd as the General Manager of Corporate Finance in charge of the reconstruction scheme under Section 176 of the Act on Kuala Lumpur Industries Berhad. In 1992, he was in the management consultancy practice of an international accounting organisation, and in 1994 he set up his own consulting practice, namely CTM Consulting. He is also an Independent Non-Executive Director of Menang Corporation (M) Berhad, Comintel Corporation Berhad, KYM Holdings Berhad and Success Transformer.

(v) Dato' Dr. Ir. Andy Seo Kian Haw

Dato' Dr. Ir. Andy Seo Kian Haw, aged 53, is an Independent Non-Executive Director of our Company. He graduated in Production Engineering from the University of Hertfordshire, UK. He subsequently obtained a Masters in Business Administration majoring in General Management from the University of Hull, UK. He has attended the KONE Executive Edge Strategic Management course conducted by the London Business School, UK and the KONE Strategic Management Programme conducted at IMD, Switzerland. He has also received a Honorary Doctor of Science degree from the University of Hertfordshire, UK, and he is a Honorary Fellow of the Association of ASEAN Fellow Engineers Organisation. He is a Registered Professional Engineer in Mechanical Engineering and an ASEAN Chartered Professional Engineer. He is a Fellow of the Institute of Engineers Malaysia, a Fellow of the Institution of Engineering and Technology, UK and a member of the Malaysian Institute of Management.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

He began his career as a Production Engineer with Focus Para Wood Sdn Bhd in 1981. In 1982, he joined Contraves Advance Devices (M) Sdn Bhd as a Production Planning Engineer. He then joined LVD (M) Sdn Bhd in 1983 as a sales executive and was promoted to Technical & Service Manager. In 1989, he joined The General Electric Company of Malaysia Sdn Bhd as the General Manager of the Manufacturing Division. In 1998, he was appointed as the Managing Director of KONE Elevator (M) Sdn Bhd and KONE Sdn Bhd. In 2005, he was appointed as the President Director of PT. KONE Indo Elevator, Indonesia. He is currently a partner of Andy Seo & Associates, a management engineering consultancy practice. He is also currently the Executive Chairman, Senior Advisor and Directors of various organisations. He currently serves as a Vice President of the FMM, an Exco Member of the National Chamber of Commerce and Industry of Malaysia (NCCIM) and an Appointed Council Member of the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCCI). He is a Member of the 23-person Special Task Force to Improve the Government Delivery System (PEMUDAH) appointed by the Prime Minister of Malaysia. He is a Council Member of the Institution of Engineers Malaysia. He also serves as a Member of the Selangor Business Council; Council Member of Standard and Accreditation Malaysia; Member of the Malaysian Design Council; Chairman of the Consultation Panel for Manufacturing Sector, Malaysia Productivity Corporation; Board of Directors of the German Malaysian Institute; Committee Member of the Malaysian Finnish Business Council; Director of the EU-Malaysia Chamber of Commerce and Industry; President of the University of Hertfordshire Alumni Association in Malaysia (from 1991 to 2002); Member of the University Court at the University of Hertfordshire, UK; and an Advisor to the Faculty of Engineering, University Putra Malaysia.

He was awarded the S.M.S. by the Sultan of Selangor in 2004, and was awarded the DIMP by the Sultan of Pahang in 2008.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.2.2 Directors' shareholdings in our Company

As at LPD, our Board and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before our IPO				After our IPO [^]			
			<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Ahmad Fuzi Bin Abdul Razak	Independent Non-Executive Director cum Chairman	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-
Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽²⁾	1.16
Wong Chee Kian	Managing Director	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽³⁾	1.16
Wong Poh Chee	Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽⁴⁾	1.16
Tan Tian Seng	Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-
Tan Ah Moy	Alternate Director to Tan Tian Seng	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽⁵⁾	1.16
Ir. Mohamad Noh Bin Serul	Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-
Tan Ah Bah @ Tan Ah Ping	Non-Independent Non-Executive Director	Malaysian	-	-	2,000,000 ⁽¹⁾	100.00	50,000 [@]	0.06	56,109,519 ⁽⁶⁾	70.14
Wong Wai Hung	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-
Chiam Tau Meng	Independent Non-Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Designation	Nationality	Before our IPO			After our IPO [^]				
			<----- Direct ----->		<--- Indirect --->		<----- Direct ----->		<--- Indirect --->	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Dr. Ir. Andy Seo Kian Haw	Independent Non-Executive Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-

Notes:

- [^] Assuming that the Restricted Shares provisionally offered to the Entitled Shareholders (save for OASB and WTECH) under the Restricted Offer are not fully taken up by them.
- [@] They have given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer.
- (1) Deemed interest by virtue of his substantial interests in OASB and Success Transformer.
- (2) Deemed interest by virtue of his children's and spouse's direct interests in our Company and his substantial interest in WTECH.
- (3) Deemed interest by virtue of his parents' and sister's direct interests in our Company and his substantial interest in WTECH.
- (4) Deemed interest by virtue of her parents' and brother's direct interests in our Company and her substantial interest in WTECH.
- (5) Deemed interest by virtue of her spouse's and children's direct interests in our Company and their substantial interests in WTECH.
- (6) Deemed interest by virtue of his spouse's and daughter's direct interests in our Company and his spouse's and his substantial interests in OASB and Success Transformer.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.2.3 Representative of corporate shareholder

Save for Tan Ah Bah @ Tan Ah Ping and Wong Wai Hung who are representatives of Success Transformer, none of our other Directors represent any corporate shareholders.

10.2.4 Principal business activities outside our Group and principal directorships

The following table sets out the principal directorships of our Directors as at LPD and that which was held within the past 5 years up to LPD, and the principal business activities performed outside our Group by our Director as at LPD.

Name	Directorships	Involvement in business activities other than as a Director
Tan Sri Ahmad Fuzi Bin Abdul Razak	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> Puncak Niaga Holdings Berhad <p><i>Past directorships:</i></p> <ul style="list-style-type: none"> AmanahRaya Capital Group Sdn Bhd (resigned on 31 December 2008) Weida (M) Berhad (resigned on 28 February 2009) Al-Nibras Limited (resigned on 25 August 2009) LCL Corporation Berhad (resigned on 13 November 2009) 	Refer to disclosure under Section 10.2.1(i) above
Wong Choon Cheon	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> Success Transformer WTECH 	-
Wong Chee Kian	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> WTECH <p><i>Past directorships:</i></p> <ul style="list-style-type: none"> Process Systems Sea Sdn Bhd (resigned on 28 April 2009) Seremban Engineering Automobile Sdn Bhd (resigned on 1 June 2006) 	-
Wong Poh Chee	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> Success Transformer WTECH FMM ^ Federation of Malaysian Manufacturers Institute ^ Duta Holdings Sdn Bhd 	-

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Directorships	Involvement in business activities other than as a Director
Wong Poh Chee (Cont'd)	<i>Past directorships:</i> <ul style="list-style-type: none"> • Process Systems Sea Sdn Bhd (resigned on 28 April 2009) • Millennium Highlights Sdn Bhd (dissolved on 20 December 2007) 	-
Tan Tian Seng	-	-
Tan Ah Moy	<i>Past directorships:</i> <ul style="list-style-type: none"> • Seremban Engineering Automobile Sdn Bhd (resigned on 1 June 2006) 	-
Ir. Mohamad Noh Bin Serul	<i>Present directorships:</i> <ul style="list-style-type: none"> • Ideal Plant Technology Sdn Bhd • RBPV Fabricator & Engineering Sdn Bhd 	Owner of Ideal Plant Technology Sdn Bhd
Tan Ah Bah @ Tan Ah Ping	<i>Present directorships:</i> <ul style="list-style-type: none"> • Success Transformer * • OASB 	-
Wong Wai Hung	-	Group Finance Manager of Success Transformer
Chiam Tau Meng	<i>Present directorships:</i> <ul style="list-style-type: none"> • Ekstra Mewtari Sdn Bhd • CBCP Sdn Bhd • Menang Corporation (M) Berhad • Comintel Corporation Berhad • KYM Holdings Berhad • Success Transformer <i>Past directorships:</i> <ul style="list-style-type: none"> • O&M Project Management Sdn Bhd (resigned on 17 May 2006) • Yikon Corporation Berhad (resigned on 13 March 2009) • Meda Inc. Berhad (resigned on 22 October 2008) • LCL Corporation Berhad (resigned on 13 November 2009) 	Owner of CTM Consulting

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name	Directorships	Involvement in business activities other than as a Director
Dato' Dr. Ir. Andy Seo Kian Haw	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Alphaprima Engineering Sdn Bhd • EU-Malaysia Chamber of Commerce and Industry ^ • FMM *^ • German Malaysian Institute ^ <p><i>Past directorships:</i></p> <ul style="list-style-type: none"> • Applied Technology Associates Sdn Bhd (resigned on 7 October 2009) 	Refer to disclosure under Section 10.2.1(v) above.

Notes:

* This includes directorships in certain subsidiaries in this company.

^ A company limited by guarantee, with no share capital.

Our Directors are of the view that their involvement in other business activities outside our Group do not affect their contributions to our Group and the operations of our Group.

The involvement in other business activities outside our Group held by our Directors may give rise to a conflict of interest situation with our businesses. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

10.2.5 Directors' remuneration, fees and material benefits-in-kind

The remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid or payable to our Directors for their services to our Group are as follows:

Directors	Remuneration, fees and material benefits-in-kind band (RM'000)		
	FYE 2008 (Actual)	FYE 2009 (Actual)	FYE 2010 (Proposed)
Tan Sri Ahmad Fuzi Bin Abdul Razak	-	0 – 50	0 – 50
Wong Choon Cheon	300 – 350	300 – 350	300 – 350
Wong Chee Kian	200 – 250	300 – 350	300 – 350
Wong Poh Chee	200 – 250	250 – 300	250 – 300
Tan Tian Seng	150 – 200	200 – 250	200 – 250
Tan Ah Moy	150 – 200	150 – 200	150 – 200
Ir. Mohamad Noh Bin Serul	-	50 – 100	50 – 100
Tan Ah Bah @ Tan Ah Ping	0 – 50	0 – 50	0 – 50
Wong Wai Hung	0 – 50	0 – 50	0 – 50
Chiam Tau Meng	-	0 – 50	0 – 50

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Directors	Remuneration, fees and material benefits-in-kind band (RM'000)		
	FYE 2008 (Actual)	FYE 2009 (Actual)	FYE 2010 (Proposed)
Dato' Dr. Ir. Andy Seo Kian Haw	-	0 – 50	0 – 50

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Directors' fees, as set out in our Company's Articles of Association, must be approved by our shareholders pursuant to a resolution in a general meeting where notice of any proposed increase shall be given. Refer to Section 18.2(b) of this Prospectus for further details on our Articles of Association.

10.2.6 Board practices
(i) Directors' term in office

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Director	Date of appointment	Date of expiration of the current term of office	No. of years in office
Tan Sri Ahmad Fuzi Bin Abdul Razak	3 September 2009	30 June 2010	< 1 year
Wong Choon Cheon	19 February 1979	30 June 2011	> 30 years
Wong Chee Kian	1 December 1998	28 February 2017 [^]	> 10 years
Wong Poh Chee	21 May 1993	28 February 2017 [^]	> 16 years
Tan Tian Seng	17 April 1992	28 February 2012 [^]	> 17 years
Tan Ah Moy (<i>alternate Director to Tan Tian Seng</i>)	3 September 2009	*	*
Ir. Mohamad Noh Bin Serul	1 June 2009	30 June 2010	< 1 year
Tan Ah Bah @ Tan Ah Ping	1 March 2007	30 June 2010	> 2 years
Wong Wai Hung	24 March 2008	30 June 2011	> 2 years
Chiam Tau Meng	3 September 2009	30 June 2010	< 1 year
Dato' Dr. Ir. Andy Seo Kian Haw	3 September 2009	30 June 2010	< 1 year

Notes:

[^] On 1 March 2007, our Company entered into separate service agreements with Wong Chee Kian and Wong Poh Chee for a period of 10 years and Tan Tian Seng for a period of 5 years, details of which are set out in Section 10.6 of this Prospectus.

* Date of expiration of term of office shall be in conjunction with the appointee, Tan Tian Seng.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)
(ii) Audit Committee

Our Audit Committee, established on 3 September 2009, was appointed by our Board and comprises the following members:

Name	Designation
Chiam Tau Meng	Chairman
Tan Sri Ahmad Fuzi Bin Abdul Razak	Member
Dato' Dr. Ir. Andy Seo Kian Haw	Member

Our Audit Committee is responsible for the recommendations to our Board regarding the selection of the external auditors, reviews the results and scope of the audit and other services provided by our Group's external auditors and reviews and evaluates our Group's internal audit and control functions. Our Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

(iii) Remuneration Committee

Our Remuneration Committee, established on 3 September 2009, was appointed by our Board and comprises the following members:

Name	Designation
Dato' Dr. Ir. Andy Seo Kian Haw	Chairman
Chiam Tau Meng	Member
Wong Poh Chee	Member

Our Remuneration Committee is primarily responsible for, amongst others, recommending to our Board the policy and framework for our Directors' remuneration including remuneration and terms of service of our Executive Directors in all its forms, drawing from external advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration our Remuneration Committee's recommendations.

(iv) Nominating Committee

Our Nominating Committee, established on 3 September 2009, was appointed by our Board and comprises the following members:

Name	Designation
Tan Sri Ahmad Fuzi Bin Abdul Razak	Chairman
Chiam Tau Meng	Member
Dato' Dr. Ir. Andy Seo Kian Haw	Member

Our Nominating Committee is primarily responsible for, amongst others, proposing new nominees for our Board as well as our Directors to fill the seats on board committees, and assessing our Directors on an ongoing basis.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

In particular, our Board through our Nominating Committee would review on an annual basis the required mix of skills and experience and other core qualities, including core competencies, which our Non-Executive Directors should bring to our Board.

10.2.7 Profit guarantee by our Directors

Pursuant to the share sale agreement dated 1 April 2008 entered into between Success Transformer, Wong Choon Cheon, Wong Chee Kian, Wong Poh Chee and Tan Tian Seng (collectively "the Guarantors"), the Guarantors have provided profit guarantee to Success Transformer. The details of the profit guarantee is as set out below:

- (i) the Guarantors severally warrant and guarantee to Success Transformer that for FYE 2008 and FYE 2009, our Group shall achieve audited PAT of not less than RM7.5 million and RM9.0 million respectively. In the event the audited PAT for FYE 2008 exceeds RM7.5 million, such excess amount shall be carried forward to meet the guaranteed PAT for FYE 2009;
- (ii) in the event of a shortfall from the guaranteed audited PAT, the Guarantors will jointly and severally pay to Success Transformer, in their respective proportions as set out in the agreement, an amount equivalent to the said shortfall; and
- (iii) as security for the guaranteed audited PAT, Success Transformer shall withhold RM2.0 million from the purchase consideration. In the event of any shortfall from the guaranteed audited PAT, Success Transformer shall release this amount to meet the shortfall.

10.3 Key management and key technical personnel

The management of our Group is headed by our Non-Independent Executive Director cum Vice Chairman, Wong Choon Cheon, who is assisted by a team of key management and key technical personnel as set out in Section 10.3.1 below.

10.3.1 Profiles

The profiles of the following key management and key technical personnel of our Company is set out in Section 10.1.3 above:

- (i) Wong Choon Cheon;
- (ii) Wong Chee Kian;
- (iii) Wong Poh Chee;
- (iv) Tan Ah Moy; and
- (v) Tan Tian Seng.

The profiles of our Company's other key management and key technical personnel are set out below:

(i) Chong Leong Yew

Chong Leong Yew, aged 40, is the Finance and Administration Manager of our Company. He obtained his Bachelor of Accounting degree from Universiti Putra Malaysia in 1993. He was admitted as a Member of the Malaysian Institute of Accountants in 1997, the Association of Chartered Certified Accountants in 2002 and the Malaysian Institute of Certified Public Accountants in 2004. He began his career as an Audit Assistant with BDO Binder. He then joined BDO Tax Services Sdn Bhd in 1994 as a Tax Assistant. In 1995, he joined LB Aluminium Berhad as an Internal Auditor.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

He subsequently joined Industronics Bhd as the Group Accountant in 1996, where he was responsible for the group's financial accounting, audit, tax and secretarial functions. In 2006, he joined Jotech Holdings Bhd as the Group Accountant, where he was responsible for the group's financial accounting, audit, tax and secretarial functions. He joined our Company in his current capacity as Finance and Administration Manager in 2007. He is currently responsible for our Group's overall financial accounting, audit, tax and secretarial functions.

(ii) See Jew Heng

See Jew Heng, aged 61, is the Senior Engineering and Estimation Manager of our Company. He has 40 years of working experience, including hands-on metal fabrication and management experience. He began his career with Wong Heng Engineering Sdn Bhd in 1970, and after several promotions held the position of Project Engineer when he left the company in 1988. As the Project Engineer, he was responsible for designing and supervising the fabrication of various types of process equipment. He joined Lovytex Sdn Bhd in 1988 as an Assistant Engineering Manager, where he was involved in the company's glove manufacturing factory extension project, and maintaining the company's existing manufacturing facilities. He joined our Company in his current capacity as Engineering Manager in 1993. He is currently responsible for preparing cost estimates for projects, preparing tender proposals, project planning and supervising. He is also responsible for managing our Group's draughtsmen and providing technical guidance.

(iii) Wong Chee Kong

Wong Chee Kong, aged 39, is the Assistant Project Manager of our Company. He has 20 years experience in the oil and gas industry involving field supervision of mechanical construction, maintenance, shutdown and turnaround works. He began his career in Wong Heng Engineering Sdn Bhd in 1988 and Unimasco Sdn Bhd from 1991 to 1993 as a supervisor, whereby he was responsible for checking materials and equipment made available to ensure they are in accordance with the drawings and/or specifications, drawing verification and safety.

He left Unimasco Sdn Bhd in 1993 and joined our Company in 1995. As an Assistant Project Manager, he has wide responsibilities which include, inter-alia, reviewing drawings, schedules, and specifications and to go through orders placed, coordinate with designer, statutory bodies and clients on approval or verification of drawings and/or setting up work schedules, checking the materials and equipment made available or purchased to ensure they are in accordance with the drawing and/or specifications. In summary, he is responsible to support our Managing Director for project management and oversees the project engineer and supervisory activities. He also plays a role as a site manager and oversees our projects.

(iv) Ong Ying Li

Ong Ying Li, aged 33, is the Design and Project Manager of our Company. She is assigned to set-up a Design Department that provides overall engineering solutions to our Company. She leads a team of design engineers and draftsmen to continuously seek improvement through design evaluation that considers the performance, durability, safety, reliability and maintainability of the product.

She obtained her degree from Universiti Putra Malaysia in 2000, majoring in Chemical Engineering. She began her career in our Company in 2000 and was responsible for estimating project biddings. She was also the project engineer and design engineer for our Company. She was the task force member from the Design Section that contributed to the achievement of our ASME "U" stamp licence in 2002.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

She left our Company in 2005 and joined Misi Setia Oil & Gas Sdn Bhd. In Misi Setia Oil & Gas Sdn Bhd, she held positions of Assistant Project Manager for Engineering, Procurement, Construction and Commission of Underground Gas Pipeline Projects, Fabrication Manager for EPCC of Service Station Projects and Offshore Platform Ultrasonic Spool Fabrication. She was also the Shutdown Coordinator for Procurement, Construction and Commission, Labuan Gas Terminal and Pipeline Project for Labuan Gas Terminal. She was also the Project Manager for Offsite Carbon Steel Pipe Prefabrication for Melaka Refinery Cooperation. She is assigned as the Head of Department - System Integration Services for set-up of new company businesses focusing in engineering. She re-joined our Company in 2010 as our Design and Project Manager.

(v) Javagar Thomson Jebaraj

Javagar Thomson Jebaraj, aged 52, is the QA/QC Manager of our Company. He has 25 years of experience in engineering inspection, fabrication and plant maintenance. He completed a Mechanical Diploma course in 1979 and then joined a third party inspection company, Inspection and Certification Pte Ltd Singapore as a third party inspector with inspection and certification. He was involved in the fabrication and inspection of 63 storage tanks built by Wong Heng Engineering Sdn Bhd for Petronas Refinery in Kerteh.

In 1989, he joined Union Polymers Sdn Bhd, a subsidiary of Union Carbide America as a Maintenance/ Project Manager and served them for 10 years. He was responsible for the expansion of the company from a 4 metric tonne ("MT") polymer plant to a 22 MT polymer plant. He was involved in the designing of the reactors and piping in the plant.

In 2000, he joined Quality Polymers Sdn Bhd as a Process/ Maintenance Manager. He was involved in the upgrading of the reactors and piping of the chemical plant.

He joined our Company in March 2010 as the QA/QC Manager. He is primarily responsible for inspecting the process equipment and metal structure fabrication. He is also responsible for establishing and updating our Group's QC manual.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.3.2 Key management and key technical personnel's shareholdings in our Company

The shareholdings of our key management and key technical personnel in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before our IPO			After our IPO [^]				
			<----- Direct ----->		<--- Indirect --->		<----- Direct ----->		<--- Indirect --->	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽¹⁾	1.16
Wong Chee Kian	Managing Director	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽²⁾	1.16
Wong Poh Chee	Director of Finance, Administration and Human Resource	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽³⁾	1.16
Tan Ah Moy	Purchasing Director	Malaysian	-	-	-	-	50,000 [@]	0.06	927,713 ⁽⁴⁾	1.16
Tan Tian Seng	Production Director	Malaysian	-	-	-	-	50,000 [@]	0.06	-	-
Chong Leong Yew	Finance and Administration Manager	Malaysian	-	-	-	-	30,000 [*]	0.04	-	-
See Jew Heng	Senior Engineering and Estimation Manager	Malaysian	-	-	-	-	40,000 [*]	0.05	-	-
Wong Chee Kong	Assistant Project Manager	Malaysian	-	-	-	-	5,000 [*]	^^	-	-
Ong Ying Li	Design and Project Manager	Malaysian	-	-	-	-	8,000 [*]	0.01	-	-
Javagar Thomson Jebaraj	QA/ QC Manager	Malaysian	-	-	-	-	10,000 [*]	0.01	-	-

Notes:

^^ Negligible.

[^] Assuming that the Restricted Shares provisionally offered to the Entitled Shareholders (save for OASB and WTECH) under the Restricted Offer are not fully taken up by them.

[@] They have given their irrevocable written undertakings to subscribe for our Shares allocated to them under the Pink Form Offer. Assuming they subscribe for all their entitlements under the Pink Form Offer.

⁽¹⁾ Deemed interest by virtue of his children's and spouse's direct interests in our Company and his substantial interest in WTECH.

⁽²⁾ Deemed interest by virtue of her parents' and brother's direct interests in our Company and her substantial interest in WTECH.

⁽³⁾ Deemed interest by virtue of her parents' and brother's direct interests in our Company and their substantial interests in WTECH.

⁽⁴⁾ Deemed interest by virtue of her spouse's and children's direct interests in our Company and their substantial interests in WTECH.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.3.3 Involvement of key management and key technical personnel in other business and corporations

Save as disclosed in Section 10.2.4 above, our key management and key technical personnel are not involved in other principal business activities outside our Group. As at LPD, save as disclosed in Section 10.2.4 above, all of our Group's key management and key technical personnel are full-time employees of our Group and none of them is involved in the operations of other businesses/corporations.

10.3.4 Management succession planning

We recognise the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. We believe that the continued success of our Group depends, among other factors, on the support and dedication of our management personnel. Our Group has put in place human resource strategies, which include competitive compensation, fit-for-purpose recruitment and succession plan.

We are aware that the loss of any of our key personnel could materially and adversely affect our Group. In view thereof, our Group has made efforts to motivate and retain our staff through performance-based incentives, and to enhance their skills and competencies by providing training.

To this end, we engage our employees for continuous training to enable them to acquire and enhance relevant skills and competencies in line with our business objectives and also as part of our employees' career advancement programme. On-the-job training is another significant approach of transferring knowledge from specialists to new or junior employees. Hence, the investment in human capital increases the competency of our existing employees. In addition, these development activities serve to groom the lower and middle management staff to progressively assume the responsibilities of senior management.

Further, our Group's middle management team is constantly exposed to various aspects of our Group's business activities in order to ensure that they have a full understanding of our Group's businesses to be adequately equipped with the knowledge necessary for them to assume senior management position.

Notwithstanding the above, our Group also has operation manuals to ensure the technical know-how of the entire process is fully documented. The operation manuals will serve as a reference guide for new recruits.

Where necessary, we will recruit capable and professional staff as part of our management team. Refer to Section 10.3.1 of this Prospectus for the profiles and working experience of our key management and key technical personnel.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.4 Declarations from our Promoters, Directors, key management and key technical personnel

As at LPD, none of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (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) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) 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.

10.5 Family relationships and associations

Save as disclosed below, as at LPD, there are no family relationships and/or associations between/amongst our Promoters, substantial shareholders, Directors, key management and key technical personnel:

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

FIRST PARTY		RELATIONSHIP TO SECOND PARTY	SECOND PARTY	
Individual	Position		Individual	Position
Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman	Spouse	Tan Ah Moy	Alternate Director to Tan Tian Seng/ Purchasing Director
		Parent	Wong Chee Kian	Managing Director
			Wong Poh Chee	Executive Director/ Director of Finance, Administration and Human Resources
		Substantial shareholder	WTECH*	Our Promoter
Tan Tian Seng	Executive Director/ Production Director	Sibling	Tan Ah Moy	Alternate Director to Tan Tian Seng/ Purchasing Director
		Uncle	Wong Chee Kian	Managing Director
			Wong Poh Chee	Executive Director/ Director of Finance, Administration and Human Resources
		Brother-in-law	Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman
Tan Ah Bah @ Tan Ah Ping	Non-Independent Non-Executive Director	Parent	Tan Chung Ling	Our substantial shareholder
		Spouse	Pan Kim Foon	Our substantial shareholder
		Managing Director/ Substantial shareholder	Success Transformer	Our substantial shareholder
		Director/ Substantial shareholder	OASB	Our substantial shareholder
Wong Chee Kong	Assistant Project Manager	Nephew	Wong Choon Cheon	Non-Independent Executive Director cum Vice Chairman
			Tan Ah Moy	Alternate Director to Tan Tian Seng/ Purchasing Director
		Cousin	Wong Chee Kian	Managing Director
			Wong Poh Chee	Executive Director/ Director of Finance, Administration and Human Resources
OASB	-	Substantial shareholder	Success Transformer	Our substantial shareholder
WTECH	-	Substantial shareholder	Success Transformer	Our substantial shareholder

Note:

* Wong Chee Kian and Wong Poh Chee are WTECH's substantial shareholders while Tan Ah Moy is deemed interested by virtue of her spouse's and children's direct interests in WTECH.

10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.6 Service agreements

Save as disclosed below, there are no existing or proposed service agreements between our Directors, key management and key technical personnel with our Group:

- (i) On 1 March 2007, our Company entered into separate service agreements (“Service Agreement”) with Wong Chee Kian and Wong Poh Chee for a period of 10 years and Tan Tian Seng for a period of 5 years, unless otherwise terminated by either party giving 6 months notice in writing or in lieu of notice, by payment of 6 months salary based on the last drawn salary prior to the date of the said notice and the Service Agreement shall thereafter terminate upon the expiry of the said 6 months notice period or payment in lieu of salary as aforesaid. Our Company may also terminate the Service Agreement at any time immediately upon giving notice on the occurrence of certain events such as misconduct or a material breach by the Directors of their obligations under the Service Agreement.
- (ii) On 2 September 2008, our subsidiary, SEPEN entered into separate service agreements (“Service Agreement SEPEN”) with Wong Kah Poh and Wong Kee Pen for a period of 10 years and 5 years respectively, unless otherwise terminated by either party giving 6 months notice in writing or in lieu of notice, by payment of 6 months salary based on the last drawn salary prior to the date of the said notice and the Service Agreement SEPEN shall thereafter terminate upon the expiry of the said 6 months notice period or payment in lieu of salary as aforesaid. SEPEN may also terminate the Service Agreement SEPEN at any time immediately upon giving notice on the occurrence of certain events such as misconduct or a material breach by the Directors of their obligations under the Service Agreement SEPEN.

10.7 Other matters

No amount has been paid or benefits given within the 2 years preceding the date of this Prospectus, nor is it intended to be so paid or given, to our Promoters, Directors and substantial shareholders except for the following:

- (i) remuneration, fees and material benefits-in-kind paid and payable to our Directors as set out in Sections 10.2.5 and 12.2 of this Prospectus;
- (ii) historical dividend paid by our Company to our shareholder as set out in Section 15 of this Prospectus; and
- (iii) the Dividend Payment.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)
10.8 Employees

The number of employees of our Group for the past 3 FYE 2007 to FYE 2009 is as follows:

Category of employees	FYE 2007	FYE 2008	FYE 2009
	Total employees	Total employees	Total employees
Executive Directors	4	5	4
Managerial	4	5	5
Sales and marketing	-	-	-
Technical personnel	24	27	35
Clerical and administrative	21	24	27
Factory workers	89	81	79
Total	142	142	150

As at LPD, our Group employs a total workforce of 197 employees, of which 150 are permanent employees and 47 employees are on contractual basis.

(i) Permanent employees

The permanent employee structure of our Group and the length of our employees' service are as follows:

Category of employees	Total employees	Length of service (years)	
		Less than 3 years	More than 3 years
Executive Directors	4	2	2
Managerial	5	4	1
Sales and marketing	-	-	-
Technical personnel	35	26	9
Clerical and administrative	27	20	7
Factory workers	79	33	46
Total	150	85	65

(ii) Contractual employees

As at LPD, our Group has 47 employees who are on a contractual basis.

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10. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

None of our employees belongs to any union nor have there been any major industrial disputes in the past.

Our Group recognises the importance of human resource as a central element of any successful organisation and aims to build an experienced, capable and dynamic team. As part of our Group's general human resource planning, members of our staff are required to attend in-house and external training programmes aimed at improving efficiency, skills and technical knowledge as well as product safety handling procedures.

For employees who are supervisors and above, we arrange for them to attend external training annually at various recognised training centres to develop their skills and knowledge. Such training cover courses on technical updates, current best practices, continuous improvement, people management, team-building and personal development. For FYE 2009, our Group had utilised a total of RM49,192 to provide our employees with external training.

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11. APPROVALS AND CONDITIONS

11.1 Approvals from the relevant authorities

The Flotation Exercise is subject to the approvals being received from the following:

- (i) SC which was obtained vide its letter dated 29 January 2010, pursuant to Section 212(5) of the CMSA;
- (ii) SC (Equity Compliance Unit) which was obtained vide its letter dated 29 January 2010 pursuant to the equity requirement for public companies;
- (iii) SC (Asset Valuation Audit Department) for the valuation of the properties of our Company which was obtained vide its letter dated 29 January 2010;
- (iv) MITI vide its letter dated 18 November 2009;
- (v) Bursa Securities for the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities which was obtained vide its letter dated 25 February 2010; and
- (vi) Shareholders of Success Transformer at an extraordinary general meeting held on 30 March 2010.

11.2 Conditions to the approvals and compliance thereof

The approvals from the relevant authorities were subject to, *inter-alia*, the following conditions:

Authority	Conditions imposed	Status of compliance
SC / SC (Equity Compliance Unit) vide its letter dated 29 January 2010	<ul style="list-style-type: none"> • To allocate 50% of the public spread requirement to Bumiputera investors. This includes the portion made available for subscription via balloting, 50% of which is to be offered to retail Bumiputera investors. In the event that Seremban Engineering/ MITI are unable to allocate the Shares to potential Bumiputera investors, the unsubscribed Shares shall be offered to Bumiputera public investors via balloting. • Seremban Engineering is to obtain the necessary approval from the relevant authority on the open-sided structure of Lot 10383, Mukim of Rantau, District of Seremban, Negeri Sembilan within 6 months from the date of the SC's decision letter. • The directors of SEB to provide the SC with a declaration, confirming that the Seremban Engineering Group has sufficient working capital for the next 12 months 	<p>To be met</p> <p>Complied. MPS had on 1 February 2010 approved the open-sided structure of Lot 10383, Mukim of Rantau, District of Seremban, Negeri Sembilan. The Certificate of Completion and Compliance was issued on 30 March 2010.</p> <p>Complied. Our Directors had on 31 March 2010 provided the SC with the declaration.</p>

11. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
	<ul style="list-style-type: none"> RHB Investment Bank to provide a written confirmation on the due diligence steps undertaken to satisfy themselves that the declaration by the directors of Seremban Engineering has been properly made. Seremban Engineering not to declare any dividends prior to its listing on the Main Market of Bursa Securities. Full compliance with all the relevant requirements relating to the implementation of the Proposed Flotation as stipulated in the SC Guidelines. 	<p>Complied. RHB Investment Bank had on 31 March 2010 provided the SC with such written confirmation.</p> <p>The SC had, vide its letter dated 24 March 2010, approved to waive this condition subject to a final cash dividend of RM5.50 million to our existing shareholder, Success Transformer, for FYE 2009. We had, on 26 March 2010 declared and paid a final tax-exempt dividend of RM5.5 million to Success Transformer, for FYE 2009.</p> <p>Noted</p>

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the Flotation Exercise, as follows:

	Before our IPO ⁽¹⁾ %	After our IPO %
Bumiputera		
• Public shareholders to nominated and approved by the MITI	-	12.5
• Public shareholders via public balloting	-	4.1
Total Bumiputera	-	16.6
Non-Bumiputera	100.0	83.4
Total Malaysians	100.0	100.0
Foreigners	-	-
Total	100.0	100.0

Note:

(1) As at incorporation date.

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