



SHIN YANG SHIPPING CORPORATION BERHAD

(Company No.: 666062-A)
(Incorporated in Malaysia under the Companies Act, 1965)



(Vessel constructed for customer)

INITIAL PUBLIC OFFERING ("IPO") OF 305,186,000 ORDINARY SHARES OF RM1.00 EACH ("SHARES") IN SHIN YANG SHIPPING CORPORATION BERHAD IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR 1,200,000,000 SHARES ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:-

(A) PUBLIC ISSUE OF 176,386,000 NEW SHARES ("PUBLIC ISSUE SHARES") IN THE FOLLOWING MANNER:-

- 24,000,000 PUBLIC ISSUE SHARES MADE AVAILABLE TO MALAYSIAN PUBLIC AT THE IPO PRICE OF RM1.28 PER SHARE, PAYABLE IN FULL UPON APPLICATION (THE "IPO PRICE") PURSUANT TO THE RETAIL OFFERING;
- 36,000,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES AND THE ELIGIBLE DIRECTORS AND EMPLOYEES OF SHIN YANG HOLDING SDN BHD AND ITS SUBSIDIARIES AT THE IPO PRICE, PAYABLE IN FULL UPON APPLICATION PURSUANT TO THE RETAIL OFFERING; AND
- 116,386,000 PUBLIC ISSUE SHARES MADE AVAILABLE TO BUMIPUTERA INVESTORS APPROVED BY MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI") AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE") PURSUANT TO THE INSTITUTIONAL OFFERING.

(B) OFFER FOR SALE OF 128,800,000 EXISTING SHARES ("OFFER SHARES") IN THE FOLLOWING MANNER:-

- 24,207,000 OFFER SHARES MADE AVAILABLE TO BUMIPUTERA INVESTORS APPROVED BY MITI; AND
- 104,593,000 OFFER SHARES MADE AVAILABLE TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS;

AT THE INSTITUTIONAL PRICE PURSUANT TO THE INSTITUTIONAL OFFERING.

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISION

THE IPO PRICE IS PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE, IN THE EVENT THAT THE FINAL IPO PRICE IS LESS THAN THE IPO PRICE. THE FINAL IPO PRICE WILL EQUAL TO THE LOWER OF:

- (A) THE IPO PRICE OF RM1.28 PER SHARE; AND
(B) 95.0% OF THE INSTITUTIONAL PRICE;

SUBJECT TO ROUNDING TO THE NEAREST SEN.

Adviser and Managing Underwriter

AmInvestment Bank Berhad

(Company No. 23742-V)
A member of



AmInvestment Bank
Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers

AmInvestment Bank Berhad

(Company No. 23742-V)
A member of



AmInvestment Bank
Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTOR ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 27 FOR "RISK FACTORS".

PROSPECTUS

SHIN YANG SHIPPING CORPORATION BERHAD

RESPONSIBILITY STATEMENTS

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

AmINVESTMENT BANK BERHAD, A MEMBER OF AmINVESTMENT BANK GROUP, BEING THE ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITER, JOINT GLOBAL CO-ORDINATOR, JOINT BOOKRUNNER AND JOINT LEAD MANAGER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE IPO.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE 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 IPO 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 COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION UTILISED FOR THE PURPOSE OF THE CORPORATE EXERCISE SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

APPROVAL WILL BE OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING AND QUOTATION OF THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

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

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

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE *CAPITAL MARKETS & SERVICES ACT 2007*, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SECURITIES OF THE COMPANY ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") BASED ON THE PROFORMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009. THIS CLASSIFICATION REMAINS VALID UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my> AND THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinOnline.com> VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. INTERNET APPLICATIONS MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION.

IF YOU ARE IN DOUBT OF THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR MALAYSIAN ISSUING HOUSE SDN BHD, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER / PRINTED COPY.

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 DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, THE CONTENT ON, OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISK ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST 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, FILES OR OTHER MATERIALS PROVIDED BY SUCH PARTIES; AND

- (iii) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE 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 WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:-

- (i) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB OBSERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND SUBSEQUENTLY 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 THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT 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 THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OF OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, 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.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, OFFERORS AND THE ADVISER HAVE NOT AUTHORISED AND ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, OFFERORS AND THE ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF OUR SECURITIES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR PURCHASE OR INVITATION TO BUY OUR SECURITIES OFFERED UNDER THE IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF THE SECURITIES OFFERED UNDER THE IPO IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. OUR COMPANY, THE PROMOTERS, OFFERORS AND THE ADVISER REQUIRE INVESTORS TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH THE IPO. THE SECURITIES BEING OFFERED IN THE IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. NEITHER OUR COMPANY NOR THE PROMOTERS/OFFERORS HAS AUTHORISED ANYONE TO PROVIDE INFORMATION OR TO MAKE REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS.

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

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES OF AMERICA ("USA") SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN OR INTO THE USA, EXCEPT PURSUANT TO AN EXEMPTION UNDER THE SECURITIES ACT. OUR SHARES ARE BEING OFFERED AND SOLD TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE USA SECURITIES ACT ("**REGULATION S**"). OUR SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE USA SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE USA OR ANY OTHER USA REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF OUR IPO OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE USA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD RECEIVED THE PROSPECTUS AND ACCEPTED THE OFFERING IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE OFFERING OR YOU ARE OR MIGHT BE SUBJECTED. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THE CIRCULATION OF THIS PROSPECTUS AND THE ISSUE, OFFER OR INVITATION OF THE SECURITIES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA AND THEREFORE PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHALL SEEK ADVICE ON AND OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN ISSUE, OFFER OR INVITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH ISSUE, OFFER OR INVITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH ISSUE, OFFER OR INVITATION.

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INDICATIVE TIMETABLE

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

<u>Dates</u>	<u>Events</u>
27 May 2010	: Opening of the Retail Offering
2 June 2010	: Opening of the Institutional Offering
8 June 2010	: Closing of the Retail Offering
10 June 2010	: Closing of the Institutional Offering
10 June 2010	: Price Determination Date
11 June 2010	: Balloting of applications for the Shares offered under the Retail Offering
21 June 2010	: Allotment/Transfer of Shares to successful applicants
23 June 2010	: Listing

The Institutional Offering will open and close at the dates stated above or such other date or dates as our Directors, our Offerors and the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers may decide at their absolute discretion.

Applications for the Shares pursuant to the Retail Offering will open and close at the date as stated or such other date or dates as our Directors, our Offerors and the Managing Underwriter may decide at their absolute discretion.

If either the Institutional Offering or Retail Offering is extended, the dates for the balloting, allotment/transfer of Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in Bahasa Malaysia and English daily newspapers widely circulated throughout Malaysia.

All terms used are defined under "Definitions" commencing on page (ix) of this Prospectus.

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DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

Acquisition of Danum Shipping	: The acquisition by the Company of the entire issued and paid-up share capital of Danum Shipping comprising 1,000,000 Shares for a purchase consideration of RM5,578,316 which was fully satisfied by the issuance of 5,524,000 Shares at an issue price of approximately RM1.01 per Share
Acquisition of Piasau Slipways	: The acquisition by the Company of the entire issued and paid-up share capital of Piasau Slipways comprising 4,000,000 Shares for a purchase consideration of RM73,099,874 which was fully satisfied by the issuance of 72,389,000 Shares at an issue price of approximately RM1.01 per Share
Acquisition of Shinline	: The acquisition by the Company of the entire issued and paid-up share capital of Shinline comprising 15,900,000 Shares for a purchase consideration of RM93,262,242 which was fully satisfied by the issuance of 92,355,999 Shares at an issue price of approximately RM1.01 per Share
Acquisition of Shin Yang Shipping	: The acquisition by the Company of the entire issued and paid-up share capital of Shin Yang Shipping comprising 10,000,000 Shares for a purchase consideration of RM532,669,894 which was fully satisfied by the issuance of 527,493,999 Shares at an issue price of approximately RM1.01 per Share
Acquisition of Shin Yang Shipyard	: The acquisition by the Company of the entire issued and paid-up share capital of Shin Yang Shipyard comprising 20,000,000 Shares and 100,000 preference shares of RM1.00 each for a total purchase consideration of RM146,421,065 which was fully satisfied by the issue of 144,997,000 Shares at an issue price of approximately RM1.01 per Share
Acquisition of Thailine	: The acquisition by Shin Yang Shipping Corp of the entire issued and paid-up share capital of Thailine comprising 4,000,000 Shares for a purchase consideration of RM182,628,370 which was fully satisfied by the issue of 180,854,000 Shares at an issue price of approximately RM1.01 per Share
Acquisitions	: The Acquisition of Danum Shipping, Acquisition of Piasau Slipways, Acquisition of Shinline, Acquisition of Shin Yang Shipping, Acquisition of Shin Yang Shipyard and Acquisition of Thailine collectively
Act	: The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof from time to time
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Admission	: Admission of the Shares to the Official List of the Main Market of Bursa Securities
Adviser	: AmInvestment Bank
AED	: UAE Dirham

DEFINITIONS (Cont'd)

Al Ghaith LLC	: Al Ghaith Shin Yang LLC (26637), a corporation incorporated in UAE
Al Ghaith (L)	: Al Ghaith Shin Yang (L) Berhad (LL06033), a corporation incorporated in Labuan
AmInvestment Bank	: AmInvestment Bank Berhad (23742-V), a member of AmInvestment Bank Group
Application	: The application for the Public Issue Shares under the Retail Offering by way of Application Forms or by way of Electronic Share Application or Internet Share Application
Application Form(s)	: The printed Application Form(s) for the application for the Public Issue Shares under the Retail Offering
ATM	: Automated Teller Machine
Authorised Financial Institution(s)	: The authorised financial institutions participating in the Internet Application, with respect to payments for the Public Issue Shares made available for Application under the Retail Offering
Board or Board of Directors	: Our Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (65570-W), a subsidiary of Bursa Securities
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
CIMB	: CIMB Investment Bank Berhad (18417-M)
CMSA	: The Capital Markets and Services Act 2007 or any statutory modification, amendments or re-enactment thereof for the time being in force
Danum Shipping	: Danum Shipping Sdn Bhd (671043-X)
Deena LLC	: Deena Shipping LLC (26443), a corporation incorporated in UAE
Deposited Security	: A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	: A holder of a Securities Account
EBIDTA	: Earnings before interest, depreciation, taxation and amortisation
Electronic Prospectus	: A 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 disks
Electronic Share Application	: An application for the Public Issue Shares under the Retail Offering through Participating Financial Institutions' ATM

DEFINITIONS (Cont'd)

EPS	: Earnings per Share
Final IPO Price	: Final price per IPO Share equivalent to RM1.28 per IPO Share or 95.0% of the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FPE	: Financial period ended
FYE	: Financial year ended/ending
GDP	: Gross Domestic Product
Ha	: Hectare
Institutional Offering	: Offering of 116,386,000 Public Issue Shares and 128,800,000 Offer Shares at the Institutional Price, subject to clawback and reallocation, to be allocated in the following manner:- <ul style="list-style-type: none"> (i) 116,386,000 Public Issue Shares and 24,207,000 Offer Shares made available to Bumiputera investors approved by MITI; and (ii) 104,593,000 Offer Shares made available to Malaysian and foreign institutional and selected investors outside the USA in reliance of Regulation S
Institutional Price	: The price per IPO Shares to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s)	: Participating organisations in the Internet Share Application as listed in Section 17.6.2 of this Prospectus
Internet Share Application	: Application for the IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	: Initial Public Offering of the Shares comprising the Public Issue and the Offer for Sale collectively
IPO Price	: Initial price of RM1.28 per IPO Share to be fully paid by applicants pursuant to the Retail Offering
IPO Share(s)	: The 176,386,000 Public Issue Shares and 128,800,000 Offer Shares, collectively
Joint Bookrunners	: AmInvestment Bank and CIMB
Joint Co-coordinators	: AmInvestment Bank and CIMB
Joint Lead Managers	: AmInvestment Bank and CIMB
Joint Underwriters or Underwriters	: AmInvestment Bank and CIMB
JPY	: Japanese Yen
Ling Brothers	: Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng collectively

DEFINITIONS (Cont'd)

Ling Family Group	: Companies connected to the Ling Brothers and Ling Siu Chuo
Listing	: Admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital of RM1,200,000,000 comprising 1,200,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	: The Listing Requirements of Bursa Securities
Listing Scheme	: The Acquisitions, Public Issue, Offer for Sale and Listing collectively
LPD	: 10 May 2010, being the latest practicable date prior to the publication of this Prospectus
Managing Underwriter	: AmlInvestment Bank
Malaysian Public or Public	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading
MI	: Minority interests
MIH or Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)
MITI	: Ministry of International Trade and Industry
Marsol LLC	: Marsol Shin Yang LLC (27085), a corporation incorporated in UAE
Marsol (L)	: Marsol Shin Yang (L) Berhad (LL06034), a corporation incorporated in Labuan
m ²	: Square metres
NA	: Net assets
NBV	: Net book value
NTA	: Net tangible assets
Offer for Sale or Offer	: Offer for sale by the Offerors of the Offer Shares at the Institutional Price, subject to clawback and reallocation, to be allocated in the following manner:- <ul style="list-style-type: none"> (i) 24,207,000 Offer Shares made available to Bumiputera investors approved by MITI; and (ii) 104,593,000 Offer Shares made available to Malaysian and foreign institutional and selected investors outside the USA in reliance of Regulation S
Offer Shares	: The 128,800,000 Offer Shares which are the subject of the Offer for Sale

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DEFINITIONS (Cont'd)

Offerors : Collectively, the following shareholders:-

Shareholders	No. of Offer Shares
Datuk Ling Chiong Ho	16,991,925
Ling Chiong Sing	16,991,925
Ling Chiong Pin	16,991,925
Ling Chiong Sieng	4,066,917
Shin Yang Holding	61,883,150
Shinline Corporation Sdn Bhd	408,495
Ling Siew Ting	4,586,265
Ling Siu Chuo	6,879,398
Total	128,800,000

Official List : The official list of the Main Market of Bursa Securities

Participating Financial Institutions : The participating financial institutions for Electronic Share Application as listed in Section 17.5.2 of this Prospectus

PAT : Profit after taxation

PBT : Profit before taxation

Piasau Slipways : Piasau Slipways Sdn Bhd (36445-A)

Placement Agreement : Placement agreement to be entered into between the Company, the Offerors and the Joint Global Co-ordinators and Joint Bookrunners

Prescribed Security : Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules

Price Determination Date : Date on which the Institutional Price and the Final IPO Price will be determined

Promoters : Shin Yang Holding and the Ling Brothers, collectively

Public Issue : Public issue of the Public Issue Shares, subject to clawback and reallocation, to be allocated in the following manner:-

- (i) 24,000,000 Public Issue Shares made available to Malaysian Public at the IPO Price pursuant to the Retail Offering;
- (ii) 36,000,000 Public Issue Shares made available to our eligible directors, employees and business associates and the eligible directors and employees of Shin Yang Holding and its subsidiaries at the IPO Price pursuant to the Retail Offering; and
- (iii) 116,386,000 Public Issue Shares made available to Bumiputera investors approved by MITI at the Institutional Price pursuant to the Institutional Offering

Public Issue Shares / Issue Shares : The 176,386,000 new Shares in the Company which are the subject of the Public Issue

DEFINITIONS (Cont'd)

Raine & Horne	: Raine & Horne International Zaki + Partners Sdn Bhd (99440-T), an independent firm of valuers
RAK	: Ras Al Khaimah, UAE
Record of Depositors	: A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
Regulation S	: Regulation S under the USA Securities Act, 1933, as amended
Retail Offering	: Offering of 60,000,000 Public Issue Shares at the IPO Price, subject to clawback and reallocation, to be allocated in the following manner:- <ul style="list-style-type: none"> (i) 24,000,000 Public Issue Shares made available to Malaysian Public; and (ii) 36,000,000 Public Issue Shares made available to our eligible directors, employees and business associates and the eligible directors and employees of Shin Yang Holding and its subsidiaries
RM and sen	: Ringgit Malaysia and sen respectively
Rules	: The Rules of Bursa Depository
R&D	: Research & Development
SAC	: Shariah Advisory Council of the SC
SC	: Securities Commission
SC Guidelines	: SC's Equity Guidelines and any amendments made thereto from time to time
Securities Account	: An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SGD	: Singapore Dollars
Share(s)	: Ordinary share(s) of RM1.00 each
Shinline	: Shinline Sdn Bhd (312405-X)
Shin Yang FZC	: Shin Yang FZC (RAKFTZA-FZC-2081), a corporation incorporated in UAE
Shin Yang Holding	: Shin Yang Holding Sdn Bhd (184468-H), our holding company
Shin Yang Holding Group	: Shin Yang Holding, its subsidiaries and associate companies
Shin Yang Shipping	: Shin Yang Shipping Sdn Bhd (195874-H)
Shin Yang Shipping Group	: Shin Yang Shipping, its subsidiaries and associate companies
Shin Yang Shipping Corp	: Shin Yang Shipping Corporation Berhad (666062-A)

DEFINITIONS (Cont'd)

Shin Yang Shipping Corp Group or Group	: Shin Yang Shipping Corp and our subsidiaries
Shin Yang Shipyard	: Shin Yang Shipyard Sdn Bhd (55215-W)
TEU	: Twenty-foot equivalent unit
Thailine	: Thailine Sdn Bhd (113191-T)
Trelco FZC	: Trelco Shin Yang FZC (RAKFTZA-FZC-4000199), a corporation incorporated in UAE
Trelco (L)	: Trelco Shin Yang (L) Berhad (LL06788), a corporation incorporated in Labuan
UAE	: United Arab Emirates
Underwriting Agreement	: Underwriting Agreement (Retail Offering) dated 13 May 2010 between Shin Yang Shipping Corp, the Offerors, the Managing Underwriter and the Joint Underwriters to underwrite the 60,000,000 Public Issue Shares to be issued under the Retail Offering
USA	: United States of America
USD	: United States Dollar
Vital Factor	: Vital Factor Consulting Sdn Bhd (266797-T)

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GLOSSARY OF TECHNICAL TERMS

Anchor Handling Tug or AHT	: AHTs are vessels with high horsepower capable of towing rigs, platforms and other steel structures and secure them at specific locations. AHT are primarily used in the offshore oil and gas industry. They are commonly equipped with powerful winches, other anchor handling equipment, and an open stern to allow anchors to be brought on deck. They are sometimes referred to as anchor handling offshore support vessels or anchor handling vessels
AHT Supply Vessel	: AHT supply vessels are similar to AHTs and perform similar anchor handling tasks, but are constructed with larger open deck space to enable the ship to also transport supplies
Barge	: A barge is a type of vessel that is primarily designed for transporting cargo. It does not have its own propulsion system
Bunker	: Fuel for vessels
Cargo Vessel	: A general term to describe a vessel designed to transport cargo, goods and materials. Some examples of cargo vessel include container ship, bulk carrier, barge, tanker and landing craft used for transportation of goods
Classification Society	: Within the shipbuilding industry, classification societies are non-governmental organisations that promote the safety and protection of the environment of ships and offshore structures. There are currently 10 full members of the International Association of Classification Societies, including Bureau Veritas, Germanischer Lloyd, and Nippon Kaiji Kyokai, and 1 associate member
Container Vessel	: Container vessel is a type of cellular vessel designed to carry containers or containerised cargo. In general, a container ship can store up to four tiers of containers below the main deck and up to three tiers of containers above deck. Containers may be refrigerated or non-refrigerated
Deadweight Tonnage or DWT	: DWT refers to the weight of a vessel is carrying. The total weight of cargo, cargo equipment, bunkers, provisions, water, and spare parts that a vessel can lift when loaded to a maximum draught under the circumstances
Dry bulk	: Dry bulk is loose mostly uniform cargo and normally loaded or unloaded by crane. For examples, aggregates, rocks, cements, coal and fertilisers
Dry bulk container	: Dry bulk container comprising a cargo structure firmly secured with a framework to transport dry solids in bulk form without packaging
Global Positioning System or GPS	: GPS is a navigational system that uses a constellation of satellites to enable a GPS receiver to accurately determine its location, speed, direction and time. GPS is operated by the United States Government, and is available for free for civilian use
Gross Tonnage or GT	: GT is a measure of the overall size of a vessel. GT refers to the volume of all of the vessel's enclosed space (from keel to funnel) measured to the outside of the hull framing. 1 GT is equivalent in volume to 100 cubic feet (equivalent to 2.83 m ³). GT has replaced GRT as a measure of the overall size of a vessel
Gross Register Tonnage or GRT	: GRT represents the total internal volume of a vessel, with some exemptions for non-productive spaces such as crew quarters. 1 GRT is equal in volume to 100 cubic feet (equivalent to 2.83 m ³). GRT has been replaced by GT, but is still a widely used term

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Hull	: The hull refers to the body of the ship, and provides the buoyancy that keeps the ship from sinking
Landing Craft	: Landing craft in this report refers to a vessel where one end of the vessel is a ramp, which may be lowered or raised instead of a normal bow, and is used to transport goods. The advantage of a landing craft is that when the ramp is lowered, it enables forklifts or other similar vehicles to enter the landing craft to remove the cargo
Liquid Bulk	: Liquid bulk commonly refers to cargo that is fluid in nature and typically transported in tankers. Some of liquid bulk includes oil, petroleum, liquefied natural gas, gasoline, chemicals, bitumen and liquid edibles
Naval Architect	: A naval architect is a professional engineer who is responsible for the design, construction, and/or repair of naval vessels. Among other responsibilities, naval architects create the engineering drawing of all new vessels
Offshore Support Vessel	: An offshore support vessel is a vessel that is primarily designed to support offshore oil and gas industry platforms. Examples of offshore support vessels include anchor handling tugs, anchor handling tug supply vessels, supply vessels, utility vessels and other vessels
Utility Vessel	: A utility vessel is a general purpose offshore support vessel that is designed to provide utility or general support services (except anchor handling services) to offshore oil and gas industry platforms
Ship	: In general, a ship refers to a large watercraft that is capable of navigation in the open ocean, away from the coast. Within the context of this report, the term "ship" may be used interchangeable with the term "vessel"
Shipbuilding	: Shipbuilding refers to the activities related to the construction of ships. Modern shipbuilding activities include, among many others, the cutting, bending and welding of metal, installation of power and propulsion systems, the installation of other machinery and equipment, and testing and commissioning
Shipbuilding Yard	: A shipbuilding yard refers to an area designated for shipbuilding activities, and equipped as such
Slipway	: Slipway refers to a slope that connects the shipyard, which is on higher ground, to the shore such that ships or boats may be moved to and from the water. Slipways are commonly used to launch newly built ships that have been constructed on the shipyard or are used when moving a ship on water to dry land for repairs
Supply Vessel	: A supply vessel is a vessel that is primarily designed to transport supplies to support offshore oil and gas industry platforms
Tankers	: Tankers are designed to carry liquid bulk cargo such as crude petroleum and petroleum products, chemicals, and others
Tugboat	: A tugboat is a vessel that is primarily designed to manoeuvre or tow other vessels
Watercraft	: A watercraft is a vehicle that is designed to move across or through water, including freshwater and saltwater

INTERPRETATIONS

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

All references to "Company" and "Shin Yang Shipping Corp" in this Prospectus are to Shin Yang Shipping Corporation Berhad, references to "our Group" is to our Company and our subsidiaries, and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context requires, and our subsidiaries. Unless the context otherwise requires, references to statements as to our beliefs, expectations, estimates and opinions are those of our Directors and key management.

In this Prospectus, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any reference in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification). Any word defined in the Act, CMSA, Listing Requirements or any statutory modification thereof and used in this Prospectus and the Application Form(s) shall, where applicable, have the meaning ascribed to it under the Act, CMSA, Listing Requirements or any statutory modification thereof (as the case may be).

Any reference to a time of day in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications shall be a reference to Malaysia time unless otherwise stated.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth / hundredth or one / two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts, and are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as "believe", "plan", "expect", "intend", "estimate" and similar expressions are used to identify such forward-looking statements. These forward-looking statements represent our Directors' views and beliefs with respect to the future of our Group, and do not constitute a guarantee of the future performance of our Group.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Nationality / Profession
Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman	Lot 409, Luak Bay 98000 Miri, Sarawak	Malaysian / Director
Ling Chiong Sing	Group Managing Director	Lot 1378, Pujut 2C Jalan Pujut/Lutong 98000 Miri, Sarawak	Malaysian / Director
Ling Chiong Pin	Executive Director	Lot 1863, Jalan Kampung Luak 98000 Miri, Sarawak	Malaysian / Director
Ling Chiong Sieng	Executive Director	Lot 50, Jalan Kampung Luak 98000 Miri, Sarawak	Malaysian / Director
Lawrence Lai Yew Son	Independent Non-Executive Director	Lot 1155, 1st Floor Miri Waterfront Commercial Centre Jalan Sri Dagang 98000 Miri, Sarawak	Malaysian / Advocate & Solicitor
Koh Ek Chong	Independent Non-Executive Director	Lot 201, Jalan Baong 2 Jee Foh, Krokop 98000 Miri, Sarawak	Malaysian / Accountant
Ling Siu Chuo	Non-Independent Non-Executive Director	Lot 2115, Jalan Kelinai 1 Jalan Pujut 7c, Jalan Pujut/Lutong 98000 Miri, Sarawak	Malaysian / Director

AUDIT COMMITTEE

Name	Designation	Directorship
Koh Ek Chong	Chairman of Audit Committee	Independent Non-Executive Director
Lawrence Lai Yew Son	Member of Audit Committee	Independent Non-Executive Director
Ling Siu Chuo	Member of Audit Committee	Non-Independent Non-Executive Director

JOINT REMUNERATION AND NOMINATION COMMITTEE

Name	Designation	Directorship
Lawrence Lai Yew Son	Chairman of Joint Remuneration and Nomination Committee	Independent Non-Executive Director
Koh Ek Chong	Member of Joint Remuneration and Nomination Committee	Independent Non-Executive Director
Ling Siu Chuo	Member of Joint Remuneration and Nomination Committee	Non-Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Richard Ling Peng Liing (MIA No. 9688)
2265 Taman Bayshore, Jalan Pantai
98000 Miri, Sarawak
- REGISTERED OFFICE AND HEAD OFFICE** : Lot 515, Jalan Datuk Edward Jeli
Piasau Industrial Estate
98000 Miri, Sarawak
Telephone No. : 085-656699
Facsimile No. : 085-664999
E-mail : syshippingcorp@shinyang.com.my
Website : www.syshippingcorp.com.my
- REGISTRARS** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7841 8000
Facsimile No. : 03-7841 8151
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF: 0039)
4th Floor, Unit 4.1, Lot 698
Wisma Yong Lung
Pelita Commercial Centre
98000 Miri, Sarawak
Telephone No. : 085-423 881
Facsimile No. : 085-413 921
- SOLICITORS FOR THE LISTING** : Reddi & Co Advocates
Lane Building
No.29, Kai Joo Lane
93000 Kuching, Sarawak
Telephone No. : 082-248866
Facsimile No. : 082-248867
- VALUERS** : Raine & Horne International Zaki + Partners Sdn Bhd (99440-T)
Perpetual 99
Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Telephone No. : 03-2698 0911
Facsimile No. : 03-2691 1959
- PRINCIPAL BANKERS** : AmBank (M) Berhad (8515-D)
Regional Business Centre - Sarawak
No. 164, 166 & 168, 1st Floor
Jalan Abell, 93100 Kuching, Sarawak
Telephone No. : 082-244791
Facsimile No. : 082-259771
- Bank Pembangunan Malaysia Berhad (16562-K)
Menara Bank Pembangunan
Bandar Wawasan
1016, Jalan Sultan Ismail
Peti Surat 10788, 50724 Kuala Lumpur
Telephone No. : 03-26113888
Facsimile No. : 03-26985701

CORPORATE DIRECTORY (Cont'd)

**PRINCIPAL BANKERS
(cont'd)**

: CIMB Bank Berhad (13491-P)
6th Floor Wisma STA
26 Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Telephone No. : 082-344109
Facsimile No. : 082-343862

EON Bank Berhad (92351-V)
Area Business Centre - Miri
1st Floor, Lot 715, Merbau Road
98000, Miri, Sarawak
Telephone No. : 085-434510
Facsimile No. : 085-420588

Malayan Banking Berhad (3813-K)
Kuching Business Centre
4th Floor, Crown Towers
88, Jalan Pending, 93450 Kuching, Sarawak
Telephone No. : 082-342669
Facsimile No. : 082-486433

RHB Bank Berhad (6171-M)
Regional Corporate Banking Sarawak
Kuching Regional Office
2nd Floor, Lot 363, Jalan Kulas
93400 Kuching, Sarawak
Telephone No. : 082-274822
Facsimile No. : 082-274846

**INDEPENDENT BUSINESS
AND MARKET
RESEARCH
CONSULTANTS**

: Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya, Selangor Darul Ehsan
Telephone No. : 03-7728 0248
Facsimile No. : 03-7728 7248

ISSUING HOUSE

: Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7841 8000
Facsimile No. : 03-7841 8152

**ADVISER AND
MANAGING
UNDERWRITER**

: AmlInvestment Bank Berhad (23742-V)
(A member of AmlInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03-2036 2633/44/55
Facsimile No. : 03-2070 8596

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CORPORATE DIRECTORY (Cont'd)

**JOINT UNDERWRITERS,
JOINT GLOBAL CO-
ORDINATORS JOINT
BOOKRUNNERS AND
JOINT LEAD
MANAGERS**

AmInvestment Bank Berhad (23742-V)
(A member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03-2036 2633/44/55
Facsimile No. : 03-2070 8596

CIMB Investment Bank Berhad (18417-M)
10th Floor Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Telephone No. : 03-2084 8888
Facsimile No. : 03-2084 8899

LISTING SOUGHT : Main Market of Bursa Securities

SHARIAH STATUS : Approved by the SAC

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1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE

We were incorporated in Malaysia under the Act on 15 September 2004 as a private limited company under the name of Shin Yang Shipping Corporation Sdn Bhd. Subsequently, we were converted to a public limited company and assumed our present name on 20 November 2009.

Our subsidiaries and associated companies are principally involved in the provision of domestic and international shipping services with a fleet of 245 vessels. We are also one of the leading shipbuilders in Malaysia. In addition, our ancillary services include the provision of ship repair and fabrication of metal structures. The details of our subsidiaries and associated companies are as follows:-

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest (%)	Principal Activities
Danum Shipping	28 October 2004 / Malaysia	RM1,000,000	100.0	International shipping operations for liquid chemical products
Piasau Slipways	17 October 1977 / Malaysia	RM4,000,000	100.0	Shipbuilding and ship repairing, and fabrication of metal structures
Shinline	19 August 1994 / Malaysia	RM15,900,000	100.0	International shipping operations
Shin Yang Shipping	31 March 1990 / Malaysia	RM10,000,000	100.0	Domestic and regional shipping operations
Shin Yang Shipyard	14 February 1980 / Malaysia	RM20,100,000	100.0	Shipbuilding and ship repairing, and fabrication of metal structures
Thailine	17 January 1984 / Malaysia	RM4,000,000	100.0	International shipping operations
<u>Subsidiary of Shin Yang Shipping</u>				
Shin Yang FZC	19 September 2006 / UAE	AED4,000,000	90.0	Investment holding
<u>Subsidiary of Shin Yang FZC</u>				
Trelco FZC	25 February 2008 / UAE	AED1,000,000	60.0	Shipping operations in Middle East
<u>Associates of Shin Yang FZC</u>				
Marsol LLC	2 April 2007 / UAE	AED4,000,000	49.0	Shipping operations in Middle East
Al Ghaith LLC	7 January 2007 / UAE	AED1,000,000	40.0	Shipping operations in Middle East
Deena LLC	18 January 2006 / UAE	AED1,000,000	49.0	Shipping operations in Middle East
<u>Associate of Marsol LLC</u>				
Marsol (L)	6 August 2007 / Malaysia	USD2,050	49.0	Registered owner of vessels
<u>Associate of Al Ghaith LLC</u>				
Al Ghaith (L)	6 August 2007 / Malaysia	USD2,050	49.0	Registered owner of vessels
<u>Associate of Trelco FZC</u>				
Trelco (L)	22 October 2008 / Malaysia	USD2,000	49.0	Registered owner of vessels

1. INFORMATION SUMMARY (Cont'd)

Datuk Ling Chiong Ho is the founder of our Group. Since the commencement of the shipping and shipbuilding operations, Datuk Ling has been instrumental in the success, growth and development of our Group.

The developments of our businesses and the current scale of our operations are summarised in the table below:-

Domestic Shipping	Shipbuilding and Ship repair	International Shipping	Middle East Shipping
Commenced in 1983	Commenced in 1986	Commenced in 1995	Commenced in 2006
<ul style="list-style-type: none"> • 149 vessels • Plying in the coastal and regional waters of Malaysia 	<ul style="list-style-type: none"> • 3 shipyards in Miri, Sarawak and 1 shipyard in Bintulu, Sarawak with a total land area of 266 acres • 1 new shipyard in UAE (15 acres) to be operational by 2010 • 214 acres of land in Tanjung Manis, Sarawak for future expansion 	<ul style="list-style-type: none"> • 42 vessels • Call at various ports in Japan, China, South East Asia, Korea, Hong Kong, Taiwan, India, Russia, Papua New Guinea and others 	<ul style="list-style-type: none"> • 54 vessels • Operates in major port destinations which include ports in UAE, Saudi Arabia, Qatar, Bahrain, Oman and others

Shipping Operations

The history of our business can be traced back to 1983 when Shin Yang Sdn Bhd was incorporated as a logging company with shipping activities and had its own wooden tugboats and barges.

In 1994, we expanded our business into cargo shipping operations, focusing on bulk cargo and in 1995, we further ventured into international dry bulk cargo shipping. In 2004 we went into international shipping of chemicals.

In 2006, we commenced our shipping operations in the Middle East and our vessels focusing on the transportation of aggregates, block stones and rocks in the region.

At present, our domestic shipping operations are carried out in Malaysian waters between Peninsular Malaysia, Sabah and Sarawak. As for our international shipping operations, they cover two (2) scenarios:-

- from Malaysian ports to overseas countries such as Singapore, Japan, Indonesia, Brunei, Thailand, Vietnam, Taiwan, China, Korea and Philippines;
- from RAK port to neighbouring countries in the Middle East, including Qatar, Bahrain, and the UAE, Saudi Arabia and Oman.

Our shipping operations in Malaysia and the Middle East are supported by our own fleet of 245 vessels with a total GRT of approximately 300,000 tonnes.

Shipbuilding Operations

As part of our Group's intention to expand into the shipbuilding business, we commenced ship repair operations under Piasau Slipways in 1986 and later expanded into shipbuilding operations and built our first tugboat in 1989.

1. INFORMATION SUMMARY (Cont'd)

In 1998, we made our first export sales, a landing craft for the oil and gas industry, to Qatar. Since then, our sales have extended to other overseas countries such as Singapore, Thailand, Vietnam, Indonesia, Brunei, Australia, India, Netherlands, Scotland, New Caledonia, Australia, UAE, Egypt and Bahrain.

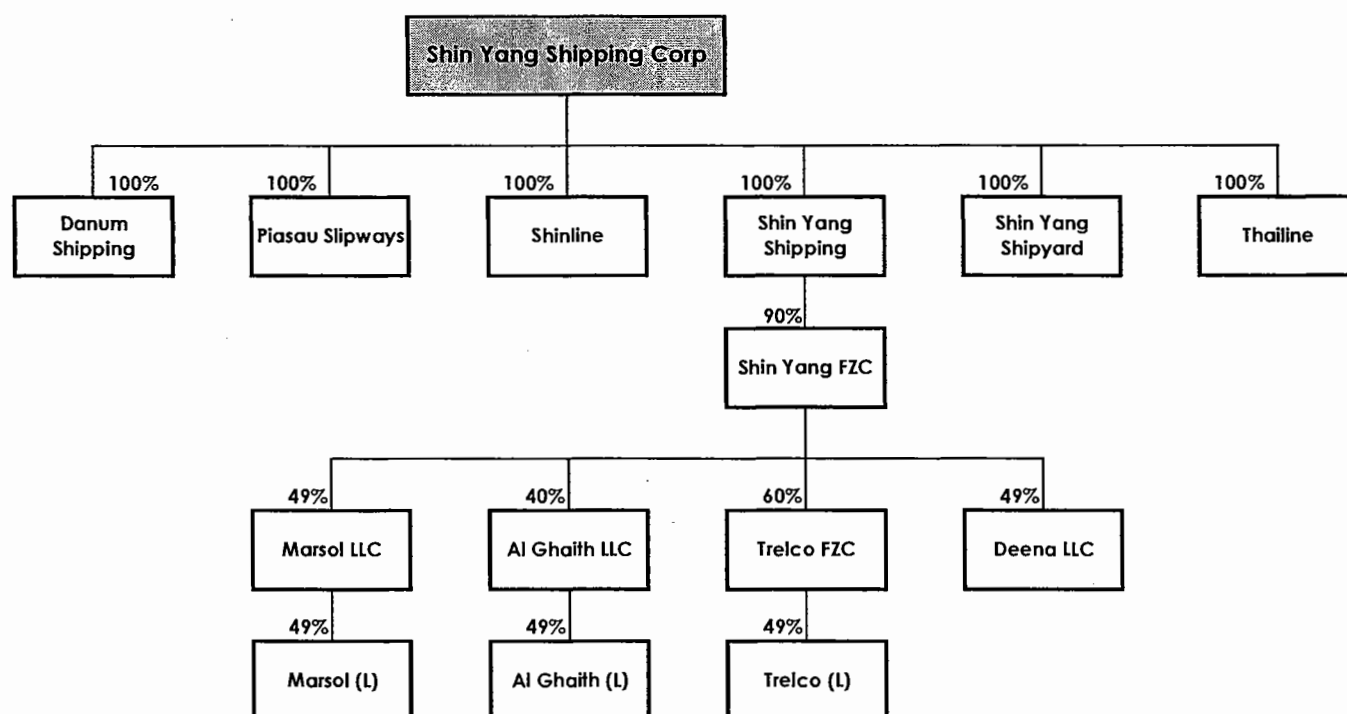
At present, we operate on approximately 248 acres of shipbuilding yards in Kuala Baram, Miri, Sarawak and 17 acres of shipbuilding yard in Bintulu, Sarawak and have the facilities and capabilities to construct vessels up to 15,000 DWT.

Over the past five (5) years, we have constructed a total of 111 vessels with a total contract value of over RM1.0 billion. As at LPD, our outstanding book orders for shipbuilding operations was approximately RM144.5 million for 9 units of vessels.

Since 1983, we have made a concerted effort to develop our shipping and shipbuilding businesses and have successfully established ourselves as a premier shipbuilder, metal structure fabricator, and a one-stop shipping and ship repair and maintenance service provider in Malaysia.

In 2009, we ranked **first** in Malaysia based on the number of vessels owned and used for transportation of goods for third parties and ranked **third** in Malaysia based on total GRT of all vessels owned and used for transportation of goods for third parties. In 2008, we ranked **top two** among operators in the shipbuilding industry in Malaysia based on revenue from shipbuilding activities. (Source: *Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor*).

As at LPD, our corporate structure is as follows:-



Further details on the history and business of our Group are set out in Section 4.1 and 4.2 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.2 COMPETITIVE STRENGTHS AND ADVANTAGES**

We have created a business with significant competitive advantages and key strengths to compete against other service providers, and at the same time provide us with the platform to grow our business. Our competitive strengths and advantages include the following:-

☒ **We are an integrated shipbuilding and shipping operator**

We are one of very few large shipping operators that construct our own vessels. Synergies from such an integrated operations include quick reaction to changing market conditions to capture new business opportunities.

☒ **We have two major revenue streams**

We have the equivalent of two (2) businesses, shipping and shipbuilding. Each business is independent of the other and is sizable in its own rights. The two (2) businesses provide us with significantly more growth opportunities compared to having only one (1) core business.

☒ **We have business diversity to mitigate over-dependency in any one area**

Our business diversity resulting from operating in two (2) core business areas namely shipping and shipbuilding. In addition, we also serve many industries and many markets. This reduces over-dependency in only one (1) business area/ industry/ market.

☒ **We own a large fleet of vessels**

As at LPD, we have 245 vessels owned by our subsidiary and associate companies to undertake domestic and international shipping. In 2009, we ranked first in Malaysia based on number of vessels owned and used for the transportation of goods for third parties (*Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor*). Our large number of vessels provides us with the advantage of being able to meet customers' needs for transporting large volume of goods in a relatively short period of time.

☒ **We have economies of scale**

Our large business operations provide us with significant economies of scale to spread our fixed and operating costs across a large number of vessels that we operate, as well as the vessels that we built.

☒ **We have lower shipping operating cost**

Our own in-house maintenance and repair enable us to have a lower operating cost for our shipping operations as well as undertaking more regular and detailed repair and maintenance works to increase the lifespan of our vessels.

☒ **We have lower shipping asset cost**

As an integrated shipping and shipbuilding operator, approximately 90% of our current shipping vessels are constructed in-house by us. As such, the costs of our fleet of vessels are lower compared to operators who normally purchase or lease their vessels.

☒ **We provide domestic and international shipping services**

We provide both domestic shipping services within Malaysian waters, as well as international shipping services especially around the Middle East areas.

1. INFORMATION SUMMARY (Cont'd)

Further details of our competitive strengths and advantages are set out in Section 4.2.1 of this Prospectus.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF OUR GROUP

Our Promoters and substantial shareholders are Shin Yang Holding, Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng.

Our Directors are as follows:-

Name	Designation
Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman
Ling Chiong Sing	Group Managing Director
Ling Chiong Pin	Executive Director
Ling Chiong Sieng	Executive Director
Lawrence Lai Yew Son	Independent Non-Executive Director
Koh Ek Chong	Independent Non-Executive Director
Ling Siu Chuo	Non-Independent Non-Executive Director

Our key management are as follows:-

Name	Designation
Captain Ting Hien Liong	Chief Executive Officer
<u>Shipbuilding operations</u>	
Vincent Ling Lu Yew	Director, Shin Yang Shipyard
Captain Lau Choo Mee	Shipyard 1 Manager, Shin Yang Shipyard
Ong Choon Cheong	Shipyard 2 Manager, Shin Yang Shipyard
Fam Whai Yun	Shipyard Manager, Piasau Slipways
<u>Shipping operations</u>	
Sia Wei Sing	Manager for Domestic, Coastal and Regional Shipping, Shin Yang Shipping
Captain Lim Chia Sian	Manager for International Shipping, Shinline
Ngieng Ping Tuan	Senior Technical Superintendent, Thailine
<u>UAE Operations</u>	
Dr. Gary Tan Yow Hoo	Director, UAE Operations
Captain Ting Leh Bang	General Manager, UAE Operations
<u>Finance, Legal and Administration</u>	
Richard Ling Peng Liang	Financial Controller and Company Secretary
Loretta Jane Lau Mei Nah	Legal Counsel
Ling Ee Seng	Administrative Manager

Further details of our Promoters, substantial shareholders, Directors and key management are set out in Section 6 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.4 SALIENT INFORMATION OF THE IPO**

The IPO is subject to the terms and conditions of this Prospectus. The IPO Shares will be allocated in the following manner:-

Institutional Offering	: Institutional offering of 245,186,000 Shares to be offered in the following manner:-
	(A) 116,386,000 Public Issue Shares and 24,207,000 Offer Shares representing an aggregate of 11.7% of our enlarged issued and paid-up share capital, for application by Bumiputera investors approved by MITI; and
	(B) 104,593,000 Offer Shares, representing 8.7% of our enlarged issued and paid-up share capital, for application by Malaysian and foreign institutional and selected investors outside the USA in reliance on Regulation S
Retail Offering	: Retail Offering of 60,000,000 Shares to be offered in the following manner:-
	(A) 24,000,000 Public Issue Shares representing 2.0% of our enlarged issued and paid-up share capital of the Company, for application by Malaysian Public, comprising the following:-
	(i) 12,000,000 Public Issue Shares representing 1.0% of our enlarged issued and paid-up share capital, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions;
	(ii) 12,000,000 Public Issue Shares representing 1.0% of our enlarged issued and paid-up share capital, are set aside for Malaysian individuals, companies, co-operatives, societies and institutions; and
	(B) 36,000,000 Public Issue Shares representing 3.0% of our enlarged issued and paid-up share capital, for application by our eligible directors, employees and business associates and the eligible directors and employees of Shin Yang Holding and its subsidiaries.

Detailed information on basis of arriving at the IPO Price is set out in Section 2.4 of this Prospectus.

1.5 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of the Prospectus and should be read in conjunction with the text:-

	No. of Shares	Share Capital (RM)
AUTHORISED SHARE CAPITAL	3,000,000,000	3,000,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
- Existing Shares	1,023,614,000	1,023,614,000
- Public Issue Shares to be issued	176,386,000	176,386,000
ENLARGED SHARE CAPITAL	1,200,000,000	1,200,000,000
EXISTING SHARES TO BE OFFERED FOR SALE	128,800,000	128,800,000

1. INFORMATION SUMMARY (Cont'd)

IPO Price (RM)	1.28
Proforma consolidated NA (RM'000)	1,323,109
Proforma consolidated NA per Share (RM)	1.10
<i>(based on the enlarged issued and paid-up share capital of 1,200,000,000 Shares upon completion of the IPO)</i>	
Market Capitalisation (RM'000)	1,536,000
<i>(based on the IPO Price and enlarged share capital after completion of the IPO)</i>	

The IPO Price is RM1.28 per Share payable in full upon application, subject to the terms and conditions of this Prospectus. Further details of the particulars of the IPO are set out in Section 2 of this Prospectus.

1.6 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Public Issue Shares of approximately RM233.9 million will be utilised by our Group in the following manner:-

	Timeframe for utilisation upon Listing	Amount
		RM'000
1. Part finance construction of an additional 7 vessels for shipping operations	Within 36 months	115,700
2. Part finance expansion of shipbuilding capacity and establishment of new shipbuilding facilities	Within 24 months	61,200
3. Working capital	Within 3 months	49,021
4. Estimated listing expenses	Immediate	8,000
Total proceeds		233,921

Note:- The total proceeds are calculated based on the following assumed issue prices:-

- For the 60,000,000 Public Issue Shares under Retail Offering : RM1.28; and
- For the 116,386,000 Public Issue Shares under Institutional Offering : RM1.35

The actual proceeds accruing to our Company will depend on the Institutional Price and the Final IPO Price. If the actual proceeds is higher than budgeted above, the excess will be utilised for working capital purposes. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

The Offer for Sale is expected to raise proceeds, based on an assumed offer price of RM1.35 per Share, of RM173.9 million. The entire proceeds of the Offer for Sale, net of relevant fee, will accrue to the Offerors.

Further details on the utilisation of proceeds are set out in Section 2.6 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.7 PROFORMA CONSOLIDATED INCOME STATEMENTS**

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) FYE 30 June 2009 and for the 5-month FPE 30 November 2008 and 30 November 2009 prepared on the assumption that our Group has been in existence throughout the periods under review.

The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 10.2 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 30 June			5-mth FPE 30 November	
	2007	2008	2009	2008	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	486,646	595,058	673,487	320,501	275,502
Cost of sales	(362,693)	(463,326)	(515,511)	(233,699)	(187,978)
Gross profit	123,953	131,732	157,976	86,802	87,524
Other income	8,596	59,638	17,940	1,829	9,037
Administrative expenses	(11,503)	(16,797)	(21,956)	(6,470)	(7,543)
Other expenses	(280)	(2,045)	(43)	(575)	-
Impairment of property, plant and equipment	-	-	(28,308)	-	-
Operating profit	120,766	172,528	125,609	81,586	89,018
Finance costs	(17,307)	(18,215)	(25,214)	(11,382)	(9,651)
	103,459	154,313	100,395	70,204	79,367
Share of profits/(losses) of associates	-	2,316	12,315	9,387	(2,666)
PBT	103,459	156,629	112,710	79,591	76,701
Income tax expense	(4,352)	5,192	(11,377)	(4,425)	(8,895)
Profit for the year	99,107	161,821	101,333	75,166	67,806
Attributable to:					
- Equity holders of the Company	97,952	158,996	101,753	73,921	67,994
- MI	1,155	2,825	(420)	1,245	(188)
Profit for the year	99,107	161,821	101,333	75,166	67,806

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1. INFORMATION SUMMARY (Cont'd)

	Audited			Unaudited	Audited
	FYE 30 June			5-mth FPE 30 November	
	2007	2008	2009	2008	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Number of Shares assumed in issue ('000) ⁽¹⁾	1,023,614	1,023,614	1,023,614	1,023,614	1,023,614
Gross EPS (sen) ⁽²⁾	10.11	15.30	11.01	⁽⁶⁾ 18.67	⁽⁶⁾ 17.98
Net EPS (sen) ⁽³⁾	9.57	15.53	9.94	⁽⁶⁾ 17.33	⁽⁶⁾ 15.94
Fully diluted EPS (sen) ⁽⁴⁾	8.16	13.25	8.48	⁽⁶⁾ 14.78	⁽⁶⁾ 13.60
EBIDTA	169,472	233,271	200,175	120,776	110,590
Gross profit margin (%)	25.47	22.14	23.46	27.08	31.77
PBT margin (%)	21.26	26.32	16.74	24.83	27.84
PAT margin (%)	20.37	27.19	15.05	23.45	24.61
Effective tax rate (%)	4.21	(3.31)	10.09	5.56	11.60

Notes:-

- (1) Based on the issued and paid-up share capital of 1,023,614,000 Shares immediately prior to the Public Issue
- (2) Basic gross EPS is calculated based on PBT for the financial year divided by the assumed number of Shares in issue
- (3) Basic net EPS is calculated based on profit attributable to our equity holders for the financial year divided by the assumed number of Shares in issue
- (4) Diluted net EPS is calculated based on profit attributable to our equity holders for the financial year divided by the enlarged number of Shares after the IPO of 1,200,000,000 Shares
- (5) There were no exceptional or extraordinary items in all the financial years/periods under review
- (6) Annualised

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1. INFORMATION SUMMARY (Cont'd)**1.8 SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS**

The summarised proforma consolidated balance sheets as at 30 November 2009 set out below have been prepared for illustrative purposes only to show the effects of the Listing Scheme on our audited consolidated balance sheets, had the Listing Scheme been implemented and completed on 30 November 2009 and is prepared on the basis consistent with the accounting policies adopted by our Group.

The summarised proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information set out in Section 10.2 of this Prospectus.

	Audited as at 30 November 2009	Proforma I	Proforma II	Proforma III
	RM'000	RM'000	RM'000	RM'000
Share capital	*	1,023,614	1,200,000	1,200,000
Share premium	-	10,046	67,581	59,581
Revaluation surplus	-	63,295	63,295	63,295
Foreign currency translation reserve	-	233	233	233
(Accumulated losses) / retained earnings	(5)	-	-	-
Shareholders' Funds / NA	(5)	1,097,188	1,331,109	1,323,109
Number of Shares assumed in issue ('000)	*	1,023,614	1,200,000	1,200,000
NA per Share (RM)	**	1.07	1.11	1.10

Notes:-

* Denotes RM2.00

** Denotes net liability per Share of RM3,318

Proforma I Incorporates the effects of the Acquisitions

Proforma II Incorporates the effects of Proforma I and the Public Issue

Proforma III Incorporates the effects of Proforma II and the utilisation of proceeds

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1. INFORMATION SUMMARY (Cont'd)**1.9 SUMMARY OF MATERIAL RISK FACTORS**

You should carefully consider the following risk factors *(which are not exhaustive)* as extracted from Section 3 of this Prospectus in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

Item	Risk factors
RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES	
(a)	Business risks
(b)	Arrest and detention of vessels
(c)	Foreign exchange fluctuations
(d)	Dependency on imports for key materials and equipment for the construction of vessels
(e)	Long lead-time for marine engines
(f)	Political, economic and regulatory considerations
(g)	Material litigation, claim or arbitration
(h)	Pirate attacks
RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP	
(a)	Increased competition
(b)	Fluctuating price of steel
(c)	Risk of delay in delivery of vessel
(d)	Increase in bunker costs
(e)	Transactions with Shin Yang Holding Group
(f)	Dependence on Directors, key personnel and skilled workforce
(g)	Insurance coverage
(h)	Funding calls by Protection and Indemnity Club
(i)	Operational, health and safety risks
(j)	Regulatory compliance
OTHER RISKS RELATING TO INVESTING IN OUR SHARES	
(a)	No prior market for our Shares, and an active market for our Shares may not develop after Listing
(b)	Capital market risks
(c)	Dividends to our Shareholders
(d)	Control by our Promoters
(e)	Future fund-raising may dilute shareholders' equity / future covenants restricting our operations
(f)	Forward looking Statements
(g)	Failure/ delay in the Listing
(h)	Delay between Admission and trading of the IPO Shares

Detailed commentary on these risk factors is set out in Section 3 of this Prospectus.

2. PARTICULARS OF THE IPO

This Prospectus is dated 27 May 2010. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the IPO (details were set out in Section 7 of this Prospectus) were obtained vide its letters dated 11 March 2010 and 14 May 2010 and the Shariah Advisory Council of the SC had on 12 April 2010, for the purpose for the IPO and the Listing, classified the Company's securities as Shariah-compliant based on the proforma consolidated financial statements of the Group for the FYE 30 June 2009. This classification remains valid until the next Shariah compliance review is undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November. The approvals of the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved-in-principle our admission to the Official List and for the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities, vide its letter dated 5 May 2010. Our Shares will be admitted to the Official List and official quotation will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of the Shares, and receipt of an undertaking that all notices of allotments will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Acceptance of Application for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest within fourteen (14) days if the aforesaid permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules.

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 17.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

2. PARTICULARS OF THE IPO (Cont'd)

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of 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.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and we, together with the Adviser, Managing Underwriter, Joint Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers, take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.

2.1 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (a) To enable our Group to gain recognition and enhance our profile through listing status and further augment our corporate reputation and assist our Group in expanding our customer base locally and overseas;
- (b) To provide immediate funds for investment in vessels, expansion of business as well as working capital and to increase the overall capacity of our Group. This would further enhance our Group's operating and business capacity both locally and overseas;
- (c) To further enhance the financial position of our Group and to enable us to gain access to the capital markets to raise funds for our future expansion, diversification and the overall continued growth of our Group;
- (d) To further enhance our Group's visibility and presence in the shipping and shipbuilding industries;
- (e) To provide an opportunity for Malaysian and foreign investors and institutions and eligible directors and employees of our Group, Shin Yang Holding and its subsidiaries, and our business associates to participate in our equity and continuing growth; and
- (f) To facilitate the listing of and quotation for our entire enlarged issued and paid-up share capital on Bursa Securities.

2. PARTICULARS OF THE IPO (Cont'd)**2.2 SHARE CAPITAL**

Details of our share capital are as follows:-

	No. of Shares	Share Capital (RM)
AUTHORISED SHARE CAPITAL	3,000,000,000	3,000,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
- Existing Shares	1,023,614,000	1,023,614,000
- New Shares to be issued pursuant to the Public Issue	176,386,000	176,386,000
ENLARGED SHARE CAPITAL	1,200,000,000	1,200,000,000
EXISTING SHARES TO BE OFFERED FOR SALE	128,800,000	128,800,000

2.2.1 Classes of Shares and Rights

As at the date of this Prospectus, we have only one (1) class of shares, being ordinary shares of RM1.00 each, all of which rank *pari passu* with one another. The rights and privileges of our Shares are stated in our Memorandum and Articles of Associations.

The Shares owned by our Directors and substantial shareholders are not entitled to any different voting rights from the Public Issue Shares. There are no founder, management or deferred Shares reserved for issuance for any purpose. The Public Issue Shares comprised in the IPO Shares will, when issued and fully paid for on the terms of this Prospectus, rank *pari passu* in all respects with our other existing Shares, including voting rights, liquidation rights, and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

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

At any of our general meetings, on a show of hands, every person present who is a shareholder (other than Bursa Depository or its nominee) entitled to attend and vote thereat or is a representative or proxy or attorney of such a shareholder shall have one (1) vote; on a poll, every such shareholder (other than Bursa Depository or its nominee) present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held.

There is no limitation on the right to own our Shares, including the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by our constituent documents.

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2. PARTICULARS OF THE IPO (Cont'd)

2.3 DETAILS OF THE IPO

Our IPO comprises the Public Issue and the Offer for Sale:-

2.3.1 Public Issue

The Public Issue of 176,386,000 Public Issue Shares, representing 14.7% of our enlarged issued and paid-up share capital, subject to clawback and reallocation, to be allocated in the following manner:-

- (a) 24,000,000 Public Issue Shares, representing 2.0% of our enlarged issued and paid-up share capital, made available to Malaysian Public at the IPO Price, payable in full upon application pursuant to the Retail Offering to be allocated via ballot;
- (b) 36,000,000 Public Issue Shares, representing 3.0% of our enlarged issued and paid-up share capital, made available for our eligible directors, employees and business associates and the eligible directors and employees of Shin Yang Holding and its subsidiaries at the IPO Price, payable in full upon application pursuant to the Retail Offering; and
- (c) 116,386,000 Public Issue Shares, representing approximately 9.7% of our enlarged issued and paid-up share capital, made available to Bumiputera investors approved by MITI at the Institutional Price pursuant to the Institutional Offering.

The Final IPO Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be equal to the lower of:-

- (a) the IPO Price of RM1.28 per Share; and
- (b) 95.0% of the Institutional Price;

subject to rounding to the nearest sen.

In the event that the Final IPO Price per Share is lower than the IPO Price, the difference will be refunded to the successful applicants pursuant to the Retail Offering, without any interest thereon. The refund in the form of cheques will be despatched to the successful applicants at their own risks.

2.3.2 Offer for Sale

The Offer for Sale of 128,800,000 Offer Shares, representing approximately 10.7% of our enlarged issued and paid-up share capital, by the Offerors at the Institutional Price, subject to clawback and reallocation, to be allocated in the following manner:-

- (a) 24,207,000 Offer Shares, representing approximately 2.0% of our enlarged issued and paid-up share capital, made available to Bumiputera investors approved by MITI; and
- (b) 104,593,000 Offer Shares, representing approximately 8.7% of our enlarged issued and paid-up share capital, made available to Malaysian and foreign institutional and selected investors outside the USA in reliance on Regulation S.

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2. PARTICULARS OF THE IPO (Cont'd)

The details of the Offerors and the Offer for Sale are as follows:-

Offerors	Designation	Address	Shareholding before the IPO		Offer Shares			Shareholding after the IPO	
			No. of Shares	(1) %	No. of Shares	(1) %	(2) %	No. of Shares	(2) %
Shin Yang Holding	Promoter and substantial shareholder	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak	722,295,946	70.6	61,883,150	6.0	5.2	660,412,796	55.0
Datuk Ling Chiong Ho	Promoter, Non-Independent Non-Executive Chairman and substantial shareholder	Lot 409, Luak Bay 98000 Miri, Sarawak	51,794,594	5.1	16,991,925	1.7	1.4	34,802,669	2.9
Ling Chiong Sing	Promoter, Group Managing Director and substantial shareholder	Lot 1378, Pujut 2C, Jalan Pujut/Lutong, 98000 Miri, Sarawak	51,794,594	5.1	16,991,925	1.7	1.4	34,802,669	2.9
Ling Chiong Pin	Promoter, Executive Director and substantial shareholder	Lot 1863, Jalan Kampung Luak 98000 Miri, Sarawak	51,794,593	5.1	16,991,925	1.7	1.4	34,802,668	2.9
Ling Chiong Sieng	Promoter, Executive Director and substantial shareholder	Lot 50, Jalan Kampung Luak 98000 Miri, Sarawak	38,869,585	3.8	4,066,917	0.4	0.3	34,802,668	2.9
Shinline Corporation Sdn Bhd	Shareholder	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak	35,599,010	3.4	408,495	^	^	35,190,515	3.0
Ling Siew Ting	Shareholder	Lot 2114, Jalan Kelayai 1, Jalan Pujut 7C, Jalan Pujut/Lutong, 98000 Miri, Sarawak	28,586,271	2.7	4,586,265	0.4	0.4	24,000,006	2.0
Ling Siu Chuo	Non-Independent Non-Executive Director and shareholder	Lot 2115, Jalan Kelayai 1, Jalan Pujut 7C, Jalan Pujut/Lutong, 98000 Miri, Sarawak	42,879,407	4.2	6,879,398	0.7	0.6	36,000,009	3.0
TOTAL			1,023,614,000	100.0	128,800,000	12.6	10.7	894,814,000	74.6

Notes:-

(1) Based on our existing issued and paid-up share capital of 1,023,614,000 Shares

(2) Based on our enlarged issued and paid-up share capital of 1,200,000,000 Shares

^ Negligible

2. PARTICULARS OF THE IPO (Cont'd)

In summary, the IPO Shares will be allocated in the following manner:-

	Public Issue Shares		Offer Shares		Total	
	No. of Shares	% of share capital*	No. of Shares	% of share capital*	No. of Shares	% of share capital*
<u>Retail Offering</u>						
- Balloting for Bumiputera investors	12,000,000	1.0	-	-	12,000,000	1.0
- Balloting for Malaysian Public	12,000,000	1.0	-	-	12,000,000	1.0
- Pink Form Allocation	36,000,000	3.0	-	-	36,000,000	3.0
	60,000,000	5.0	-	-	60,000,000	5.0
<u>Institutional Offering</u>						
- Bumiputera investors approved by MITI	116,386,000	9.7	24,207,000	2.0	140,593,000	11.7
- Malaysian and foreign institutional and selected investors outside the USA in reliance of Regulation S	-	-	104,593,000	8.7	104,593,000	8.7
	116,386,000	9.7	128,800,000	10.7	245,186,000	20.4
Total	176,386,000	14.7	128,800,000	10.7	305,186,000	25.4

Note:-

* based on 1,200,000,000 Shares upon completion of the IPO

2.3.3 Details of the Retail Offering

The Company will be offering 60,000,000 Public Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, at the IPO Price, payable in full upon application and subject to refund of the difference in the event the Final IPO Price is less than the IPO Price and will be allocated in the following manner:-

- (a) 24,000,000 Public Issue Shares, representing 2.0% of the enlarged issued and paid-up share capital of the Company, for application by Malaysian public, comprising the following:-
 - (i) 12,000,000 Public Issue Shares, representing 1.0% of the enlarged issued and paid-up share capital of the Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions; and
 - (ii) 12,000,000 Public Issue Shares, representing 1.0% of the enlarged issued and paid-up share capital of the Company, are set aside for Malaysian individuals, companies, co-operatives, societies and institutions; and
- (b) 36,000,000 Public Issue Shares, representing 3.0% of our enlarged issued and paid-up share capital, for application by our eligible directors, employees and business associates and the eligible directors and employees of Shin Yang Holding and its subsidiaries ("**Pink Form Allocation**").

2. PARTICULARS OF THE IPO (Cont'd)

The Pink Form Allocation has been allocated to a total of 2,830 eligible Directors and employees of our Group, and Shin Yang Holding and its subsidiaries based on the following criteria as approved by our Board:-

- (i) at least eighteen (18) years old;
- (ii) designation and position;
- (iii) length of service; and
- (iv) performance.

Details of the Company's eligible Directors' Pink Form Allocation are as follows:-

Directors	Designation	No. of Shares
Lawrence Lai Yew Son	Independent Non-Executive Director	100,000
Koh Ek Chong	Independent Non-Executive Director	100,000
Total		200,000

The IPO Shares have been allocated to a total of 100 business associates who have contributed to our success based on their contribution to our Group.

2.3.4 Details of the Institutional Offering

The Company and the Offerors will be offering 116,386,000 Public Issue Shares and 128,800,000 Offer Shares respectively, representing approximately 9.7% and 10.7% of our enlarged issued and paid up capital respectively, at the Institutional Price, payable in full upon application, to be allocated in the following manner:-

- (a) 116,386,000 Public Issue Shares and 24,207,000 Offer Shares, representing an aggregate of 11.7% of our enlarged issued and paid-up share capital, for application by Bumiputera investors approved by MITI; and
- (b) 104,593,000 Offer Shares, representing 8.7% of our enlarged issued and paid-up share capital, for application by Malaysian and foreign institutional and selected investors outside the USA in reliance on Regulation S.

The completion of the Retails Offering and the Institutional Offering are inter-conditional and subject to the minimal subscription as set out in Section 2.3.5 of this Prospectus.

The Retail Offering and the Institutional Offering shall be subject to the clawback and reallocation provisions set out in Section 2.3.6 of this Prospectus.

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2. PARTICULARS OF THE IPO (Cont'd)

2.3.5 Minimal Subscription

In order to comply with the public shareholding spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares to be subscribed by public investors will be at least 300,000,000 IPO Shares, being the number of Shares necessary to meet the minimum public shareholding spread required under the Listing Requirements.

The completion of the Retails Offering and the Institutional Offering are inter-conditional and subject to the occurrence of the minimal subscription as follow:-

- (a) full subscription of the 176,386,000 Public Issue Shares under the Public Issue; and
- (b) the subscription of at least 123,614,000 Offer Shares under the Offer for Sale.

The minimum subscription amount had been determined based on the minimum estimated level of funds to be raised from the IPO and the number of Shares required to meet the minimum public shareholding spread.

2.3.6 Clawback and Reallocation

Any of the IPO Shares not subscribed for under Section 2.3.3(b) above will be re-offered to the other eligible Directors, employees and business associates. Any of the re-offered IPO Shares which are not taken up will be made available for application by the Malaysian Public under Section 2.3.3(a)(ii).

The Retail Offering and the Institutional Offering shall be subject to the following clawback and reallocation provisions:-

- (a) If the IPO Shares available for application for Bumiputera investors approved by MITI (as set out in Section 2.3.4(a) above) are not fully taken up by the Bumiputera investors, such under-application IPO Shares shall be made available for application by Bumiputera investors under balloting (as set out in Section 2.3.3(a)(i) above). Any further under-application IPO Shares will be offered for application by Malaysian and foreign Institutional and selected investors (as set out in Section 2.3.4(b)) and/or balloting for Malaysian Public/Pink Form Allocation.
- (b) Subject to Section 2.3.6(a) above and in the event of an over-application in the Retail Offering and a corresponding under-application in the Institutional Offering (other than the offering for Bumiputera investors approved by MITI), the IPO Shares maybe clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (c) in the event of an under-application in the Retail Offering and there is a corresponding over-application in the Institutional Offering, the IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

The clawback and reallocation shall not apply in the event of over-application in both the Retail Offering and Institutional Offering.

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2. PARTICULARS OF THE IPO (Cont'd)**2.4 BASIS OF ARRIVING AT THE IPO PRICE****2.4.1 IPO Price**

The IPO Price was determined and agreed upon by us, the Offerors, the Adviser, Managing Underwriter, Joint Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers after taking into consideration, amongst others, the following factors:-

- (a) Our Group's operating and financial history and position as outlined in Section 4 and Section 10 of this Prospectus;
- (b) Our proforma consolidated NA as at 30 November 2009 of RM1.10 per Share based on the enlarged issued and paid-up share capital of 1,200,000,000 Shares;
- (c) Our price-earnings multiple of 15.9 times based on our fully diluted net EPS of 8.48 sen per Share for the FYE 30 June 2009, and our enlarged issued and paid-up share capital of 1,200,000,000 Shares upon Listing;
- (d) The future plans and prospects of our Group as set out in Sections 4.7 and 4.8 of this Prospectus;
- (e) The prevailing favourable outlook in the shipping and shipbuilding industry as listed in Section 5.2.4 of this Prospectus; and
- (f) Our competitive strengths as listed in Section 4.2.1 of this Prospectus.

The Final IPO Price, will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:-

- (a) the IPO Price of RM1.28 per Share; and
- (b) 95.0% of the Institutional Price,

subject to rounding to the nearest sen.

Prospective retail investors should be aware that the Final IPO Price will not, in any event, be higher than the Institutional Price nor lower than the par value of the Shares.

The Final IPO Price and the Institutional Price are expected to be announced within two (2) Market Days from the Price Determination Date in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia. In addition, all successful applicants will be given written notice of the Final IPO Price and the Institutional Price, together with the notices of allotment/transfer.

Applicants should also note that the market price of the Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares being traded.

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2. PARTICULARS OF THE IPO (Cont'd)

2.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares that they would be prepared to acquire and the price that they would be prepared to pay for the investment. This bookbuilding process starts on 2 June 2010 and will end on 10 June 2010, or such other dates as our Directors, our Offerors and the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers may mutually decide at their absolute discretion.

Upon the completion of the bookbuilding process, the Institutional Price will be fixed via agreement between our Company, our Offerors and the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers on the Price Determination Date.

2.4.3 Refund Mechanism

In the event that the Final IPO Price is lower than the IPO Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary mail to the address stated in the address last maintained by the applicants with the Bursa Depository or to the address as stated in Bursa Depository's records for applications made via the Electronic Shares Application and Internet Share Application, of the successful applicants, within ten (10) Market Days from the final ballot of the application, at the successful applicants' own risk.

2.5 MARKET CAPITALISATION UPON LISTING

Based on the IPO Price and our enlarged issued and paid-up share capital of 1,200,000,000 Shares, our market capitalisation upon Listing will be RM1.54 billion.

2.6 UTILISATION OF PROCEEDS

The Public Issue Shares will raise gross proceeds of approximately RM233.9 million. We intend to utilise the proceeds raised in the following manner:-

Description	Note	Estimated timeframe for utilisation upon Proposed Listing	Amount* (RM '000)
Part finance construction of an additional 7 vessels for shipping operations	(a)	Within 36 months	115,700
Part finance expansion of shipbuilding capacity and establishment of new shipbuilding facilities	(b)	Within 24 months	61,200
Working capital [#]	(c)	Within 6 months	49,021
Estimated listing expenses [#]	(d)	Immediate	8,000
Total proceeds			233,921

Notes:-

- * The total proceeds are calculated based on the following assumed issue prices:-
- For the 60,000,000 Public Issue Shares under Retail Offering : RM1.28; and
 - For the 116,386,000 Public Issue Shares under Institutional Offering : RM1.35

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

2. PARTICULARS OF THE IPO (Cont'd)

The actual proceeds accruing to our Company will depend on the Institutional Price and the Final IPO Price. If the actual proceeds are higher than budgeted above, the excess will be utilised for working capital purposes. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

(a) New Vessels for Shipping Operations

At present, our Group owns and operates a fleet of 245 vessels to support our shipping operations in Malaysia and the Middle East.

In line with our business expansion plans, our Group is planning to increase our fleet size by another 7 new vessels by the end of 2012. The remaining costs and expected timing for the delivery of the vessels are as follows:-

Vessels	% of completion as at LPD	Total costs incurred till LPD	Remaining costs to be incurred	Expected delivery
	(%)	(RM' 000)	(RM' 000)	(year)
<u>For Malaysia operations</u>				
▪ 4 units 128-metre tween deck cargo vessels of 13,500 DWT each	2 units at 60% - 65% completion and 2 units yet to commence construction	57,000	228,000	2010 - 2012
<u>For Middle East operations</u>				
▪ 2 units 50-metre AHTs	20% to 40% completion	6,400	52,000	2011
▪ 1 unit 37-metre AHT	80% completion	11,400	15,000	Third quarter 2010
Total		74,800	295,000	

All the above vessels will be constructed at our Group's shipyards in Sarawak. Our Group intends to utilise up to RM115.7 million of the proceeds from the Public Issue to part finance the construction of the above vessels. The balance of the capital commitments will be funded from borrowings and/or internally generated funds.

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2. PARTICULARS OF THE IPO (Cont'd)**(b) Expansion of Existing and New Shipbuilding Facilities****Expansion of existing Shipbuilding facilities**

Our Group intends to expand our shipbuilding facilities at Kuala Baram, Miri, Sarawak as follows:-

Expansion	Remaining cost to be incurred	Expected completion
	(RM'000)	(year)
<ul style="list-style-type: none"> Build and construct shipyard facilities, launching ways and a 282-metre jetty 	9,095	2011
<ul style="list-style-type: none"> Acquisition of 4 units of 100-tonne gantry cranes with 70 to 250 tonnes mobile cranes 	16,831	
<ul style="list-style-type: none"> Construct 2 shipbuilding bays (each 500-metre x 50 metre) with machinery and equipment 	15,549	
<ul style="list-style-type: none"> 4 shipyard buildings with 2 units of 10-tonne overhead cranes 	20,789	
Total	62,264	

Our Group intends to utilise up to RM16.2 million of the proceeds from the Public Issue to part finance this expansion. The balance of the capital commitments will be funded from internally generated funds and/or borrowings.

New Shipyard in RAK

At present, all our Group's shipbuilding operations are located in Sarawak. In line with the expansion of our Group's shipping operations in the Middle East and to leverage on our core competency in shipbuilding, we are expanding our operations in UAE by establishing ship repair and shipbuilding operations in RAK.

Our Group intends to set-up a shipbuilding facility in RAK to cater for new areas of growth and market expansion in the Middle East region. In July 2009, Shin Yang FZC signed a 25-year leasing agreement with the landowner for a total land area of approximately 60,000 m² with 300 metres berth. The land is located in Hulayla Industrial Park, RAK. Construction on the site had commenced in the third quarter of 2009 and is expected to commence operations by third quarter of 2010.

Our Group's new ship repair operations will enable us to provide routine maintenance and crucial repairs to our fleet of 54 vessels in the Middle East as well as other ship owners and operators in the Middle East region. The new shipbuilding operations in UAE will provide our Group with additional capacities to capture business opportunities and growth in the Middle East region.

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2. PARTICULARS OF THE IPO (Cont'd)

Total capital commitment for the establishment of this new shipyard in RAK is estimated to be approximately RM45 million as follows:-

Expansion	Remaining cost to be incurred	Expected completion
	(RM'000)	(year)
▪ Infrastructure and foundation works	15,798	Third quarter 2010
▪ Machinery and equipment	12,295	
▪ 5 units of 25 to 250-tonne cranes	10,000	
▪ Office building and workshops	6,920	
Total	45,013	

In addition, our total commitments for the leasing of the land for 25-years is approximately RM111.0 million.

Our Group intends to utilise up to RM45 million of the proceeds from the Public Issue to part finance this expansion. The balance of the capital commitments will be funded from internally generated funds and/or borrowings.

(c) Working Capital

An aggregate of RM49.0 million of the proceeds from the Public Issue will be utilised to meet part of our working capital requirements. It is estimated that 72% of these proceeds will be utilised for purchase of raw materials and parts while the remaining 22% and 6% of the proceeds will be utilised for the purchase of marine engines and equipment and for payments to sub-contractors respectively.

(d) Estimated Listing Expenses

The estimated listing expenses for the Listing to be borne by us are as follows:-

Expenses	RM'000
Fees to authorities	1,000
Professional fees ⁽¹⁾	2,200
Underwriting, placement and brokerage fees	4,100
Printing, advertising and other expenses in relation to Listing	700
Total	8,000

Note:-

(1) Includes fees for the Adviser, Reporting Accountants, Solicitors, Independent Business and Market Research Consultants, Valuers and other professional advisers, as well as the Issuing House

The Offer for Sale is expected to raise proceeds, based on an assumed offer price of RM1.35 per Share, of RM173.9 million. The entire proceeds of the Offer for Sale, net of estimated expenses of RM2.6 million, will accrue to the Offerors.

2. PARTICULARS OF THE IPO (Cont'd)

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

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

(a) Increase capacity and productivity

Our Group will use the proceeds to expand our current capabilities and capacity by increasing our fleet size as well as expanding our existing shipyards and operations. This will enhance our revenues as our business base expands over the next few years. These new business opportunities will give our Group added flexibility in terms of utilisation of our assets.

(b) Enhancement of capital structure

Shipping and shipbuilding is a capital intensive industry. At present, we are mainly relying on borrowings and internally generated funds to fund our operations. The proceeds from the Public Issue of RM176.9 million to part finance the construction of our new vessels and expansion of shipyards will enable us to reduce reliance of borrowings for our capital expenditure and interest saving of approximately RM11.5 million per annum.

With the enhanced working capital after the IPO, we will also have the flexibility to invest in new assets and projects as and when the opportunities arise.

2.8 BROKERAGE AND COMMISSIONS

We will pay the brokerage to be incurred on the sale of the 24,000,000 Public Issue Shares pursuant to the IPO under Section 2.3.3(a) at the rate of 1.00% of the IPO Price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH.

Our Joint Underwriters have agreed to underwrite the 60,000,000 IPO Shares under Section 2.3.3. We will pay our Joint Underwriters an underwriting commission at the rate of 1.50% of the value of the total underwritten 60,000,000 IPO Shares at the IPO Price.

Our Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers have agreed to place the IPO Shares set out in Section 2.3.4, which are reserved for selected investors. We will pay our Joint Bookrunners a placement fee at the rate of 1.50% of the value of up to the total of 245,186,000 IPO Shares at the Institutional Price to be placed out successfully by our Joint Bookrunners to the investors.

2.9 UNDERWRITING, LOCK-UP ARRANGEMENTS, PLACEMENT AND OVER-ALLOTMENT

2.9.1 Underwriting For Retail Offering

The Offerors and us have entered into the Underwriting Agreement with AmInvestment Bank (as Managing Underwriter and Joint Underwriter) and CIMB (as Joint Underwriter) for the underwriting of the 60,000,000 IPO Shares under the Retail Offering.

The salient clauses of the Underwriting Agreement, which may allow our Joint Underwriters to withdraw from their obligations under the agreement, as extracted from the Underwriting Agreement, are set out in Section 16.1 of this Prospectus.

All the Shares offered under the Institutional Offering will be sold via book-building exercise and have not been underwritten.

2. PARTICULARS OF THE IPO (Cont'd)

2.9.2 Lock-up Arrangements

The Offerors and us have agreed with the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers vide Lock-up Deeds for a lock-up arrangements during the period from the date of the Lock-up Deeds to the date falling 180 days from the date that our Shares admitted to the Official List of the Main Market of Bursa Securities. Further details of the lock-up arrangements are set out in Section 16.2 of this Prospectus.

2.9.3 Placement

The Offerors and us expect to enter into a Placement Agreement with the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers in relation to the Institutional Offering. The Offerors and us will be requested to give various representations, warranties and undertakings and provide an indemnity, subject to applicable law, against all claims, actions, enquiries, investigations, liabilities, demands, proceedings or judgements threatened, brought or established against certain parties including the Joint Global Co-ordinators, Joint Bookrunners and Joint Lead Managers under the Placement Agreement arising out of, among other things, untrue statements of a material fact in the Prospectus and other offering documents in relation to the Institutional Offering, any breach or failure by the Offerors or us to perform our obligations under the Placement Agreement or any breach of our respective warranties set out thereunder.

2.9.4 Over-allotment

The amount of the IPO Shares will not be increased by way of any over-allotment or "greenshoe" options.

2.10 DILUTION

Dilution is the amount of which the NA per Share immediately after the implementation of the Listing Scheme is less than the IPO Price. The proforma consolidated NA per Share as at 30 November 2009 (after the Acquisitions but before the Public Issue) based on the issued and paid-up share capital of 1,023,614,000 Shares before the IPO is RM1.07.

Save for our Shares issued to our existing shareholders pursuant to the Acquisitions at approximately RM1.01 per Share, none of our directors, key management, substantial shareholders or person connected to them had acquired any of our Shares in the past three (3) years prior to the date of this Prospectus.

The proforma consolidated NA of our Group as at 30 November 2009 will be increased to RM1.10 per Share based on the enlarged issued and paid-up capital of 1,200,000,000 Shares after the IPO.

As such, there will be no material dilution in the NA per Share to our existing shareholders and an immediate dilution in NA of 18 sen per Share to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	1.28
Proforma consolidated NA per Share as at 30 November 2009	1.07
Increase in proforma consolidated NA per Share contributed by new investors	0.03
Proforma consolidated NA per Share after the IPO	1.10
Dilution in NA per Share to new investors - amount	0.18
- %	14.1%

3. RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

3.1 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

(a) Business Risks

Our Group is subject to business risks common to the shipping and shipbuilding industries at large. This may include amongst others, changes in government policies, shortages in skilled workforce, fluctuations in demand for our products and services, changes in general economic, competitive conditions in the industry, business and credit conditions and other business risks common to going concerns.

The Executive Directors of our Group have in excess of twenty (20) years of relevant experience in the shipping and shipbuilding industries while the other key management and technical personnel of our Group have in excess of ten (10) years of relevant experience.

However, no assurance can be given that any changes in these factors would not have any material adverse impact on our Group's business and profitability.

(b) Arrest and Detention of Vessels

Arrest or detention of vessels can be initiated in certain events. Such events include, without limitation, where:-

- the ship owner defaults under any of the provisions of a mortgage;
- where the vessels should collide with and cause damage to other vessels or properties;
- should a claim for loss of life or personal injury involving the vessels arise;
- should there be claim arising from any agreement relating to the carriage of goods in the vessel or to the use or hire of the vessel;
- should there be any claim for loss or damage to goods carried in the vessels; or
- any claim in the nature of salvage, pilotage or any claim in respect of goods or materials supplied to the vessels for their operation or maintenance, et cetera.

Actions against such other vessels belonging to the owner who is also the owner of the vessel involved in such event when the action arose and when the action is commenced (Sister-ships actions), may also be taken.

Further, maritime liens may be claimed in some limited circumstances, such as unpaid seamen's wages, master's wages and disbursements, for salvage charges, bottomry (being the pledging of a ship as security for a loan) and repondentia (being a loan upon goods laden on board a ship). A maritime lien adheres to the vessel from the time the facts happened which gives rise to the maritime lien and continues to be binding on the vessel until it is discharged.

None of the Group's vessels had been arrested or detained in the past. Nevertheless, to mitigate the occurrence of such risks, our Group ensures proper maintenance of our vessels and prompt payment of our dues and also covers, as far as reasonably practicable, our vessels with protection and indemnity policies. Notwithstanding the above, there can be no assurance that our vessels may be involved in any incident giving rise to the above events or resulting in any arrests.

3. RISK FACTORS (Cont'd)

(c) Foreign Exchange Fluctuations

For the FYE 30 June 2009 and 5-month FPE 30 November 2009, approximately 24.7% and 19.5% of our sales and 54.9% and 31.6% of our total purchases are denominated in foreign currencies, which includes USD, JPY, SGD and AED. In addition, as set out in Section 10.5.3 of this Prospectus, as at LPD, our foreign currency borrowings amounted to approximately RM87.6 million, representing approximately 17.5% of our total borrowings.

In addition, since the financial statements of Shin Yang FZC and its subsidiaries and associates are denominated in AED, any significant fluctuation in the exchange rate between RM and AED may have an impact on our financial results upon consolidation.

For the FYE 30 June 2009 and 5-month FPE 30 November 2009, we reported a net gain on foreign exchange of approximately RM4.7 million and RM0.5 million respectively.

Accordingly, any significant fluctuations in exchange rates may have implications on our Group's revenue and profitability.

We maintain foreign currency accounts to off-set some of our purchases in foreign currency with some of our earnings in foreign currency to provide a certain degree of natural hedge. Our management may consider using certain hedging mechanism in the future when the need arises.

Notwithstanding the above, there can be no assurance that foreign currency fluctuations will not adversely affect our Group.

(d) Dependency on Imports for key materials and equipment for the construction of Vessels

The shipbuilding industry in Malaysia relies on imports on marine engines (mainly from Europe, Japan, China and USA) and imports of certain grades of steel plates, bars and other steel products (mainly from China, Singapore, Indonesia and Ukraine) as these are not manufactured in Malaysia. Any interruptions or delay in the supply of these critical components may disrupt the operations of the shipbuilding industry.

Nevertheless, the shipbuilding industry is not dependent on any individual country for the supply of steel as steel is a widely produced and traded commodity in the world.

Similarly, the shipping industry is not dependent on marine engine manufacturers located in any individual country as marine engines are available from a range of manufacturers located in a number of countries.

Our Group has not experienced any interruption to the supply for these key materials and equipment in the past. Nevertheless, there is no assurance that we will not experience disruption to the supply of these imports in the future or be able to source them at competitive pricing.

(e) Long Lead-Time for Marine Engines

During periods of high demand for construction of new vessels, there is a long lead-time for the delivery of marine engines. During such a period, it is common for the lead-time to be one (1) to two (2) years from orders being given to taking physical delivery of the engines.

The long lead-time gives rise to the risk of delays in completing the construction of vessels, which may incur holding costs/ penalty. In addition, there is a risk that shipbuilders may not be able to secure orders from customers who require delivery of vessels within a short timeframe.

3. RISK FACTORS (Cont'd)

In mitigation, we time the delivery of vessels to our customers after taking into consideration the lead-time for marine engines. In addition, in view of our economies of scale and financial strength, we may also purchase highly sought after engines and hold them as stock to cater for short lead-time orders.

(f) Political, Economic and Regulatory Considerations

Changes and developments in political, economic and regulatory conditions in Malaysia and the countries in which our Group operates could materially and/or adversely affect the profitability and business prospects of our Group and industry in which we operate. These uncertainties include, but are not limited to, the changes in political leadership, changes in investment policies and taxation, expropriation, nationalisation, changes in interest rates, changes in regulatory structure, risks of war and global economic downturn.

A prolonged and/or widespread economic downturn such as the current global financial crisis may negatively affect Malaysia and its key trading nations and may affect the demand for Malaysian exports, thus affecting demand for shipping services from Malaysia. In addition, uncertainty in the global economic environment may cause some businesses to curtail or eliminate spending on new vessels.

Although our Group practices efficient operating procedures and prudent financial management, there can be no assurance that adverse political and economic developments, which are beyond our Group's control, will not materially affect the performance of our Group or the industry as a whole.

(g) Material Litigation, Claim or Arbitration

As at LPD, our Group is not engaged in any material litigation, claim and arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect our position of business or the position or business of our subsidiaries.

However, there can be no assurance that there would be no proceedings in the future that could adversely affect the positions or business of our Group.

(h) Pirate Attacks

Merchant vessels run the risk of being targeted by pirates during a voyage, especially for vessels that carry expensive and large amounts of goods.

According to the International Maritime Bureau, global pirate attacks worldwide in 2009 have already exceeded the number of attacks recorded in 2008. Nevertheless, despite the increased number of attacks, the rate of successful hijackings has decreased from one in six vessels in 2008 to one in nine vessels in 2009 (*Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor*).

Shipping operators who operate outside the piracy prone areas can minimise the risk of being attacked. In the case of a pirate attack, shipping operators that have insurance coverage maybe compensated for part of their losses. In addition, shipping operators who have on board security team and adopt the necessary anti-piracy measures are more likely to fend off a pirate attack.

Our Group has not encountered any pirate attacks on our vessels in the past and is insured against losses incurred in the event of pirate attacks.

3. RISK FACTORS (Cont'd)

3.2 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

(a) Increased Competition

The shipping and shipbuilding industries are competitive, with both local and foreign players operating in the Malaysian market. These players range from large multinational companies to local small and medium enterprises. It is estimated that there are approximately 200 companies registered with the Malaysia Shipowners' Association, of which, many are shipping operators and approximately 70 shipyards in Malaysia (*Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor*).

Competitive factors include prompt delivery, established track record, financial strength and reputation, technical capability, price and quality of services as well as the quality and availability of vessels.

While competition is expected to remain stiff, the threat from potential new entrants is relatively low due to the high barriers of entry inherent in the industry, such as high capital costs, extensive licensing requirements, proven track record of established market players and the complexity of the business.

Our Group will rely on our competitive advantages to continue to improve our efficiency and reliability of our services, implement stringent costs and quality control and broaden our market reach in both local and overseas markets to remain competitive in the market.

(b) Fluctuating Price of Steel

Steel is a major cost component in the construction of a vessel and may constitute 20% to 30% of the total costs of a vessel depending on the type of vessel (except for barges which may constitute up to 90% of its total costs). For the FYE 30 June 2009, purchases of steel constitutes approximately 18% of our total purchases for the year.

A higher steel price will ultimately impact on the final price of completed vessels, making them less affordable thus resulting in a reduction in demand. A fluctuating steel price would make accurate pricing difficult. Shipbuilders may be uncompetitive if their prices are too high or may obtain a low profit margin if their prices are too low.

Steel is a widely traded commodity and any increase or fluctuation in the price of steel will affect the shipbuilding industry. Hence, no shipbuilder will have a sustainable advantage over other shipbuilders.

Our Group endeavours to mitigate the fluctuation of the price of steel on our profitability by locking in the pricing of steel upon securing orders for the construction of vessels.

(c) Risk of Delay in Delivery of Vessel

The building of a vessel is a complex undertaking that requires, amongst others, extensive technical capability, skills and know-how, forward logistical planning for timely delivery of raw materials and key building blocks. Any unplanned delays arising from these and other factors may potentially affect the completion date for the vessel and affect the timing for the delivery of the vessel to the ship-owner.

The risk of a project exceeding its estimated time of completion gives rise to potential legal actions for breach of contract and may potentially damage the reputation of the shipbuilder.

3. RISK FACTORS (Cont'd)

Our management stresses the importance of a detailed planning and workflow plan and securing materials/components in adequate quantities to ensure timely delivery. There have been no major delay in the delivery of vessels by our shipyards in the past due to delay on our part.

In view of the current strong demand for equipment and parts from suppliers, our Group has taken adequate job planning measures (from our shipyards assessment) and even placed orders up to three (3) years in advance for key machineries and equipment. In addition, our Group also maintains a diversified group of suppliers to reduce any dependency on a single supplier.

(d) Increase in Bunker Costs

Bunker (i.e. fuels for vessels) is a major component of the costs for shipping operations. The costs of bunker is directly affected by the fluctuation in price of crude oil. Any increase in bunker costs would increase the operating costs for vessels and accordingly, affect the financial performance of shipping operators.

For the FYE 30 June 2009 and 5-month FPE 30 November 2009, our total bunker costs amounted to approximately RM123.8 million and RM40.1 million, representing approximately 24% and 21% of the total costs of sales of our operations respectively.

Where possible, such increase in bunker costs are factored into our freight charges chargeable to our customers. Nevertheless, there is no assurance that our Group will be able to fully mitigate the impact of increase in bunker costs on our profitability.

(e) Transactions with Shin Yang Holding Group

As set out in Section 4.5 of this Prospectus, for the FYE 30 June 2009 and 5-month FPE 30 November 2009, Shin Yang Holding Group contributed approximately 31.5% and 30.6% to our Group's turnover respectively. Accordingly, Shin Yang Holding Group are our major customers. Further details of our transactions with Shin Yang Holding Group are set out in Section 8.1 of this Prospectus.

Shin Yang Holding Group operates one of the leading plywood production facilities in Malaysia and their products are mainly exported to Japan, Korea, Taiwan, Vietnam, Thailand, Philippines, China, India, Australia and USA.

In exporting their timber and wood-based products, Shin Yang Holding Group strategically arranges with their overseas customers for the sale of its products based on Cost and Freight (CnF) terms to enable Shin Yang Holding Group to ally with our Group to provide competitive and timely shipping services. For the 5-month FPE 30 November 2009 and FYE 30 June 2009, it is estimated that approximately 60% of the total international freight requirements of Shin Yang Holding Group were provided by us while the remaining 40% were provided by third-party shipping operators respectively.

Over the past few years, we have undertaken various steps to expand our customers base including the expansion of our shipping operations to the Middle East and venturing into new international destinations. In addition, our shipbuilding operations are also focusing on the construction of oil and gas support vessels for third parties. As a result, the percentage of contribution from Shin Yang Holding Group had reduced from 41.0% to 33.7% to 31.5% and further to 30.6% over the past three (3) FYE 30 June 2009 and 5-month FPE 30 November 2009 respectively. With the expansion of our shipping operations in the Middle East, expansion of shipbuilding operations in Malaysia and RAK as set out in Section 4.7 of this Prospectus, it is envisaged that the percentage of contribution from Shin Yang Holding Group to our Group's turnover may be further reduced in the future.

3. RISK FACTORS (Cont'd)

Our Board has confirmed that all transactions with Shin Yang Holding Group are entered into on an arm's-length basis and on normal commercial terms and are not unfavourable to the Group.

(f) Dependence on Directors, Key Personnel and Skilled Workforce

We believe our continued success will depend, to a significant extent, on our abilities and efforts to attract and retain specialised and skilled personnel.

To date, our Group has been guided by our experienced Directors and managed by a team of qualified key personnel who have extensive knowledge and experience in the shipbuilding and shipping industries. If we lose a significant number of directors or members of our senior management and/or are unable to recruit a new group of skilled workforce, this will impact our Group's future prospects.

In this regard, our Directors presently have in place, human resource strategies which include providing competitive and performance-based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. However, we cannot provide any assurance that the above measures will be successful in attracting and retaining key personnel or ensuring a smooth transition should changes occur.

(g) Insurance Coverage

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could potentially cripple our business operations. In ensuring such risks are maintained to the minimum, our Group has taken the necessary measures to ensure that our critical business operations, vessels and equipment are covered by insurance.

Nevertheless, there can be no assurance that the insurance coverage will be adequate to prevent disruption of business operations and / or to compensate us for the replacement costs of the equipment / vessels and other assets of our Group, or any consequential cost arising therefrom.

(h) Funding Calls by Protection and Indemnity ("P&I") Club

Ship owners are indemnified for legal liabilities incurred while operating their vessels through membership in P&I Clubs. P&I Clubs are mutual insurance clubs whose members must contribute to cover losses sustained by other club members. The objective of a P&I Club is to provide mutual coverage based on the aggregate tonnage of a member's vessels entered into the club. Claims are paid through the aggregate premia of all members, although members are subject to calls for additional funds if the aggregate premia are insufficient to cover claims submitted to the club. There is a risk, albeit slim, that the P&I Club in which we are a member will call for additional funds from its members. Such calls might have an impact on our profitability. For the FYE 30 June 2009 and 5-month FPE 30 November 2009, the yearly premium paid by our Group to the P&I Club was approximately RM7.0 million and RM4.3 million respectively.

Due to the nature of the industry, our Board believes that the risk of calls (if any) is justified if it is weighted against self-insurance.

3. RISK FACTORS (Cont'd)

(i) Operational, Health and Safety Risks

The shipping industry is highly regulated due to the numerous risks inherent in the industry. As inherent in the business of shipping operation, players face the risks of damage to and / or loss of vessels, interruptions to operations due to adverse weather conditions and mechanical failures.

To address these risks, our Group has established a safety policy that sets out the safety measures that must be strictly adhered to by our management and employees.

Our Directors believe that these risks are mitigated through the periodic audits of our health and safety procedures and practices, drills, continuous health and safety meetings and reviews, training and other measures. While our Group places heavy emphasis on health and safety throughout all levels of our operations and undertakes continuous health and safety training for our employees, there is no assurance that incidents and damages will not occur.

Our Directors will use their best endeavours to ensure that an adequate level of insurance coverage against such risks is maintained. Notwithstanding the above, no assurance can be given that any insurance coverage arranged will be adequate and available to cover all and any claims arising therefrom.

(j) Regulatory Compliance

The shipping industry is highly regulated and it is governed by various rules and regulations by the Malaysian Government and international conventions. These include the following:-

- **Merchant Shipping Ordinance 1952 and Domestic Shipping Licensing Board**

Unless exempted, every Malaysian ship has to be registered under the Ordinance and any ship that engages in domestic shipping must obtain a licence from the Domestic Shipping Licensing Board.

- **Conventions of International Maritime Organisation**

The Malaysian Government is a contracting party of the conventions adopted by the International Maritime Organisation and as such certain international certificates are pre-requisite for all Malaysian ships going on an international voyage.

Accordingly, Malaysian ships operating in international waters are required to comply with the following:-

- The International Code for the Security of Ships and of Port Facilities (ISS C) to certify that the security system and associated security equipment complies with the Code.
- Safety Management Certificate issued under the International Convention for the Safety of Life at Sea, 1974 as amended which certifies that the ship has been audited and that it complies with the requirements of the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code)

Non-compliance with any of these regulations may result in vessels being detained at ports, the shipping operators being fined or denied entry to the port of call.

Accordingly, the introduction of new rules and regulations both locally or internationally will result in additional operating costs for ensuring compliance.

3. RISK FACTORS (Cont'd)

Our Group has been involved in the shipping operation for over twenty (20) years and has the necessary expertise and experience to ensure our vessels are in compliance with the relevant rules and regulations.

We believe that our shipbuilding and ship repair operations are in compliance with the relevant environmental legislation governing activities within Malaysia such as the Environmental Quality Act, 1974 and the Natural Resources and Environment Ordinance, Cap. 84 (1958 Edition). Nevertheless, there is a possibility that the Government may change its regulations with regards to environmental matters in the future which would require our Group to modify our facilities or incur expenses that could have an effect on our Group's operating results.

3.3 OTHER RISKS RELATING TO INVESTING IN OUR SHARES**(a) There is no prior market for our Shares, and an active market for our Shares may not develop after Listing**

Prior to this IPO, there has been no public market for our Shares. There can be no assurance that an active and liquid market for our Shares will develop and continue to develop upon or subsequent to our Listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price has been determined after taking into consideration a number of factors as stated in Section 2.4 of this Prospectus. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

(b) Capital Market Risks

The performance of the local bourse is very much dependent on 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 sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price, which may already fluctuate significantly and rapidly as a result, inter alia, of the following factors:-

- differences between our Group's actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume
- changes in our Group's operating results;
- changes in securities analysts' estimates of our Group's financial performance and recommendations;
- change in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of the other securities listed on Bursa Securities.

3. RISK FACTORS (Cont'd)

(c) Dividends to our Shareholders

Our Company is principally an investment holding company and the core operations of our Group are carried out through our subsidiaries and associates. Therefore, our Company's major source of income comprises dividends and other distributions received from our subsidiaries and associates.

Our ability to pay dividends or make other distributions to our shareholders is dependent on several factors such as our Group's operating results, availability of tax credits and profits, our required and expected return on equity, our projected levels of capital expenditure and other investment plans, potential covenants in our future loan agreements, the prevailing interest rates and yields of the financial market and the level of our cash, marketable financial assets and level of indebtedness.

(d) Control by our Promoters

Upon Listing, as set out in Section 2.3.2 of this Prospectus, our Promoters, Directors and person connected to them will collectively hold approximately 74.6% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

As a step towards good corporate governance and greater corporate transparency, we have appointed two (2) Independent Directors and set up an Audit Committee to ensure that, *inter-alia*, all transactions involving related parties are entered into on an arm's-length basis, or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of our minority shareholders.

(e) Future Fund-raisings may Dilute Shareholders' Equity / Future Covenants Restricting our Operations

Whilst we have identified our future plan as set out in Section 4.7 of this Prospectus as avenue to expand our operations, the proceeds from the Public Issue may not be sufficient to fully cover the estimated costs of implementing these future plans. As at LPD, our Board estimated that our total capital commitment to carry out all our future plans over the next three (3) years will amount to approximately RM385 million.

Our future capital requirements are dependent on, amongst others, the scale of our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our production facilities and vessels. In addition, we may also require additional capital expenditure for viable mergers and acquisitions or investments that cannot be predicted as this juncture.

Thus, under such circumstances, additional issuance of Shares subsequent to the Public Issue may be necessary to raise the required capital to fund these capital expenditures.

An issue of Shares or other securities to raise funds will dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by our shareholders. Further, in the event the additional Shares were issued at an issue price below the then prevailing market price, the value of Shares then held by investors will be affected. Dilution in shareholders' equity interest may occur even if the issue of Shares is at a premium to the market price.

3. RISK FACTORS (Cont'd)

In addition, any additional debt funding would increase our gearing ratio and may restrict our freedom to operate our business as it may have conditions that:-

- (i) limit our ability to pay dividends or require us to seek consents for the payments of dividends;
- (ii) increase our vulnerability to general adverse economic and industry conditions;
- (iii) require us to dedicate a portion of our cash flow from operations to repay our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (iv) limit our feasibility in planning for, or reacting to, changes in our businesses to the industry.

We practice prudent financial management to monitor our capital expenditure requirements, cash flow position, gearing level at a manageable level to ensure minimal disruption to our expansion plans. Nevertheless, if we fail in obtaining more funds to meet requirements for our business, merger and acquisition plans or investments, we may be unable to implement future plans that are essential to our continued growth.

(f) Forwarding Looking Statements

Certain information in this Prospectus is based on the historical experience of our Group and may not be reflective of future results. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying these information should be carefully considered by the investors and should not be regarded as a representation by our Group and our advisers that the objectives and the future plans of our Group will be achieved. Any differences in the expectation of our Group from our actual performance may result in our Group's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

(g) Failure/ Delay in the Listing

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our listing or our Listing to be aborted:-

- (i) the identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (ii) the Joint Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;
- (iii) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iv) we are unable to obtain permission from Bursa Securities for our admission to the official List and for the quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

In such an event, our Board will endeavour to take the necessary steps in the best interests of the shareholders as well as the economic conditions at that point in time, including, subject to restrictions set out in Section 3.3 (h) below, return in full without interest, all monies paid in respect of any Applications accepted.

3. RISK FACTORS (Cont'd)

Our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

(h) Delay between Admission and trading of the IPO Shares

After the IPO Shares have been allotted and/or allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least two (2) clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of IPO Shares from us in the event the Admission and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of either a repurchase by us of those Shares at the IPO price, or by way of a reduction of our share capital.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time, or at all. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have materially adverse effect on the value of our Shares.

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4. INFORMATION ON OUR GROUP

4.1 BACKGROUND INFORMATION

4.1.1 History of our Group

We were incorporated in Malaysia under the Act on 15 September 2004 as a private limited company under the name of Shin Yang Shipping Corporation Sdn Bhd. Subsequently, we were converted to a public limited company and assumed our present name on 20 November 2009.

Our subsidiaries and associated companies are principally involved in the provision of domestic and international shipping services with a fleet of 245 vessels. We are also one of the leading shipbuilders in Malaysia. In addition, our ancillary services include the provision of ship repair and fabrication of metal structures.

Datuk Ling Chiong Ho is the founder of our Group. Since the commencement of the shipping and shipbuilding operations, Datuk Ling has been instrumental in the success, growth and development of our Group.

The developments of our businesses and the current scale of our operations are summarised in the table below:-

<i>Domestic Shipping</i>	<i>Shipbuilding and Ship repair</i>	<i>International Shipping</i>	<i>Middle East Shipping</i>
Commenced in 1983	Commenced in 1986	Commenced in 1995	Commenced in 2006
<ul style="list-style-type: none"> • 149 vessels • Plying in the coastal and regional waters of Malaysia 	<ul style="list-style-type: none"> • 3 shipyards in Miri, Sarawak and 1 shipyard in Bintulu, Sarawak with a total land area of 266 acres • 1 new shipyard in UAE (15 acres) to be operational by 2010 • 214 acres of land in Tanjung Manis, Sarawak for future expansion 	<ul style="list-style-type: none"> • 42 vessels • Call at various ports in Japan, China, South East Asia, Korea, Hong Kong, Taiwan, India, Russia, Papua New Guinea and others 	<ul style="list-style-type: none"> • 54 vessels • Operates in major port destinations which include ports in UAE, Saudi Arabia, Qatar, Bahrain, Oman and others

Our Shipping Operations

The history of our business can be traced back to 1983 when Shin Yang Sdn Bhd was incorporated as a logging company with shipping actives and had its own wooden tugboats and barges. In 1990, Shin Yang Shipping was incorporated to take over the entire shipping operations of Shin Yang Sdn Bhd.



In 1994, we expanded our business into cargo shipping operations, focusing on bulk cargo and in 1995, Shinline started dry bulk cargo shipping namely transportation of logs to China and Japan.

4. INFORMATION ON OUR GROUP (Cont'd)

In 2000, Thailine commenced its shipping operations primarily plying on international routes. Thailine was previously known as Sarion Shipping Sdn Bhd, which commenced operations in 1985 and its initial business activities was focused on transporting cargo using tugboats and barges. The company changed its name to Piasau Shipping Sdn Bhd in 1991 and subsequently changed its name to Thailine in 2000.

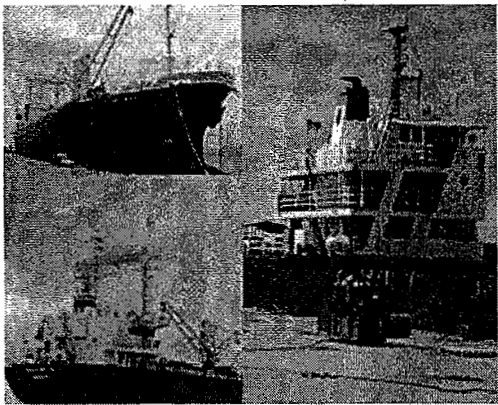
In 2001, Shinline was accredited with 'International Safety Management Code for the Safe Operation of Ships and Pollution Prevention' under the category of 'Cargo Ships' by the Surveyor General of Ships, Government of Malaysia.

In 2004, we incorporated Danum Shipping as a shipping company. The company commenced operations in 2006 and is primarily focused on international shipping of chemicals.

As part of our geographic expansion plans, we ventured into the Middle East market to undertake shipping activities through Deena LLC in 2006. In the same year, Shin Yang FZC was incorporated in RAK as an investment holding company.

In 2007, we further incorporated Al Ghaith LLC and Marsol LLC, and in 2008, Trelco FZC. All three companies were incorporated in RAK, principally to address opportunities in the shipping industry in the Middle East. These shipping companies have been focusing on the transportation of aggregates, block stones and rocks in the Middle East.

As at LPD, our shipping operations in Malaysia and the Middle East were supported by our own fleet of 245 vessels with a total GRT of approximately 300,000 tonnes comprising the following:-



Type of vessels	Length of vessel (metres)	Total tonnage (GRT)	Domestic Shipping	International Shipping	Middle East Shipping	Total
Tugboats	13 - 35	15,605	70*	10	28	108
Barges	29 - 111	192,701	73	6	26	105
Cargo vessels	17 - 107	73,570	-	18	-	18
Landing crafts	47 - 95	14,344	-	6	-	6
Oil Tankers (small-scale)	19 - 31	189	3	-	-	3
Container vessels	79	5,124	1	1	-	2
Crew boats	18 - 30	165	2^	-	-	2
Chemical vessel	73	1,702	-	1	-	1
TOTAL		303,400	149	42	54	245

Notes:-

* 1 unit currently under repair

^ Currently under repair for improvement modification

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4. INFORMATION ON OUR GROUP (Cont'd)

Our shipping operations in the Middle East received the following awards and recognitions including:-

- ☑ 'Ship management company for 50 units of tugs and barges of 200,000 DWT' by the Consulate General of Malaysia in Dubai, UAE in 2008;
- ☑ 'Safety at sea for maritime operations for tug and barge (safe-life, safe environment and safe operations) by Maritime Consultant & Expert (IFSMA), UAE in 2008;
- ☑ 'The most prestigious Middle East shipping company' award in the Gulf for 'Tug and Barge division' by Det Norske Veritas in Dubai, UAE in 2007 and 2008.

Our Shipbuilding Operations

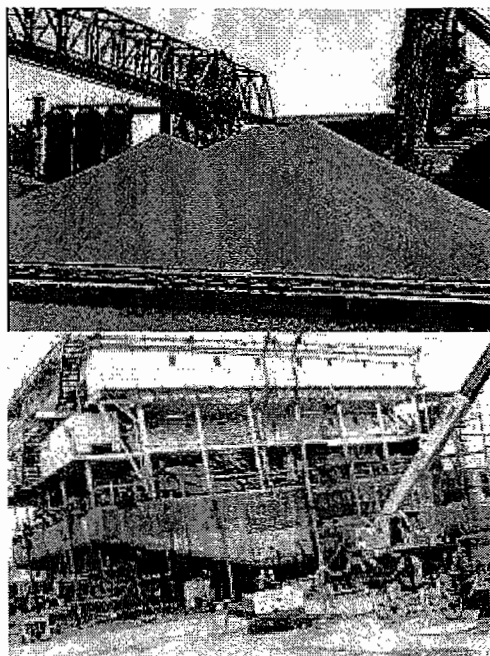
As part of our Group's intention to expand into the shipbuilding business, we acquired a company involved in shipbuilding and ship repairing to service our shipping fleet and commenced ship repair operations under the company name of Piasau Slipways in 1986. In 1989, Piasau Slipways expanded into shipbuilding operations and built our first tugboat.

In 1993, we acquired a ship repair company namely Shipyard Services Sdn Bhd, which is involved in the provision of ship repairing services. In 1999, the company expanded into shipbuilding activities and subsequently changed its name to Shin Yang Shipyard in 2000. To-date, Shin Yang Shipyard operates on approximately 230 acres of shipbuilding yards in Kuala Baram, Miri, Sarawak. Shin Yang Shipyard currently has the facilities and capabilities to construct larger vessels ranging from 7,000 up to 15,000 DWT.

In 1995, we relocated our Piasau Slipways' shipbuilding operations to Kuala Baram, Miri, Sarawak with a total land area of 18 acres for shipbuilding yard facilities to undertake shipbuilding, ship repairing as well as fabrication of metal structures. Through Piasau Slipways, we have the capabilities and facilities to construct vessels up to 7,000 DWT.

In 1998, we made our first export sales to Qatar, which was a landing craft constructed by Piasau Slipways for the oil and gas industry. Our shipbuilding sales have extended to other overseas countries such as Singapore, Thailand, Vietnam, Indonesia, Brunei, Australia, India, Netherlands, Scotland, New Caledonia, Australia, UAE, Egypt and Bahrain

As part of our emphasis on quality, our subsidiaries, Shin Yang Shipyard and Piasau Slipways received ISO 9001:2000 certification on 24 January 2003.



In 2007, we embarked on the following expansion plans:-

- ☑ Shin Yang Shipyard started its shipbuilding activities on the second shipyard facility, namely, Shin Yang Shipyard 2 in Kuala Baram with a land area of approximately 193.3 acres;
- ☑ We secured a piece of land in Tanjung Manis, Sarawak with a total land area of approximately 214 acres for long term business expansion. At this juncture, we have not formulated any expansion plan for this piece of land;

4. INFORMATION ON OUR GROUP (Cont'd)

- ☑ Piasau Slipways commenced construction of an additional new shipyard facility located in Bintulu, Sarawak with a total land area of approximately 17.3 acres; and
- ☑ We successfully constructed and launched our largest container vessel with a capacity of 387 TEU.

In 2007, Shin Yang Shipyard received 'Lloyd's List Shipbuilding Asia Award 2007 - Finalist', which was issued by Lloyd's Register, United Kingdom.

In 2008, Shin Yang Shipyard commenced construction of 2 units of a total of 4 tween deck 128-metre general cargo vessels of 13,500 DWT each. These new vessels will be used for our shipping operations on international routes.

In July 2009, Shin Yang FZC signed a leasing agreement with the landowner for a total land area of approximately 60,000 m² with 300 metres berth in Hulayla Industrial Park, RAK to establish its ship repairing and shipbuilding operations in the Middle East.

In May 2010, our Bintulu shipyard facility commenced operations.

Through our subsidiary companies, we are also a member of the following associations:-

- ☑ Piasau Slipways, has been an associate member of Association of Marine Industries of Malaysia since 1999;
- ☑ Shin Yang Shipyard, has been a member of Association of Marine Industries of Malaysia since 2002; and
- ☑ Shin Yang Shipping, has been a registered member of Malaysia Shipowners' Association since 2003.

Over the past five (5) years, we have constructed a total of 111 vessels with a total contract value of over RM1.0 billion. As at LPD, our outstanding book orders for shipbuilding operations was approximately RM144.5 million for 9 units of vessels.

Since 1983, we have made a concerted effort to develop our shipping and shipbuilding businesses and have successfully established ourselves as a premier shipbuilder, metal structure fabricator, and a one-stop shipping and ship repair and maintenance service provider in Malaysia.

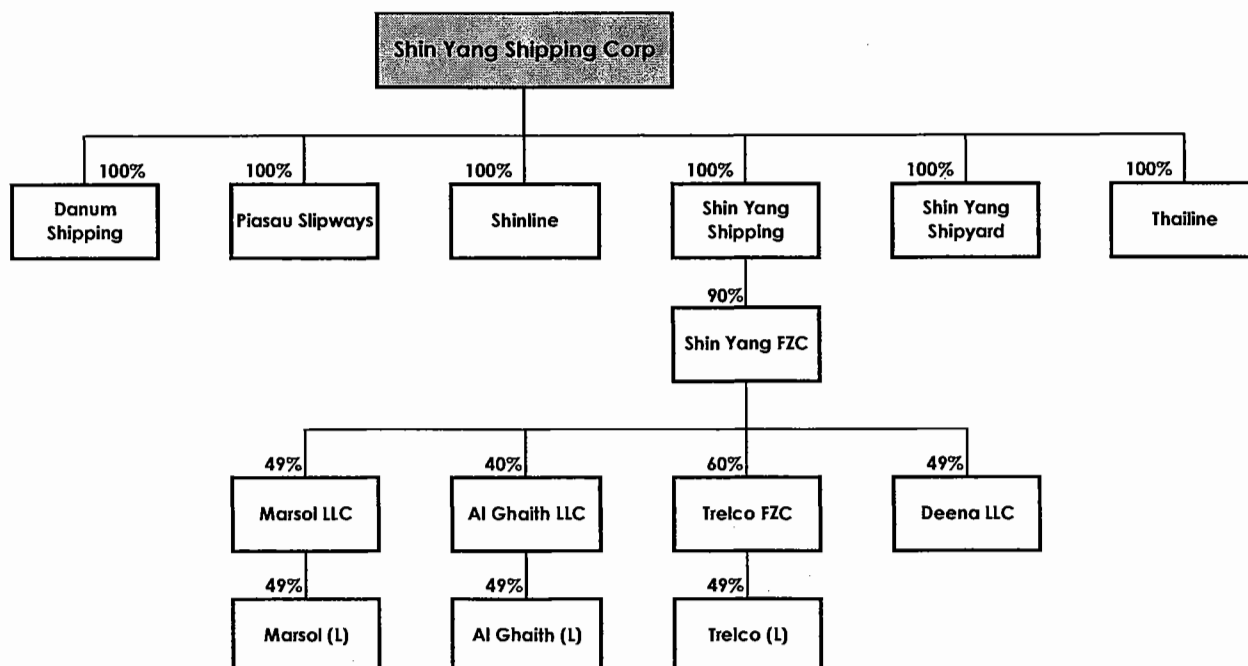
In 2009, we ranked **first** in Malaysia based on the number of vessels owned and used for transportation of goods for third parties and ranked **third** in Malaysia based on total GRT of all vessels owned and used for transportation of goods for third parties. In 2008, we ranked **top two** among operators in the shipbuilding industry in Malaysia based on revenue from shipbuilding activities. (*Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor*).

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4. INFORMATION ON OUR GROUP (Cont'd)

4.1.2 Group Structure

As at LPD, our corporate structure is as follows:-



Our subsidiaries and associated companies and their respective principal activities are as follows:-

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest (%)	Principal Activities
Danum Shipping	28 October 2004 / Malaysia	RM1,000,000	100.0	International shipping operations for liquid chemical products
Piasau Slipways	17 October 1977 / Malaysia	RM4,000,000	100.0	Shipbuilding and ship repairing, and fabrication of metal structures
Shinline	19 August 1994 / Malaysia	RM15,900,000	100.0	International shipping operations
Shin Yang Shipping	31 March 1990 / Malaysia	RM10,000,000	100.0	Domestic and regional shipping operations
Shin Yang Shipyard	14 February 1980 / Malaysia	RM20,100,000	100.0	Shipbuilding and ship repairing, and fabrication of metal structures
Thailine	17 January 1984 / Malaysia	RM4,000,000	100.0	International shipping operations
<u>Subsidiary of Shin Yang Shipping</u>				
Shin Yang FZC	19 September 2006 / UAE	AED4,000,000	90.0	Investment holding
<u>Subsidiary of Shin Yang FZC</u>				
Trelco FZC	25 February 2008 / UAE	AED1,000,000	60.0	Shipping operations in Middle East

4. INFORMATION ON OUR GROUP (Cont'd)

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest	Principal Activities
<u>Associates of Shin Yang FZC</u>				
Marsol LLC	2 April 2007 / UAE	AED4,000,000	49.0	Shipping operations in Middle East
Al Ghaith LLC	7 January 2007 / UAE	AED1,000,000	40.0	Shipping operations in Middle East
Deena LLC	18 January 2006 / UAE	AED1,000,000	49.0	Shipping operations in Middle East
<u>Associate of Marsol LLC</u>				
Marsol (L)	6 August 2007 / Malaysia	USD2,050	49.0	Registered owner of vessels
<u>Associate of Al Ghaith LLC</u>				
Al Ghaith (L)	6 August 2007 / Malaysia	USD2,050	49.0	Registered owner of vessels
<u>Associate of Trelco FZC</u>				
Trelco (L)	22 October 2008 / Malaysia	USD2,000	49.0	Registered owner of vessels

Our Group has not and is not under any bankruptcy, receivership or similar proceedings.

4.1.3 Share Capital and Changes in Share Capital

Our present authorised share capital is RM3,000,000,000 comprising 3,000,000,000 Shares, of which RM1,023,614,000 comprising 1,023,614,000 Shares have been issued and fully paid-up.

Details of the changes in our issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
15.09.2004	2	1.00	Cash	2
31.03.2010	1,023,613,998	1.00	Issued as considerations for the Acquisitions	1,023,614,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Shin Yang Shipping Corp.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.1.4 Listing Scheme**

In conjunction with, and as an integral part of the listing and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, we undertook the Listing Scheme, which involves the following exercises:-

(a) Acquisitions

The Acquisitions entail the acquisitions of the entire issued and paid-up share capital of Danum Shipping, Shin Yang Shipping, Piasau Slipways, Shinline, Shin Yang Shipyard and Thailine for an aggregate purchase consideration of RM1,033,659,761 via the issuance of 1,023,613,998 Shares in the Company.

Acquisition of Danum Shipping

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Danum Shipping comprising 1,000,000 Shares for a purchase consideration of RM5,578,316 satisfied via the issuance of 5,524,000 new Shares in Shin Yang Shipping Corp to the respective vendors of Danum Shipping at an issue price of approximately RM1.01 per Share, in the following manner:-

Name of Vendors	Shareholdings in Danum Shipping		No. of Shares issued as consideration
	No. of Shares	%	
Datuk Ling Chiong Ho	112,000	11.20	618,688
Ling Chiong Pin	112,000	11.20	618,688
Ling Chiong Sing	112,000	11.20	618,688
Ling Chiong Sieng	64,000	6.40	353,536
Shin Yang Holding	600,000	60.00	3,314,400
Total	1,000,000	100.00	5,524,000

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	3,325,600
Revaluation surplus from revaluation of vessels	2,252,716
Purchase consideration	5,578,316

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4. INFORMATION ON OUR GROUP (Cont'd)***Acquisition of Shin Yang Shipping***

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Shin Yang Shipping comprising 10,000,000 Shares for a purchase consideration of RM532,669,894 satisfied via the issuance of 527,493,999 new Shares in Shin Yang Shipping Corp to the respective vendors of Shin Yang Shipping at an issue price of approximately RM1.01 per Share, in the following manner:-

Name of Vendors	Shareholdings in Shin Yang Shipping		No. of Shares issued as consideration
	No. of Shares	%	
Datuk Ling Chiong Ho	560,000	5.60	29,539,664
Ling Chiong Pin	560,000	5.60	29,539,664
Ling Chiong Sing	560,000	5.60	29,539,664
Ling Chiong Sieng	320,000	3.20	16,879,808
Ling Siew Ting	541,926	5.42	28,586,271
Ling Siu Chuo	812,889	8.13	42,879,407
Shin Yang Holding	6,645,185	66.45	350,529,521
Total	10,000,000	100.00	527,493,999

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	203,335,176
Revaluation surplus from revaluation of vessels	324,334,718
Allotment of Shares on 30 November 2009	5,000,000
Purchase consideration	532,669,894

Acquisition of Piasau Slipways

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Piasau Slipways comprising 4,000,000 Shares for a purchase consideration of RM73,099,874 satisfied via the issuance of 72,389,000 new Shares in Shin Yang Shipping Corp to the respective vendors of Piasau Slipways at an issue price of approximately RM1.01 per Share, in the following manner:-

Name of Vendors	Shareholdings in Piasau Slipways		No. of Shares issued as consideration
	No. of Shares	%	
Datuk Ling Chiong Ho	250,000	6.25	4,524,313
Ling Chiong Pin	250,000	6.25	4,524,313
Ling Chiong Sing	250,000	6.25	4,524,313
Ling Chiong Sieng	250,000	6.25	4,524,313
Shin Yang Holding	3,000,000	75.00	54,291,748
Total	4,000,000	100.00	72,389,000

4. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	51,947,856
Revaluation surplus from revaluation of landed properties	18,152,018
Allotment of Shares on 30 November 2009	3,000,000
Purchase consideration	73,099,874

Acquisition of Shinline

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Shinline comprising 15,900,000 Shares for a purchase consideration of RM93,262,242 satisfied via the issuance of 92,355,999 new Shares in Shin Yang Shipping Corp to the respective vendors of Shinline at an issue price of approximately RM1.01 per Share, in the following manner:-

Name of Vendors	Shareholdings in Shinline		No. of Shares issued as consideration
	No. of Shares	%	
Datuk Ling Chiong Ho	1,000,000	6.29	5,808,553
Ling Chiong Pin	1,000,000	6.29	5,808,553
Ling Chiong Sing	1,000,000	6.29	5,808,553
Ling Chiong Sieng	1,000,000	6.29	5,808,553
Shin Yang Holding	11,900,000	74.84	69,121,787
Total	15,900,000	100.00	92,355,999

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	33,872,862
Revaluation surplus from revaluation of vessels	47,489,380
Allotment of Shares on 30 November 2009	11,900,000
Purchase consideration	93,262,242

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4. INFORMATION ON OUR GROUP (Cont'd)***Acquisition of Shin Yang Shipyard***

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Shin Yang Shipyard comprising 20,000,000 Shares and 100,000 preference shares of RM1.00 each ("**Preference Shares**") for a purchase consideration of RM146,421,065 satisfied via the issuance of 144,997,000 new Shares in Shin Yang Shipping Corp to the respective vendors of Shin Yang Shipyard at an issue price of approximately RM1.01 per Share, in the following manner:-

Name	Shareholding in Shin Yang Shipyard				No. of Shares issued as consideration
	No. of Shares	%	No. of Preference Shares	%	
Shinline Corporation Sdn Bhd	4,900,000	24.50	100,000	100.00	35,599,010
Shin Yang Holding	15,100,000	75.50	-	-	109,397,990
Total	20,000,000	100.00	100,000	100.00	144,997,000

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	53,972,153
Revaluation surplus from revaluation of landed properties	77,348,912
Allotment of Shares on 30 November 2009	15,100,000
Purchase consideration	146,421,065

Acquisition of Thailine

On 31 March 2010, Shin Yang Shipping Corp acquired the entire issued and fully paid-up share capital of Thailine comprising 4,000,000 Shares for a purchase consideration of RM182,628,370 satisfied via the issuance of 180,854,000 new Shares in Shin Yang Shipping Corp to the respective vendors of Thailine at an issue price of approximately RM1.01 per Share, in the following manner:-

Name of Vendors	Shareholdings in Thailine		No. of Shares issued as consideration
	No. of Shares	%	
Datuk Ling Chiong Ho	250,000	6.25	11,303,375
Ling Chiong Pin	250,000	6.25	11,303,375
Ling Chiong Sing	250,000	6.25	11,303,375
Ling Chiong Sieng	250,000	6.25	11,303,375
Shin Yang Holding	3,000,000	75.00	135,640,500
Total	4,000,000	100.00	180,854,000

4. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration was arrived at on a willing buyer-willing seller basis in the following manner:-

	RM
Audited net assets as at 30 June 2009	94,439,366
Revaluation surplus from revaluation of vessels	85,189,004
Allotment of Shares on 30 November 2009	3,000,000
Purchase consideration	182,628,370

The market value of the above landed properties and vessels were appraised by Raine & Horne. Details of the valuation are set out in the Valuation Certificate in Section 13.

All the Shares and Preference Shares acquired pursuant to the Acquisitions were acquired free from all liens, pledges, charges, mortgages and other encumbrances whatsoever and with all rights attached thereto including all dividends and bonus or rights issues thereafter to be declared after the Acquisitions.

(c) Public Issue

The Public Issue of 176,386,000 Public Issue Shares representing 14.7% of our enlarged issue and paid up capital in the manner set out in Section 2.3.1 of this Prospectus.

(d) Offer for Sale

The Offer for Sale of 128,800,000 Offer Shares, representing 11.5% of our enlarged issued and paid-up share capital in the manner set out in Section 2.3.2 of this Prospectus.

4.1.5 Location of Principal Place of Business

We currently operate from the following principal place of business premises:-

Operations of our Group	Approximate Built-up Area	Location of Facility
Head Office	116 m ²	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak
Shipbuilding yard, ship repair and maintenance and fabrication yard	22,859 m ²	Lot No. 211, Block 1, Kuala Baram Land District, Sarawak
Shipyard and fabrication yard	12,526 m ²	Lot No. 208, Block 1 and Lot 523, Kuala Baram Land District, Sarawak
Shipbuilding yard, ship repair and maintenance and fabrication yard	5,862 m ²	Lot No. 1098, Block 37, Kemena Land District, Sarawak
Shipbuilding yard, ship repair and maintenance and fabrication yard	30,374 m ²	Plot 1 to Plot 13, held under Parent Lot No. 70, Block 3, Kuala Baram Land District, Sarawak
UAE offices	595 m ²	No. 201, No. 204 and No. 601, Concord Building, P.O. Box 9723, RAK

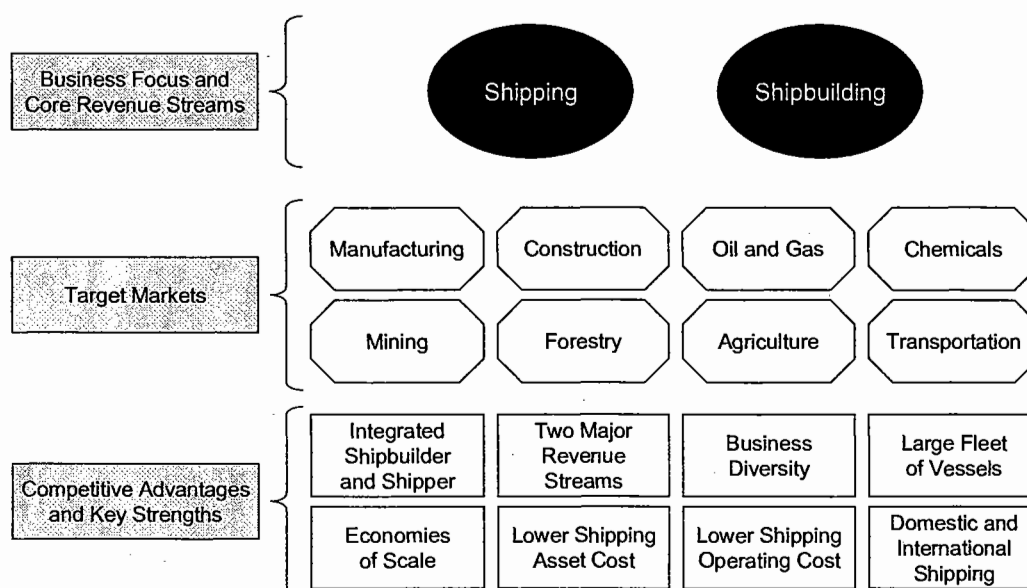
The details of the abovementioned premises and our land and buildings are set out in Section 9.1 of this Prospectus.

4. INFORMATION ON OUR GROUP (Cont'd)

4.2 OUR BUSINESS

4.2.1 Business Model

Our business model is depicted in the figure below:-



(i) Business Focus and Core Revenue Streams

Our business is focused on shipping and shipbuilding. These two (2) businesses represent our core revenue streams. Our two (2) core businesses are synergistic as we construct the vessels used in our shipping operations.

In supporting our core business areas, we also undertake ship repair and maintenance for third parties as well as our own shipping operations. We also fabricate metal structures. The skills set, equipment and materials required to fabricate metal structures are similar to that of shipbuilding. Thus, the fabrication of metal structures is a complementary business activity for us.

(ii) Target Markets

We serve very diverse target markets, which include, among others:-

- manufacturing industries for the shipping of raw materials, semi-finished products and finished goods;
- building and construction industry requiring raw materials like aggregates, sand, steel bars and other building materials;
- oil and gas industry for the shipping of crude and refined oil and gas, and other petrochemical products; construct various types of support vessels to service the offshore oil and gas industry; construction of oil tankers for the transportation of crude and refined oil;
- chemical industries for the shipping of chemicals and chemical products; construction of tankers for transporting chemicals;

4. INFORMATION ON OUR GROUP (Cont'd)

- mining and quarrying industries for the shipping of coal, aggregates, block stones and clinkers;
- forestry industry for the shipping of logs and related products;
- agriculture industry for the shipping of produce, like oil palm from plantation to mills;
- transportation industry where containerised vessels, tugs and barges, dry bulk vessels, work boats and tankers are constructed to carry various types of goods and people.

The large diversity of our target markets provides us with significant growth opportunities and at the same time business diversity to reduce any over dependency in any one or small number of industries.

(iii) **Competitive Advantages and Key Strengths**

We have created a business with significant competitive advantages and key strengths to compete against other service providers, and at the same time provide us with the platform to grow our business.

(a) **We are an Integrated Shipbuilding and Shipping Operator**

We are one of very few large shipping operators that construct our own vessels. Being an integrated shipbuilding and shipping operator provides us with the following competitive advantages:-

- We are able to react quickly to favourable market conditions as we can promptly construct vessels when the business opportunities arise;
- We are able to quickly undertake modification of existing vessels to meet new business opportunities;
- During periods of low demand for the construction of vessels, we are able to keep our operations going by constructing vessels for our own shipping operations.

(b) **We Have Two Major Revenue Streams**

We have the equivalent of two businesses, shipping and shipbuilding. Each business is independent of the other and is sizable in its own rights. The two businesses provide us with significantly more growth opportunities compared to having only one core business.

In addition, the combined business provides us with the advantage of large financial size where for the FYE 30 June 2009 our combined revenue amounted to RM673.5 million. Being a Group of substantial financial size provides us with business advantages including better access to funds, stronger bargaining power with suppliers, better ability to hold stocks and able to instil higher confidence in customers of being a strong operator of shipping and shipbuilding.