

Company No. 666062-A

4. INFORMATION ON OUR GROUP (Cont'd)

Company / Vessel	Description of approval / licence / permit	Licence / Reference No	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
Shin Yang Shipping / Danum 112	Certificate of Malaysian Registry	333032	16.11.2009	Registrar of Malaysian Ship	Nil	Not applicable
	Ship Sanitation Control Exemption Certificate	180320	03.12.2009	Government of Malaysia	(1)	Complied
	Cargo Safety Equipment	SGP0/JEC/20091228151100	28.12.2009 - 16.12.2011	Bureau Veritas	(2)	Complied
	International Tonnage Certificate	SITLO/168T/2009	30.11.2009	Bureau Veritas	Nil	Not applicable
	International Load Line Certificate	SGP0/JEC/20091228151042	28.12.2009 - 16.12.2014	Bureau Veritas	(3)	Complied
	Cargo Ship Safety Radio Certificate	SGP0/JEC/20091228151141	28.12.2009 - 16.12.2010	Bureau Veritas	Nil	Not applicable
	International Oil Pollution Prevention Certificate	SGP0/JEC/20091228151227	28.12.2009 - 16.12.2014	Bureau Veritas	(4)	Complied
	Sewage Pollution Prevention	SGP0/JEC/20091228151251	28.12.2009 - 16.12.2014	Bureau Veritas	Nil	Not applicable
	Anti - Fouling	KLP0/DRY/20091209103448	17.12.2009	Bureau Veritas	Nil	Not applicable
	International Air Pollution Prevention Certificate	SGP0/JEC/20091228151256	28.12.2009 - 16.12.2014	Bureau Veritas	(5)	Complied
	International Ship Security Certificate (ISS)	KLP0/DWO/20091219120449	19.12.2009 - 18.06.2010	Bureau Veritas	(6)	Complied
	Certificate of Classification	SGP0/JEC/20091228151026	28.12.2009 - 16.12.2014	Bureau Veritas	(7)	Complied
	Safety Management Certificate	KLP0/DWO/20091219120239	19.12.2009 - 18.06.2010	Bureau Veritas	(8)	Complied
	Safety Construction Certificate	SGP0/JEC/20091228151051	28.12.2009 - 16.12.2014	Bureau Veritas	(10)	Complied
Safety Manning	SMD 0180/2009	11.12.2009 - 08.12.2014	Government of Malaysia	Nil	Not Applicable	
Ship Station Licence	01534471-000SU/32009	18.12.2009 - 31.12.2013	Malaysian Communications and Multimedia Commission	Nil	Not Applicable	

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Company No. 666062-A

4. INFORMATION ON OUR GROUP (Cont'd)

Company/ Vessel	Description of approval / licence / permit	Licence / Reference No.	Date of issuance of commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
Shin Yang Shipping / Linau 85	Certificate of Malaysian Registry	332915	01.02.2010	Registrar of Malaysian Ship	Nil	Not Applicable
	Ship Sanitation Control Exemption Certificate	180562	03.03.2010	Government of Malaysia	(1)	Complied
	International Tonnage Certificate	P098941	30.11.2009	American Bureau of Shipping	Nil	Not Applicable
	International Load Line Certificate	YY205722-1622738-007	12.02.2010 - 11.02.2015	American Bureau of Shipping	(3)	Complied
	Certificate of Classification	YY205722-1622738-008	12.02.2010 - 11.07.2010	American Bureau of Shipping	(7)	Complied
	Safety construction certificate	YY205722-1622738-006	12.02.2010 - 11.02.2015	American Bureau of Shipping	(10)	Complied
	Anti - Fouling	YY205722-1622738-004	12.02.2010	American Bureau of Shipping	Nil	Not Applicable

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4. INFORMATION ON OUR GROUP (Cont'd)

Notes:-

- (1) **Ship Sanitation Control Exemption Certificate**
Valid for a maximum of six (6) months, but the validity period may be extended by one (1) month if inspection cannot be carried out at the port and there is no evidence of infection or contamination
- (2) **International Load Line Exemption Certificate**
Subject, where appropriate, to periodical inspections in accordance with article 14(1)(c) of the Convention (International Convention on Load Lines 1966)
- (3) **International Load Line**
Subject to periodical inspections in accordance with article 14(1)(c) of the Convention (International Convention on Load Lines 1966)
- (4) **International Oil Pollution Prevention Certificate**
Subject to the periodical surveys in accordance with regulation 5 of Annex V1 and regulation 6 of Annex 1 of the Convention (International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 relating thereto and as amended by resolution MEPC.132(53))
- (5) **International Air Pollution Prevention Certificate**
Subject to surveys in accordance with regulation 5 of Annex of the Convention (International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 relating thereto and as amended by resolution MEPC.132(53))
- (6) **International Ship Security Certificate**
Subject to verifications in accordance with Section 19.1.1 of Part A of the ISPS Code (International Code for the Security of Ships and Port Facilities)
- (7) **Certificate of Classification**
Subject to continued compliance with the Society's Rules and Regulations
- (8) **Safety Management Certificate**
Subject to periodical verification and the Document of Compliance remaining valid
- (9) **Cargo Ship Safety Radio Certificate**
Subject to the periodical surveys in accordance with regulation 1/9 of the Convention (International Convention for the Safety of Life at Sea 1974 as modified by the Protocol of 1988 relation thereto) (Det Norske Veritas)

4. INFORMATION ON OUR GROUP (Cont'd)

(10) Safety Construction Certificate

Subject to annual / intermediate surveys being carried out and endorsement made accordingly

Save for the two (2) units of crew boats which are currently under repair for improvement modification, we have obtained all the necessary licences for the operations of all our vessels. For purpose of this section, only the licences for our top 37 vessels (whose market value as appraised by Raine & Horne or cost of acquisition is in excess of RM10 million each) are presented. Collectively the value of these 37 vessels represents 43% of the total value of our fleet of 245 vessels.

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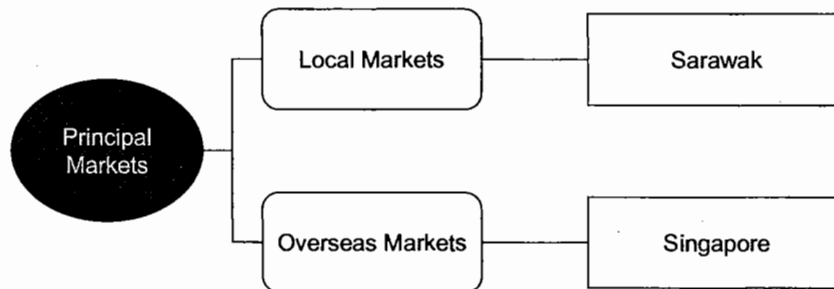
4. INFORMATION ON OUR GROUP (Cont'd)

4.2.7 Major Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises, Other Intellectual Property Rights, Industrial, Commercial or Financial Contracts

- (a) Save as disclosed in Section 4.2.6, as at LPD, our Group does not have any other major patents, trade marks, licences, technical assistance agreements, franchises nor intellectual property rights.
- (b) As at LPD, save as disclosed in Section 4.2.6 of this Prospectus, there are no other patents or licenses, industrial, commercial or financial contracts (including informal arrangements or understandings) or new manufacturing processes, which have been entered into by us that we are highly dependent on or that are material to our business and / or profitability.

4.2.8 Principal Markets

Our principal markets comprise both overseas and local markets. For the FYE 30 June 2009, our principal markets representing 10% or more of our total revenue are as follows:-



For the FYE 30 June 2009, local sales accounted for 70.1% of our total revenue. The remaining 29.9% was derived from overseas sales.

For the FYE 30 June 2009, our overseas sales were derived from:-

- Our UAE shipping operations;
- Exports of our vessels to overseas countries, including Singapore, UAE, Brunei, Thailand, Netherlands, New Caledonia, and Australia.

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4. INFORMATION ON OUR GROUP (Cont'd)

For FYE 30 June 2009 and 5-Month FPE 30 November 2009, our revenue contribution can be segmented by countries are as follows:-

Revenue by Countries/States	FYE 30 June 2009		5-month FPE 30 November 2009	
	RM'000	%	RM'000	%
States in Malaysia	472,354	70.1[^]	197,591	71.7[^]
Sarawak	429,289	63.7	167,857	60.9
Sabah	27,168	4.0	10,417	3.8
Selangor	12,277	1.8	14,679	5.3
Kuala Lumpur	2,862	0.4	-	-
Johor	733	0.1	309	0.1
Penang	25	#	3,944	1.4
Terengganu	-	-	385	0.1
Overseas Countries	201,133	29.9	77,912	28.3[^]
Singapore	110,221	16.4	40,086	14.6
India	-	-	18,519	6.7
Middle East	47,441	7.1	14,779	5.4 [^]
- Qatar	30,906	4.6	1,495	0.5
- UAE	16,021	2.4	13,284	4.8
- Bahrain	514	0.1	-	-
Netherlands	11,836	1.8	-	-
New Caledonia	11,576	1.7	-	-
Australia	9,588	1.4	5	#
Vietnam	5,923	0.9	1,762	0.6
Indonesia	2,237	0.3	-	-
Brunei	1,241	0.2	2,039	0.7
Thailand	659	0.1	398	0.1
Japan	241	#	274	0.1
China	140	#	-	-
Taiwan	30	#	49	#
Total	673,487	100.0	275,502[^]	100.0

Notes:-

[^] Total does not add-up due to rounding

insignificant proportion

Within the local markets, Sarawak represented our top local state, which contributed 63.7% of our total revenue for the FYE 30 June 2009. The remaining 6.4% was spread across five (5) states and territory within Malaysia. For the 5-month FPE 30 November 2009, Sarawak contributed 60.9% of our total revenue, whilst the remaining 10.8% was spread across five (5) states within Malaysia.

As for our overseas markets, Singapore is our largest export market, which contributed 16.4% of our total revenue for the financial year ended 30 June 2009.

Middle East represented our next largest export markets having contributed 7.1% of our total revenue for the FYE 30 June 2009. Our revenue derived from Middle East markets including Qatar, UAE and Bahrain, represented 4.6%, 2.4% and 0.1% respectively.

4. INFORMATION ON OUR GROUP (Cont'd)

The remaining 6.4% of our total revenue was spread across 10 other countries including Netherlands, New Caledonia, Australia, Vietnam, Indonesia, Brunei, Thailand, Japan, China, and Taiwan.

For the 5-month FPE 30 November 2009, Singapore was our largest export market, which contributed 14.6% of our total revenue. India and Middle East represented contributed 6.7% and 5.4% of our total revenue for the 5-month FPE 30 November 2009 respectively. The Middle East markets which included Qatar and UAE represented 4.8%, and 0.5% of our total revenue respectively.

The remaining 1.6% of our total revenue for the 5-month FPE 30 November 2009 was spread across six (6) countries including Vietnam, Brunei, Thailand, Japan, Taiwan and Australia.

4.2.9 Market Ranking, Market Size and Share

4.2.9.1 Shipping

(a) Market Ranking

In 2009, Shin Yang Shipping Corp Group ranked **third** in Malaysia based on total GRT of all vessels owned and used for transportation of goods for third parties, and it ranked **first** in Malaysia based on number of vessels owned and used for transportation of goods for third parties.

(b) Market Size

In 2009, the market size of the overall Shipping Industry in Malaysia based on total cargo throughput at the Malaysian ports was estimated at **390.6 million freight weight tonnes**.

(c) Market Share

In 2009, Shin Yang Shipping Corp Group's market share of the overall shipping industry in Malaysia based on total cargo throughput at the Malaysian ports was estimated at **1%**.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

4.2.9.2 Shipbuilding

(a) Market Ranking

In 2008, Shin Yang Shipping Corp Group ranked **top two** among operators in the shipbuilding industry in Malaysia based on revenue from shipbuilding activities.

(b) Market Size

In 2009, the market size of the overall Shipbuilding Industry in Malaysia based on local production was estimated at **RM3.4 billion**.

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4. INFORMATION ON OUR GROUP (Cont'd)

(c) Market Share

In 2009, Shin Yang Shipping Corp Group's market share of the overall shipbuilding industry in Malaysia based on local production was estimated at 14%.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

4.2.10 Seasonality

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

4.2.11 Quality Control/Management Procedures/Programmes

(a) Shipbuilding Operations

For our shipbuilding operations, we place strong emphasis on the quality of the vessels that we build. Stringent quality control and measures are implemented in every aspect of our operations.

We adopt the following approaches to ensure our quality standards are maintained and adhered to:-

- In-coming materials, machinery and equipment such as metal steel plates, steel long products, pipes and engines and electrical systems and instruments will have to undergo checking prior to construction. This is to ensure that the final products meet the desired specifications and requirements;
- Quality control processes are undertaken during the shipbuilding and construction process to ensure that all parts and components constantly meet the desired specifications;
- We implement internal welder tests for the personnel who perform metal welding, as they are subjected to competency tests;
- Final tests also conducted during the trial cruise, where various tests are conducted including tests of speed, engine performance, operation of all equipment and instruments. External class surveyor will conduct the inspection on the vessel from start until completion of construction, prior to issuance of class certificate for the vessel.

We also engage independent inspection companies to undertake welding tests such as x-ray or ultrasonic testing on welding seams.

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

In 2007, we have been awarded 'Lloyd's List Shipbuilding Asia Award 2007 - Finalist' that was issued by Lloyd's Register, United Kingdom.

4. INFORMATION ON OUR GROUP (Cont'd)

Furthermore, all the vessels that we built are in compliance with internationally recognised maritime standards. Currently, we build and construct all the vessels under the governance of the following recognised classification societies:-

- Ship Classification Malaysia (SCM)
- American Bureau of Shipping
- Bureau Veritas
- Det Norske Veritas
- Germanischer Lloyd
- Lloyd's Register of Shipping
- Nippon Kaiji Kyokai.

Our internal quality control processes enable us to provide customers with assurance in the quality and reliability of the vessels that are built by us.

As at LPD, we have 14 people in our quality assurance team under shipbuilding and ship repair operations, to ensure that the standard of product quality consistently meets the internal and external specifications and requirements.

(b) Shipping Operations

We constantly place emphasis on safety management and pollution prevention measures are also implemented for our shipping operations.

Shinline has been accredited with International Safety Management Code for Safe Operation of Ships and Pollution Prevention for our cargo ships, which was issued by the Surveyor General of Ships, Malaysia in 2001 and expiring in 2011.

4.2.13 R&D

(a) Policy on R&D

For our shipping operations, R&D is not a critical requirement. As a result we do not carry any specific R&D activities, and therefore have not formulated an R&D policy for our shipping operations.

As for our shipbuilding operations, our policies on R&D are mainly focussed on internal process improvement and quality assurance as a means to assist in creating and sustaining our competitiveness to continually stay ahead of the competition.

We aim to continuously focus on improvements in processes in the following areas:-

- Enhancing business effectiveness, efficiency and productivity to minimise shipbuilding time, production and operating cost;
- Continuous improvements in utilising and employing existing and new technologies to meet customer requirements;
- Continually maintaining and improving quality to ensure customer satisfaction.

We strive for incremental improvements to our shipbuilding knowledge and expertise, and production skill base through continuous practical application of these skills. These improvements are internalised, and enable us to continuously upgrade our capabilities and to increase the efficiency and effectiveness of our business processes.

4. INFORMATION ON OUR GROUP (Cont'd)

We constantly evaluate existing and new technologies, and implementing those that will improve our business processes or create opportunities for new business development.

(b) R&D Expenditure

We did not recognise any expenditure that is specific to R&D activities for the past three (3) FYE 30 June 2009 and for the 5-month FPE 30 November 2009, as our R&D activities were mainly related to process improvement.

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

There have never been any interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that may significantly impair our Group's business performance during the past twelve (12) months preceding the date of this Prospectus.

4.2.15 Key Achievements/Milestones/Awards

Key Milestones

The followings are some of our key milestones:-

Year	Milestones
1983	Incorporation of Shin Yang Sdn Bhd to commence shipping operations using tugboats and barges.
1986	Acquired Piasau Slipways, a company involved in shipbuilding and ship repair operations
1989	Through our subsidiary company, Piasau Slipways we constructed our first tugboat for our shipping operations.
1993	Acquired Shipyard Services Sdn Bhd, a company involved in provision of repair services, which subsequently changed its name to Shin Yang Shipyard in 2000.
1994	Expanded our shipping operations into cargo shipping focusing on dry bulk cargo such as cement and logs.
	Through Shinline, we extended our shipping services to international waters, which covers China and Japan. We relocated our Piasau Slipways' shipbuilding operations to our shipyard in Kuala Baram in Miri, Sarawak with a total land area of approximately 18 acres.
1998	Made our first export sales of our in-house built vessel, a landing craft to Qatar.
1999	Shin Yang Shipyard expand into shipbuilding activities in Kuala Baram, Miri and was previously known as Shipyard Services Sdn Bhd, and subsequently changed its name to Shin Yang Shipyard in 2000. Piasau Slipways, an associate member of Association of Marine Industries of Malaysia.
2000	Thailine commenced international shipping operations.
2002	Shin Yang Shipyard, a member of Association of Marine Industries of Malaysia
2003	Shin Yang Shipyard and Piasau Slipways received ISO 9001:2000 certifications respectively, which were issued by SIRIM QAS International Sdn Bhd. Shin Yang Shipping, a registered member of Malaysia Shipowners' Association.

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Milestones
2006	<p>Danum Shipping commenced business focusing on international shipping for chemicals.</p> <p>Through Deena LLC, we ventured into Middle East markets to undertake shipping operations.</p> <p>Shin Yang FZC was incorporated in RAK as an investment holding company.</p>
2007	<p>Al Ghaith LLC and Marsol LLC commenced shipping operations in the Middle East.</p> <p>Piasau Slipways started construction of an additional new shipyard facility located in Bintulu, Sarawak for its shipbuilding operations.</p>
2007	<p>Shin Yang Shipyard also occupied its additional new shipyard in Kuala Baram and started its shipbuilding activity.</p> <p>Received 'Lloyd's List Shipbuilding Asia Award 2007 - Finalist', issued by Lloyd's Register, United Kingdom.</p> <p>Purchased a piece of land in Tanjung Manis, Sarawak with a total land area of approximately 241 acres for future business expansion.</p> <p>Successfully constructed and launched our largest container vessel with a capacity of 387 TEU</p>
2008	<p>Trelco FZC was incorporated to undertake shipping operations in the Middle East.</p> <p>Commenced construction of 2 units of a total of 4 tween deck 128-metre general cargo vessels of 13,500 DWT each.</p>
2009	<p>We signed a lease agreement with the landowner for a total land area of approximately 60,000 square metres with a 300-metre berth. The land is located in Hulayla Industrial Park, RAK</p>

Awards and Recognitions

We received the following awards and recognitions:-

Year	Types of Awards and Recognitions	Awarded by
2007	Finalist of the Lloyd's List Shipbuilding Asia Award 2007	Lloyd's Register, United Kingdom
2007	'The most prestigious Middle East shipping company' award in the Gulf for 'Tug and Barge Division'	Det Norske Veritas in Dubai, UAE
2008		
2008	<p>'Safety at sea for maritime operation for tug and barge (safe-life, safe environment and safe operations)'</p> <p>Acknowledgment as a 'Ship management company for 50 units of tugs and barges of 200,000 dead weight tonnes'</p>	<p>Maritime Consultant & Expert (IFSMA), UAE</p> <p>Consulate General of Malaysia in Dubai, UAE</p>

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2.16 Modes of Marketing/Distribution/Sales

(a) Marketing Strategies

Our marketing strategies are focused on utilising the following to sustain and expand our business:-

- Position us as an integrated shipping and shipbuilding operator, with the capability to provide domestic and international shipping, as well as the capability to construct a wide range of vessels;
- Maximise from our competitive advantages of having in-house shipbuilding yards to engage directly with customers to develop total shipbuilding solutions to construct quality vessels as well as to support our internal shipping operations;
- Maximise from our large fleet of vessels to try to dominate the markets that we served as well as to maximise business growth;
- Continually provide the highest quality of products and services to establish our reliability as a shipping operator and shipbuilder, thus creating customer loyalty and dependency.
- Keeping abreast of new processes and technological developments to stay ahead of the competition as well as to better meet the needs and requirements of customers.

To implement our marketing strategy, we have our own sales and marketing team of five (5) personnel headed by Captain Ting Hien Liong and Dr. Gary Tan Yow Hoo, focusing on business development with existing and potential customers.

As part of our strategy to promote our products and services to keep abreast with industry developments and meet potential customers, we also participated in various exhibitions for example:-

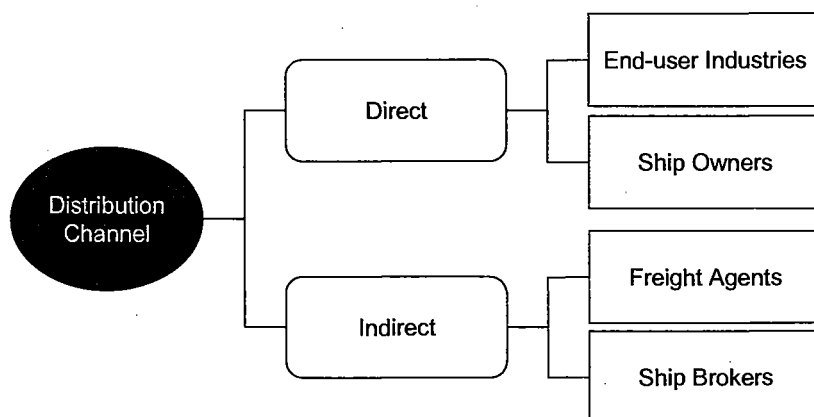
- In January 2008, we were invited to participate in Malaysia Service Exhibition 2008 held in Sharjah, UAE, which was organised by the Malaysia External Trade Development Corporate (MATRADE);
- In February 2008, we also participated in an exhibition held in conjunction with groundbreaking ceremony for the proposed Tanjung Manis Shipbuilding Industrial Complex, which was officiated by the Chief Minister of Sarawak.

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4. INFORMATION ON OUR GROUP (Cont'd)

(b) Distribution Channel Strategy

Our distribution channel strategy is based on both direct and indirect distribution channels to maximise our market coverage:-



(i) Direct Distribution Channel

We adopt direct distribution channel strategy through our own sales and marketing team, which is focussed on marketing our products and services directly to our customers.

We mainly service the following types of customers directly for our shipping operations:-

- End-user industries, refers to those end-user customers that use our shipping services to transport cargoes such as timber products, quarry products, steel products, and others;
- Shipowners, primarily for offshore oil and gas operators and service providers.

As for our shipbuilding business, we adopt a direct distribution channel strategy where we are able to discuss in details our customers' requirements and specifications.

Our direct sales approach enables us to work closely with our customers to evaluate and attain a better understanding of customers' requirements and for us to come out with optimum solutions that meet customers' product specifications that are cost-effective while maintaining product quality and prompt delivery.

In addition, this approach serves as a feedback mechanism for continuous product and service improvements.

(ii) Indirect Distribution

We also adopt indirect distribution strategy using freight agents and ship brokers.

- Using freight agents and ship brokers enable us to utilise their existing network to expand our market coverage without the need for significant investment on human resources for local and overseas markets.

4. INFORMATION ON OUR GROUP (Cont'd)

- Freight agents commonly act as our representatives to arrange and manage freight transportation to and from various countries;
- Ship brokers commonly act on behalf of buyers to source for vessels or act on behalf of ship owners and fabricators to look for buyers.

We currently have 30 freight agents in Malaysia and overseas countries as follows:-

Countries	Number of Freight Agents
Malaysia	15
- <i>Peninsular Malaysia</i>	5
- <i>Sarawak</i>	6
- <i>Sabah</i>	4
Japan	3
Korea	2
Singapore	3
China	3
Indonesia	1
Thailand	1
Brunei	1
Vietnam	1
TOTAL	30

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4. INFORMATION ON OUR GROUP (Cont'd)

4.3 OUR SUBSIDIARIES AND ASSOCIATES

4.3.1 Danum Shipping

(a) **Background and History**

Danum Shipping was incorporated in Malaysia under the Act on 28 October 2004 as a private limited company and it commenced its operations in 2006.

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

Danum Shipping is principally engaged in shipping operations.

(c) **Substantial Shareholders**

Danum Shipping is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The authorised share capital of Danum Shipping is RM1,000,000 comprising 1,000,000 Shares. The issued and fully paid-up share capital of Danum Shipping as at LPD is RM1,000,000 comprising 1,000,000 Shares.

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

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
28.10.04	2	1.00	Cash	2
12.06.06	999,998	1.00	Cash	1,000,000

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

(e) **Subsidiary and Associates**

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

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.2 Piasau Slipways****(a) Background and History**

Piasau Slipways was incorporated in Malaysia under the Act on 17 October 1977 as a private limited company and it commenced its ship repair operations in 1986.

(b) Principal Activities and Products/Services

Piasau Slipways is principally engaged in shipbuilding and ship repairing, and fabrication of metal structures.

(c) Substantial Shareholders

Piasau Slipways is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of Piasau Slipways is RM5,000,000 comprising 5,000,000 Shares. The issued and fully paid-up share capital of Piasau Slipways as at LPD is RM4,000,000 comprising 4,000,000 Shares.

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

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
17.10.1977	4	1.00	Cash	4
01.01.1983	39,996	1.00	Cash	40,000
05.01.1988	210,000	1.00	Cash	250,000
25.01.1995	750,000	1.00	Cash	1,000,000
30.11.2009	3,000,000	1.00	Cash	4,000,000

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

(e) Subsidiary and Associated Company

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

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4. INFORMATION ON OUR GROUP (Cont'd)

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

Shinline was incorporated in Malaysia under the Act on 19 August 1994 as a private limited company and it commenced its operations in 1995.

(b) Principal Activities and Products/Services

Shinline is principally engaged in shipping operations.

(c) Substantial Shareholders

Shinline is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of Shinline is RM25,000,000 comprising 25,000,000 Shares. The issued and fully paid-up share capital of Shinline as at LPD is RM15,900,000 comprising 15,900,000 Shares.

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

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.08.1994	4	1.00	Cash	4
11.01.1995	3,999,996	1.00	Cash	4,000,000
30.11.2009	11,900,000	1.00	Cash	15,900,000

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

(e) Subsidiary and Associated Company

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

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.4 Shin Yang Shipping****(a) Background and History**

Shin Yang Shipping was incorporated in Malaysia under the Act on 31 March 1990 as a private limited company and it commenced its operations in 1990.

(b) Principal Activities and Products/Services

Shin Yang Shipping is principally engaged in shipping operations.

(c) Substantial Shareholders

Shin Yang Shipping is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of Shin Yang Shipping is RM10,000,000 comprising 10,000,000 Shares. The issued and fully paid-up share capital of Shin Yang Shipping as at LPD is RM10,000,000 comprising 10,000,000 Shares.

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

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
31.03.1990	4	1.00	Cash	4
17.05.1991	249,996	1.00	Cash	250,000
11.11.1994	250,000	1.00	Bonus Issue	500,000
27.09.1997	750,000	1.00	Cash	1,250,000
30.09.1997	3,750,000	1.00	Bonus Issue	5,000,000
30.11.2009	5,000,000	1.00	Cash	10,000,000

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

(e) Subsidiary and Associated Company

As at LPD, Shin Yang Shipping has a subsidiary, namely Shin Yang FZC.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.5 Shin Yang Shipyard****(a) Background and History**

Shin Yang Shipyard was incorporated in Malaysia under the Act on 14 February 1980 as Shipyard Services Sdn Bhd as a private limited company and it commenced its operations in 1980. It assumed its present name on 5 June 2000.

(b) Principal Activities and Products/Services

Shin Yang Shipyard is principally engaged in shipbuilding and ship repairing, and fabrication of metal structures.

(c) Substantial Shareholders

Shin Yang Shipyard is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of Shin Yang Shipyard is RM25,000,000 comprising 20,000,000 Shares and 5,000,000 preference shares of RM1.00 each. The issued and fully paid-up share capital of Shin Yang Shipyard as at LPD is RM20,100,000 comprising 20,000,000 Shares and 100,000 preference shares of RM1.00 each.

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

Shares

Date of Allotment / Conversion	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
14.02.1980	2	1.00	Cash	2
20.05.1980	20,998	1.00	Cash	21,000
10.06.1983	79,000	1.00	Cash	100,000
19.12.1998	100,000	1.00	Cash	200,000
19.12.1998	(100,000)	1.00	Converted to Preference Shares	100,000
22.10.1999	1,800,000	1.00	Cash	1,900,000
31.10.2007	3,000,000	1.00	Cash	4,900,000
30.11.2009	15,100,000	1.00	Cash	20,000,000

Preference Shares

Date of Conversion	No. of Preference Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.12.1998	100,000	1.00	Converted from Shares	100,000

4. INFORMATION ON OUR GROUP (Cont'd)

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

(e) Subsidiary and Associated Company

As at LPD, Shin Yang Shipyard does not have any subsidiary or associated company.

4.3.6 Thailine**(a) Background and History**

Thailine was incorporated in Malaysia under the Act on 17 January 1984 as Sarion Shipping Sdn Bhd as a private limited company and it commenced its operations in 1984. It changed its name to Piasau Shipping Sdn Bhd on 19 July 1991 and assumed its present name on 19 December 2000.

(b) Principal Activities and Products/Services

Thailine is principally engaged in shipping operations.

(c) Substantial Shareholders

Thailine is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of Thailine is RM5,000,000 comprising 5,000,000 Shares. The issued and fully paid-up share capital of Thailine as at LPD is RM4,000,000 comprising 4,000,000 Shares.

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

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
17.01.1984	2	1.00	Cash	2
26.02.1984	99,998	1.00	Cash	100,000
06.08.1984	100,000	1.00	Cash	200,000
19.03.2001	800,000	1.00	Cash	1,000,000
30.11.2009	3,000,000	1.00	Cash	4,000,000

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

(e) Subsidiary and Associated Company

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

4. INFORMATION ON OUR GROUP (Cont'd)**4.3.7 Shin Yang FZC****(a) Background and History**

Shin Yang FZC was incorporated in the RAK Free Trade Zone, RAK on 19 September 2006 as a free zone company with limited liability and commenced operations in 2006.

(b) Principal Activities and Products/Services

Shin Yang FZC is principally engaged in Investment holding.

(c) Substantial Shareholders

Shin Yang FZC is 90% owned by Shin Yang Shipping. The remaining 10% interests are held by Juma Khalifa Obaid Abushibs (a UAE national).

(d) Share Capital

The authorised share capital of Shin Yang FZC is AED4,000,000 comprising 4,000 ordinary shares of AED1,000 each. The issued and fully paid-up share capital of Shin Yang FZC as at LPD is AED4,000,000 comprising 4,000 ordinary shares of AED1,000 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(AED)		(AED)
17.09.2006	1,000	1,000	Cash	1,000,000
24.06.2007	1,000	1,000	Cash	2,000,000
03.03.2009	2,000	1,000	Cash	4,000,000

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

(e) Subsidiary and Associated Company

As at LPD, Shin Yang FZC has a subsidiary, namely Trelco FZC and three (3) associated company, namely Al Ghaith LLC, Deena LLC and Marsol LLC.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.8 Marsol LLC****(a) Background and History**

Marsol LLC was incorporated in RAK on 2 April 2007 as a company with limited liability and it commenced operations in 2007.

(b) Principal Activities and Products/Services

Marsol LLC is principally engaged in shipping operations.

(c) Substantial Shareholders

Marsol LLC is a 49% associate company of Shin Yang FZC. The other substantial shareholder is Marine Logistics Solutions LLC who holds 49% interest in Marsol LLC.

(d) Share Capital

The authorised share capital of Marsol LLC is AED4,000,000 comprising 4,000 ordinary shares of AED1,000 each. The issued and fully paid-up share capital of Marsol LLC as at LPD is AED4,000,000 comprising 4,000 ordinary shares of AED1,000 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(AED)		(AED)
02.04.2007	1,000	1,000	Cash	1,000,000
03.03.2009	1,000	1,000	Cash	2,000,000
23.03.2009	2,000	1,000	Cash	4,000,000

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

(e) Subsidiary and Associated Company

As at LPD, Marsol LLC has an associated company, namely Marsol (L).

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.9 Trelco FZC****(a) Background and History**

Trelco FZC was incorporated in RAK Free Trade Zone, RAK on 25 February 2008 as a free zone company with limited liability and it commenced operations in 2008.

(b) Principal Activities and Products/Services

Trelco FZC is principally engaged in shipping operations.

(c) Substantial Shareholders

Trelco FZC is a 60% subsidiary of Shin Yang FZC. Trelco International Company WLL (formerly known as Trelco Transport & Services) holds the remaining 40% interest.

(d) Share Capital

The authorised share capital of Trelco FZC is AED1,000,000 comprising 1,000 ordinary shares of AED1,000 each. The issued and fully paid-up share capital of Trelco FZC as at LPD is AED1,000,000 comprising 1,000 ordinary shares of AED1,000 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(AED)		(AED)
25.02.2008	1,000	1,000	Cash	1,000,000

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

(e) Subsidiary and Associated Company

As at LPD, Trelco FZC has an associated company, namely Trelco (L).

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.10 Al Ghaith LLC****(a) Background and History**

Al Ghaith LLC was incorporated in the Government of RAK on 7 January 2007 as a limited liability company and it commenced operations in 2007.

(b) Principal Activities and Products/Services

Al Ghaith LLC is principally engaged in shipping operations.

(c) Substantial Shareholders

Al Ghaith LLC is a 40% associate company of Shin Yang FZC. Al Ghaith Holding and Islamic Finance Company PJSC are the other substantial shareholders who hold 30% each.

The only substantial shareholder of Islamic Finance Company PJSC is Al Ghaith Holding which is a 41.3% shareholder.

(d) Share Capital

The authorised share capital of Al Ghaith LLC is AED1,000,000 comprising 1,000 ordinary shares of AED1,000 each. The issued and fully paid-up share capital of Al Ghaith LLC as at LPD is AED1,000,000 comprising 1,000 ordinary shares of AED1,000 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(AED)		(AED)
07.01.2007	1,000	1,000	Cash	1,000,000

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

(e) Subsidiary and Associated Company

As at LPD, Al Ghaith LLC has an associated company, namely Al Ghaith (L).

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.11 Deena LLC****(a) Background and History**

Deena LLC was incorporated in Sharjah, UAE on 18 January 2006, it subsequently transferred its registration to Government of RAK on 25 December 2008 as a limited liability company and it commenced operations in 2006.

(b) Principal Activities and Products/Services

Deena LLC is principally involved in shipping operations.

(c) Substantial Shareholders

Deena LLC is a 49% associate company of Shin Yang FZC while the remaining 51% interests are held by Juma Khalifa Obaid Abushibs (a UAE national).

(d) Share Capital

The authorised share capital of Deena LLC is AED1,000,000 comprising 1,000,000 ordinary shares of AED1 each. The issued and fully paid-up share capital of Deena LLC as at LPD is AED1,000,000 comprising 1,000,000 ordinary shares of AED1 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(AED)		(AED)
18.01.2006*	100	1,500	Cash	150,000
18.02.2007*	100	10,000	Cash	1,000,000
25.12.2008#	1,000,000	1.00	Subdivision to par of AED1.00	1,000,000

Notes:-

* Deena LLC was incorporated in Sharjah on 18 January 2006 with issued capital of AED150,000 divided into 100 shares of AED1,500 each. Subsequently, by Contract Amendment dated 18 February 2007, Deena LLC amended its capital to AED1,000,000 divided into 100 shares of AED10,000 each

Deena LLC has transferred its registration to RAK and has registered its new Memorandum of Association on 25 December 2008 with new issue capital AED1,000,000 divided into 1,000,000 shares of AED1 each

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

(e) Subsidiary and Associated Company

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

4. INFORMATION ON OUR GROUP (Cont'd)

4.3.12 Marsol (L)

(a) Background and History

Marsol (L) was incorporated in Labuan under the Offshore Companies Act, 1990 on 6 August 2007 as a limited liability company.

(b) Principal Activities and Products/Services

Marsol (L) is a registered owner of vessels.

(c) Substantial Shareholders

Marsol (L) is a 49% associate of Marsol LLC while the remaining 51% interests are held by Ling Chiong Sing.

(d) Share Capital

The authorised share capital of Marsol (L) is USD10,000 comprising 10,000 ordinary shares of USD1.00 each. The issued and fully paid-up share capital of Marsol (L) as at LPD is USD2,050 comprising 2,050 ordinary shares of USD1.00 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(USD)		(USD)
06.08.2007	1,000	1.00	Cash	1,000
16.08.2007	1,050	1.00	Cash	2,050

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Marsol (L).

(e) Subsidiary and Associated Company

As at LPD, Marsol (L) does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.13 Al Ghaith (L)****(a) Background and History**

Al Ghaith (L) was incorporated in Labuan under the Offshore Companies Act, 1990 on 6 August 2007 as a limited liability company.

(b) Principal Activities and Products/Services

Al Ghaith (L) is a registered owner of vessels.

(c) Substantial Shareholders

Al Ghaith (L) is a 49% subsidiary of Al Ghaith LLC while the remaining 51% interests are held by Ling Chiong Sing.

(d) Share Capital

The authorised share capital of Al Ghaith (L) is USD10,000 comprising 10,000 ordinary shares of USD1.00 each. The issued and fully paid-up share capital of Al Ghaith (L) as at LPD is USD2,050 comprising 2,050 ordinary shares of USD1.00 each.

The changes in the issued and fully paid-up share capital of Al Ghaith (L) since its incorporation are as follows:-

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(USD)		(USD)
06.08.2007	1,000	1.00	Cash	1,000
16.08.2007	1,050	1.00	Cash	2,050

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Al Ghaith (L).

(e) Subsidiary and Associated Company

As at LPD, Al Ghaith (L) does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.3.14 Trelco (L)****(a) Background and History**

Trelco (L) was incorporated in Labuan under the Offshore Companies Act, 1990 on 22 October 2008 as a limited liability company.

(b) Principal Activities and Products/Services

Trelco (L) is a registered owner of vessels.

(c) Substantial Shareholders

Trelco (L) is a 49% associate of Trelco FZC while the remaining 51% interests are held by Ling Chiong Sing.

(d) Share Capital

The authorised share capital of Al Ghaith (L) is USD10,000 comprising 10,000 ordinary shares of USD1.00 each. The issued and fully paid-up share capital of Al Ghaith (L) as at LPD is USD2,000 comprising 2,000 ordinary shares of USD1.00 each.

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

Date of Allotment	No. of shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(USD)		(USD)
22.10.2008	2,000	1.00	Cash	2,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Trelco (L).

(e) Subsidiary and Associated Company

As at LPD, Trelco (L) does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.4 PRODUCTION CAPACITY AND OUTPUT

4.4.1 Shipping Operations

According to management estimates, our shipping capacity and utilisation are as follow:-

	Approximate length of 1 complete voyage (No. of days)	FYE 30 June 2009			5-month FPE 30 November 2009		
		Available Capacity	Utilised capacity	Utilisation Rate (%)	Available Capacity	Utilised capacity	Utilisation Rate (%)
Domestic routes							
- Dry bulk	8 - 15	3.732 million cubic metres	3.223 million cubic metres	86%	1.740 million cubic metres	1.264 million cubic metres	73%
- Liquid bulk	6 - 8	75,717 tonnes	65,019 tonnes	86%	28,998 tonnes	24,569 tonnes	85%
- General cargoes	8 - 15	3.930 million tonnes	3.321 million tonnes	85%	1.333 million tonnes	0.934 million tonnes	70%
- Containers	8 - 16	51,470 TEU	35,921 TEU	70%	21,983 TEU	16,626 TEU	76%
International routes (dry bulk)	35 - 40	1.148 million cubic metres	1.073 million cubic metres	93%	0.469 million cubic metres	0.453 million cubic metres	97%
Middle East routes (aggregates and other general cargoes)	9 - 11	5.050 million tonnes	4.618 million tonnes	91%	2.204 million tonnes	1.525 million tonnes	69%

Note:-

Available capacity is computed based on the carriage capacity per voyage and the total number of voyages completed during the financial year

4.4.2 Shipbuilding Operations

According to management estimates, our existing shipbuilding yards have the annual capacity to construct up to 48 completed vessels of various lengths up to 150 metres.

	Annual Capacity	FYE 30 June 2009			5-month FPE 30 November 2009		
		Available Capacity	Output	Utilisation Rate (%)	Available Capacity	Output	Utilisation Rate (%)
Piasau Slipways							
Shipyards	10 units	10 units	8 units	80%	4 units [^]	3 units	75%
Shin Yang Shipyards							
Shipyards 1	8 units	8 units	6 units	75%	3 units [^]	3 units	100%
Shipyards 2	30 units	20 units [#]	6 units	30%	13 units [^]	2 units	15%

4. INFORMATION ON OUR GROUP (Cont'd)

Notes:-

We currently operate 10 hours per day and six days per week. Annual capacity is calculated based on 10 hours per day and six days a week. Annual capacity varies depending on the combination of the types and sizes of vessels to be built. As such, the annual capacities listed above are based on estimated average combination of the types and sizes of vessels commonly built.

This new shipyard commenced operations during the end of 2008. The available capacity is calculated based on 8 months of operations

^ Calculated based on 5 months of operations

Our shipyard facilities in Bintulu only commenced operations in May 2010 with an annual capacity of 10 vessels.

4.5 MAJOR CUSTOMERS

We serviced a total customer base of 58 customers across 15 countries including Malaysia for the FYE 30 June 2009.

We currently service the following types of customers:-

- End-user industries, including timber operators, wood based products manufacturers, quarrying operators such as aggregate and cement operators, petrochemical and chemical operators, and others for our shipping operations;
- Intermediaries including freight and shipping agents for our shipping operations, and ship brokers for our shipbuilding operations;
- Shipowners, including offshore oil and gas service providers, offshore vessel charterers, and Navy of UAE, shipping operators for our shipbuilding operations;

The diversity in types of customers served provides significant business growth opportunities for us.

The table below lists our customers representing 10% or more of total Group's revenue over the last three (3) FYE 30 June 2009 and 5-month FPE 30 November 2009.

Customer Name	FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009		5-month FPE 30 November 2009	
	Revenue (RM'000)	Proportion of Group Revenue (%)	Revenue (RM'000)	Proportion of Group Revenue (%)	Revenue (RM'000)	Proportion of Group Revenue (%)	Revenue (RM'000)	Proportion of Group Revenue (%)
Shin Yang Holding Group *	199,488	41.0	200,593	33.7	212,116	31.5	84,218	30.6
Hock Leong Shipping Sdn Bhd	50,139	10.3	61,664	10.4	62,429	9.3	31,099	11.3
Perdana Venus Limited	-	-	32,497	5.5	18,790	2.8	57,516	20.9
TOTAL	249,627	51.3	294,754	49.6	293,335	43.6	172,833	62.8

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

* comprises 28 companies each contributing less than 10% of the Group's revenue

Our top 5 customers for the FYE 30 June 2009 and 5-month FPE 30 November 2009 are provided in the tables below:-

FYE 30 June 2009

Customer Name	Main Products / Services Purchased	Amount RM'000	% of Group Revenue*	Length of Relationship (No. of years)
1. Hock Leong Shipping Sdn Bhd	Shipping services	62,429	9.3	5
2. Shin Yang Plywood (Bintulu) Sdn Bhd [^]	Shipping services	45,578	6.8	10
3. Fujairah Bulk Shipping LLC, UAE	Shipping and chartering services	42,482	6.3	3
4. Juno Shipping Pte Ltd, Singapore	Shipping services	39,141	5.8	12
5. DESB Marine Services Sdn Bhd	Maintenance vessels	31,767	4.7	5
TOTAL		221,397	32.9	

Notes:-

* Our total revenue amounted to RM673.5 million for the FYE 30 June 2009

[^] A subsidiary of Shin Yang Holding

5-month FPE 30 November 2009

Customer Name	Main Products / Services Purchased	Amount RM'000	% of Group Revenue*	Length of Relationship (No. of years)
1. Perdana Venus Limited	Offshore Workboats	57,516	20.9	3
2. Hock Leong Shipping Sdn Bhd	Shipping services	31,099	11.3	6
3. Shin Yang Plywood (Bintulu) Sdn Bhd [^]	Shipping services	21,758	7.9	11
4. Juno Shipping Pte Ltd, Singapore	Shipping services	19,427	7.1	13
5. DESB Marine Services Sdn Bhd	Maintenance vessels	16,018	5.8	6
TOTAL		145,818	52.9[#]	

Notes:-

[#] Total does not add-up due to rounding

* Our total revenue amounted to RM275.5 million for the 5-month FPE 30 November 2009

[^] A subsidiary of Shin Yang Holding

For the FYE 30 June 2009 and 5-month FPE 30 November 2009, Shin Yang Holding Group collectively contributed approximately 31.5% and 30.6% to our Group's revenue respectively. Further details of our strategic alliance with the Shin Yang Holding Group are set out in Section 3.2(e) of this Prospectus.

4. INFORMATION ON OUR GROUP (Cont'd)

For the FYE 30 June 2009 and 5-month FPE 30 November 2009, our top 5 customers represented 32.9% and 52.9% of our total revenue, which amounted to RM221.4 million and RM145.8 million respectively.

Our top customer, Hock Leong Shipping Sdn Bhd is a freight agent in Port Klang, Selangor. Hock Leong Shipping Sdn Bhd accounted for 9.3% of our total revenue for the FYE 30 June 2009. Our next largest customer, Shin Yang Plywood (Bintulu) Sdn Bhd, accounted for 6.8% of our total revenue for the FYE 30 June 2009. Shin Yang Plywood (Bintulu) Sdn Bhd is a plywood manufacturer located in Sarawak.

As for the 5-month FPE 30 November 2009, our top customer, Perdana Venus Limited accounted for 20.9% of our total revenue. Perdana Venus Limited mainly uses our shipbuilding services. Our next largest customer, Hock Leong Shipping Sdn Bhd accounted for 11.3% for the 5-month FPE 30 November 2009.

We have enjoyed long-term business relationships with our customers. Approximately 80% of our top 5 customers have been dealing with us for 5 years or more.

Our long-standing customer relationships serve as an endorsement of the quality of our products and services, and more importantly, a stable customer base.

Our Board is of the opinion that we are not dependent on any single customer.

4.6 MAJOR SUPPLIERS

Between FYE 30 June 2007, 30 June 2008 and 30 June 2009, none of our suppliers represented 10% or more of our total purchases.

Our top 5 suppliers for the 5-month FPE 30 November 2009 were as follows:-

Supplier Name	Products Purchased	Purchase Value (RM'000)	Proportion of Group Purchases# (%)	Length of Relationship (Years)
1. Hock Leong Shipping Sdn Bhd, Selangor	Shipping agent	17,606	13.8	5
2. Shin Yang Services Sdn Bhd*	Diesel	14,498	11.3	10
3. Shin Yang Trading Sdn Bhd*	Ship parts	6,567	5.1	10
4. Melinau Shipping Sdn Bhd, Miri	Shipping agent	4,960	3.9	5
5. Port Enterprise Co Ltd (Japan)	Ship parts	4,556	3.6	5
Total		48,187	37.7	

Notes:-

Our Group's total purchases amounted to RM127.8 million, excluding inter-company transactions, for the 5-month FPE 30 November 2009

* An associated company of Shin Yang Holding

Our top 5 suppliers accounted for 37.7% of our total purchases for the 5-month FPE 30 November 2009.

For the 5-month FPE 30 November 2009, Hock Leong Shipping Sdn Bhd accounted for 13.8% of our total purchases. The next largest supplier was Shin Yang Services Sdn Bhd, which accounted for 11.3% of our total purchases for the 5-month FPE 30 November 2009.

4. INFORMATION ON OUR GROUP (Cont'd)

Our top 5 suppliers for the FYE 30 June 2009 were as follows:-

Supplier Name	Products Purchased	Purchase Value (RM'000)	Proportion of Group Purchases [#] (%)	Length of Relationship (Years)
1. Top Path Enterprises Limited, Indonesia	Steel Plate	39,768	7.4	5
2. Hock Leong Shipping Sdn Bhd	Shipping agent	35,273	6.6	5
3. Shin Yang Services Sdn Bhd*	Diesel	32,073	5.9	10
4. PT. Gunung Raja Paksi, Indonesia	Steel plates	26,519	4.9	5
5. Dubai Fuel Supply Co, UAE	Marine Gas Oil	18,789	3.5	2
Total		152,422	28.3	

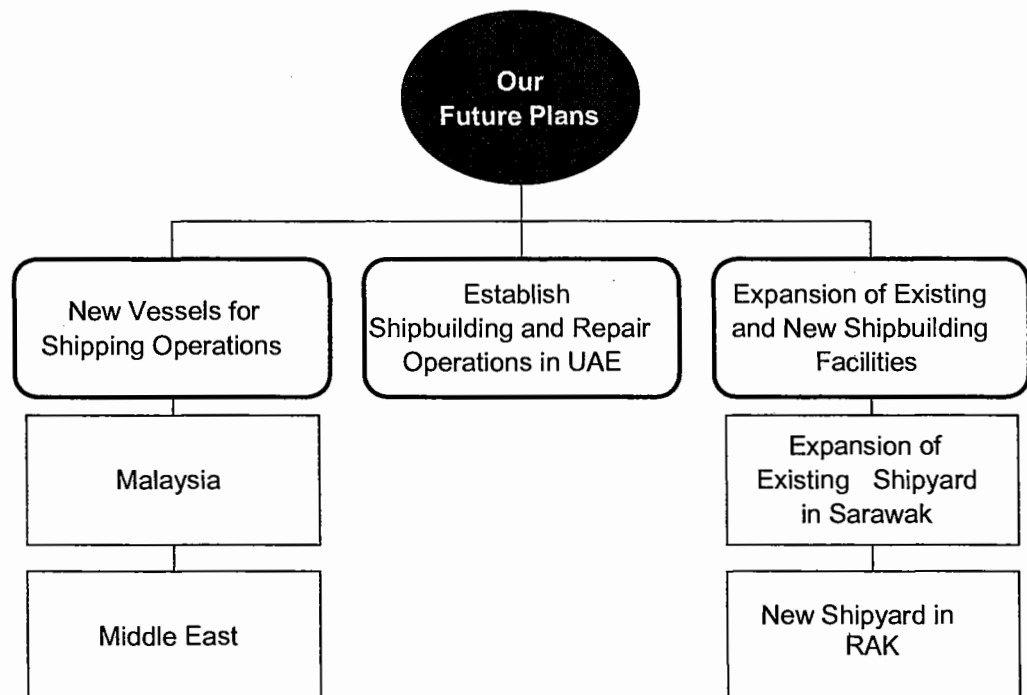
For FYE 30 June 2009, Top Path Enterprises Limited from Indonesia accounted for 7.4% of our total purchases. This was primarily for the purchases of steel plates. The next largest supplier was Hock Leong Shipping Sdn Bhd, which accounted for 6.6% of our total purchases for the FYE 30 June 2009. The company is our shipping agent.

As part of our philosophy of cultivating long-term suppliers, 80% of our top 5 suppliers have been dealing with us for five (5) or more years for the FYE 30 June 2009.

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

4.7 FUTURE PLANS AND STRATEGIES

Our future plans are focused in three (3) key areas as depicted in figure below:-



4. INFORMATION ON OUR GROUP (Cont'd)**(a) New Vessels for Our Shipping Operations**

Part of our future plans is to expand our fleet of vessels in Malaysia and the Middle East. Currently, we have a fleet of 245 vessels where 244 are registered in Malaysia and 1 is registered in UAE. The 245 vessels are owned by our subsidiary and associate companies.

In total, we intend to construct an additional seven (7) new vessels in the respective countries as follows:-

- 4 units of 128-metre tween deck cargo vessels with 13,500 DWT each in Malaysia;
- 3 units of vessels for the Middle East market, comprising 2 units of 50-metre AHT and 1 unit of 37-metre AHT.

All these new vessels are expected to be built at our shipyards in Sarawak Malaysia. The expected timing is as follows:-

Malaysia

- 2 units of tween deck cargo vessels expected to be completed by 2010;
- 1 unit of tween deck cargo vessels expected to be completed by 2011;
- 1 unit of tween deck cargo vessels expected to be completed by 2012.

Middle East

- 2 units of 50-metre AHT and 1 unit of 37-metre AHT expected to be completed by 2010;

These new additional vessels that are constructed for the Middle East market will be used in the oil and gas industry.

(b) Establish Shipbuilding and Repair Operations in UAE

Our existing shipbuilding and repair operations are located in Sarawak, Malaysia. We intend to leverage from our core competencies in shipbuilding and ship repair to expand our business outside Malaysia by establishing shipbuilding and repair operations in RAK.

The new shipbuilding and repair operations in UAE will provide us to address opportunities in the Middle East region.

We plan to commence our operations in the UAE by the third quarter of 2010.

(c) Expansion of Existing and New Shipbuilding Facilities**Expansion of Existing Shipyard in Sarawak**

We intend to expand our shipbuilding facility through expansion of existing Shipyard 2 in Kuala Baram, Sarawak.

We plan to expand our existing Shipyard 2 in Kuala Baram with the following additional facilities:-

- Build and construct shipyard facilities, launching ways and a 282-metre jetty;
- Invest in machinery and equipment including acquiring 4 units of 100-tonne gantry cranes with 70-tonne to 250-tonne mobile cranes;

4. INFORMATION ON OUR GROUP (Cont'd)

- Construct 2 shipbuilding bays (each having a 50-metre waterfront and 500-metre length for the land) with machinery and equipment;
- Four (4) shipyard buildings with a total of 2 units of 10-tonne overhead cranes.

The expansion of our existing shipbuilding facility will enable us to increase our shipbuilding capacity and the maximum size of vessels that we can construct through the expansion on our existing Shin Yang Shipyard 2 in Kuala Baram, which is expected to be completed by 2011.

In addition, we also plan to establish a new shipyard with a land area of 210 acres in Tanjung Manis area in Sarawak to cater for our future business growth and expansion.

New Shipyard in RAK

We intend 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, we signed a 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.

We expect the new shipyard to commence operations by the third quarter of 2010.

(d) Milestones

The following table indicates the timing for implementation of our future plans:-

	Year of Commencement		
	2010	2011	2012
New Vessel for Our Shipping Operations			
- 4 units of vessels for Malaysia operations	√	√	√
- 3 units of vessels for Middle East operations	√		
Establish Shipbuilding and Repair Operations in UAE		√	
Expansion of Existing and New Shipbuilding Facilities			
Malaysia			
- Expansion on existing Shipyard 2 in Kuala Baram	√		
RAK			
- New shipyard in Hulayla Industrial Park	√		

4. INFORMATION ON OUR GROUP (Cont'd)

4.8 PROSPECTS OF OUR GROUP

The prospects of our Group are favourable in light of the following factors:-

- Good business performance;
- Competitive advantages;
- Future plans to provide sustainable growth.

(a) Good Business Performance

- Our good business performance is supported by the following financial achievements for the FYE 30 June 2009:-
 - Revenue grew by 13.2% amounting to RM673.5 million;
 - PBT margin was 16.7% amounting to RM112.7 million.
- Between the financial years ended 30 June 2007 and 2009, our financial performance was as follows:-
 - Our revenue grew at an average annual rate of 17.6%;
 - Our PBT grew by an average annual rate of 4.4%.
- The continuing growth of our financial performance over the last three (3) financial years will provide us with the platform for continuing business success and growth.

(b) Competitive Advantages

Our competitive advantages will provide a platform for continuing growth and success. This include the following:-

- We are an integrated shipbuilding and shipping operator;
- We have two major revenue streams;
- We have business diversity to mitigate over-dependency in any one area;
- We own a large fleet of vessels;
- We have economies of scale;
- We have lower shipping operating cost;
- We have lower shipping asset cost;
- We provide domestic and international shipping services

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

(c) Future Plans to Provide Sustainable Growth

We have in place a sound business and expansion plan for moving forward, and are focused in the following area:-

- New vessels for our shipping operations in Malaysia and Middle East to address new area of growth for business expansion;
- Establish shipbuilding operations in UAE to cater for market and business expansion;
- Expansion of existing shipbuilding facilities in Sarawak and new shipyard located in UAE to enable us to increase our shipbuilding capacity and increase maximum size of vessels that we can build.
- Our future plan would provide us with the platform for growing our business.

5. INDUSTRY OVERVIEW

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

5.1 OVERVIEW AND OUTLOOK OF THE WORLD AND MALAYSIAN ECONOMY**World Economy**

In the first half of 2009, the global economy experienced the sharpest contraction since the Second World War, with countries accounting for more than 60% of world output mired in a synchronised recession. The full impact of the 2008 international financial crisis on the real economy was felt in the first quarter of 2009, where a large number of economies experienced significant contractions in real GDP. In the advanced economies, the financial crisis and the ensuing credit crunch led to a sharp decline in private sector demand. Household consumption was curtailed, affected by a combination of factors including deteriorating employment prospects, falling house prices and difficulties in obtaining access to credit. Similarly, businesses cut their production sharply while inventories were drawn down to abnormally low levels amid weak demand and tight credit conditions. The international production and trade network unravelled, sending shocks to the emerging economies. The Asian economies, particularly those with a higher degree of trade openness, were affected by the collapse in world trade that resulted from the sudden plunge in demand from the advanced economies, leading to double-digit declines in exports and production. The deterioration in the trade-related sectors subsequently impacted the rest of the economy as household and business confidence were adversely affected.

The severe global financial crisis and the sharp global recession that ensued led to unprecedented policy responses by governments and monetary authorities across the world. Governments introduced large fiscal stimuli, ranging between 1 – 12% of GDP, while central banks aggressively eased monetary policy as interest rates were reduced to record lows. In the major advanced economies, quantitative easing and financial support measures were also introduced, primarily to provide liquidity to financial markets and to restore stability in their financial systems.

Recovery in the global economy, which commenced in the second half of 2009, is expected to remain gradual and uneven in 2010 as economies emerge from the worst post-World War II recession. The strength and pace of the recovery will vary considerably across the economies, depending on the extent of the region-specific structural problems in the aftermath of the global financial crisis. The advanced economies are expected to record modest growth in 2010 given the prevailing high unemployment, the ongoing deleveraging process and the weak financial systems that continue to restrain lending activity to the real sector. The Asian economies are, however, expected to continue to lead the global recovery as sources of growth become broad-based, supported by the further strengthening of both domestic demand and external demand, amid improved intraregional trade, especially with People's Republic of China.

(Source : Bank Negara Malaysia Annual Report 2009)

Malaysian Economy

The Malaysian economy contracted by 1.7% in 2009, a year when the global economy experienced its deepest downturn in modern history. The domestic economy experienced the full impact of the global recession in the first quarter, declining by 6.2%, marking the first year-on-year contraction in real GDP since the third quarter of 2001. The collapse in global demand and world trade led to double-digit declines in Malaysia's exports and industrial production. Given the high degree of openness of the economy, the deterioration in external demand affected employment, income and overall business and consumer sentiment, causing private consumption and private investment activities to decline in the first quarter of the year. Growth during the quarter was also affected by large drawdowns of inventory, particularly in the manufacturing and commodity sectors.

5. INDUSTRY OVERVIEW (Cont'd)

The Malaysian economy is projected to grow by 4.5% to 5.5% in 2010, underpinned by strengthening domestic demand and an improving external environment. While the public sector will remain supportive, growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The underlying strong macroeconomic fundamentals, the healthy private sector financial position and the strong financial system will provide support to a private sector-led recovery. A supportive monetary environment, including continued access to competitive financing will remain in place to foster recovery in the private sector activity.

The main contribution to growth in 2010 would come from the expected strengthening in domestic demand, driven mainly by the private sector. Favourable domestic conditions, including the improvements in the labour market, rising disposable incomes and sustained consumer confidence, will support the further expansion in private consumption. In line with strengthening external demand and increasing domestic activity, private investment is expected to gradually recover in 2010. In addition, higher capital spending by the non-financial public enterprises and the accelerated implementation of the remaining projects under the second stimulus package, will further reinforce domestic demand. The recovery in the global economy will provide a further impetus to growth in 2010, particularly from the more robust expansion in the regional economies. Given the relatively large external sector in the economy, the strengthening of external demand will have positive spill-over effects on the broader economy, in terms of employment, production and overall sentiments, thus supporting greater private consumption and investment.

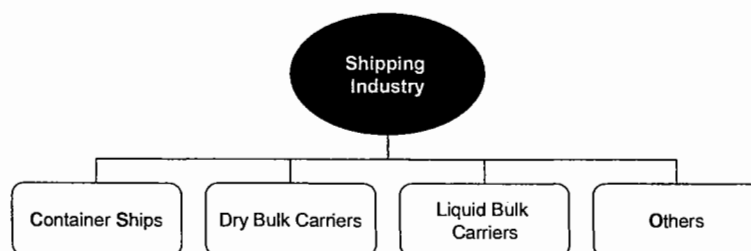
The projected growth of the Malaysian economy of between 4.5% and 5.5% in 2010 is based on the expectation of a gradual and uneven global economic recovery. It is recognised that the global economy is still facing several downside risks. These risks, mainly in the advanced economies, include the effect on recovery once fiscal spending begins to diminish, the still weak and fragile financial system, the continued de-leveraging process amongst the private sector and the fiscal stress in some large advanced economies pose considerable uncertainties to the outlook for the global economy. Under these circumstances, domestic demand will be a key factor in driving growth in 2010. In this environment, policies will remain supportive of growth, in particular to ensure that private sector activity strengthens further and that the recovery is firmly established.

(Source : Bank Negara Malaysia Annual Report 2009)

5.2 THE SHIPPING AND SHIPBUILDING INDUSTRY

5.2.1 Structure of Shipping Industry

The term 'shipping' used in this section covers freight only. In general, the shipping industry can be segmented into the following:-



Shin Yang Shipping Corp Group operates in all of the above sectors

5. INDUSTRY OVERVIEW (Cont'd)

Shin Yang Shipping Corp Group provides shipping services using container ships, dry bulk carriers, liquid bulk carriers and others including general cargo ships and landing crafts. The focus of our Group is in the shipping of dry bulk cargo. Shipping involves the transportation of goods and cargo by sea using vessels.

- **Container Ship** 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 can be refrigerated or non-refrigerated. Refrigerated containers are mainly used to transport perishable edibles while non-refrigerated containers are mainly used to carry non-perishable manufactured goods.
- **Dry Bulk Carrier** refers to vessels such as bulk carriers, tugboats and barges used to ship unpackaged dry goods in large quantities. Tugboats used as dry bulk carrier normally do not carry goods but to push and tow a barge without propulsion. Multiple tugboats can also be used to manoeuvre a vessel in a crowded harbour or narrow canal. Examples of dry bulk cargo include coal, grain, iron ore, bauxite, timber, cement, chemicals, dry edibles and bulk mine.
- **Liquid Bulk Carrier** generally refers to tankers used to carry liquid goods in large quantities such as petroleum, liquefied natural gas (LNG), gasoline, chemicals and edible oils. A liquid bulk carrier is normally equipped with oil pumps, heaters and other necessary equipment and facilities on board. In general, a liquid bulk carrier normally specialises in carrying one type of product only.
- **Others** refer to all other types of water shipping carriers used to transport goods. Some of these examples include the following:-
 - General cargo ship refers to non-specialised cargo ships that are used to transport goods in boxes, bales, crates, packages, bundles and others.
 - Roll-on/roll-off (ro-ro) is normally used to transport motor vehicles and rolling stocks. A ro-ro is equipped with a hinged ramp at the stern that allows motor vehicles and rolling stocks to drive on and off the vessel.
 - Heavy lift vessel is designed to carry extremely large and heavy items that cannot be transported by other vessels.
 - Landing craft used in shipping of goods is a type of vessel with a ramp that can be lowered and opened at one end. It is normally used to carry containers and other types of general cargo directly or close to the shore.
 - Offshore support vessel that are used for the transportation of goods commonly carry cargo and supporting tools such as pulverised cement, diesel fuel, potable and non-potable water, chemicals and fire fighting tools, and ferrying of equipment to and from the oil platforms.

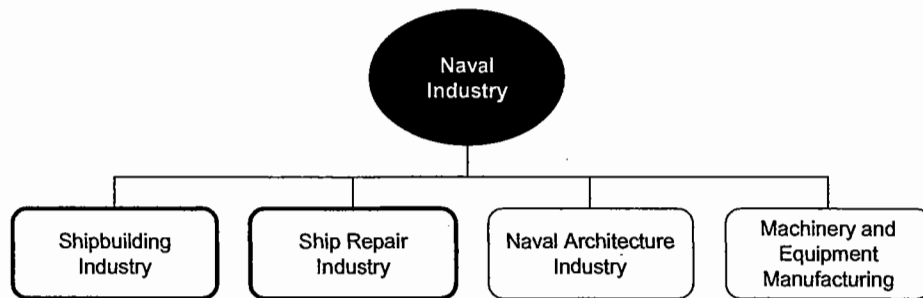
(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

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5. INDUSTRY OVERVIEW (Cont'd)

5.2.2 Structure of the Naval Industry

In general, the overall Naval Industry can be broadly categorised as follows:-



Shin Yang Shipping Corp Group primarily operates within these sectors

The Shipbuilding Industry comprises operators that are engaged in ship construction.

The Ship Repair Industry comprises operators that are engaged in providing ship repair and maintenance services. It is common for operators who are in shipbuilding to also provide ship repair services.

The **Naval Architecture Industry** comprises naval architects and naval engineers who are engaged in producing designs for the shipbuilding industry.

Manufacturers of machinery and equipment support the Shipbuilding and the Ship Repair Industries by manufacturing the machinery and equipment that are installed on vessels.

Shin Yang Shipping Corp Group is currently involved in the following sectors of the overall Naval Industry:-

- shipbuilding industry;
- ship repair industry.

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5. INDUSTRY OVERVIEW (Cont'd)

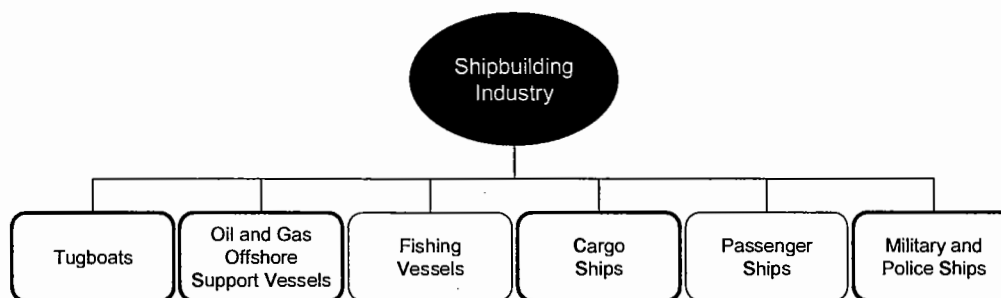
5.2.3 Structure of the Shipbuilding Industry

The shipbuilding industry has developed specialised skills and technological capabilities in engineering design, metallurgy, corrosion control, machining, welding and fabrication. In 2009, there were approximately 70 shipyards in Malaysia. Most of the shipyards operate on a small-scale basis, building mostly smaller wooden and aluminium hulled boats and watercrafts.

The demand for ships in Malaysia is generally based on a number of factors, including the replacement of old ships, demand for new ships on a jobbing basis, demand for ships to support the Oil and Gas Industry, and to meet the requirements of the military and police.

There is also considerable demand from overseas customers for ships built by Malaysian shipbuilders.

In general, the shipbuilding industry in Malaysia can be broadly categorised by the types of ships built as follows:-



Shin Yang Shipping Corp Group mainly operates within these sectors

For the FYE 30 June 2009, Shin Yang Shipping Corp Group is mainly engaged in the construction of the following types of ships or vessels:-

- Maintenance/work vessels;
- Landing crafts;
- AHTs;
- Tugboats;
- Barges.

In addition, our Group have also constructed the following types of ships or vessels specifically for our shipping operations:-

- General cargo ships;
- Container ships;
- Oil tankers.

During the fourth quarter of 2009, our Group has also started the construction of navy training vessels.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

Further information on the shipping and shipbuilding industries are set out in the *Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor* in Section 12 of this Prospectus.

5. INDUSTRY OVERVIEW (Cont'd)

5.2.4 Future Outlook**(a) Industry Outlook****(i) Malaysia**

Since the start of the global financial crisis in mid-2007, which also affected Malaysia, there are strong indications that economic conditions in Malaysia are improving and the outlook for the near term, especially 2010 will be better than 2009. This is supported by the following observations:-

- While real GDP growth for 2009 registered a contraction of 1.7%, real GDP growth for 2010 is forecasted to be between 4.5% and 5.5%.
- Business Conditions Index for the fourth quarter of 2009 improved by 121% compared to the fourth quarter of 2008.

Improved economic conditions combined with stronger business conditions will help sustain operators within the Shipping and Shipbuilding Industries.

In addition, the Shipping and Shipbuilding Industries have demonstrated growth during normal economic conditions prior to the global financial crisis and these are supported by the following:-

- Between 2005 and 2009, total cargo throughput at the Malaysian ports increased at an average annual rate of 4.3%. In 2009, it declined by 5.9% to 390.6 million freight weight tonnes.
- Between 2003 and 2007, value of gross output for the building and repairing of ships increased at an average annual rate of 12.4%. In 2007, it increased by 37.2% to RM4.7 billion.

As such, it is expected that once Malaysia fully recovers from the current economic slowdown, the Shipping and Shipbuilding Industries would continue to grow and this would augur well for operators within these two industries.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

(ii) Regional

Shin Yang Shipping Corp Group also undertake international shipping operations in Asia and the Middle East. In addition, Shin Yang Shipping Corp Group also built ships for customers in the Middle East. As such, the economic performance of these two regions will have an impact on shipping and shipbuilding operators like Shin Yang Shipping Corp Group.

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5. INDUSTRY OVERVIEW (Cont'd)

Asia

The Asian region is also starting to show signs of recovery from the global financial crisis, which started in mid-2007. This is substantiated as follows:-

- In 2008, Asia recorded an average real GDP growth of 6.7%, where almost all Asian countries experienced positive growth.
- In 2009, with some Asian countries expected to experience negative GDP growth, the average real GDP growth for Asia is forecasted to be 5.0%. Some of the Asian countries that are expected to experience negative real GDP growth include Korea, Singapore, Thailand, Hong Kong and Taiwan.
- In 2010, the economic conditions for most Asian countries are expected to improve with many expected to record better growth compared to 2009. For 2010, it is forecasted that the average real GDP growth for Asia would reach 6.8%.

The forecasted improved economic conditions in Asia will augur well for operators within the shipping industry, like Shin Yang Shipping Corp Group, for business growth and sustainability.

Middle East

In light of the global financial crisis that has affected the Middle Eastern economies, the Middle East's average real GDP recorded a lower growth of 5.4% for 2008 compared to 6.2% for 2007. It is also forecasted that real GDP growth for 2009 will fall to an average 2.0%. Nevertheless, 2010 is forecasted to see improvement with average real GDP growth of 4.2% for the Middle East.

The expected improved economic conditions in the Middle East, particularly evident in 2010, will augur well for operators within the Shipping and Shipbuilding Industries for business growth and sustainability.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

5.2.5 Industry Players and Competition

(a) Nature of Competition in the Shipping and Shipbuilding Industries

All operators in the Shipping and Shipbuilding Industries face normal competitive conditions.

(b) Factors of Competition

As with most free enterprises environments, competition among shipping operators and shipbuilders is based on a number of factors, including:-

- Prompt delivery;
- Established track record;
- Financial strength to compete and grow the business;
- Capability to construct ships in accordance with the technical requirements of the relevant classification societies;
- Quality of products and services

5. INDUSTRY OVERVIEW (Cont'd)

(c) Impact of Factors of Competition on Shin Yang Shipping Corp Group

- **Prompt delivery:** Prompt delivery is important in gaining customer loyalty as late delivery may cause disruption to their operations. Shin Yang Shipping Corp Group currently has a total number of 245 ships providing shipping services. Of these, 149 ships operate within domestic waters while 96 ships operate in international waters. With a large quantity of ships available, our Group can ensure that it has enough resources to meet the delivery schedule.
- **Established track record:** Shin Yang Shipping Corp Group has been engaged in shipping and shipbuilding since 1983 and 1986 respectively. Throughout these years, our Group has cultivated a loyal group of customers. This can be demonstrated by the fact that for the FYE 30 June 2009, 55% of our Group's top 20 customers have been dealing with our Group for 5 or more years. Of these, 40% have been dealing with our Group for 10 or more years. For the FYE 30 June 2009, our Group services approximately 58 customers. In addition, our Group had successfully completed over 250 ships of various types and sizes for our overseas and local customers since the commencement of our shipbuilding business in 1986. Our long and established track record provides our Group with a competitive advantage over new entrants and companies who have only been in operations for a short period of time.
- **Capability to construct ships in accordance with the technical requirements of the relevant classification societies:** The ships constructed by Shin Yang Shipping Corp Group are built in accordance with stringent international maritime standards. The capability to construct ships in accordance with the technical requirements of the relevant classification societies is an important competitive factor, as shipbuilders that lack this capability will not be able to secure orders and contracts for ships.
- **Financial strength to compete and grow the business:** For the FYE 30 June 2009, Shin Yang Shipping Corp Group's revenue and PBT amounted to RM673.5 million and RM112.7 million respectively. Shin Yang Shipping Corp Group's financial strength enables our Group to secure supplies of key raw materials, parts and components and ensure that there is no disruption to our Group's shipbuilding operations stemming from a shortage of these materials. As our Group's shipping operations are also largely supported by our own shipbuilding capabilities, this provides the assurance of a continuing supply of vessels. In addition, our Group's financial strength will also support our on-going operations and future expansion plans.
- **Quality of products and services:** Our Group's ability to construct ships in accordance with the technical requirements of the relevant classification societies will provide customers with the assurance of quality of the vessels constructed. This is important to garner customer loyalty as well as serve as a reference site to attract new customers. As such, operators with demonstrable quality management system in place would have an advantage. As part of our emphasis and achievement on quality, Shin Yang Shipping Corp Group's subsidiaries has obtained the following certifications and awards:-
 - Shin Yang Shipyard obtained MS ISO 9001:2000 Quality Management Systems for Shipbuilding and Maintenance and Related Metal Fabrication Activities on 24 January 2003, issued by SIRIM QAS International Sdn Bhd;

5. INDUSTRY OVERVIEW (Cont'd)

- Piasau Slipways obtained MS ISO 9001:2000 Quality Management Systems for Shipbuilding and Maintenance and Related Metal Fabrication Activities on 24 January 2003, issued by SIRIM QAS International Sdn Bhd;
- Awarded finalist of the Lloyd's List Shipbuilding Asia Award 2007, Hong Kong.

(d) Competitive Intensity

Competitive intensity among operators in the Shipping and Shipbuilding Industries within Malaysia is based on the following observations:-

- In 2009, there are approximately 200 companies registered with the Malaysia Shipowners' Association. Of these, many are shipping operators.
- In 2009, the market size of the Shipping Industry in Malaysia was estimated at 390.6 million freight weight tonnes. The large market size somewhat moderates the competitive intensity of the industry.
- There were approximately 70 shipyards in Malaysia in 2009. Most of the shipyards operate on a small-scale basis, building mostly smaller wooden and aluminium hulled boats and watercraft. The moderate number of steel vessel builders would somewhat mitigate the competitive pressure on existing shipbuilders.
- Capital and set-up cost for an entry-level shipping operation is approximately RM25 million while the capital and set-up cost to establish an entry-level shipbuilding yard is approximately RM25 million to RM30 million. The relatively high capital and set-up costs required in this industry will limit the number of new entrants, and thus somewhat reduces the competitive pressure from new entrants into the Shipping and Shipbuilding Industries.
- With the recent liberalisation of the Cabotage Policy, ships with a foreign flag is allowed to transport containerised transshipment cargo between Sepangar Port, Bintulu Port, Kuching Port and that of the Port of Tanjung Pelepas and Port Klang. As such, competition from the international shipping operators will increase the competitive intensity of the shipping industry.
- Experience, track record, technical skills and relevant accreditations and certifications are prerequisites for any new entrants to commence business in this industry. These prerequisites would somewhat moderate the competitive intensity among more experienced and established shipping operators and shipbuilders who have a longer track record.

(e) Players in the Industry

Shipping

In 2009, there are approximately 200 companies registered with the Malaysia Shipowners' Association, including shipping operators and shipowners. Some of the shipping operators in Malaysia, including, among others, Ajang Shipping Sdn Bhd, Borneo Shipping & Timber Agencies Sdn Bhd, Coastal Contracts Bhd, Complete Logistic Services Berhad, E.A. Technique (M) Sdn Bhd, Gagasan Carriers Sdn Bhd, Harbour-Link Group Berhad, Hubline Berhad (*Formerly known as EOX Group Berhad*), KBH Capital Sdn Bhd, Lunar Shipping Sdn Bhd, Malaysian Bulk Carriers Berhad, MISC Berhad, PDZ Holdings Bhd, Pengangkutan Kekal Sdn Bhd, Sealink International Berhad, **Shin Yang Shipping Corp Group**, Sin Matu Sdn Bhd, Swee Joo Berhad, Syarikat Borcos Shipping Sdn Bhd, and Viva Omega Sdn Bhd

5. INDUSTRY OVERVIEW (Cont'd)

(Note: The above is not an exhaustive list and listed in alphabetical order, and only includes shipping operators that transport goods for third parties)

Shipbuilding

There were approximately 70 companies involved in the shipbuilding industry in Malaysia in 2008. Some of the shipbuilders in Malaysia, including, among others, Bonafide Shipbuilders & Repairs Sdn Bhd, Coastal Contracts Berhad, Dayang Teras Shipyard Sdn Bhd, Eastern Marine Shipbuilding Sdn Bhd, Far East Shipyard Company Sdn Bhd, Forward Shipbuilding Enterprise Sdn Bhd, FS Shipyard Sdn Bhd (Formerly known as Fong Syn Shipyard Sdn Bhd), Geliga Slipway Sdn Bhd, Ironwoods Shipyard Sdn Bhd, Kian Juan Dockyard Sdn Bhd, Kuan Juan Dockyard Sdn Bhd, Labuan Shipyard and Engineering Sdn Bhd (Formerly known as Sabah Shipyard Sdn Bhd), Limbongan Batu Maung Sdn Bhd, Moxen Shipyard Sdn Bhd, MSET Shipbuilding Corporation Sdn Bhd, Muhibbah Marine Engineering (M) Berhad, Nam Cheong Dockyard Sdn Bhd, Nautica Nova Shipbuilding & Engineering Sdn Bhd, Port Shipyard & Engineering Sdn Bhd, Rajang Maju Sdn Bhd, Sarawak Slipways Sdn Bhd, Satria Murni Sdn Bhd, Sealink International Berhad, **Shin Yang Shipping Corp Group**, Sri Paka Engineering Sdn Bhd, Sumber Samudra Sdn Bhd, Superlight Shipbuilding Contractor, Syarikat Bengkel Dan Limbungan Majulah Sdn Bhd, TAS Offshore Berhad, and Yong Choo Kui Shipyard Sdn Bhd.

(Note: The above is not an exhaustive list and listed in alphabetical order)

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

5.2.6 Laws and Regulations

(a) Manufacturing Licence

Application of a manufacturing licence under the Industrial Coordination Act, 1975 is mandatory for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full-time paid employees.

Piasau Slipways and Shin Yang Shipyard, subsidiaries of Shin Yang Shipping Corp Group, obtained manufacturing licences on 14 November 1994 and 15 October 2008 respectively from the MITI.

(b) Registration with Perbendaharaan Malaysia Sarawak

Piasau Slipways is registered as a contractor for building and repairing of boats and ships "AA" with the Federal Treasury Sarawak. The effective period of the registration is from 25 July 2009 until 24 July 2012.

(c) Registration of Vessel

According to the Merchant Shipping Ordinance 1952, every Malaysian ship has to be registered unless exempted under the following conditions:-

- Any ship not exceeding 15 tonnes net used for navigation on the rivers and coastal waters of Malaysia;
- Any vessel licensed under section 475 of the Merchant Shipping Ordinance 1952;

5. INDUSTRY OVERVIEW (Cont'd)

- Any local fishing vessel not exceeding 500 tonnes gross where such vessel is licensed under any written law relating to fisheries.

All of Shin Yang Shipping Corp Group's Malaysian vessels that are used in shipping operations are registered with the Port of Registry.

(d) Registration with the Domestic Shipping Licensing Board

According to the Merchant Shipping Ordinance 1952, any ship that engages in domestic shipping must obtain a licence from the Domestic Shipping Licensing Board unless exempted under the following conditions:-

- Any ship under 15 tonnes net;
- Any vessel licensed under section 475 of the Merchant Shipping Ordinance 1952;
- In relation to the State of Sabah, any vessel licensed under the Merchant Shipping Ordinance 1960 of Sabah;
- In relation to the State of Sarawak, any vessel licensed under the Merchant Shipping Ordinance 1960 of Sarawak;
- Any ship belonging to or in the employment of the Government of Malaysia or any State thereof or any Port Authority therein.

Shin Yang Shipping Corp Group has obtained Domestic Shipping Licences for vessels that are used in domestic shipping operations within Malaysian ports.

(e) Safety Certificates

According to the Merchant Shipping Ordinance 1952, no cargo ships registered in Malaysia shall proceed to sea without the appropriate safety certificates.

Our Group's vessels have a combination of the following certificates including:-

- Cargo ship safety equipment certificates;
- Cargo ship safety radio certificates;
- Safety management certificates;
- Cargo ship safety construction certificates.

(f) Compliance with the 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 a pre-requisite for all Malaysian ships going on an international voyage.

International Ship Security Certificate

The International Ship and Port Facility Security Code (ISPS Code) is a set of measures that are implemented to enhance maritime security in the International Convention for the Safety of Life at Sea (SOLAS).

Compliance with the ISPS Code is mandatory for all SOLAS contracting parties, which the Malaysian Government is part of. A ship that is compliant should have an International Ship Security Certificate.

5. INDUSTRY OVERVIEW (Cont'd)

Shin Yang Shipping Corp Group has obtained International Ship Security Certificates for vessels with more than 500 GRT that are used in international shipping operations.

International Tonnage Certificate

According to the International Convention on Tonnage Measurement of Ships 1969 adopted by the International Maritime Organisation, all ships built on or after 18 July 1982 shall adopt this universal tonnage measurement system.

Under the International Convention on Tonnage Measurement of Ship 1969, Shin Yang Shipping Corp Group has obtained International Tonnage Certificates for vessels that are used in international shipping operations.

International Load Line Certificate

According to the 1966 Load Lines Convention adopted by the International Maritime Organisation, no ship shall proceed to sea on an international voyage unless it has been surveyed, marked and provided with an International Load Line Certificate or where appropriate, an exemption certificate in accordance with the provisions of the present Convention. The Convention puts a limitation on the draft to which a ship may be loaded to ensure its safety.

Under the International Convention on Load Lines 1966, Shin Yang Shipping Corp Group has obtained International Load Line Certificates for vessels that are used in international shipping operations.

International Convention for the Prevention of Pollution from Ships 1973 (MARPOL)

The MARPOL Convention is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental cases.

Under the Convention, Shin Yang Shipping Corp Group has obtained the following certificates for vessels used in our international shipping operations:-

- International Oil Pollution Prevention Certificate;
- International Air Pollution Prevention Certificate;
- International Sewage Pollution Prevention Certificate.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

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5. INDUSTRY OVERVIEW (Cont'd)

5.2.7 Demand and Supply Conditions

(a) Demand and Demand Dependencies

(i) Demand – Shipping

Malaysia

Shin Yang Shipping Corp Group's shipping operations primarily cover Sarawak with some operations in the Middle East, therefore this report will also cover the general performance of the ports in Malaysia, Sarawak and the Middle East.

Between 2005 and 2009, total cargo throughput at Malaysian ports increased at an average annual rate of 4.3%. In 2009, it declined by 5.9% to 390.6 million freight weight tonnes

Between 2005 and 2009, dry bulk cargo throughput at Malaysian ports (a sub-sector of total cargo throughput at Malaysian ports) increased at an average annual rate of 6.1%. In 2009, it declined by 8.4% to 28.6 million freight weight tonnes.

Between 2005 and 2009, local trade of dry bulk cargo throughput at Malaysian ports (a sub-sector of dry bulk cargo throughput at Malaysian ports) increased at an average annual rate of 17.8%. In 2009, it grew by 128.5% to reach 4.5 million freight weight tonnes.

Between 2005 and 2009, total number of ships calling at the Malaysian ports decreased at an average annual rate of 1.5%. In 2009, the total number of ships calling at the Malaysian ports declined by 4.2% to 60,418 ships.

Between 2005 and 2009, total commodities unloaded at Malaysian ports increased at an average annual rate of 2.1%. In 2009, it declined by 9.6% to 139.0 million freight weight tonnes.

Between 2005 and 2009, total commodities loaded at Malaysian ports increased at an average annual rate of 2.9%. In 2009, it declined by 6.8% to 163.3 million freight weight tonnes.

Between 2005 and 2009, quantity of processed timber loaded at Malaysian ports (a sub-sector of the total commodities loaded at Malaysian ports) decreased at an average annual rate of 13.2%. In 2009, it declined by 22.9% to 4.1 million freight weight tonnes.

Between 2005 and 2009, quantity of logs loaded at Malaysian ports (a sub-sector of the total commodities loaded at Malaysian ports) decreased at an average annual rate of 7.1%. In 2009, it grew by 19.1% to 3.8 million freight weight tonnes.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

5. INDUSTRY OVERVIEW (Cont'd)

Sarawak

Between 2005 and 2009, total cargo throughput at ports in Sarawak (a sub-sector of total cargo throughput at Malaysian ports) increased at an average annual rate of 0.9%. In 2009, declined by 7.0% to 55.7 million freight weight tonnes.

Between 2005 and 2009, dry bulk cargo throughput at ports in Sarawak (a sub-sector of total cargo throughput at ports in Sarawak) decreased at an average annual rate of 1.1%. In 2009, it declined by 6.7% to 5.9 million freight weight tonnes.

Between 2005 and 2009, local trade of dry bulk cargo throughput at ports in Sarawak (a sub-sector of dry bulk cargo throughput at ports in Sarawak) decreased at an average annual rate of 14.1%. In 2009, it declined by 32.4% to 368,000 freight weight tonnes.

Between 2005 and 2009, total number of ships calling at ports in Sarawak (a sub-sector of total number of ships calling at Malaysian ports) decreased at an average annual rate of 2.6%. In 2009, it grew by 1.2% to reach 12,740 ships.

Between 2005 and 2009, total commodities unloaded at ports in Sarawak (a sub-sector of total commodities unloaded at the Malaysian ports) decreased marginally at an average annual rate of 0.6%. In 2009, it declined by 6.5% to 10.4 million freight weight tonnes.

Between 2005 and 2009, total commodities loaded at ports in Sarawak (a sub-sector of the total commodities loaded at the Malaysian ports) increased marginally at an average annual rate of 0.1%. In 2009, it declined by 6.6% to 43.3 million freight weight tonnes.

Between 2005 and 2009, quantity of processed timber loaded at ports in Sarawak (a sub-sector of total commodities loaded at ports in Sarawak) decreased at an average annual rate of 6.4%. In 2009, declined by 22.6% to 3.6 million freight weight tonnes.

Between 2005 and 2009, quantity of logs loaded at the ports in Sarawak (a sub-sector of total commodities loaded at ports in Sarawak) decreased at an average annual rate of 2.6%. In 2009, it grew by 5.6% to 3.3 million tonnes.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

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5. INDUSTRY OVERVIEW (Cont'd)**UAE**

As specific data on shipping demand is not available, trade statistics and container port traffic will be used to provide an indication of the shipping industry in the UAE.

Between 2004 and 2008, the import value of foreign trade in the UAE increased at an average annual rate of 29.2%. In 2008, the import value of foreign trade in the UAE grew by 45.7% to reach AED565.7 billion.

Between 2004 and 2008, the export value of foreign trade in the UAE increased at an average annual rate of 42.6%. In 2008, the export value of foreign trade in the UAE grew by 66.5% to AED60.4 billion.

Between 2004 and 2008, preliminary figures indicate that the container port traffic in the UAE increased at an average annual rate of 11.5%. In 2008, the container port traffic in the UAE grew by 9.4% to reach 13.9 million of twenty-foot equivalent unit.

In 2007, the import value of foreign trade at the RAK sea ports amounted to AED3.8 billion.

In 2007, the export value of foreign trade at the RAK sea ports amounted to AED2.2 billion.

Qatar

As specific data on shipping demand is not available, trade statistics will be used to provide an indication of the performance of the shipping industry in Qatar.

Between 2004 and 2008, the import value of foreign trade in Qatar increased at an average annual rate of 46.8%. In 2008, the import value of foreign trade in Qatar increased by 19.1% to QAR101.6 billion.

Between 2004 and 2008, the export value of foreign trade in Qatar increased at an average annual rate of 31.8%. In 2008, the export value of foreign trade in Qatar increased by 34.3% to QAR202.8 billion.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

(ii) Demand - Shipbuilding

Between 2005 and 2009, export value of ships, boats and floating structures declined at an average annual rate of 4.2%. In 2009, it increased by 125.6% to reach RM2.6 billion.

Between 2005 and 2009, export value of tugs and pusher craft increased at an average annual rate of 148.8%. In 2009, it grew by 346.6% to RM785.2 million.

In 2009, the Singapore and the United Arab Emirates were the major export destinations for tugs and pusher craft, representing 60.8% and 19.2% of total exports under this category respectively. The other export markets for tugs and pusher craft in 2009 were Indonesia, Bahrain, British Virgin Islands, Qatar, Nigeria, Australia and Iran.

5. INDUSTRY OVERVIEW (Cont'd)

Between 2005 and 2009, export value of cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods increased at an average annual rate of 111.7%. In 2009, it grew by 4154.8% to RM112.0 million.

Between 2005 and 2009, export value of other vessels for the transport of goods and other vessels for the transport of both persons and goods (a sub-sector of export value of cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods) increased at an average annual rate of 81.1%. In 2009, it grew by 43.9% to RM196.5 million.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

(iii) Demand Dependencies - Shipping

As the demand for shipping services is largely dependent on the user industries, the performance of the following sectors will have an impact on Shin Yang Shipping Corp Group:-

- Performance of the manufacturing sector;
- Performance of the construction sector;
- Performance of the mining and quarrying sector;
- Production of oil and gas;
- Manufacture of wood products;
- Manufacture of chemicals.

The shipping industry is also largely dependent on the fluctuations of the world crude oil prices as it can affect freight costs and charges.

Between 2005 and 2009, gross domestic product of the manufacturing sector at current prices increased at an average annual rate of 2.8%. In 2009, it declined by 11.0% to RM172.7 billion.

Between 2005 and 2009, gross domestic product of the construction sector at current prices increased at an average annual rate of 7.8%. In 2009, it grew by 8.1% to reach RM21.2 billion.

Between 2005 and 2009, gross domestic product of the mining and quarrying sector at current prices increased at an average annual rate of 4.0%. However, in 2009, it declined by 31.0% to RM87.7 billion.

Between 2005 and 2009, average daily production of crude oil and condensates in Malaysia decreased at an average annual rate of 1.6%. In 2009, it declined by 4.1% to 660,000 barrels of oil per day.

Between 2005 and 2009, average daily production of natural gas in Malaysia decreased marginally at an average annual rate of 0.6%. In 2009, declined by 3.8% to 5,667 million standard cubic feet per day.

Between 2005 and 2009, sales value of the manufacture of veneer sheets and plywood increased marginally at an average annual rate of 0.4%. However, in 2009, it decreased by 13.4% to RM6.2 billion.

5. INDUSTRY OVERVIEW (Cont'd)

Between 2005 and 2009, sales value of the manufacture of laminboard, particleboard and other panels and board decreased marginally at an average annual rate of 0.4%. In 2009, decreased by 14.7% to RM1.6 billion.

Between 2005 and 2009, sales value of the manufacture of other basic industrial chemicals except fertilisers and nitrogen compounds increased at an average annual rate of 3.2%. In 2009, declined by 21.0% to RM20.5 billion.

Between 2005 and 2009, the average annual world crude oil prices increased at an average annual rate of 4.8%. In 2009, the average annual world crude oil prices declined by 37.1% to USD 60.1 per barrel*.

*Note: * Based on weekly all countries spot price free on board weighted by estimated export volume*

UAE

As Shin Yang Shipping Corp Group's operations in the UAE and Qatar are mainly focused on the shipping of aggregates, the following sections will cover the performance of the construction sectors in the respective countries.

Between 2004 and 2008, GDP at current prices of the building and construction industry in the UAE increased at an average annual rate of 24.3%. In 2008, GDP at current prices of the building and construction industry in the UAE increased by 26.1% to AED69,218 million.

Qatar

Between 2004 and 2008, GDP at current prices of the Building and Construction industry in Qatar increased at an average annual rate of 29.7%. In 2008, GDP at current prices of the Building and Construction industry in Qatar increased by 24.1% to QAR18.2 billion. For the first three quarters of 2009, GDP at current prices of the Building and Construction Industry in Qatar totalled QAR15.4 billion, representing an increase of 15.8% compared to the corresponding period in 2008

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

(iv) Demand Dependencies – Shipbuilding

A major proportion of the ships that are currently constructed by Shin Yang Shipping Corp Group are intended for use in the Oil and Gas, and Shipping Industries. As such, the demand for our Group's services and products is dependent on the performance of these industries.

The level of Investment made by Petroliam Nasional Berhad (Petronas) and Petroleum Sharing Contract (PSC) Operators in the exploration and production of oil and gas in Malaysia increased at an average annual rate of 16.0% between the financial years ended 31 March 2005 and 2009. For the FYE 31 March 2009, investment in exploration and production increased by 3.5% to reach RM22.3 billion.

5. INDUSTRY OVERVIEW (Cont'd)

Between 2005 and 2009, average daily production of crude oil and condensates in Malaysia decreased at an average annual rate of 1.6%. In 2009, it declined by 4.1% to 660,000 barrels of oil per day.

Between 2005 and 2009, average daily production of natural gas in Malaysia decreased marginally at an average annual rate of 0.6%. In 2009, declined by 3.8% to 5,667 million standard cubic feet per day.

Malaysia's exploration and production sector remained vibrant despite the challenging environment characterised by maturing hydrocarbon acreages, increasing geological complexity of remaining reserves, the sharp fall in crude oil prices and tightness in the supply of materials, equipment and experienced human capital.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

UAE

Between 2004 and 2008, the production of crude oil in the UAE increased at an average annual rate of 2.4%. In 2008, crude oil production in the UAE increased by an estimated 1.7% to 2.6 million barrels per day.

Between 2004 and 2008, the marketable production of natural gas in the UAE increased at an average annual rate of 2.1%. In 2008, the marketable production of natural gas in the UAE declined by an estimated 0.1% to 50.2 billion standard cubic metres.

Between 2004 and 2008, the number of active rigs in the UAE declined at an average annual rate of 6.9%. In 2008, the number of active rigs in the UAE declined by an estimated 14.3% to a total of 12 rigs.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

(b) Supply and Supply Dependencies

(i) Supply Dependencies – Shipping

The shipping industry depends largely on the availability of ships. Shin Yang Shipping Corp Group mainly uses tugboats, barges and general cargo ships for our shipping services.

Licences from the Domestic Shipping Licensing Board are required for the shipping of goods. Shin Yang Shipping Corp Group mainly ships dry bulk cargo and timber products. As such, obtaining the relevant licences would be crucial to our Group for our continuous supply of shipping services.

Between 2003 and 2007, value of gross output for the building and repairing of ships increased at an average annual rate of 12.4%. In 2007, it increased by 37.2% to RM4.7 billion.

Between 2005 and 2009, total number of ships registered in Malaysia increased at an average annual rate of 4.9%. In 2009, it grew by 5.1% to reach 4,677.

5. INDUSTRY OVERVIEW (Cont'd)

Between 2005 and 2009, total number of barges registered in Malaysia (a sub-sector of total number of ships registered in Malaysia) increased at an average annual rate of 3.1%. In 2009, it grew by 2.7% to reach 1,441.

Between 2005 and 2009, total number of tugboats registered in Malaysia (a sub-sector of total number of ships registered in Malaysia) increased at an average annual rate of 5.4%. In 2009, it grew by 4.3% to reach 966.

Between 2005 and 2009, total number of general cargo and semi-container ships registered in Malaysia increased at an average annual rate of 1.7%. In 2009, it grew by 0.8% to reach 512.

Between 2005 and 2009, import value of ships, boats (including hovercraft) and floating structures increased at an average annual rate of 10.0%. In 2009, it grew by 98.9% to RM4.7 billion.

Between 2005 and 2009, import value of tugs and pusher craft increased at an average annual rate of 86.6%. In 2009, it decreased by 18.8% to RM67.7 million.

Between 2005 and 2009, import value of cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods increased at an average annual rate of 35.5%. In 2009, it decreased by 52.5% to RM63.2 million.

Between 2005 and 2009, import value of other vessels for the transport of goods and other vessels for the transport of both persons and goods (a sub-sector of import value of cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods) increased at an average annual rate of 107.0%. In 2009, increased by 54.9% to reach RM1.1 billion.

Between 2005 and 2009, total number of licences issued for the shipping of dry bulk cargo by the Domestic Shipping Licensing Board decreased at an average annual rate of 8.2%. In 2009, it declined by 9.4% to 909 licences.

Between 2006 and 2009, total number of licences issued for the shipping of log wood by the Domestic Shipping Licensing Board increased at an average annual rate of 1.9%. In 2009, it declined by 2.9% to 235 licences.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

5.2.8 Substitute Products/Services

(a) Shipping

There are other ways to substitute shipping by transporting goods through land, air or pipeline.

However, none of these modes of transportation can completely replace shipping as it is either not practicable or impossible to transport certain types of goods through land, air or pipeline. Some examples include large vehicles such as aircrafts and vessels, heavy loads of containerised goods, transportation of goods to offshore platforms, and the transportation of large amount of oil and liquefied gas where there are no pipeline linkages to the destinations.

5. INDUSTRY OVERVIEW (Cont'd)

Shipping also has its advantages compared to other modes of transportation as it is capable of the following:-

- Able to carry a large variety of goods
- Able to carry heavy loads and large sized goods;
- Low freight cost in relation to weight;
- Able to reach long distance destinations.

(b) Shipbuilding

In general, there are currently no practicable substitutes for marine vessels. Within the different types of vessels, there are also no practical substitutes as each type of vessel is designed to perform a specific function.

There are no practicable substitutes for offshore anchor handling vessels, maintenance/work vessels as these types of vessels are required to provide anchor handling and maintenance support for offshore Oil and Gas Industry platforms.

Similarly, there are no practicable substitutes to tugboats, as there are currently no other types of vessel in service that combines all of the following characteristics of tugboats:-

- High manoeuvrability which enables tugboats to navigate confined waterways such as ports and rivers;
- High power to weight ratio;
- Relatively small in size;
- Good sea-going characteristics.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

5.2.9 Reliance on and Vulnerability to Imports

The shipbuilding industry in Malaysia is reliant on imports for the supply of certain grades of steel used in shipbuilding that are not produced in Malaysia. The shipbuilding industry is not vulnerable to imports of steel, as steel is a widely produced and traded commodity.

The shipbuilding industry in Malaysia is, however reliant on imports for the supply of marine engines, as there are currently no producers of marine engines operating in Malaysia. As marine engines are available from a range of manufacturers located in a number of countries worldwide, any disruption to operations is therefore minimised.

Our Group's shipbuilding operations are reliant on imports of raw materials such as mild steel plates, flat bars, angle bars and pipes and marine engines.

As for our Group's shipping operations, we are mainly reliant on in-house shipbuilding for the supply of vessels.

(Source: Independent Assessment of the Shipping and Shipbuilding Industries prepared by Vital Factor)

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

6.1.2 Profile of Promoters and Substantial Shareholders

Shin Yang Holding

(a) Background Information

Shin Yang Holding was incorporated in Malaysia under the Act on 19 July 1989 as a private limited company. Shin Yang Holding is principally involved in investment holding, letting of premises, providing administration services and trading of logs whilst Shin Yang Holding Group is involved in reforestation, downstream wood-based processing, residential and commercial land development, road and bridge construction with asphalt premix, paving block and concrete products manufacturing, oil palm, public transports, hypermarket and hotel business. Shin Yang Holding is also our holding company.

As at LPD, the authorised and issued and paid-up share capital of Shin Yang Holding is RM25,000,000 comprising 25,000,000 Shares.

(b) Directors and Substantial Shareholders

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

	No. of Shares held			
	Direct	(%)	Indirect	(%)
<u>Directors and Substantial Shareholders</u>				
Datuk Ling Chiong Ho	6,250,000	25.0	-	-
Ling Chiong Sing	6,250,000	25.0	-	-
Ling Chiong Pin	6,250,000	25.0	-	-
Ling Chiong Sieng	6,250,000	25.0	-	-
<u>Director</u>				
Ling Lu Kuang	-	-	-	-

The profile of Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng are set out in Section 6.2.2 of this Prospectus.

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6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**6.2 DIRECTORS AND CHIEF EXECUTIVE OFFICER****6.2.1 Particulars and Shareholdings**

The details of the Directors and Chief Executive Officer (who are all Malaysian) of our Group and their shareholdings in our Group before and after the IPO are as follows:-

Name	Designation	No. of Shares held before the IPO			No. of Shares held after the IPO*				
		Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman	51,794,594	5.1	(1) 722,295,946	70.6	34,802,669	2.9	(1) 660,412,796	55.0
Ling Chiong Sing	Group Managing Director	51,794,594	5.1	(1) 722,295,946	70.6	34,802,669	2.9	(1) 660,412,796	55.0
Ling Chiong Pin	Executive Director	51,794,593	5.1	(1) 722,295,946	70.6	34,802,668	2.9	(1) 660,412,796	55.0
Ling Chiong Sieng	Executive Director	38,869,585	3.8	(1) 722,295,946	70.6	34,802,668	2.9	(1) 660,412,796	55.0
Lawrence Lai Yew Son	Independent Non-Executive Director	-	-	-	-	100,000	#	-	-
Koh Ek Chong	Independent Non-Executive Director	-	-	-	-	100,000	#	-	-
Ling Siu Chuo	Non-Independent Non-Executive Director	42,879,407	4.2	-	-	36,000,009	3.0	-	-
Captain Ting Hien Liong	Chief Executive Officer	-	-	-	-	1,000,000	#	-	-

Notes:-

* Inclusive of Pink Form Allocation

Negligible percentage

(1) Deemed interested by virtue of their substantial interest in Shin Yang Holding

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

6.2.2 Profiles of Directors and Chief Executive Officer

Datuk Ling Chiong Ho, aged 58, was appointed as our Director on 15 September 2004 and was re-designated as our Non-Independent Non-Executive Chairman on 31 March 2010. Datuk Ling served on board various type of vessels during the 1970s. In the late 1970s, Datuk Ling acquired our first tugboat which marked the commencement of our shipping operations. Datuk Ling is hands-on and has extensive experience and technical know-how on construction of vessels and repair of vessels, marine engines and equipments. Datuk Ling has been instrumental in the growth and development of our Group and had lead our Group to become an established shipping operator and leading shipbuilder in Malaysia. Datuk Ling is responsible for formulating the overall strategic business direction of our Group. Datuk Ling is also the Group Executive Chairman of Shin Yang Holding Group and Sarawak Oil Palms Bhd, a company listed on Bursa Securities.

Ling Chiong Sing, aged 53, holds a Diploma in Accounting from Taiwan. Mr. Ling was appointed as our Director on 15 September 2004 and was re-designated as our Group Managing Director on 13 May 2010 and is responsible for the overall operational and financial management of our Group. As one of the founding members of our Group, Mr. Ling brings with him over twenty (20) years of extensive and hands-on knowledge on all aspects of our business activities ranging from shipping, shipbuilding and ship repairs. Mr. Ling is also responsible for our projects planning and management, and business development, including the expansion of our Middle East operations. Mr. Ling is also a Non-Independent Non-Executive director of Sarawak Oil Palms Bhd.

Ling Chiong Pin, aged 55, was appointed as our Executive Director on 30 November 2009. Mr. Ling served as a Coastal Master of domestic tugboats for over ten (10) years during the 1970s. Mr. Ling was appointed as Director of Piasau Slipways in 1986 and is currently the Managing Director of Piasau Slipways. Mr. Ling is responsible for all aspects of our shipbuilding and ship repair operations and bring with him extensive hands-on experience and knowledge in shipping and shipbuilding operations.

Ling Chiong Sieng, aged 51, was appointed our Executive Director on 30 November 2009. Mr. Ling had served on board vessels as a Coastal Master for domestic tugboats for many years and was instrumental in the setting up of our Group's first shipyard operations under Piasau Slipways. He brings with him extensive experience in business managements and project implementations. He currently oversees our Bintulu shipping operations.

Lawrence Lai Yew Son, aged 50, is an Advocate and Solicitor by profession. He was appointed as our Independent Non-Executive Director on 30 November 2009. He graduated with Bachelor of Law with Honours from the University of Sheffield, England in 1982 and was admitted as Barrister-At-Law of the Honourable Society of Lincoln's Inn, London, England and was called to the English Bar in 1983. He was admitted as an Advocate of the High Court of Sabah and Sarawak and called to the Sarawak Bar in 1984 and the Sabah Bar in 1986. He is currently a Notary Public and Commissioner for Oaths. Lawrence started practicing law in 1984 with Messrs Battenberg & Talma Advocates in Sibu and later set up Messrs Battenberg & Talma Advocates in Miri. In 1988, he set up Messrs Lai & Co. which later expanded to become Messrs Awang, Lai, Sandhu & Co., Advocates and Solicitors. In February 2009, Lawrence was appointed as the Mayor of Miri City Council. He was also previously the Independent Non-Executive Chairman of Oriented Media Group Berhad, a company listed on Bursa Securities. Lawrence is also the Chairman of our Joint Remuneration and Nomination Committee and a member of our Audit Committee.

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

Koh Ek Chong, aged 48, was appointed as our Independent Non-Executive Director on 30 November 2009. He started work in 1983 with Hii King Hiong & Company, an accounting and audit firm and has extensive experience in financial management and audit, taxation, financial planning. Mr. Koh is presently the Branch Audit Manager for Hii King Kiong & Company. Mr. Koh is a fellow member of the Association of Certified Chartered Accountants (ACCA), a member of the Malaysian Institute of Accountants, associate member of the Chartered Tax Institute Malaysia and a certified member of the Financial Planning Association of Malaysia. Mr. Koh is also the Chairman of our Audit Committee and a member of our Joint Remuneration and Nomination Committee.

Ling Siu Chuo, aged 47, was appointed as our Non-Independent Non-Executive Director on 30 November 2009. She started her career with Shin Yang Holding Group in the 1980s and was later promoted to be the Manager in charge of the administration and human resources of Shin Yang Holding Group in 1990. She is currently responsible for the administrative and human resources of Shin Yang Holding Group including the accounts management and payroll operations. She has hands-on experience and knowledge of the business activities of the Shin Yang Holding Group and related business and administrative matters involving timber logging and shipping activities. Ms. Ling is a member of our Audit Committee and Joint Remuneration and Nomination Committee.

Captain Ting Hien Liang, aged 55, is our Chief Executive Officer and is responsible for overall daily operations of our Group. Captain Ting graduated with a Bachelor of Science in Marine Navigation and Shipping Management from Keelung, Taiwan, and also holds a Master of International Trade (Captain). Captain Ting joined Shin Yang Shipping as General Manager in 1997 and has over thirty (30) years of hand-on experience in shipping operations including Class Marine Surveyor for Bureau Veritas, Owner Representative of a shipping company, Ship Captain for ocean going vessels, Docking Master and Charging Engineer for companies in Sabah and Sarawak. Master, Chief Officer, and Deck Cadet on board of various cargo vessels operated by Mitsui O.S.K Lines, Japan.

Captain Ting has attended numerous safety and training courses in Malaysia, Taiwan and China and was awarded First Class Marine Master Certificate issued by the Ministry of Transportation and Communications, Republic of China Taiwan.

Captain Ting is also a Director of Sarawak Maritime Academy Sdn Bhd, a joint venture higher learning institute between Shin Yang Holding Group and Sarawak State Government.

6.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 30 June 2009 and proposed for the FYE 30 June 2010 are as follows:-

Remuneration Band (RM)	FYE 30 June 2009	Proposed for FYE 30 June 2010
Datuk Ling Chiong Ho	150,000 - 200,000	150,000 - 200,000
Ling Chiong Sing	500,000 - 550,000	550,000 - 600,000
Ling Chiong Pin	100,000 - 150,000	150,000 - 200,000
Ling Chiong Sieng	100,000 - 150,000	150,000 - 200,000
Lawrence Lai Yew Son	-	Below 50,000
Koh Ek Chong	-	Below 50,000
Ling Siu Chuo	-	Below 50,000

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

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

6.2.4 Board Practices

Name	Designation	Expiration of Current Office Term	Length of Service in the Company
Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman	*	Over 5 years
Ling Chiong Sing	Group Managing Director	*	Over 5 years
Ling Chiong Pin	Executive Director	**	Less than 1 year
Ling Chiong Sieng	Executive Director	**	Less than 1 year
Lawrence Lai Yew Son	Independent Non-Executive Director	**	Less than 1 year
Koh Ek Chong	Independent Non-Executive Director	**	Less than 1 year
Ling Siu Chuo	Non-Independent Non-Executive Director	**	Less than 1 year

Notes:-

- * *Datuk Ling Chiong Ho and Ling Chiong Sing were appointed on 15 September 2004. Ling Chiong Sing will retire and seek reappointment at the Company's next annual general meeting*
- ** *These directors' current term will expire on the Company's next annual general meeting*

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

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

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6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**6.2.5 Profiles of Directors and Chief Executive Officer**

Save as disclosed below, our Directors and Chief Executive Officer are not involved in any other principal business activities outside our Group in the past five (5) years:-

Director	Other principle business activities	Involvement
Datuk Ling Chiong Ho	<ul style="list-style-type: none"> ▪ Shin Yang Holding Group ▪ Sarawak Oil Palms Berhad 	<p>Group Executive Chairman and substantial shareholder</p> <p>Group Executive Chairman and substantial shareholder</p>
Ling Chiong Sing	<ul style="list-style-type: none"> ▪ Shin Yang Holding Group ▪ Sarawak Oil Palms Berhad 	<p>Executive Director and substantial shareholder</p> <p>Non-Independent Non-Executive Director and substantial shareholder</p>
Ling Chiong Pin	Shin Yang Holding Group	Executive Director and substantial shareholder
Ling Chiong Sieng	Shin Yang Holding Group	Executive Director and substantial shareholder
Lawrence Lai Yew Son	<ul style="list-style-type: none"> ▪ Miri City Council ▪ Awang, Lai, Sandhu & Co. ▪ Oriented Media Group Bhd 	<p>Mayor</p> <p>Partner</p> <p>Past Independent Non-Executive Chairman</p>
Koh Ek Chong	Hii King Hiong & Company	Audit Manager
Ling Siu Chuo	Shin Yang Sdn Bhd	Manager, Administration and Human Resources

As set out in Section 6.5 of this Prospectus, our Executive Directors are of the opinion that their involvements in the abovementioned other principal business activities outside the Group will not affect their contribution to our Group nor negatively impact their abilities to act as Executive Directors of our Group.

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

6.3 COMMITTEES

6.3.1 Audit Committee

An Audit Committee provides our Board with assurance of the quality and reliability of financial information used by our Board and of the financial information issued publicly by our Company. It provides an additional and more specialised oversight of the financial reporting process by facilitating the discharge of our Board's responsibility in respect of the timely preparation and issuance of financial statements. The main functions of the Audit Committee which fall within the ambit of the Listing Requirements, include assessing the risks, (including the levels of authority delegated to the management by our Board) and control environment, the review of audit plans and audit reports with our Group's auditors, review of the auditors' evaluation of internal controls, program and review of the scope of internal audit procedures, reviewing conflict of interest situations and related party transactions, and candid discussions with management, internal and external auditors and nomination of the auditors.

Our Audit Committee comprises the following individuals:-

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

6.3.2 Joint Remuneration and Nomination Committee

The Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package and the terms of employment of our Executive Directors. Our Executive Director does not participate in any way in determining his individual remuneration. The policy adopted by our Remuneration Committee is to provide the necessary package to attract, retain and motivate our Executive Directors of the quality required to manage our business and to align the interest of our Executive Directors with those of shareholders.

The Nomination Committee is principally responsible for recommending to our Board the appointment of new Directors and committees members, with regard to our Director's contribution and performance, as well as reviewing on an annual basis the appropriate balance and size of non-executive participation. This requires a review of the mix of skills and experience, including core competencies and qualities that Non-Executive Directors should bring to our Board in order for our Board to function effectively. Our Board as a whole makes all decisions on appointments after considering the recommendations of the Nomination Committee.

The Joint Remuneration and Nomination Committee comprises the following members:-

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

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

6.4 KEY MANAGEMENT

6.4.1 Particulars and Shareholdings

The details of the key management (where are all Malaysian) of our Group and their shareholdings in our Company before and after the IPO are as follows:-

Name	Designation	No. of Shares held before the IPO		No. of Shares held after the IPO*	
		Direct (%)	Indirect (%)	Direct (%)	Indirect (%)
Shipbuilding operations					
Vincent Ling Lu Yew	Director, Shin Yang Shipyard	-	-	100,000	-
Captain Lau Choo Mee	Shipyard 1 Manager, Shin Yang Shipyard	-	-	500,000	-
Ong Choon Cheong	Shipyard 2 Manager, Shin Yang Shipyard	-	-	100,000	-
Fam What Yun	Shipyard Manager, Piasau Slipways	-	-	100,000	-
Shipping operations					
Sia Wei Sing	Manager for Domestic, Coastal and Regional Shipping, Shin Yang Shipping	-	-	150,000	-
Captain Lim Chia Sian	Manager for International Shipping, Shinline	-	-	100,000	-
Ngieng Ping Tuan	Senior Technical Superintendent, Thailine	-	-	100,000	-
UAE Operations					
Dr. Gary Tan Yow Hoo	Director, UAE Operations, Shin Yang FZC	-	-	1,000,000	-
Captain Ting Leh Bang	General Manager, UAE Operations, Shin Yang FZC	-	-	300,000	-
Legal, Finance and Administration					
Richard Ling Peng Ling	Financial Controller and Company Secretary	-	-	1,000,000	-
Loretta Jane Lau Mei Nah	Legal Counsel	-	-	500,000	-
Ling Ee Seng	Administrative Manager	-	-	100,000	-

Notes:-

* Inclusive of Pink Form Allocation
Negligible percentage

6. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**6.4.2 Profiles of the Key Management****Shipbuilding Operations**

Vincent Ling Lu Yew (Director, Shin Yang Shipyard), aged 26, graduated with a Bachelor of Civil and Construction Engineering from Curtin University of Technology, Australia in 2006. In 2007, he joined Shin Yang Shipyard as Operation Manager and was appointed as Director of Shin Yang Shipyard in March 2007. Mr. Vincent Ling oversees the day-to-day operations of our shipbuilding operations and actively implementing continual improvements to our shipbuilding operations.

Captain Lau Choo Mee (Shipyard 1 Manager, Shin Yang Shipyard), aged 57, qualified with a Master of Local Trade (Captain) and specialised in Boiler operations. Captain Lau joined our Group in 1988 as Shipyard Manager of Shin Yang Shipyard. Captain Lau has more than twenty-one (21) years of management experience in shipbuilding and ship repair. His previous experiences and expertise includes fourteen (14) years sea service as Ship Master of standby boat, AHT in oil and gas offshore marine operation for companies in Brunei Darussalam, Sabah and Sarawak and also Marine Operation Supervisor and Marine Captain with an oil and gas company. Captain Lau's main responsibility include overseeing the daily shipyard operations, the planning and scheduling of projects to ensure timely and quality completion of projects to ensure customer satisfaction.

Ong Choon Cheong (Shipyard 2 Manager, Shin Yang Shipyard), aged 56, was promoted as Shipyard 2 Manager of Shin Yang Shipyard in 2007, in charge of Shin Yang Shipyard's new Shipyard 2 at Kuala Baram. Mr. Ong brings with him over thirty (30) years of technical and supervisory experience in the shipbuilding industry. He was the Quality Assurance Inspector and Charging Superintendent for a shipyard in Sabah and later worked as Technical Superintendent for a shipping company for ten (10) years before joining our Group in 1995 as Head of Technical Maintenance for our Group's ocean-going general cargo vessels. He was trained in various fields of vessel maintenance which includes an Artisan Trade Certificate from Singapore, a Marine NTU Engine Certificate from Singapore and Overseas Training Certificate from Japan.

Fam Whai Yun (Shipyard Manager, Piasau Slipways), aged 31, graduated with a Bachelor of Mechanical Engineering majoring in Marine Technology from University Technology of Malaysia in 2001. He started his career in 2001 with Jurong Shipyard Pte Ltd, Singapore and was a Project Engineer when he left in 2003. He then joined Piasau Slipways in 2004 as a Project Engineer and was promoted in 2007 to Project Manager. He left in 2008 to join Lloyd's Register as a marine surveyor and rejoined Piasau Slipways in 2009 as Shipyard Manager.

Shipping Operations

Sia Wei Sing (Manager for Domestic, Coastal and Regional Shipping, Shin Yang Shipping), aged 57, is the Manager in charge of our domestic shipping and regional services. He holds a Master of Local Trade (Class IV) and has over thirty-three (33) years of experience in the shipping industry. He was Mates and Master on board of oil and gas vessels between 1975 to 1983. From 1983 to 1988, he was in charge of the shipping fleet for vessels belonging to various Malaysian shipping companies involved in both domestic and international shipping. He joined our Group in 1990 as the Senior Shipping-In-Charge overseeing over 50 vessels mainly tugs and barges. He was promoted to Shipping Manager in 1996, and is now responsible for the management of our entire fleet of tugs and barges, container vessels and cargo vessels for the domestic, coastal and regional areas.

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

Captain Lim Chia Sian (Manager for International Shipping, Shinline), aged 38, holds Certificate of Competency Deck Class 1 (Master Mariner) Unlimited from Maritime Port Authority Singapore, Advance Diploma in Marine Transportation from Singapore Polytechnic and Diploma in Nautical Studies from Singapore Polytechnic. Prior to joining our Group, Captain Lim served ten (10) years of sea service as Cadet and Chief Officer on board various oil tankers and container vessels with gross tonnage ranging from 25,666 tons to 65,475 tons. Captain Lim joined Shin Yang Shipping in 1999 as International Safety Management Designated Person Ashore Marine Safety and Audit Superintendent, Marine Personnel Superintendent and is responsible for implementation and maintaining of Safety Management System for our Group's ocean-going fleets under Thailine and Shinline to ensure compliance with all safety procedures and environmental protection requirements. Captain Lim was later promoted to the position of Marine Personnel/Operation Superintendent in 2004. At present, Captain Lim is our Manager for International Shipping and manages our Group's international vessel fleets and his duties involve monitoring vessel bunkering, monitoring and scheduling vessel movement, processing insurance claims for vessel and cargo damages, recruitment and deployment of ship crew, quotation of chartering rates, and dealing with shipping agents in the Asian region.

Ngieng Ping Tuan (Senior Technical Superintendent), aged 55, holds Certificate of Competency as First Class Engine Driver (Motor). He joined our Group in 1999 as Chief Engineer of Thailine and Shinline fleet. In 2002, he was appointed as Technical Superintendent, and was put in charge of supervising the maintenance of Shinline and Thailine vessels. He is also in charge of vessel spare parts procurement and act as advisor for new vessels under construction in areas of piping, electrical and engine. Prior to joining our Group, Mr. Ngieng has over twenty-seven (27) years of experience as Second Engineer and Chief Engineer on board various types of vessels. He had attended several Safety and Training courses among which were Proficiency in Survival Craft, Advance Fire Fighting At Sea and Shipboard Management.

UAE Operations

Dr. Gary Tan Yow Hoo (Director, UAE Operations), aged 55, is a Director of Shin Yang FZC and is in charge of our UAE operations. He graduated with a Bachelor of Science in Mechanical Engineering majoring in naval architecture and marine engineering in 1979. He later obtained his Doctor of Business Administration in 2002. Dr. Gary started his career with Malaysian Industrial Development Finance Berhad as a Project Appraisal and Investment Officer. He joined Bintulu Industrial Gas Sdn Bhd in 1991 as General Manager and later joined Aspon Tanneries (1991) Pty Ltd, Australia as General Manager. He joined Shin Yang Holding Group in 1993 as General Manager of corporate project and business development and was later put in charge of our UAE Operations since 2006.

Dr. Gary is a member of The Royal Institute of Naval Architecture, United Kingdom, The American Society of Mechanical Engineers, USA, The Institution of Engineers, Malaysia, Lembaga Jurutera, Malaysia, Institution of Mechanical Engineer, United Kingdom and The Institution of Engineers, Australia, The Malaysian Institute of Arbitrators and a member of The Institute of Planters, Malaysia. In 2000, Dr. Gary was awarded the Ahli Setia Negeri Sembilan (A.N.S) awarded by Paduka Seri Tuanku Ja'afar Ibni Almarhum Tuanku Abdul Rahman, Yang Di-Pertuan Besar, Negeri Sembilan.

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

Captain Ting Leh Bang (General Manager, UAE Operations), aged 49, is our General Manager for the UAE operations. He obtained his Certificate for Radio Operator from Singapore Polytechnic in 1982. In 1986, he attended a modular course in fire fighting and survival craft organised by the Maritime Academic Malaysia and later obtained his Certificate of Competency Class 5 Master from the Marine Department of Sarawak in 1990. He began his career as a Chief Officer with Hock Leong Shipping Sdn Bhd in 1986 before joining Hock Hai Lee Shipping Sdn Bhd in 1990 as Ship Master. He worked for several other companies as Manager and Ship Master before joining Shin Yang Shipping as Branch Manager in 1996. In 2008, he joined Shin Yang FZC as General Manager in charge of the UAE operations. Captain Ting currently supervises the scheduling of vessels as well as the maintenance and upkeep of all our vessels in UAE. He is also in charge of spare parts requisition as well as bunker control.

Finance, Legal and Administrative

Richard Ling Peng Liing (Financial Controller and Company Secretary), aged 44, is our Financial Controller and Company Secretary. He holds a Masters in Business Administration from Curtin University of Technology, Australia and is a Fellow member of the Association of Chartered Certified Accountants (ACCA), Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia. He began his career as an Auditor with TNAC & Partner, United Kingdom in 1991. Later, he joined Arthur Andersen & Co. in 1993 where he was involved in financial audits including statutory bodies and financial due diligence exercises.

He joined the Shin Yang Holding Group in 1997 as Accountant in Forescom Plywood Berhad and later assumed responsibility as Senior Accountant in charge of financial reporting in the headquarters of Shin Yang Sdn Bhd in 1998. Since 2008, he has been in charge of our treasury function and corporate finance and was promoted to our Financial Controller and Company Secretary in 2009. He also oversees the setting up of our subsidiary and associate companies in UAE and the overall financial position for our UAE operations. At present, he is in charge of the corporate finance, financial, treasury and secretary functions for our Group.

Loretta Jane Lau Mei Nah, (Legal Counsel), aged 45, graduated with a Bachelor of Laws from University of London, United Kingdom in 1988. She started her career in 1990 with Messrs Ibrahim & Co Advocates and was admitted as an Advocate and Solicitor to the Sarawak Bar in early 1991 and to the Malaysian Bar in July 1991. She left in 1995 as an equity partner to join Shin Yang Holding Group to start up the legal division. After the inception of the legal division, she took charge of the secretariat matters within Shin Yang Holding Group. A legal counsel for more than 18 years in corporate legal services covering commercial, maritime and admiralty, shipping (international and domestic) and has dealt with all vessels' closing for our Group. She works closely with most of the top shipbrokers in United Kingdom, Australia, Japan, Singapore and Malaysia and has close ties with several shipyards in Japan, China, Singapore, Indonesia and Malaysia. In addition to handling all shipping and maritime matters, she is our Legal Counsel responsible for all legal matters in banking loans and security documentation.

Ling Ee Seng (Administrative Manager), aged 30, graduated with a Bachelor of Commerce majoring in Finance and Marketing from Curtin University of Technology Sarawak in 2006. He started his career with Shin Yang Plywood Sdn Bhd in 2006 as a supervisor. He left in 2009 as an Assistant Manager and joined Shin Yang Shipyard as a Project Co-ordinator. Currently, he is the Administrative Manager of our Group and is in charge of the general administration of our operations.

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

6.5 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES/CORPORATIONS

As at LPD, save as disclosed below, none of our Executive Directors and / or key management personnel are involved in other business activities or corporations outside our Group:-

Name of company	Principal activity	Position
<u>Ling Chiong Sing</u>		
Boulevard Enterprise (Bintulu) Sdn Bhd*	Dormant	Director and substantial shareholder
Boulevard Trading Sdn Bhd*	Operation of cold storage, poultry, vegetable farming and general trading	Director and substantial shareholder
Burlis Sdn Bhd*	Investment holding	Substantial shareholder
C.T. Nusantara (M) Sdn Bhd	Dormant	Substantial shareholder
Dai Lieng Industry Sdn Bhd	Provision of heavy machinery and vehicles	Director and substantial shareholder
Dai Lieng Machinery Sdn Bhd	Spare parts and heavy equipment dealer, services for mechanical and engineering works	Director and substantial shareholder
Dai Lieng Trading Sdn Bhd	Machineries and spare parts dealers	Director and substantial shareholder
Danum Indah Sdn Bhd*	Dormant	Director and substantial shareholder
Danum Trading Sdn Bhd*	Logs trading	Director and substantial shareholder
Darma Intan Sdn Bhd*	Property investment and property letting	Director and substantial shareholder
Forward Wood Products Sdn Bhd*	Provision of berthing facilities and letting properties	Director and substantial shareholder
Hiap Sung Sdn Bhd*	Provision of transportation services	Director and substantial shareholder
Kesuma Transport Sdn Bhd	Provision of transportation services	Director and substantial shareholder
KTE Motors Sdn Bhd*	Provision of car brokerage services and investment holding	Director and substantial shareholder
Linau Mewah Sdn Bhd*	Oil palm plantation	Director and substantial shareholder
Majutiwi Sdn Bhd	Property holding and letting or premises	Director
Maycomas Sdn Bhd*	Quarry licence holder	Director and substantial shareholder
Melana Express Sdn Bhd*	Investment holding	Director and substantial shareholder
Melana Jaya Sdn Bhd*	Investment holding	Director and substantial shareholder

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

Name of company	Principal activity	Position
<u>Ling Chiong Sing (cont'd)</u>		
Melinau Container Services Sdn Bhd*	Dormant	Director and substantial shareholder
Melinau Shipping Sdn Bhd	Shipping agent	Director and substantial shareholder
Melinau Trading Sdn Bhd*	Dormant	Director and substantial shareholder
Mewah Enterprise Sdn Bhd*	Property holding	Director and substantial shareholder
Micaline Sdn Bhd*	Dormant	Director and substantial shareholder
Mutiara Offshore Sdn Bhd*	Dormant	Director and substantial shareholder
Piasau Aluminium Works Sdn Bhd	Aluminium and glass works and related renovation works	Director and substantial shareholder
Piasau Construction Sdn Bhd	Contractor for property development	Director and substantial shareholder
Piasau Engineering Sdn Bhd	Dormant	Director and substantial shareholder
Piasau Trading Sdn Bhd*	Dormant	Director and substantial shareholder
PPK Piling Sdn Bhd	Sub-contractor	Director
Rimex Trading Sdn Bhd*	Marketing and sale of timbers	Substantial shareholder
Sarawak Oil Palms Berhad	Cultivation of oil palms and the operations of palm oil mills	Director and substantial shareholder
Senadin Sdn Bhd*	Investment holding	Director and substantial shareholder
Seping Jaya Sdn Bhd*	Property investment and property letting	Director and substantial shareholder
Shinline Agencies Sdn Bhd	Dormant	Director
Shin Yang Enterprise Sdn Bhd*	Investment holding	Director and substantial shareholder
Shin Yang Holding Group*	Investment holding, letting of premises, providing administration services and trading of logs	Director and substantial shareholder
Shin Yang Land Sdn Bhd*	Dormant	Substantial shareholder
Shin Yang Moulding Sdn Bhd*	Property investment	Director and substantial shareholder
Shin Yang Properties Sdn Bhd*	Letting of properties	Director and substantial shareholder
Shin Yang Quarry Sdn Bhd*	Quarry licence holder	Director and substantial shareholder
Sinarland Jaya Sdn Bhd*	Property investment and property letting	Substantial shareholder

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

Name of company	Principal activity	Position
<u>Ling Chiong Sing (cont'd)</u>		
Teras Padu Sdn Bhd*	Investment holding	Director and substantial shareholder
Westheme (M) Sdn Bhd*	Dormant	Director and substantial shareholder
Woodville Indah Sdn Bhd	Dormant	Director and substantial shareholder
Woodville Jaya Sdn Bhd	Dormant	Director and substantial shareholder
Woodville Sinar Sdn Bhd	Dormant	Director and substantial shareholder
Woodville Villa Sdn Bhd	Dormant	Director and substantial shareholder
Yokosa Sdn Bhd*	Dormant	Substantial shareholder
<u>Ling Chiong Pin</u>		
Boulevard Trading Sdn Bhd*	Operation of cold storage, poultry, vegetable farming and general trading	Substantial shareholder
Burlis Sdn Bhd*	Investment holding	Substantial shareholder
Dai Lieng Industry Sdn Bhd	Provision of heavy machinery and vehicles	Director and substantial shareholder
Dai Lieng Machinery Sdn Bhd	Spare parts and heavy equipment dealer, services for mechanical and engineering works	Director and substantial shareholder
Dai Lieng Trading Sdn Bhd	Machineries and spare parts dealers	Director and substantial shareholder
Danum Trading Sdn Bhd*	Logs trading	Substantial shareholder
Darma Intan Sdn Bhd*	Property investment and property letting	Director and substantial shareholder
Emerald Aspects Sdn Bhd	Property holding and property letting	Substantial shareholder
Era Hikmat Sdn Bhd*	Quarry licence holding	Director
Forward Wood Products Sdn Bhd*	Provision of berthing facilities and letting properties	Director and substantial shareholder
Fujivilla Sdn Bhd	Property investment	Substantial shareholder
Linau Mewah Sdn Bhd*	Oil palm plantation	Director and substantial shareholder
Maycomas Sdn Bhd*	Quarry licence holder	Director and substantial shareholder
Melana Express Sdn Bhd*	Investment holding	Substantial shareholder
Melana Jaya Sdn Bhd*	Investment holding	Director and substantial shareholder
Melinau Container Services Sdn Bhd*	Dormant	Director and substantial shareholder

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

Name of company	Principal activity	Position
<u>Ling Chiong Pin (cont'd)</u>		
Mewah Enterprise Sdn Bhd*	Property holding	Director and substantial shareholder
Piasau Trading Sdn Bhd*	Dormant	Director and substantial shareholder
Rimex Trading Sdn Bhd*	Marketing and sale of timbers	Substantial shareholder
Saeh Security & Services Sdn Bhd	Dormant	Director and substantial shareholder
Senadin Sdn Bhd*	Investment holding	Substantial shareholder
Seping Jaya Sdn Bhd	Property investment and property letting	Director and substantial shareholder
Shin Yang Enterprise Sdn Bhd*	Investment holding	Director and substantial shareholder
Shin Yang Holding Group*	Investment holding, letting of premises, providing administration services and trading of logs	Director and substantial shareholder
Shin Yang Land Sdn Bhd*	Dormant	Director
Shin Yang Moulding Sdn Bhd*	Property investment	Director and substantial shareholder
Shin Yang Properties Sdn Bhd*	Letting of properties	Director and substantial shareholder
Shin Yang Quarry Sdn Bhd*	Quarry licence holder	Director
Sinarland Sdn Bhd*	Property investment and letting of premises	Substantial shareholder
Sinarland Jaya Sdn Bhd*	Property investment and property letting	Substantial shareholder
Teras Padu Sdn Bhd*	Investment holding	Director and substantial shareholder
Westheme (M) Sdn Bhd*	Dormant	Director
Yokosa Sdn Bhd*	Dormant	Substantial shareholder
Zedtee Industries Sdn Bhd	Dormant	Director
<u>Ling Chiong Sieng</u>		
Ablemas Sdn Bhd	Trading of parts, accessories	Director
Boulevard Enterprise (Bintulu) Sdn Bhd*	Dormant	Substantial shareholder
Boulevard Trading Sdn Bhd*	Operation of cold storage, poultry, vegetable farming and general trading	Director
Burlis Sdn Bhd*	Investment holding	Substantial shareholder
Danum Trading Sdn Bhd*	Logs trading	Substantial shareholder
Darma Intan Sdn Bhd*	Property investment and property letting	Director and substantial shareholder
Direct Edge Sdn Bhd	Dormant	Director

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

Name of company	Principal activity	Position
<u>Ling Chiong Sieng (cont'd)</u>		
Direct Edge (Sibu) Sdn Bhd	Operating canteens	Director
Emerald Aspects Sdn Bhd	Property holding and property letting	Substantial shareholder
Esteemite Sdn Bhd	General trading business	Director
Forward Wood Products Sdn Bhd*	Provision of berthing facilities and letting properties	Director and substantial shareholder
Fujivilla Sdn Bhd	Property investment	Substantial shareholder
Harbin Industries Sdn Bhd	Dormant	Director
Linau Mewah Sdn Bhd*	Oil palm plantation	Director and substantial shareholder
Melana Express Sdn Bhd*	Investment holding	Substantial shareholder
Melana Jaya Sdn Bhd*	Investment holding	Substantial shareholder
Mewah Enterprise Sdn Bhd*	Property holding	Director and substantial shareholder
Onesoon Sdn Bhd	Provision of stevedoring and trading in garments	Director
Piasau Trading Sdn Bhd*	Dormant	Director and substantial shareholder
Rich Million Corporation Sdn Bhd	Investment in real properties	Director
Rimex Trading Sdn Bhd*	Marketing and sale of timbers	Substantial shareholder
Senadin Sdn Bhd*	Investment holding	Substantial shareholder
Shin Yang Enterprise Sdn Bhd*	Investment holding	Director and substantial shareholder
Shin Yang Holding Group*	Investment holding, letting of premises, providing administration services and trading of logs	Director and substantial shareholder
Shin Yang Moulding Sdn Bhd*	Property investment	Director and substantial shareholder
Shin Yang Properties Sdn Bhd*	Letting of properties	Director and substantial shareholder
Sinarland Sdn Bhd*	Property investment and letting of premises	Substantial shareholder
Sweetake Sdn Bhd	General trading	Director
Teras Padu Sdn Bhd*	Investment holding	Substantial shareholder
Totara Sdn Bhd	Property holding and renting business	Director
Vitajuta Enterprise Sdn Bhd	Dormant	Director
Weicojaya Sdn Bhd	Spare parts trading	Director
Westheme (M) Sdn Bhd*	Dormant	Director
Yokosa Sdn Bhd*	Dormant	Substantial shareholder

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

Name of company	Principal activity	Position
<u>Captain Ting Hien Liong</u>		
Triumphline Shipping Sdn Bhd**	Dormant	Director
Sarawak Maritime Academy Sdn Bhd**	Providing educational management services	Director
<u>Vincent Ling Lu Yew</u>		
Boulevard Construction Sdn Bhd	Investment holding	Director and substantial shareholder
Bumimas Raya Sdn Bhd	Dormant	Director and substantial shareholder
Ho Soon Pin Engineering Sdn Bhd	Metal contractors, engineering works and man power supply	Director and substantial shareholder
Jerakmas Sdn Bhd	Investment holding and letting of property	Director and substantial shareholder
Juru Marina Sdn Bhd	Infrastructure construction works	Director
<u>Sia Wei Sing</u>		
Triumphline Shipping Sdn Bhd**	Dormant	Director
<u>Dr Gary Tan Yow Hoo</u>		
Baycollink Sdn Bhd	Property holding and letting of premises	Substantial shareholder
Emerald Aspects Sdn Bhd	Property holding and property letting	Substantial shareholder
Fujivilla Sdn Bhd	Property investment	Substantial shareholder
Geo Sepadu Sdn Bhd	Share investments and properties holding	Director and substantial shareholder
GRP Manufacturing Sdn Bhd**	Manufacturing of heavy machinery, industrial component and parts	Director
Kuching Barrage Management Sdn Bhd *	Operations and maintenance of a barrage	Director
Piasau Gas Sdn Bhd**	Processing oxygen and acetylene gases, trading dealership, trading of other industrial gases, welding equipments and machineries	Director
Scott & English Trading (Sarawak) Sdn Bhd**	Trading of heavy machinery, equipment, spare parts and electrical appliances	Director
STA Enterprises Sdn Bhd	Property holding and management	Director
<u>Captain Ting Leh Bang</u>		
S.K. Unimas Sdn Bhd	Dormant	Director
<u>Richard Ling Peng Ling</u>		
Miri Bus Management Sdn Bhd	Bus management consortium	Director
Scott & English Trading (Sarawak) Sdn Bhd**	Trading of marine machinery, equipments, spare part and electrical products.	Alternate Director

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

Name of company	Principal activity	Position
<u>Loretta Jane Lau Mei Nah</u>		
Kuching Barrage Management Sdn Bhd*	Operation and maintenance of barrage	Director
Miri City Bus Sdn Bhd**	Public bus transportation	Director
STA Enterprises Sdn Bhd	Property holding and management	Director
STA Training Sdn Bhd	Promotion of research programmes relevant to the forestry and timber industries.	Director
STA Mutual Sdn Bhd	Promotion of welfare of communities in Sarawak affected by timber trade	Director

* companies in which the Ling Brothers have substantial interests

** subsidiary / associated companies of Shin Yang Holding

As set out above, our Executive Directors are also the Executive Directors of our holding company, Shin Yang Holding Group and directors of their private companies (collectively the "Other Companies").

Most of the Other Companies have been in operations for over five (5) years and are managed by their respective experienced management teams. The Other Companies are managed by their respective management team who take care of the daily operations and management of these Other Companies. Our Executive Directors are providing supervisory roles in the management of the Other Companies. Accordingly, our Executive Directors are of the opinion that their involvements in the Other Companies will not affect their contribution to our Group nor negatively impact their abilities to act as Executive Directors of our Group.

The involvements of Vincent Ling Lu Yew in other business activities or corporations set out above do not require much of his time as the operating companies, namely Boulevard Construction Sdn Bhd, Ho Soon Pin Engineering Sdn Bhd, Jerakmas Sdn Bhd, Juru Marina Sdn Bhd are managed by their respective management team and Mr. Vincent Ling is not involved in the daily operations of these companies. Accordingly, Mr. Vincent Ling is able to spend a substantial portion of his working hours on affairs of our Group and his involvement in those other business activities will not affect his contribution to our Group nor negatively impact his ability to act as Director of Shin Yang Shipyard.

The involvements of the other key management, namely Captain Ting Hien Liong, Dr. Gary Tan Yow Hoo, Captain Ting Leh Bang, Sia Wei Sing, Richard Ling Peng Ling and Loretta Jane Lau Mei Nah, in other business activities or corporations set out above do not require much of their time as they are non-executive directors in those companies and will not affect their contribution to our Group nor negatively impact their ability to act as key management of our Group.

6.6 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

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

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

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

- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

6.7 RELATIONSHIPS AND ASSOCIATIONS

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

- ❖ Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Ling Chiong Sieng and Ling Siu Chuo are all siblings;
- ❖ Vincent Ling Lu Yew is the son of Ling Chiong Pin; and
- ❖ Ling Ee Seng is the nephew of the Ling Brothers and Ling Siu Chuo and also the cousin of Vincent Ling Lu Yew.

6.8 AMOUNTS OR BENEFITS PAID TO OUR PROMOTERS, DIRECTORS OR SUBSTANTIAL SHAREHOLDERS WITHIN THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save for the remuneration and benefits for services rendered in all capacities to our Group as detailed in Section 6.2.3 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to any of our Promoters, substantial shareholders or Directors, within the two (2) years immediately preceding the date of this Prospectus.

6.9 EXISTING OR PROPOSED SERVICE AGREEMENTS

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

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

6.10 EMPLOYEES

Our Group's employees by job categories as at 30 June 2007, 2008, 2009 and LPD are as follows:-

Category	Number of Employees			
	FYE 30 June			As at LPD
	2007	2008	2009	
Managerial and professional	29	34	35	40
Technical and supervisory	45	67	103	87
Crew on board*	976	995	990	1,066
Clerical and related occupations	139	147	196	190
General workers	1,062	1,193	967	943
Total	2,251	2,436	2,291	2,326

Note:-

* all crew on board is under seaman contracts

The increase in technical and supervisory personnel from FYE 30 June 2007 onwards is due to the engagement of more professionals such as engineers, supervisors (technical and otherwise) to meet the expanding capacity of our shipyards as well as to ensure compliance with all the specifications and requirements of various authorities. With this, it will assist us to enhance our position to specialise in certain areas for better marketing strategies, planning and development.

The crew on board increased from FYE 30 June 2009 to LPD in line with the addition of new vessels during the period.

The number of clerical and related occupations, and general workers changes over the years in accordance with the scale of activities in our shipbuilding operations and the expansion of our shipbuilding facilities.

Our Group employees by geographical location as at 30 June 2007, 2008, 2009 and LPD are as follows:-

Category	Number of Employees			
	FYE 30 June			As at LPD
	2007	2008	2009	
Malaysia	2,147	2,321	2,101	2,142
UAE	104	115	190	184
Total	2,251	2,436	2,291	2,326

Our employees in UAE had increased over the past three (3) financial years in line with the expansion of our shipping operations in the Middle East which have 54 vessels as at LPD.

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

Our Group employees by division as at 30 June 2007, 2008, 2009 and LPD are as follows:-

Category	Number of Employees			
	FYE 30 June			As at LPD
	2007	2008	2009	
Shipping operation	1,103	1,113	1,163	1,233
Shipbuilding operation	1,148	1,323	1,128	1,093
Total	2,251	2,436	2,291	2,326

As at LPD, none of our employees are members of any labour union and in this regard, there are no industrial disputes involving our Group.

Training and Development

Our management views our employees as key assets that play a pivotal role in our continuous growth, and views sound human resource management as one of our critical success factors. We believe that a well-trained, well-motivated and well-managed workforce is essential for efficient operations, and the success of our business. As such, our management proactively cultivates a positive working culture by having good working relationships with our employees and places great emphasis on a clean and comfortable working environment for our employees.

We believe in developing our human capital. It is our policy to develop and train employees to improve their skill sets and professionalism, in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through hands-on training.

Management Succession Plan

We seek to ensure continuity in our management team, in order to ensure continuity and maintain our competitiveness. It is our policy to groom outstanding employees for more job responsibilities and supervisory roles, and groom exceptional middle-management staff to gradually assume the responsibilities of senior management. Our Executive Directors and senior managers are involved in the process of selection and identifying key competencies and requirements for managerial and more senior positions. Job candidate profiles are developed for management positions in line with our business goals, strategies and culture.

Our Group takes a continuous and proactive approach towards addressing talent management. This is to ensure our Group has talent readily available from a capability perspective to undertake leadership positions throughout our Group. Our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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

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

Save as disclosed in the table below, there are no other changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past three (3) years preceding the date of this Prospectus:-

Name	11.05.2007 to 30.03.2010				31.03.2010 to LPD			
	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Shin Yang Holding	-	-	-	-	722,295,946	70.6	-	-
Datuk Ling Chiong Ho	1	50.0	-	-	51,794,594	5.1	⁽¹⁾ 722,295,946	70.6
Ling Chiong Sing	1	50.0	-	-	51,794,594	5.1	⁽¹⁾ 722,295,946	70.6
Ling Chiong Pin	-	-	-	-	51,794,593	5.1	⁽¹⁾ 722,295,946	70.6
Ling Chiong Sieng	-	-	-	-	38,869,585	3.8	⁽¹⁾ 722,295,946	70.6

Note:-

(1) Deemed interested by virtue of their interest in Shin Yang Holding

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7. APPROVALS AND CONDITIONS**7.1 APPROVALS AND CONDITIONS**

The SC, via its letters dated 11 March 2010 and 14 May 2010, has approved the IPO pursuant to the CMSA and the *Equity Requirements for Public Companies*. The conditions imposed by the SC and the status of compliance are as follows:-

Conditions Imposed By SC	Status of Compliance
(a) Shin Yang Shipping Corp/AmlInvestment Bank should submit a declaration to the SC, prior to confirming registration of the Prospectus, to confirm that Shin Yang Shipping Corp Group's vessels are seaworthy and possess the necessary licence and certificates required for vessel operations;	Complied. Confirmation letter furnished to SC on 12 May 2010.
(b) Shin Yang Shipping Corp/AmlInvestment Bank should submit to the SC, prior to confirming registration of the Prospectus, the arrangements and profit margins for the Group's related-party transactions;	Complied. Confirmation letter furnished to SC on 12 May 2010.
(c) Datuk Ling Chiong Ho should hold 1 Executive Directorship in either Shin Yang Shipping Corp or Sarawak Oil Palms Berhad;	Complied. Datuk Ling Chiong Ho had been re-designated as our Non-Independent Non-Executive Chairman
(d) Shin Yang Shipping Corp/AmlInvestment Bank should disclose in the Prospectus, Raine & Horne International Zaki + Partners Sdn Bhd's valuation expertise and experience in the shipping and shipbuilding industries;	Complied. Disclosed in Section 9.3 of this Prospectus.
(e) The Directors/proposed Directors and substantial shareholders of Shin Yang Shipping Corp Group should not, in the future, carry out any new businesses which will compete directly or indirectly and be in conflict with the businesses of the Shin Yang Shipping Corp Group;	Complied. Confirmation letters furnished to SC on 12 May 2010.
(f) Any future transactions between the Shin Yang Shipping Corp Group and the Directors/substantial shareholders or companies related to the Directors/substantial shareholders, if any, must be on an "arm's-length" basis and must not be unfavourable to Shin Yang Shipping Corp Group. In this regard, the Audit Committee of Shin Yang Shipping Corp is to monitor and the Directors to report on the position of such transactions, in the annual report of Shin Yang Shipping Corp;	Complied. Confirmation letters furnished to SC on 12 May 2010.
(g) Shin Yang Shipping Corp should make full provision for all overdue trade receivables for amounts which have been outstanding for more than 6 months. The Directors of Shin Yang Shipping Corp should confirm to the SC that this condition has been complied with prior to the registration of the Prospectus;	Complied. Confirmation letter furnished to SC on 12 May 2010. Further details are set out in Section 10.6 of this Prospectus.
(h) The Directors of Shin Yang Shipping Corp should submit a declaration to the SC that trade receivables exceeding the credit period which have not been provided for as doubtful debts, excluding (g), are recoverable;	Complied. Confirmation letter furnished to SC on 12 May 2010.

7. APPROVALS AND CONDITIONS (Cont'd)

The SC had approved the exemptions sought under the SC Prospectus via its letter dated 14 May 2010. The details of the exemptions sought for , the approval and accompanying conditions imposed by the SC together with the status of compliance are as follows:-

Reference	SC Decision	Status of Compliance
<p>Paragraph 13.10 of the Prospectus Guidelines</p> <p>The audited financial statements in the Accountants' Report should be accompanied by the audit reports of those audited financial statements. Notes and schedules of the audited financial statements should also be disclosed.</p>	<p>Approved, subject to the following conditions:-</p> <p>(i) The auditors' opinion on the audited financial statements for the financial years under review must be disclosed in the Accountants' Report</p> <p>(ii) The Reporting Accountants, Ernst & Young, disclose in the Accountants' Report, the verification procedures carried out by them, in stating that the financial statements that were not audited by Ernst & Young were reported on without any qualification.</p> <p>(iii) The consent from Lau Hoi Chew & Co. be disclosed in the prospectus for the inclusion of their name and statements in the form and context in which such statements appear in the Accountants' Report, as well as a statement that they have not subsequently withdrawn such consents.</p>	<p>Complied. Disclosed in the Accountants' Report.</p> <p>Complied. Disclosed in the Accountants' Report.</p> <p>Complied. Details of the consent set out in Section 15.8 of the Prospectus.</p>

The MITI has approved the IPO vide its letter dated 11 May 2010. The conditions imposed by the MITI and the status of compliance are as follows:-

Conditions Imposed By MITI	Status of Compliance
(a) The allocation of the 140,593,000 IPO Shares reserved for Bumiputera investors is subject to the approval of MITI after approval for the Proposed Listing has been obtained from SC.	To be complied
(b) Piasau Slipways, a subsidiary of the Company, which is a licensed manufacturer is given a waiver to comply with the equity conditions for a period of one year from the date of approval.	To be complied
(c) Shin Yang Shipping Corp is required to improve compliance efforts within the period and for the purpose of monitoring shall submit a report to MITI on steps taken to fulfil the said equity condition every six months	To be complied
(d) Shin Yang Shipping Corp is required to inform MITI after the Proposed Listing is completed.	To be complied

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7. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed By SC	Status of Compliance
(i) The companies in the Shin Yang Shipping Corp should not declare any dividend prior to its listing;	Complied. Confirmation letter furnished to SC on 12 May 2010.
(j) The Directors of Shin Yang Shipping Corp should provide a declaration to the SC, confirming that the companies in the Shin Yang Shipping Corp Group have sufficient working capital for the next 12 months from the date of the listing prospectus;	Complied. Confirmation letter furnished to SC on 12 May 2010.
(k) AmlInvestment should provide a written confirmation to the SC, on the due diligence steps undertaken to satisfy themselves that the declaration mentioned in (j) above by the Directors of Shin Yang Shipping Corp has been properly made;	Complied. Confirmation letter furnished to SC on 12 May 2010.
(l) Shin Yang Shipping Corp should allocate 50% of the public spread requirement to the Bumiputera investors, including the shares offered under the balloted public offer portion, of which 50% are to be offered to the retail Bumiputera investors. In the event that Shin Yang Shipping Corp/MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting;	To be complied
(m) AmlInvestment/ Shin Yang Shipping Corp should fully comply with the relevant requirements pertaining to the implementation of the listing proposal as stipulated under SC's Equity Guidelines; and	To be complied
(n) AmlInvestment/ Shin Yang Shipping Corp should inform the SC when the proposed listing on the Main Market of Bursa Malaysia is completed.	To be complied

The SC (under the *Equity Requirements for Public Companies*) has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholders in the Company would change arising from the implementation of the listing proposal, as follows:-

Shareholders	Before proposal %	After proposal %
Bumiputera		
▪ Public shareholders to be nominated and approved by MITI	-	11.72
▪ Public shareholders via public balloting	-	1.00
Total Bumiputera	-	12.72
Non-bumiputera	100.00	87.28
Total Malaysian	100.00	100.00
Foreign	-	-
Total	100.00	100.00

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7. APPROVALS AND CONDITIONS (Cont'd)**7.2 MORATORIUM ON SHARES**

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of Listing.

Upon Listing, our Promoters' shareholdings, which will be subjected to the moratorium, are as set out below:-

Promoters	Shareholding after Listing		Shareholding under moratorium	
	No. of Shares	(1) %	No. of Shares	(1) %
Shin Yang Holding	660,412,796	55.0	660,412,796	55.0
Datuk Ling Chiong Ho	34,802,669	2.9	34,802,669	2.9
Ling Chiong Sing	34,802,669	2.9	34,802,669	2.9
Ling Chiong Pin	34,802,668	2.9	34,802,668	2.9
Ling Chiong Sieng	34,802,668	2.9	34,802,668	2.9

Note:-

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

Pursuant to the moratorium to which the Promoters have agreed, they will not be allowed to sell, transfer or assign the Shares they respectively hold within six (6) months from the date of our Listing.

The Ling Brothers, being the ultimate shareholders of Shin Yang Holding, have provided undertaking letter that they will not sell, transfer or assign their respective shareholdings in Shin Yang Holding during the moratorium period.

The moratorium is specifically endorsed on the notice of allotment and share certificates representing the Shares held by the Promoters under moratorium to ensure that trading of these Shares is not allowed during in the moratorium period in compliance with the restriction imposed by the SC.

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8. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST**8.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

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

Save as disclosed below, for the past three (3) FYE up to 30 June 2009 and the 5-month FPE 30 November 2009, we do not have any other existing and/or proposed related-party transactions or other subsisting contracts of arrangement entered into which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act:-

(a) Recurrent Related-party Transactions

Save as disclosed below, for the past three (3) FYE up to 30 June 2009 and the 5-month FPE 30 November 2009, our Group does not have any other existing and/or proposed recurrent related-party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

Transacting Parties	Nature of Transaction	Nature of interests	Business Activities of related parties	Transaction Value (RM'000)			
				FYE 30 June			5-month FPE 30 November
				2007	2008	2009	2009
Shin Yang Holding Group and its associated companies ⁽¹⁾	- Provision of shipping services by Shipping operations	Shin Yang Holding is our holding company. The Ling Brothers are also the substantial shareholders of Shin Yang Holding	Logging and wood-based products manufacturing, re-forestation and oil palm operations, manufacturing of chemical products, tyres manufacturing	174,416	187,961	200,404	79,815
Shin Yang Holding Group ⁽²⁾	- Provision of fabrication services by shipbuilding operations		Logging and wood-based products manufacturing, re-forestation and oil palm operations, manufacturing of chemical products, quarry operations	25,072	12,632	11,712	4,403

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

Transacting Parties	Nature of Transaction	Nature of interests	Business Activities of related parties	Transaction Value (RM'000)			
				FYE 30 June			5-month FPE 30 November
				2007	2008	2009	2009
Shin Yang Holding Group ⁽³⁾	- Purchase of supplies and spare parts by our Group	Shin Yang Holding is our holding company. The Ling Brothers are also the substantial shareholders of Shin Yang Holding	Trading house (centralised procurements to enjoy volume discount, priority in supply and reduce stock holding costs)	(8,087)	(11,257)	(11,420)	(3,112)
Shin Yang Holding and Pekerjaan Piasau Konkerit Sdn Bhd ⁽⁴⁾	- Rental of properties* by our Group		Investment and properties holding	(78)	(78)	(78)	(33)
Shin Yang Holding Group ⁽⁵⁾	- Purchase of transportation and accommodation by our Group		Provision of bus services for our employees as well as ticketing agents and provision of hotel accommodation	(2,214)	(1,843)	(3,736)	(1,465)
Pekerjaan Piasau Konkerit Sdn Bhd ⁽⁴⁾ and Piasau Industries Sdn Bhd ⁽⁴⁾	- Construction and engineering works provided to our Group		Construction and engineering works on our shipyards	(9,848)	(8,571)	(2,039)	(732)
Piasau Gas Sdn Bhd ⁽⁴⁾ and Shin Yang Services Sdn Bhd ⁽⁶⁾	- Purchase of industrial gas, diesel and bunker by our Group	Industrial gas manufacturing and trading house (centralised procurements to enjoy volume discount, priority in supply and reduce stock holding costs)	(47,541)	(60,640)	(47,774)	(19,457)	

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

Transacting Parties	Nature of Transaction	Nature of interests	Business Activities of related parties	Transaction Value (RM'000)			
				FYE 30 June			5-month FPE 30 November
				2007	2008	2009	2009
Ling Family Group ⁽⁷⁾	- Provision of shipping services by Shipping operations.	These are companies in which the Ling Brothers and Ling Siu Chuo have substantial interests and/or directorships	Logging and wood-based products manufacturing, reforestation and oil palm operations, manufacturing of chemical products and tyres manufacturing	24,121	21,842	19,098	568
Ling Family Group ⁽⁸⁾	- Provision of fabrication services by shipbuilding operations		Logging and wood-based products manufacturing, reforestation and oil palm operations, manufacturing of chemical products and quarry operations	7,212	11,058	5,204	1,556
Ling Family Group ⁽⁹⁾	- Purchase of supplies and spare parts by our Group		Ration supplier, Trading house (centralised procurements to enjoy volume discount, priority in supply and reduce stock holding costs)	(19,630)	(23,413)	(27,882)	(7,748)
Forward Wood Products Sdn Bhd	- Rental of property^ by our Group		Provision of berthing facilities and letting properties	(18)	(18)	(18)	(8)
Shin Yang Engineering Sdn Bhd	- Purchase of transit accommodation by our Group		Property holding	-	-	(455)	(254)

Notes:-

- (1) *Comprises Shin Yang Holding, its subsidiaries (namely Shin Yang Plywood (Bintulu) Sdn Bhd, Forescom Plywood Sdn Bhd, Hollystone Quarry Sdn Bhd, Shin Yang Agriculture Sdn Bhd, Menawan Wood Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Piasau Gas Sdn Bhd, Shin Yang Chemical Sdn Bhd, Shin Yang Forestry Sdn Bhd, Melinau Transport Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Sdn Bhd, Linau Jaya Sdn Bhd, Shin Yang Sawmill Sdn Bhd, Shin Yang Wood System Sdn Bhd, Kian Hang Plastic Sdn Bhd, Piasau Industries Sdn Bhd, Danum Sinar Sdn Bhd and GRP Manufacturing Sdn Bhd) and its associated companies (namely Shin Yang Services Sdn Bhd, Boulevard Hypermarket & Departmental Store Sdn Bhd, Zedtee Plywood Sdn Bhd and Zedtee Sdn Bhd)*
- (2) *Comprises Shin Yang Holding, its subsidiaries (namely Forescom Plywood Sdn Bhd, Hollystone Quarry Sdn Bhd, Menawan Wood Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Piasau Gas Sdn Bhd, Shin Yang Forestry Sdn Bhd, Melinau Transport Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Sdn Bhd, Shin Yang Sawmill Sdn Bhd, Shin Yang Wood System Sdn Bhd, Melinau Electrical Engineering Sdn Bhd and GRP Manufacturing Sdn Bhd) and its associated companies (namely Hikmal Chemical Products Sdn Bhd, Shin Yang Chemical Sdn Bhd, Shin Yang Services Sdn Bhd, Zedtee Sdn Bhd and Rimex Sdn Bhd)*

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

- (3) *Comprises Shin Yang Holding, its subsidiaries (namely Forescom Plywood Sdn Bhd, Hollystone Quarry Sdn Bhd, Menawan Wood Sdn Bhd, Shin Yang Forestry Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Sawmill Sdn Bhd, Shin Yang Plywood (Bintulu) Sdn Bhd, Melinau Electrical Engineering Sdn Bhd, Kian Hang Hardware Sdn Bhd, Danum Sinar Sdn Bhd, Shin Yang Sdn Bhd and GRP Manufacturing Sdn Bhd) and its associated companies (namely Boulevard Hypermarket & Departmental Store Sdn Bhd and Scott & English Trading (Sarawak) Sdn Bhd)*
- (4) *Subsidiary of Shin Yang Holding*
- (5) *Comprises subsidiaries of Shin Yang Holding (namely Miri Belait Transport Company Sdn Bhd, Melinau Transport Sdn Bhd, Executive Travel Agencies Sdn Bhd, Boulevard Enterprise (Miri) Sdn Bhd and Miri City Bus Sdn Bhd)*
- (6) *Associated company of Shin Yang Holding*
- (7) *Comprises Boulevard Trading Sdn Bhd, Dai Lieng Machinery Sdn Bhd, Sarawak Oil Palms Berhad, Shin Yang Trading Sdn Bhd, Danum Trading Sdn Bhd, Melinau Shipping Sdn Bhd, Kuching Barrage Management Sdn Bhd, Melinau Metal Sdn Bhd, Melinau Tyre Retreading Sdn Bhd, Piasau Industrial Sdn Bhd, Melinau Electrical Engineering Sdn Bhd and Linau Mewah Sdn Bhd*
- (8) *Comprises Chiong Ho Ling Sdn Bhd, Dai Lieng Machinery Sdn Bhd, Shin Yang Trading Sdn Bhd, Kuching Barrage Management Sdn Bhd, Melinau Metal Sdn Bhd, Hiap Sung Sdn Bhd, Melinau Tyre Retreading Sdn Bhd, Linau Mewah Sdn Bhd, Melinau Shipping Sdn Bhd, Piasau Industrial Sdn Bhd, Melinau Electrical Engineering Sdn Bhd, Shin Yang Engineering Sdn Bhd and Insinco Trading Sdn Bhd*
- (9) *Comprises Kesuma Transport Sdn Bhd, Justiway Sdn Bhd, Jiatake Sdn Bhd, Bakunmas Sdn Bhd, Melinau Shipping Sdn Bhd, May Lung Trading Sdn Bhd, Melinau Tyre Retreading Sdn Bhd, Danum Trading Sdn Bhd, Dai Lieng Machinery Sdn Bhd, Shin Yang Trading Sdn Bhd, Piasau Hydraulic Hose Sdn Bhd, Linau Mewah Sdn Bhd, Melinau Metal Sdn Bhd and Insinco Trading Sdn Bhd*
- * *In respect of the rental of the following properties:-*
- (a) *RM6,000 per month paid to Shin Yang Holding at Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000, Miri Sarawak; and*
- (b) *RM500 per month paid to Pekerjaan Piasau Konkerit Sdn Bhd for rental at Sublot 2058 of Parent Lot 636, Block 5, Kuala Baram Land District, Sarawak*
- ^ *In respect of rental of RM1,500 per month paid to Forward Wood Products Sdn Bhd at Lot 133, Section 64, Lorong Simen Raya 2, Jalan Simen Raya, Pending Industrial Estate, 93450, Kuching, Sarawak*

As set out above, Shin Yang Holding Group had substantial transactions with our Group. For the FYE 30 June 2009, Shin Yang Holding Group contributed approximately 31.5% of our Group's total revenue.

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.

For marketing purposes, Shin Yang Holding Group strategically arrange with their overseas customers for the sale of their products to be based on Cost and Freight (CnF) terms to enable Shin Yang Holding Group to alliance with our Group to provide competitive and timely shipping services to their customers. Under CnF terms, Shin Yang Holding Group invoice their customers for the total selling price of their products, inclusive of the costs of the associated freight charges, and arranges shipping services for their products. As a result, our Group recognises Shin Yang Holding Group as our customers instead of the end customers even though our shipping services are provided ultimately to the end customers.

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

Generally Shin Yang Holding Group select our Group to provide reliable logistic support for its export business. For the FYE 30 June 2009 and 5-month FPE 30 November 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.

(b) Non-Recurrent Related-party Transactions

Save for the Acquisitions and as disclosed below, for the past three (3) FYE up to 30 June 2009 and 5-month FPE 30 November 2009, our Group does not have any other existing and/or proposed non-recurrent related-party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

Transacting Parties	Nature of Transaction	Nature of interests	Business Activities of Company	Transaction Value (RM'000)			
				FYE 30 June			5-month FPE 30 November
				2007	2008	2009	2009
Woodville Development Sdn Bhd	- Purchase of 13 parcels of land described as Plot 1 to Plot 13 all under Parent Lot No. 70, Block 3, Kuala Baram Land District, Sarawak and Sublot 153 under Parent Lot No. 70, Block 3, Kuala Baram Land District, Sarawak by Shin Yang Shipyard	Woodville Development Sdn Bhd and Forescom Plywood Sdn Bhd are subsidiaries of Shin Yang Holding, which is our holding company. The Ling Brothers have substantial interest in Shin Yang Engineering Sdn Bhd. The Ling Brothers are also the substantial shareholders of Shin Yang Holding	Bridge toll concessionaire	-	9,900	-	-
Forescom Plywood Sdn Bhd	- Disposal of building by Piasau Slipways*		Wood base products manufacturer	-	3,919	-	-
Shin Yang Engineering Sdn Bhd	- Disposal of building by Piasau Slipways*		Property holding	-	7,980	-	-

Note:-

*

During FYE30 June 2007, Piasau Slipways commenced construction of storage facilities on lands belonging to Forescom Plywood Sdn Bhd and Shin Yang Engineering Sdn Bhd and recognised such costs as additions to its fixed assets. In FYE 30 June 2008, the storage facilities were no longer required by Piasau Slipways and accordingly the NBV of the said building were reimbursed by Forescom Plywood Sdn Bhd and Shin Yang Engineering Sdn Bhd and, for accounting purposes, Piasau Slipways recognised the said reimbursements as disposals of fixed assets

In addition, on 8 December 2009, the following agreements were entered into:-

- (i) Option agreement entered into between Trelco (L) and Trelco FZC whereby Trelco (L) granted to Trelco FZC an option to purchase 14 vessels at RM1 each on terms and conditions contained therein;

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

- (ii) Option agreement entered into between Marsol (L) and Marsol LLC whereby Marsol (L) granted to Marsol LLC an option to purchase 16 vessels at RM1 each on terms and conditions contained therein; and
- (iii) Option agreement entered into between Al Ghaith (L) and Al Ghaith LLC whereby Al Ghaith (L) granted to Al Ghaith LLC an option to purchase 13 vessels at RM1 each on terms and conditions contained therein.

Trelco (L), Marsol (L) and Al Ghaith (L) are Malaysian-controlled companies (Ling Chiong Sing holds 51% interest in these companies) incorporated in Labuan to facilitate the registration of certain of the Group's vessels, operating in the Middle East, in Malaysia. At present, Trelco FZC, Marsol LLC and Al Ghaith LLC recognise the costs of the vessels and the associated borrowings costs in their financial statements.

Trelco FZC, Marsol LLC and Al Ghaith LLC have incurred the costs of the vessels named in the respective option agreements and have procured financing for such costs with the vessels as security. Pursuant to the option agreements, so long as Trelco FZC, Marsol LLC and Al Ghaith LLC continue to maintain the vessels named in the respective option agreement and settle all the banking facilities pertaining to the respective vessels and upon discharge of the mortgages affecting these vessels, Trelco FZC, Marsol LLC and Al Ghaith LLC shall have the option to purchase the respective vessels at RM1.00 per vessel.

(c) Shareholders' Advances

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

The Directors of our Company are of the opinion that all business transactions between our Group and the Directors, substantial shareholders and/or key management of our Company and/or persons connected to them are on arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

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

8.2 TRANSACTION THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past three (3) FYE up to 30 June 2009 and 5-month FPE 30 November 2009 and subsequent financial period thereof immediately preceding the date of this Prospectus.

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8. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**8.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND) MADE BY US OR ANY OF OUR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES**

Our Directors have confirmed that to the best of their knowledge and belief, other than as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Company and/or subsidiaries to or for the benefit of our Directors, substantial shareholders, key management and/or persons connected to them as at the end of each of the past three (3) FYE up to 30 June 2009 and 5-month FPE 30 November 2009:-

Transacting Parties	Nature of Balance	Nature of interests	Balance (RM'000) as at			
			30 June			5-month FPE 30 November
			2007	2008	2009	2009
Shin Yang Holding Group ⁽¹⁾	Advances to transacting parties	Shin Yang Holding is our holding company. The Ling Brothers are also the substantial shareholders of Shin Yang Holding	138,280	2,441	475	21,511
	Balance payable in respect of services received and acquisition of properties from transacting parties		(35,564)	(12,633)	(2,561)	(5,753)
Juma Khalifa Obaid Abushibs	Advances to transacting party	Juma Khalifa Obaid Abushibs is a director of Shin Yang FZC	-	-	96	94
Ling Brothers and Ling Siu Chuo	Advances from transacting parties	Ling Brothers are our Promoters, Directors and substantial shareholders	(787)	(287)	(26,410)	(11,353)
Ling Family Group ⁽²⁾	Advances to and balances due in respect of services provided to transacting parties	These are companies in which the Ling Brothers and/or Ling Siu Chuo have substantial interests and/or directorships.	6,876	6,873	104	40
	Balance payable in respect of services received from transacting parties		(22)	(243)	(258)	(148)
Boulevard Hypermarket & Departmental Store Sdn Bhd, Boulevard Trading Sdn Bhd and JKA Shipping Sdn Bhd						

Note:-

- (1) *Comprises Shin Yang Sdn Bhd, Shin Yang Holding Sdn Bhd, Kemena Shipping Sdn Bhd, Melana Shipping Sdn Bhd, Melinau Electrical Engineering Sdn Bhd, Menawan Wood Sdn Bhd, Naviglory Shipping Sdn Bhd, Shin Yang Agriculture Sdn Bhd, Executive Travel Agencies Sdn Bhd, Boulevard Enterprise (Miri) Sdn Bhd, Boulevard Jaya Sdn Bhd, Shin Yang Corporation Sdn Bhd, Miri Belait Transport Company Sdn Bhd, Pekerjaan Piasau Konkerit Sdn Bhd, Forescom Plywood Sdn Bhd, Linau Jaya Sdn Bhd, Shin Yang Plywood Sdn Bhd, United Borneo Press Sdn Bhd, Woodville Development Sdn Bhd, Shin Yang Wood System Sdn Bhd*
- (2) *Comprises Boulevard Shipping Sdn Bhd, Shin Yang Edible Oil Sdn Bhd, Tung Yuen Shipping Sdn Bhd, Piasau Indah Sdn Bhd, Shinline Agencies Sdn Bhd, Shinline Corporation Sdn Bhd, Sarawak Maritime Academy Sdn Bhd, Shin Yang Insurance Agencies Sdn Bhd, Melinau Tyre Retreading Sdn Bhd*

The above outstanding advances and balances were without interest. As at LPD, all advances to the above mentioned transacting parties had been fully collected.

8. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**8.4 INTERESTS IN SIMILAR BUSINESS**

As at LPD, to the best of knowledge and belief of our Directors and substantial shareholders, save as disclosed below, none of our other Directors or substantial shareholders and/or key management and technical personnel are interested, directly or indirectly, in any business carrying on a similar trade as our Group:-

Datuk Ling Chiong Ho and Ling Chiong Sing hold 25% equity interest each in Hiap Sung Sdn Bhd which is involved in the provision of shipping services in Sarawak via its three (3) tugboats and three (3) barges. Ling Chiong Sing and Ling Pau Pau (daughter of Datuk Ling Chiong Ho) are non-executive directors of Hiap Sung Sdn Bhd.

Ling Chiong Sing, Ling Pau Pau and Datuk Ling Chiong Ho are not involved in the day-to-day operations and management of Hiap Sung Sdn Bhd as the management of the company is carried out by the other shareholders who own the remaining 50% equity interest.

Datuk Ling Chiong Ho and Ling Chiong Sing do not foresee any conflict of interest situation arising from their investment in Hiap Sung Sdn Bhd in view that they do not have any management control and the fact that the scale of Hiap Sung Sdn Bhd's transportation operations is small in comparison to the scale of our shipping operations.

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

Save for the Acquisitions and as disclosed in Section 8.1 (b), there are no material assets acquired/ to be acquired within three (3) years preceding the date of this Prospectus.

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

As at LPD, none of our Directors and/or substantial shareholders has interest in any contract or arrangement, which is significant in relation to the business of our Group.

8.7 RECURRENT RELATED-PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related-party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 10.09(1) of the Listing Requirements;

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

- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related-party transactions set out in Section 8.1 of this Prospectus, with persons which are considered "related-party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

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

Approval had been obtained from Bursa Securities for an extension of time from the date of our Listing to the date of our next extraordinary general meeting or annual general meeting, whichever earlier, to allow our Group to obtain shareholders' ratification and shareholders' mandate for recurrent related-party transactions to be entered into by us or any of our subsidiaries with our directors or substantial shareholders or persons connected with such directors or substantial shareholders.

8.8 DECLARATION BY THE ADVISERS, MANAGING UNDERWRITER, JOINT GLOBAL CO-ORDINATORS AND JOINT BOOKRUNNERS

As at LPD, AmInvestment Bank does not have any equity or financial interest in our Group. Accordingly, there is no conflict of interest in its appointment as the Adviser, Managing Underwriter, Joint Underwriter, Joint Global Co-ordinator, Joint Bookrunner and Joint Lead Manager to our Group for the IPO.

As at LPD, AmBank (M) Berhad had granted the credit facilities with a facilities limit of approximately RM144.5 million (of which RM111.7 million are outstanding) to our Group. AmInvestment Bank and AmBank (M) Berhad are wholly-owned subsidiaries of AMMB Holdings Berhad.

AmInvestment Bank, in relation to its role as Adviser, Managing Underwriter, Joint Underwriter, Joint Global Co-ordinator, Joint Bookrunner and Joint Lead Manager for the Listing, has considered the factors involved and believes that objectivity and independence in carrying out its role has been and will be maintained at all times for the following reasons:-

- AmInvestment Bank is a licensed investment bank and its appointment as Adviser for the IPO is in the ordinary course of its business;
- The conduct of AmInvestment Bank and AmBank (M) Berhad is regulated strictly by *Banking and Financial Institutions Act 1989* and by their respective own internal controls and checks;
- Save for the professional fees charged in relation to its role as Adviser for the IPO, underwriting commission charges in its role as Joint Underwriter and placement fees in its role as the Joint Global Co-ordinator, Joint Bookrunner and Joint Lead Manager, AmInvestment Bank will not be deriving any other monetary benefit from its appointment or from the outcome of the IPO;

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

- AmBank (M) Berhad is a licensed commercial bank and the granting of the abovementioned credit facilities is in the ordinary course of its business;
- The credit facilities offered by AmBank (M) Berhad to our Group is relatively small compared to the entire loan portfolio of AMMB Holdings Berhad and its subsidiaries; and
- None of the proceeds from the Public Issue is set aside for repayment of the credit facilities mentioned above.

In view of the above, AmInvestment Bank confirms that there is no conflict of interest in its capacity as the Adviser, Managing Underwriter, Joint Underwriter, Joint Global Co-ordinator, Joint Bookrunner and Joint Lead Manager to our Group for the IPO.

Our Board is fully informed and is aware of the above and is agreeable to proceed with the appointment of AmInvestment Bank as Adviser, Managing Underwriter, Joint Underwriter, Joint Co-coordinator, Joint Bookrunner and Joint Lead Manager for the IPO.

As at LPD, CIMB Bank Berhad had granted the credit facilities with a facilities limit of approximately RM129.318 million (of which RM47.163 million are outstanding) to Shin Yang Shipping Corp Group. CIMB Bank Berhad is a wholly-owned subsidiary of CIMB Group Sdn Bhd, which in turn is a wholly-owned subsidiary of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad).

None of the proceeds from the Public Issue is set aside for repayment of the credit facilities granted by CIMB Bank Berhad.

Notwithstanding the above, CIMB is of the opinion and hereby declares that there is no conflict of interest in its capacity as the Joint Underwriter, Joint Global Co-ordinator, Joint Bookrunner and Joint Lead Manager to our Group for the IPO.

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

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

Vital Factor has given its confirmation that there is no conflict of interest in its capacity as Independent Market Business and Market Research Consultants for the IPO.

Raine & Horne has given its confirmation that there is no conflict of interest in its capacity as Valuers to our Group for the IPO.

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9. OTHER INFORMATION CONCERNING OUR GROUP

9.1 INFORMATION ON LAND AND BUILDINGS

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

No.	Name of Registered Owner and Postal Address/Title Identification	Description and existing Use	Date of Expiry of Lease / Tenure /Approximate Age of Building/	Approximate land area and/or Built up area	Restriction in Interest / Encumbrances	Whether the COF/OP have been issued	NBV as at 30 June 2009 (RM'000)	Market Value (RM'000)
1.	Piasau Slipways Plot 91 - 93 all under Lot No. 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant industrial land.	Parent lot title under perpetuity ⁽¹⁾	25.2542 Ha	Assigned to Malayan Banking Berhad.	Not applicable - vacant land	6,512	(2) 10,166
2.	Shin Yang Shipyard Plot 94 - 100 all under Lot No. 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant industrial land.	Parent lot title under perpetuity ⁽¹⁾	61.9774 Ha	Assigned to Malayan Banking Berhad.	Not applicable - vacant land	16,692	(2) 20,945
3.	Piasau Slipways Lot No. 1098, Block 37, Kemena Land District, Sarawak	Industrial land erected with the following buildings used as shipping fabrication yard and dockyard:- (a) Single storey warehouse with an annexed double storey office building. (b) Double storey winch house, and (c) a 4-rail slipway.	Parent lot title under perpetuity ⁽¹⁾ Less than 1 year Less than 1 year Less than 1 year	7.006 Ha 3,456.00 m ² 148.47 m ² 213 m x 10.6 m	Nil	OP issued on 1 February 2010 (i.e. subsequent to the date of valuation on 16 November 2009)	18,321	(3) 25,909

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Description and existing Use	Date of Expiry of Lease / Tenure / Approximate Age of Building/	Approximate land area and/or Built up area	Restriction in Interest / Encumbrances	Whether the COF/OP have been issued	NBV as at 30 June 2009 (RM'000)	Market Value (RM'000)
4.	Shin Yang Shipyard Lot 263, Block 1, Kuala Baram Land District, Miri, Sarawak (formerly known as Lot 211, Block 1, Kuala Baram Land District, Miri, Sarawak)	Industrial land erected with the following buildings used as shipping fabrication yard, dockyard and office:- (a) Workshop cum office building and a single storey canteen, (b) 15 blocks of single storey office building, (c) A single storey shipyard A, (d) A single storey shipyard B, (e) A single storey canteen, and (f) A single storey winch house and a 4-rail slipway.	Leasehold of 60 years expiring 14.07.2055 9 years 9 years 2 years 2 years 6 years 9 years and 1 year	13.02 Ha 10,717.48 m ² 5,959.53 m ² 3,024.00 m ² 1,512.00 m ² 1,317.60 m ² 328.52 m ² 219.5 m x 10.9 m	This land is to be used for industrial purposes / No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys / The holder of this provisional lease shall not be entitled to lease of an area equal to the area above stated but not only to such an area as the survey shows to be available / Charged to RHB Bank Berhad.	OP issued on 22 March 1999 for building (a) OP issued on 26 January 2010 for buildings (b), (c), (d), (e) and (f) (i.e. subsequent to the date of valuation on 2 November 2009)	17,118	43,891
5.	Piasau Slipways Lot 208, Block 1 and Lot 523, Kuala Baram Land District, Miri, Sarawak	Two contiguous parcels of industrial lands erected with the following buildings used a shipping fabrication yard, dockyard and office:- (a) Double storey office cum store, (b) Single storey main workshop, (c) Two units canteen; (d) Double storey winch house with a 4-rail slipway, launching way, (e) Shipyard building A, and (f) Shipyard building B.	Lot 208 - leasehold of 60 years expiring 17.09.2055 Lot 523 - leasehold of 60 years expiring 07.01.2048 5 years 5 years 9 years 9 years 2 years 3 years	Lot 208 2.273 Ha Lot 523 5.119 Ha 2,635.20 m ² 5,358.24 m ² 2,679.11 m ² 126.71 m ² 207 m x 10 m and 85 m x 6 m 360.00 m ² 1,366.40 m ²	Lot 208 - This land is to be used for industrial purposes / Nil. Lot 523 - This land is to be used for industrial purposes / Charged to AmBank (M) Berhad.	OP issued on 6 May 1999 for buildings (a) to (e) OP issued on 14 January 2010 for buildings (f) and (g) (i.e. subsequent to the date of valuation on 9 September 2009)	11,827	27,086

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Description and existing Use	Date of Expiry of Lease / Tenure Building/	Approximate land area and/or Built up area	Restriction in Interest / Encumbrances	Whether the COF/OP have been issued	NBV as at 30 June 2009 (RM'000)	Market Value (RM'000)
6.	Shin Yang Shipyard Plot 1 to Plot 13 all under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	A collective parcel of thirteen industrial land erected with the following buildings used as shipping fabrication yard, dockyard and office:- (a) A block of single storey office buildings, (b) A double storey office building, (c) Single storey canteen cum warehouse, (d) Shipyard building A, (e) Shipyard building B, (f) Shipyard building C, (g) Sand blasting workshop, (h) Single storey canteen, (i) Shipyard building D, and (j) Launching way.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 ⁽¹⁾ 2 years 2 years 2 years 2 years 2 years 2 years Less than 1 year 2 years	78.217 Ha 642.98 m ² 1,026.98 m ² 915.36 m ² 9,900.00 m ² 7,046.92 m ² 480.00 m ² 756.00 m ² 2,560.00 m ² 7,045.92 m ² 217 m x 50 m	This land is to be used for industrial purposes / Pending charge to CIMB Bank Berhad.	OP issued on 9 February 2010 (i.e. subsequent to the date of valuation on 9 September 2009)	29,450	⁽⁴⁾ 124,276
7.	Shin Yang Shipyard Sublot 153 under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	Vacant industrial land.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 ⁽¹⁾	1.81 Ha	This land is to be used for industrial purposes.	Not applicable - vacant land	221	⁽⁴⁾ 3,093
Total							100,141	255,366

Notes:- (1) Titles awaiting for subdivision

(2) Market value based on the basis that separate title of the land conveying a 60 years leasehold interest will be issued

(3) Based on the Sale and Purchase Agreement dated 5 January 2004 between Lembaga Kemajuan Bintulu (Bintulu Development Authority) and Piasau Slipways, Lembaga Kemajuan Bintulu had applied to the relevant authority for the issuance of a separate title of the land conveying a 60 years leasehold interest. Accordingly, the market value of this land is based on the basis that separate title of the land conveying a 60 years leasehold interest will be issued

(4) Market value based on the basis that separate title of the land conveying a 99 years leasehold interest will be issued

Company No. 666062-A

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

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

No.	Name of Registered Owner and location of leased properties	Duration of the lease	Description and existing Use	Area leased	Restriction in Interest / Encumbrances	Whether the COF/OP have been issued	Rental amount
1.	SAQR Port Authority Hulayla Industrial Park, RAK	25 years commencing from the date at which Hulayla Industrial Park becomes operational. Further details are set out in Section 15.4 (a) of this Prospectus	Industrial plot with a linear length of constructed berth of 300 metres intended for ship repair and shipbuilding operations in RAK	60,000 m ²	We are not privy to the restriction in interest / encumbrances on our leased properties in RAK	We have been advised that there is no equivalent provision for the requirement of COF/OP in UAE.	AED 5,100,000 per annum
2.	RAK Free Trade Zone Authority No. WH07, Shed No. 16, Industrial Park of RAK Free Trade Zone Authority	24.09.2009 - 23.09.2010	Single storey warehouse	205 m ²			AED 41,000 per annum
3.	Mohammed Easa Jumah No. 601, Concord Building, RAK	10.03.2010 - 09.03.2011	One office unit in a 6-storey detached office tower	191.67 m ²			AED 55,125 per annum
4.	Mohammed Easa Jumah No. 201, Concord Building, RAK	10.06.2009 - 09.06.2010	One office unit in a 6-storey detached office tower	191.67 m ²			AED 68,250 per annum
5.	Mohammed Easa Jumah No. 204, Concord Building, RAK	21.09.2009 - 20.09.2010	One office unit in a 6-storey detached office tower	211.75 m ²			AED 51,319 per annum
6.	Pekerjaan Piasau Konkerit Sdn Bhd Sublot 2058 of Parent Lot 636, Block 5, Kuala Baram Land District, Sarawak	01.11.2008 - 31.10.2010	Single storey semi detached dwelling house	301.50 m ²	Nil	Yes	RM500 per month
7.	Shin Yang Holding Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak	01.07.2009 - 30.06.2012	An area in a 4-storey detached building	111.5 m ²	Charged to HSBC Bank Malaysia Berhad	Yes	RM6,000 per month
8.	Forward Wood Products Sdn Bhd Lot 133 Section 64 Lorong Simen Raya 2, Jalan Simen Raya, Pending Industrial Estate, 93450 Kuching, Sarawak	01.07.2008 - 30.06.2010	An area in a 2-storey detached building	44.6 m ² office and 6 m ² utility room	Nil	Yes	RM1,500 per month
9.	Geo Sepadu Sdn Bhd No. 142 Jalan Batu Unjur 1, 41200 Klang, Selangor Darul Ehsan	01.10.2009 - 30.09.2011	Two floors of a 4-storey shop house	266 m ²	In the midst of discharging with HSBC Bank Malaysia Berhad	Yes	RM1,500 per month

Note:- As at LPD, the closing exchange rate between AED and RM was AED1 to RM0.871

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

The net revaluation surplus on the abovementioned seven (7) pieces of land and buildings owned by us are computed as follows:-

	RM'000
Open market value of landed properties owned by our Group (as set out in Section 9.1 and excluding market value of buildings under construction as at 30 June 2009)	245,854
Less : NBV as at 30 June 2009	(118,520)
	127,334
Less : deferred tax	(31,833)
Net revaluation surplus	95,501

Note:-

The above net revaluation surplus had been taken into consideration in arriving at the purchase consideration for the Acquisition of Piasau Slipways and Acquisition of Shin Yang Shipyard

The Directors of Shin Yang Shipping Corp wish to highlight that, to the best of their knowledge and belief, the properties stated in Section 9.1 above:-

- (a) have not breached any of the land-use conditions/permissible land use; and
- (b) comply with current statutory requirements, land rules or building regulations.

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

We have not acquired any major properties during the last two (2) years preceding the date of this Prospectus.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**9.3 MATERIAL PLANT AND EQUIPMENT**

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

	Registered Owner	Name of Vessel / Category of Vessel	GRT (Tonne)	Market Value[#] (RM'000)
1.	Thailine	Thailine 6 / Cargo Vessel	7,633	35,600
2.	Thailine	Thailine 9 / Cargo Vessel	7,633	35,600
3.	Thailine	Thailine 8 / Cargo Vessel	6,178	20,300
4.	Shin Yang Shipping	Danum 69 / Landing Craft	4,562	18,250
5.	Shin Yang Shipping	Danum 68 / Landing Craft	4,562	17,830
6.	Thailine	Thailine 5 / Cargo Vessel	5,601	17,500
7.	Shin Yang Shipping	Danum 112 / Landing Craft	1,670	* 16,000
8.	Thailine	Thailine 3 / Cargo Vessel	5,582	15,800
9.	Thailine	Thailine 2 / Cargo Vessel	5,552	13,800
10.	Shinline	Shinline 9 / Cargo Vessel	5,551	13,800
11.	Thailine	Thailine / Cargo Vessel	2,712	13,700
12.	Shin Yang Shipping	Danum 9 / Landing Craft	1,687	13,550
13.	Danum Shipping	Danum 23 / Steel Landing Craft	1,702	13,270
14.	Shin Yang Shipping	Danum 5 / Landing Craft	1,687	13,130
15.	Shinline	Shinline 8 / Cargo Vessel	5,433	12,800
16.	Trelco (L)	Danum 76 / Tugboat	475	12,800
17.	Shinline	Shinline 6 / Cargo Vessel	5,555	11,900
18.	Al Ghaith (L)	Danum 65 / Tugboat	467	11,900
19.	Al Ghaith (L)	Danum 66 / Tugboat	467	11,900
20.	Trelco (L)	Danum 93 / Tugboat	476	11,700
21.	Marsol (L)	Danum 80 / Tugboat	476	11,700
22.	Shinline	Shinline 5 / Cargo Vessel	5,554	11,400
23.	Trelco (L)	Danum 79 / Tugboat	476	11,300
24.	Trelco (L)	Danum 92 / Tugboat	476	11,300
25.	Shin Yang Shipping	Linau 85 / Barge	4,334	* 11,000
26.	Trelco (L)	Linau 79 / Barge	5,264	10,800
27.	Marsol (L)	Linau 89 / Barge	4,424	10,600
28.	Marsol (L)	Danum 71 / Barge	5,248	10,500
29.	Marsol (L)	Danum 72 / Barge	5,248	10,500
30.	Shinline	Shinline 4 / Cargo Vessel	5,615	10,400
31.	Trelco (L)	Linau 73 / Barge	4,328	10,300
32.	Trelco (L)	Linau 76 / Barge	3,898	10,300
33.	Trelco (L)	Linau 78 / Barge	3,898	10,300
34.	Shin Yang Shipping	Danum 36 / Barge	5,143	10,200
35.	Marsol (L)	WM Watermaster II / Barge	4,347	10,200
36.	Shin Yang Shipping	Danum 38 / Barge	5,143	10,200
37.	Marsol (L)	WM Nationwide II / Barge	5,143	10,200
	Total		144,200	512,330

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)Notes:-

The valuation of the abovementioned vessels (save for those denoted "**") have been carried out by Raine & Horne. The Valuation Certificate is set out in Section 13 of this Prospectus

Raine & Horne was incorporated in 1982 and currently has twelve (12) offices in Malaysia, namely, Kuala Lumpur, Petaling Jaya, Subang Jaya, Kelang, Johor Bahru, Melaka, Seremban, Ipoh, Kuantan, Penang, Kota Kinabalu and Kuching.

The firm has a team of qualified and experienced personnel to handle valuation of all types of landed properties as well as valuation of commercial plant and machinery items, chattels and vessels for various purposes including financing, acquisition, sale and purchase and capital market transactions. The firm is also certified for ISO 9001: 2000 Quality Management System for the provision of property, plant and machinery valuation services on 30th October 2001.

Raine & Horne have successfully completed several valuation exercises for listing applications to SC including Complete Logistic Services Berhad, Alam Maritim Resources Berhad and most recently, the listing exercise of Sealink International Berhad which was completed in 2008. In addition, over the past three (3) years, Raine & Horne had also conducted valuation of various types of vessels for listed and unlisted companies in Malaysia.

* These vessels were constructed subsequent to the date of valuation by Raine & Horne. The value stated are the costs of acquisition.

The net revaluation surplus on our vessels are computed as follows:-

	RM'000
Open market value of the 35 ^{&^} vessels	485,330
Less : NBV as at 30 June 2009	(336,921)
	148,409
Open market value of the remaining 202 [^] vessels	669,033
Less : NBV as at 30 June 2009	(303,307)
	365,726
Total gross revaluation surplus	514,135
Less : deferred taxation and MI	(54,869)
Net revaluation surplus	459,266

Notes:-

& Excluding Danum 112 and Linau 85 which were constructed after the date of the valuation by Raine & Horne

^ As at the date of valuation, a total of 237 vessels were valued by Raine & Horne

The above net revaluation surplus had been taken into consideration in arriving at the purchase consideration for the Acquisition of Danum Shipping, Acquisition of Shin Yang Shipping, Acquisition of Shinline and Acquisition of Thailine.

9.4 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUE

Save as disclosed in Section 5.2.6 of this Prospectus, there are no regulatory requirement and environmental issue which may materially affect our operations and utilisation of assets.

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**9.5 MATERIAL CAPITAL EXPENDITURE, MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES****9.5.1 Material capital expenditure and divestitures for the last three (3) financial years**

Save as disclosed below, we have not undertaken any material capital expenditures in the past three (3) FYE 30 June 2009:-

Material capital expenditure	Date of transaction	Amount
		(RM'000)
1. <u>Shin Yang Shipyard</u> Acquisition of 13 parcels of land described as Plot 1 to Plot 13 all under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak and Sublot 153, Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	10 December 2007	9,890
2. <u>Shin Yang Shipyard</u> Acquisition of Plot 94 – 100 all under Lot 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	24 August 2007	16,655
3. <u>Piasau Slipways</u> Acquisition of Plot 91 – 93 all under Lot 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	24 August 2007	6,796
4. <u>Shin Yang Shipping</u> Acquisition of 1,780 units of containers	October 2007 to August 2009	18,856
5. <u>Shin Yang Shipping</u> Acquisition of 5 units of barges	September 2007 to November 2008	40,239

Save as disclosed below, we have not undertaken any material divestitures in the past three (3) FYE 30 June 2009:-

Material divestitures	Date of transaction	Amount
		(AED'000)
1. <u>Shin Yang Shipping</u>		
- Disposal of 11 units of vessels	FYE 30 June 2007	31,005
- Disposal of 36 units of vessels	FYE 30 June 2008	178,053

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.5.2 Material capital expenditure and divestitures currently in progress

Save as disclosed below, we have not undertaken any material capital expenditure and material divestitures that is currently in progress up to the date of this Prospectus:-

No.	Details of capital expenditure	Total expected capital expenditure	Total incurred to-date	% total capital expenditure financed by way of borrowing	Tenure	Capacity on completion
		(RM'000)	(RM'000)	(%)		
1.	Shipyard development costs on Plot 1 to Plot 13 all under Lot 70, Block 3, Kuala Baram Land District. Miri, Sarawak	124,000	61,736	37%	2007 - 2011	Up to 30 units of vessels per annum (further details are set out in Section 4.4.2 of the Prospectus)
2.	Construction of an additional 7 vessels for shipping operations	352,000	74,800	61%	2009 - 2012	<ul style="list-style-type: none"> ▪ 4 units 128-metre tween deck cargo vessels of 13,500 DWT each ▪ 2 units 50-metre AHTs ▪ 1 unit 37-metre AHT
3.	Construction of new shipyard in RAK	45,000	-	-	2009 - 2010	Mainly intended for ship repair purpose and have capacity to construct up to 2 units of vessels per annum

The above on-going capital expenditures are to be financed by a combination of internally generated funds, borrowings as well as proceeds from the Public Issue.

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10. FINANCIAL INFORMATION**10.1 HISTORICAL FINANCIAL INFORMATION**

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

The proforma consolidated results of our Group as illustrated below are based on the accounting principles and bases consistent with those adopted by our Group in the preparation of the audited financial statements for the FYE 30 June 2009, which have been prepared in accordance with FRS. Any adjustments that were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 10.2 of this Prospectus. The proforma consolidated results are prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information 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

10. FINANCIAL INFORMATION (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 under review
- (6) Annualised

The results of the operations of the Group were not substantially affected by any item, transaction or event of a material and unusual nature other than the following:-

	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
Gain on disposal of vessels ⁽¹⁾	7,225	50,692	5,378	-	3,993
Gain on disposal of a subsidiary ⁽¹⁾	-	2,762	-	-	-
Impairment of property, plant and equipment ⁽²⁾	-	-	(28,308)	-	-
Total	7,225	53,454	(22,930)	-	3,993

Notes:-

- (1) information on these gains are set out in the discussion on "Other Income" in Section 10.4.1 of this Prospectus
- (2) information on the impairment of property, plant and equipment are set out in the discussion on "Operating Overheads" in Section 10.4.1 of this Prospectus

10. FINANCIAL INFORMATION (Cont'd)

10.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)



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The Board of Directors
Shin Yang Shipping Corporation Berhad
Lot 515, Jalan Datuk Edward Jeli
Piasau Industrial Estate
98000 Miri, Sarawak

14 May 2010

Dear Sirs

**Shin Yang Shipping Corporation Berhad
("Shin Yang Shipping Corp" or "the Company")
Reporting accountants' letter on the pro forma consolidated financial
information**

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

- (i) the financial results of Shin Yang Shipping Corp Group for the three (3) financial years ended 30 June 2009 and the five-month financial period ended 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place throughout the financial years/period being reported thereon;
- (ii) the financial position of Shin Yang Shipping Corp Group as at 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place on that date; and
- (iii) the cash flows of Shin Yang Shipping Corp Group for the five-month financial period ended 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place since the beginning of the financial period.

This letter is required by and is given for the purpose of complying with the Prospectus Guidelines issued by Securities Commission ("the Guidelines") and for no other purpose.

The pro forma consolidated financial information, because of its nature, may not be reflective of Shin Yang Shipping Corp Group's actual financial results, financial position and cash flows.

10. FINANCIAL INFORMATION (Cont'd)

**Responsibilities**

It is the sole responsibility of the Board of Directors of Shin Yang Shipping Corporation to prepare the Pro forma Consolidated Financial Information in accordance with the requirements of the Guidelines.

It is our responsibility to form an opinion, as required by the Prospectus Guidelines of the Securities Commission as to the proper compilation of the pro forma consolidated financial information and to report our opinion to you.

In providing this opinion we are not responsible in updating or refreshing any reports or opinion previously made by us on any financial information used in the compilation of the pro forma consolidated financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Malaysian Approved Standard on Assurance, ISAE 3000 - Assurance Engagements Other Than Audit or Review of Historical Information. Our work consisted primarily comparing the pro forma consolidated financial information to the audited financial statements, considering the evidence supporting the adjustments and discussing the pro forma consolidated financial information with the directors of Shin Yang Shipping Corporation. Our work involved no independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma consolidated financial information have been properly compiled on the basis stated using financial statements prepared in accordance with approved accounting standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of Shin Yang Shipping Corp Group. Our work also involves assessing whether the adjustments made to the information used in the preparation of the pro forma consolidated financial information are appropriate for the purposes of preparing the pro forma consolidated financial information.

10. FINANCIAL INFORMATION (Cont'd)



Opinion

In our opinion,

- (i) the pro forma consolidated financial information has been properly prepared on the basis set out in the accompanying notes using financial statements prepared in accordance with the approved accounting standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of Shin Yang Shipping Corp Group; and
- ii) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing the pro forma consolidated financial information.

Yours faithfully


Ernst & Young
AF: 0039
Chartered Accountants

Miri, Malaysia

Yong Nyet Yun
2708/04/12 (J)
Chartered Accountant

10. FINANCIAL INFORMATION (Cont'd)

SHIN YANG SHIPPING CORPORATION BERHAD
(incorporated in Malaysia)

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

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**1. Introduction**

The pro forma consolidated financial information, comprising the pro forma consolidated income statements for the three (3) financial years ended 30 June 2009 and the five-month financial period ended 30 November 2009, the pro forma consolidated balance sheet as at 30 November 2009, and the pro forma consolidated cash flow statement for the five-month financial period ended 30 November 2009, have been prepared for inclusion in the Prospectus of Shin Yang Shipping Corp in connection with the listing of Shin Yang Shipping Corp on the Main Market of the Bursa Malaysia Securities Berhad.

2. Listing scheme

The listing scheme comprises the following transactions:

2.1 Acquisitions

Acquisitions by Shin Yang Shipping Corp of:

- a) 1,000,000 ordinary shares in Danum Shipping Sdn Bhd ("Danum Shipping") representing 100% equity interest in Danum Shipping;
- b) 4,000,000 ordinary shares in Piasau Slipways Sdn Bhd ("Piasau Slipways") representing 100% equity interest in Piasau Slipways;
- c) 15,900,000 ordinary shares in Shinline Sdn Bhd ("Shinline") representing 100% equity interest in Shinline;
- d) 10,000,000 ordinary shares in Shin Yang Shipping Sdn Bhd ("Shin Yang Shipping") representing 100% equity interest in Shin Yang Shipping;
- e) 20,000,000 ordinary shares and 100,000 preference shares in Shin Yang Shipyard Sdn Bhd ("Shin Yang Shipyard") representing 100% equity interest in Shin Yang Shipyard; and
- f) 4,000,000 ordinary shares in Thailine Sdn Bhd ("Thailine") representing 100% equity interest in Thailine

(collectively known as Acquiree Companies).

from the respective vendors of the Acquiree Companies for an aggregate purchase consideration of RM1,033,659,761 to be satisfied by way of issuance of 1,023,613,998 new ordinary shares of RM1.00 each in Shin Yang Shipping Corporation ("Shin Yang Shipping Corp Shares").


The abovementioned acquisitions were completed on 31 March 2010.

2.2 Public Issue

The Public Issue of 176,386,000 new Shin Yang Shipping Corp Shares ("Public Issue Shares"), subject to clawback and reallocation, is to be allocated in the following manner:-

- (a) 24,000,000 Public Issue Shares made available to Malaysian Public at the initial public offering price of RM1.28 per Share ("IPO Price"), payable in full upon application pursuant to the Retail Offering to be allocated via ballot;
- (b) 36,000,000 Public Issue Shares made available for the eligible directors, employees and business associates of the Shin Yang Shipping Corp and its subsidiaries 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

10. FINANCIAL INFORMATION (Cont'd)

 **ERNST & YOUNG AF0039**
Chartered Accountants Miri
For identification purposes only

- (c) 116,386,000 Public Issue Shares, representing approximately 9.7% of the enlarged issued and paid-up share capital of the Company, made available to Bumiputera investors approved by Ministry of International Trade and Industry ("MITI") at the institutional price to be determined via book-building ("Institutional Price") pursuant to the Institutional Offering.

The final IPO price ("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.

2.3 Offer for Sale

The Offer for Sale of 128,800,000 existing Shin Yang Shipping Corp Shares ("Offer Shares") by Shin Yang Holding Sdn Bhd, Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Ling Chiong Sieng, Shinline Corporation Sdn Bhd, Ling Siew Ting and Ling Siu Chuo (collectively 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 the enlarged issued and paid-up share capital of the Company, made available to Bumiputera investors approved by MITI; and
(b) 104,593,000 Offer Shares, representing approximately 8.7% of the enlarged issued and paid-up share capital of the Company, made available to Malaysian and foreign institutional and selected investors;

2.4 Listing


Upon completion of the Public Issue and Offer for Sale, Shin Yang Shipping Corp will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

3. Basis of preparation of pro forma consolidated financial information

3.1 The pro forma consolidated financial information has been prepared to illustrate what:

- (a) the financial results of Shin Yang Shipping Corp Group for the three (3) financial years ended ("FYE") 30 June 2009 and five-month financial period ended ("FPE") 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place throughout the financial years/period under review;
(b) the financial position of Shin Yang Shipping Corp Group as at 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place on that date; and
(c) the cash flows of Shin Yang Shipping Corp Group for the five-month FPE 30 November 2009 would have been, if the group structure as at the date of the Prospectus had been in place since the beginning of the financial period.

10. FINANCIAL INFORMATION (Cont'd)

 **ERNST & YOUNG AF0039**
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For identification purposes only

3.2 The pro forma consolidated financial statements have been prepared for illustrative purposes, based on:-

- (a) time apportionment of audited financial statements of Shin Yang Shipping Corp for the FYE 31 December 2007, 31 December 2008 and the financial period ended ("FPE") 30 June 2009; and audited financial statements for FPE 30 November 2009;
- (b) the audited financial statements of Shin Yang Shipping for the past 3 FYE 30 June 2007 to 2009 and FPE 30 November 2009;
- (c) time apportionment of audited financial statements of Danum Shipping for the FYE 31 December 2007 and FPE 30 June 2008; audited financial statements for FYE 30 June 2009 and FPE 30 November 2009;
- (d) time apportionment of audited financial statements of Piasau Slipways for the FYE 31 December 2007 and FPE 30 June 2008; audited financial statements for FYE 30 June 2009 and FPE 30 November 2009;
- (e) time apportionment of audited financial statements of Shinline for the FYE 31 December 2007, FPE 30 June 2008; audited financial statements for FYE 30 June 2009 and FPE 30 November 2009;
- (f) time apportionment of audited financial statements of Shin Yang Shipyard for the FYE 31 July 2007 and FPE 30 June 2008; audited financial statements for FYE 30 June 2009 and FPE 30 November 2009; and
- (g) time apportionment of audited financial statements of Thailine for the FYE 30 April 2007 and FPE 30 June 2008; audited financial statements for FYE 30 June 2009 and FPE 30 November 2009.

The audited financial statements of our subsidiaries for the FYE 30 June 2009 and FPE 30 November 2009 have been prepared in accordance with Financial Reporting Standards in Malaysia ("FRS") and those for the FYE and FPE 2007 and 2008 have been prepared in accordance with Private Entity Reporting Standards ("PERS"). For the purpose of preparation of pro forma consolidated financial information, the financial statements of our subsidiaries for FYE and FPE 2007 and 2008 were converted from PERS to comply with FRS. The adoption of the FRS did not have any material financial effect on the financial statements of our subsidiaries.

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

3.3 The auditors' reports on the respective financial statements were not subject to any qualifications or modifications for the financial years under review.

10. FINANCIAL INFORMATION (Cont'd)

ERNST & YOUNG AF0039
Chartered Accountants Miri
For identification purposes only

4. Summarised Pro forma Consolidated Income Statements of Shin Yang Shipping Corp Group

4.1 The pro forma consolidated income statements of Shin Yang Shipping Corp Group for the past three (3) FYE 30 June 2009, and the five-month FPE 30 November 2008 and 30 November 2009 which have been prepared for illustrative purposes to show the aggregate results of the Group, are based on accounting policies consistent with those adopted in the preparation of the audited financial statements of Shin Yang Shipping Corp and its subsidiaries and are prepared on the assumption that the current structure of the Group existed throughout the financial years/period under review.

	←----- Audited -----→			Unaudited	Audited		
	←----- FYE 30 June -----→					5-Mth FPE 30 November	2009
	2007	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 profit of associates	-	2,316	12,315	9,387	(2,666)		
Profit before taxation ("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		
- Minority interest	1,155	2,825	(420)	1,245	(188)		
Profit for the year	99,107	161,821	101,333	75,166	67,806		

10. FINANCIAL INFORMATION (Cont'd)

ERNST & YOUNG AF0039
Chartered Accountants Miri
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4. Summarised Pro forma Consolidated Income Statements of Shin Yang Shipping Corp Group (Cont'd)

4.2 The performance indices of the Group based on the pro forma consolidated income statements for the past three (3) FYE 30 June 2009 and the five-month FPE 30 November 2008 and 30 November 2009 are as follows:

	←----- Audited -----→			Unaudited	Audited
	←----- FYE 30 June -----→			5-mth FPE 30 November	
	2007	2008	2009	2008 ⁽⁵⁾	2009
Number of Shares assumed in issue ('000) ⁽¹⁾	1,023,614	1,023,614	1,023,614	1,023,614	1,023,614
Gross earnings per share ("EPS") (sen) ⁽²⁾	10.11	15.30	11.01	18.67	17.98
Net EPS (sen) ⁽³⁾	9.57	15.53	9.94	17.33	15.94
Fully diluted EPS (sen) ⁽⁴⁾	8.16	13.25	8.48	14.78	13.60
Earnings before interest, depreciation, taxation and amortisation	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
Profit after taxation margin (%)	20.37	27.19	15.05	23.45	24.61
Effective tax rate (%)	4.21	(3.31)	10.09	5.56	11.60
Interest expense (RM'000)	17,307	18,215	25,214	11,382	9,651
Interest coverage ratio (times)	6.98	9.60	5.47	7.99	8.95

- (1) Based on the number of ordinary shares in issue after the completion of the Acquisitions but before 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) Based on unaudited management accounts for the five-month FPE 30 November 2008.

10. FINANCIAL INFORMATION (Cont'd)

5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009

The pro forma balance sheets below are for illustrative purposes only, based on Shin Yang Shipping Corp's audited financial statement as at 30 November 2009, to show effects of the Acquisitions, Public Issue and the utilisation of funds on 30 November 2009.

	As at 30 November 2009 RM'000	Pro forma I		Pro forma II		Pro forma III	
		Adjustments for Acquisitions RM'000	After Acquisitions RM'000	Public Issue RM'000	After Public Issue RM'000	Utilisation of funds RM'000	After utilisation of funds RM'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	-		1,284,116		1,284,116		1,461,016
Prepaid land lease payments	-		131,809		131,809		131,809
Investment in associates	-		11,832		11,832		11,832
Other investments	-		132		132		132
			<u>1,427,889</u>		<u>1,427,889</u>		<u>1,604,789</u>
CURRENT ASSETS							
Inventories	-		166,974		166,974		166,974
Trade and other receivables	-		299,580		299,580		299,580
Tax recoverable	-		1,231		1,231		1,231
Cash and bank balances	-		15,547	233,921	249,468	(184,900)	64,568
			<u>483,332</u>		<u>717,253</u>		<u>532,353</u>
TOTAL ASSETS			<u>1,911,221</u>		<u>2,145,142</u>		<u>2,137,142</u>

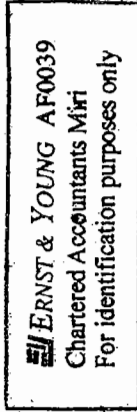
10. FINANCIAL INFORMATION (Cont'd)

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

5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009 (Cont'd.)

	As at 30 November 2009 RM'000	Adjustments for Acquisitions RM'000	Pro forma I After Acquisitions RM'000	Subscription of IPO RM'000	Pro forma II After Public Issue RM'000	Utilisation of funds RM'000	Pro forma III After utilisation of funds RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	*	1,023,614	1,023,614	176,386	1,200,000		1,200,000
Share premium	-	-	10,046	57,535	67,581	(8,000)	59,581
Revaluation surplus	-	-	63,295	-	63,295	-	63,295
Foreign currency translation reserve	-	-	233	-	233	-	233
Accumulated Losses	(6)	-	-	-	-	-	-
	(6)		1,097,188		1,331,109		1,323,109
Minority interests	-	-	14,403	-	14,403	-	14,403
Total equity	(6)		1,111,591		1,345,512		1,337,512
NON-CURRENT LIABILITIES							
Borrowings	-	-	185,580	-	185,580	-	185,580
Deferred taxation	-	-	124,323	-	124,323	-	124,323
	-	-	309,903	-	309,903	-	309,903

10. FINANCIAL INFORMATION (Cont'd)




5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009 (Cont'd.)

	Pro forma I		Pro forma II		Pro forma III		
	As at 30 November 2009 RM'000	Adjustments for Acquisitions RM'000	After Acquisitions RM'000	Subscription of IPO RM'000	After Public Issue RM'000	Utilisation of funds RM'000	After utilisation of funds RM'000
CURRENT LIABILITIES							
Borrowings	-		327,316		327,316		327,316
Trade and other payables	6		156,294		156,294		156,294
Current tax payable	-		6,117		6,117		6,117
			489,727		489,727		489,727
TOTAL LIABILITIES			799,630		799,630		799,630
TOTAL EQUITY AND LIABILITIES			1,911,221		2,145,142		2,137,142
Number of ordinary shares in issue ('000)	*		1,023,614		1,200,000		1,200,000
Net tangible assets (RM'000)	**		1,097,188		1,331,109		1,323,109
Net assets (RM'000)	**		1,097,188		1,331,109		1,323,109
Net tangible assets per share (RM)	***		1.07		1.11		1.10
Net assets per share (RM)	***		1.07		1.11		1.10

Notes:-

- * Denotes RM2.00
- ** Denotes RM(6,635)
- *** Denotes RM(3,318)

10. FINANCIAL INFORMATION (Cont'd)

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5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009 (Cont'd.)**5.1 Notes to the pro forma consolidated balance sheets**

The pro forma consolidated balance sheets include, on a pro forma basis, the following transactions assuming they were effected on 30 November 2009:

Pro forma (I)

Pro forma (I) incorporates the adjustments for:

(1) Prior to the Acquisitions**Revaluation of vessels**

The vessels in Shin Yang Shipping Group, Danum Shipping, Shinline and Thailine are revalued to their fair values in accordance with the Revaluation Model in FRS 116 Property, Plant and Equipment.

(2) Acquisitions as set out in Paragraph 2.2 above.

Acquisitions of Shin Yang Shipping Group and Danum Shipping which have been under common control in Shin Yang Holding Sdn Bhd are accounted for using merger accounting principle. Acquisitions of the other subsidiaries, namely Shinline, Thailine, Shin Yang Shipyard and Piasau Slipways are accounted for using acquisition method under FRS: 3 Business Combination.

(3) The difference between the carrying value of the investment and the nominal value of ordinary shares acquired is treated as merger deficit. Merger deficit of RM298,506,000 has been set-off against the following reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves:

	Balance before set off RM'000	Utilised against merger deficit RM'000	Balance after set off RM'000
Asset revaluation reserve	189,045	125,750	63,295
Retained earnings	172,756	172,756	-
	<u>361,801</u>	<u>298,506</u>	<u>63,295</u>

Pro forma (II)

Pro forma (II) incorporates the effects of Pro forma (I) and the Public Issue of 176,386,000 new Shin Yang Shipping Corp Shares at the following assumed issue price:-

- For the 60,000,000 new Shin Yang Shipping Corp Shares under Retail Offering : RM1.28; and
- For the 116,386,000 new Shin Yang Shipping Corp Shares under Institutional Offering : RM1.35

10. FINANCIAL INFORMATION (Cont'd)

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5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009 (Cont'd.)**5.1 Notes to the pro forma consolidated balance sheets (Cont'd)****Pro forma (III)**

Pro forma (III) incorporates the effects of Pro forma (II) and utilisation of the gross proceeds from the Public Issue as follows:

	RM'000
Part finance the construction of vessels	115,700
Part finance expansion of shipbuilding activities	61,200
Working capital	49,021
Estimated listing expenses	8,000
	<u>233,921</u>

The movements in the bank and cash balances are as follows:

	RM'000
As at 30 November 2009	-
Arising from the Acquisitions	<u>15,547</u>
Pro forma I	15,547
Add: proceeds from the Public Issue	<u>233,921</u>
Pro forma II	249,468
Less: capital expenditure	(176,900)
Less: estimated listing expenses	<u>(8,000)</u>
Pro forma III	<u>64,568</u>

The movements in the issued and paid-up share capital account are as follows:

	Number of Ordinary shares	RM'000
As at 30 November 2009	2	*
Add: Issuance of shares for the Acquisitions	<u>1,023,613,998</u>	<u>1,023,614</u>
Pro forma I	1,023,614,000	1,023,614
Add: Issuance of proceeds from the Public Issue	<u>176,386,000</u>	<u>176,386</u>
Pro forma II and III	<u>1,200,000,000</u>	<u>1,200,000</u>

* Denotes RM2.00

10. FINANCIAL INFORMATION (Cont'd)

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5. Pro forma Consolidated Balance Sheets of Shin Yang Shipping Corp as at 30 November 2009 (Cont'd.)**5.1 Notes to the pro forma consolidated balance sheets (Cont'd)**

The movements in the share premium account are as follows:

	RM'000
As at 30 November 2009	-
Add: Issuance of shares for the Acquisitions	10,046
Pro forma I	10,046
Add: Issuance of proceeds from the Public Issue	57,535
Pro forma II	67,581
Less: estimated listing expenses**	(8,000)
Pro forma III	59,581

** Estimated listing expenses relating to the flotation exercise of RM8,000,000 are charged to the available share premium account. For the purpose of pro forma financial information, these expenses will be settled using the proceeds from the Public Issue.

10. FINANCIAL INFORMATION (Cont'd)

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6. Pro forma Consolidated Cash Flow Statement

- 6.1 The pro forma consolidated cash flow statement of Shin Yang Shipping Corp Group for the 5-month FPE 30 November 2009 is provided for illustrative purposes only, assuming that Shin Yang Shipping Corp Group had been in existence throughout the financial year under review.

The pro forma consolidated cash flows for the 5-month FPE 30 November 2009 are prepared based on the audited financial statements of the subsidiaries of Shin Yang Shipping Corp.

6.2 Shin Yang Shipping Corp Group

	Financial period ended 30.11.09	
	Proforma I After Acquisitions	Proforma II & III After Public Issue And Utilisation of Proceeds
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	76,702	76,702
Adjustments for:		
Depreciation	25,029	25,029
Amortisation of prepaid land lease payments	292	292
Doubtful debts recovered	(54)	(54)
Dividend income	(3)	(3)
Gain on disposal of property, plant and equipment	(4,021)	(4,021)
Unrealised gain on foreign exchange	(160)	(160)
Interest expenses	9,678	9,678
Interest income	(819)	(819)
Profit retained in associates	2,666	2,666
Operating profit before working capital changes	109,310	109,310
Decrease in inventories	9,047	9,047
Decrease in receivables	130	130
Increase in payables	3,265	3,265
Decrease in amount due to holding company	(3,609)	(3,609)
Net change in related companies balances	1,595	1,595
Cash generated from operations	119,738	119,738
Income tax refunded	1,445	1,445
Income tax paid	(837)	(837)
Interest paid	(9,719)	(9,719)
Interest received	819	819
Net cash from operating activities	111,446	111,446

10. FINANCIAL INFORMATION (Cont'd)

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6. Pro forma consolidated cash flow statements (Cont'd)

6.2 Shin Yang Shipping Corp Group (Cont'd)

	Financial period ended 30.11.09	
	Proforma I After Acquisitions RM'000	Proforma II & III After Public Issue And Utilisation of Proceeds RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	2	2
Purchase of property, plant and equipment	(87,263)	(264,163)
Additions in prepaid land lease payment	(3,530)	(3,530)
Proceeds from disposal of property, plant and equipment	20,261	20,261
Proceeds from disposal of an associate (* RM1.00)	*	*
Net cash used in investing activities	<u>(70,530)</u>	<u>(247,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares of subsidiaries	38,000	38,000
Proceeds from Public Issue	-	233,921
Payments for listing expenses	-	(8,000)
Net movement in trade financing	(57,779)	(57,779)
Proceeds from term loans	18,320	18,320
Repayments of term loans	(19,939)	(19,939)
Repayment of term financing	(685)	(685)
Repayment of hire purchase payables	(13,023)	(13,023)
Net cash used in financing activities	<u>(35,106)</u>	<u>190,815</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,810	54,831
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(16,820)	(16,820)
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES	892	892
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>(10,118)</u>	<u>38,903</u>
Cash and cash equivalents comprise:		
Cash and bank balances	15,547	64,568
Bank overdrafts	(25,665)	(25,665)
	<u>(10,118)</u>	<u>38,903</u>

10. FINANCIAL INFORMATION (Cont'd)**10.3 CAPITALISATION AND INDEBTEDNESS**

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

- (a) As at 30 November 2009 based on our proforma consolidated balance sheets after the Acquisitions but before the IPO; and
- (b) As adjusted for the net proceeds arising from the issuance of the Public Issue Shares and the utilisation of proceeds as set out in Section 2.6 of this Prospectus.

RM'000	Proforma audited as at 30 November 2009 after the Acquisitions	After adjusting for the Public Issue and utilisation of proceeds
Cash and bank balances	15,547	68,768
Indebtedness		
Secured Short term indebtedness		
- Bank overdrafts (guaranteed)	15,561	15,561
- Bankers acceptances (guaranteed)	88,612	88,612
- Revolving credits (guaranteed)	30,000	30,000
- Term loans (guaranteed)	46,586	46,586
- Term financing (guaranteed)	1,727	1,727
- Hire-purchases (guaranteed)	36,496	36,496
Unsecured Short term indebtedness		
- Bank overdrafts (guaranteed)	10,105	10,105
- Bankers acceptances (guaranteed)	73,729	73,729
- Revolving credits (guaranteed)	24,500	24,500
Secured long term indebtedness		
- Term loans (guaranteed)	142,710	142,710
- Term financing (guaranteed)	1,534	1,534
- Hire-purchases (guaranteed)	41,336	41,336
Contingent liabilities	27,403	27,403
Total indebtedness	540,299	540,299
Capitalisation		
Total capitalisation (shareholders' equity)	1,097,188	1,327,309
Total capitalisation and indebtedness	1,637,487	1,867,608

10.4 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our Group's past financial performance and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) FYE 30 June 2009 and 5-month FPE 30 November 2008 and 30 November 2009 as set out in Section 10.2 of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)

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

10.4.1 Results of Operations**Revenue**

Our revenue is mainly derived from our two (2) main business segments, namely shipping and shipbuilding operations. In addition, the contribution from our ancillary services, namely ship repair and metal fabrication is increasing over the past three (3) FYE 30 June 2009.

Revenue from our shipping operations is recognised when services are rendered. Revenue from shipbuilding operations and ship repair is recognised on a percentage-of-completion method. Revenue from internal sales such as construction of vessels by shipbuilding operations for shipping operations is fully eliminated.

The table below sets forth the breakdown of our revenue, by our subsidiaries, for the respective financial years/periods:-

	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	%
Danum Shipping										
▪ Local	4,748	0.8	6,951	0.9	6,419	0.7	2,749	0.6	2,305	0.6
▪ Overseas	-	-	-	-	1,002	0.1	313	0.1	388	0.1
	4,748	0.8	6,951	0.9	7,421	0.8	3,062	0.7	2,693	0.7
Piasau Slipways										
▪ Local	78,253	12.9	107,655	13.8	85,655	9.6	53,847	12.3	54,075	14.5
▪ Overseas	33,993	5.6	39,204	5.0	81,688	9.1	38,028	8.7	412	0.1
	112,246	18.5	146,859	18.8	167,343	18.7	91,875	21.0	54,487	14.6
Shinline										
▪ Local	63,434	10.5	64,997	8.3	64,473	7.2	40,012	9.1	35,151	9.4
▪ Overseas	9,376	1.5	20,957	2.7	11,611	1.3	6,640	1.5	6,692	1.8
	72,810	12.0	85,954	11.0	76,084	8.5	46,652	10.6	41,843	11.2
Shin Yang Shipping Group										
▪ Local	152,174	25.1	206,069	26.3	197,279	22.0	108,012	24.7	84,638	22.7
▪ Overseas	40,822	6.7	40,094	5.1	60,412	6.8	15,897	3.6	21,668	5.8
	192,996	31.8	246,163	31.4	257,691	28.8	123,909	28.3	106,306	28.5

10. FINANCIAL INFORMATION (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	%
Shin Yang Shipyard										
▪ Local	119,536	19.7	159,427	20.4	274,723	30.7	112,742	25.8	56,993	15.2
▪ Overseas	17,209	2.8	46,214	5.9	20,068	2.3	11,778	2.6	76,155	20.4
	136,745	22.5	205,641	26.3	294,791	33.0	124,520	28.4	133,148	35.6
Thailine										
▪ Local	67,690	11.1	62,102	7.9	64,937	7.2	35,046	8.0	22,374	6.0
▪ Overseas	19,771	3.3	28,878	3.7	26,731	3.0	13,162	3.0	12,815	3.4
	87,461	14.4	90,980	11.6	91,668	10.2	48,208	11.0	35,189	9.4
Total before consolidated adjustments	607,006	100.0	782,548	100.0	894,998	100.0	438,226	100.0	373,666	100.0
Consolidated adjustments	(120,360)		(187,490)		(221,511)		(117,724)		(98,164)	
Proforma consolidated revenue	486,646		595,058		673,487		320,502		275,502	

Shin Yang Shipping Group, Shin Yang Shipyard and Piasau Slipways are the three (3) main contributors to our revenue. Shin Yang Shipping Group is principally engaged in shipping operations. The revenue from Shin Yang Shipping Group ranged between 28.3% to 35.6% of total Group's revenue during the financial years/period under review.

The principal activities of Shin Yang Shipyard and Piasau Slipways are shipbuilding and the total revenue from these two (2) companies increased from 41.0% to 50.2% of our total Group during the financial years/periods under review.

The table below sets forth the breakdown of our revenue, by business operations, for the respective financial years/periods:-

	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	%
Shipping										
▪ Local	282,168	58.0	323,080	54.3	323,838	48.1	179,696	56.0	140,603	51.0
▪ Overseas	69,969	14.4	89,929	15.1	99,755	14.8	36,012	11.2	41,564	15.1
	352,137	72.4	413,009	69.4	423,593	62.9	215,708	67.2	182,167	66.1
Shipbuilding										
▪ Local	34,788	7.1	36,009	6.0	64,115	9.5	18,499	5.8	22,408	8.1
▪ Overseas	43,088	8.9	77,165	13.0	100,743	15.0	49,794	15.5	59,778	21.7
	77,876	16.0	113,174	19.0	164,858	24.5	68,293	21.3	82,186	29.8

10. FINANCIAL INFORMATION (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	%
Ship repair and metal fabrication										
▪ Local	54,578	11.2	68,126	11.5	84,401	12.5	36,488	3.9	10,737	3.9
▪ Overseas	2,055	0.4	749	0.1	635	0.1	13	0.1	412	0.2
	56,633	11.6	68,875	11.6	85,036	12.6	36,501	4.0	11,149	4.1
Proforma consolidated revenue	486,646		595,058		673,487		320,502		275,502	

As set out in the table above, revenue from our shipping operations was on an increasing trend for the during the past three (3) FYE 30 June 2009. However, shipping operations' contribution to total revenue decreased from 72.4% to 62.9% in the same financial period, as shipbuilding operations has grown increasingly important over the years. Revenue from shipbuilding operations increased from 16.0% to 24.5% of our Group's total revenue during the three (3) FYE 30 June 2009 and further contributed 29.8% of our Group's revenue for the 5-month FPE 30 November 2009 as we expanded our shipbuilding operations by securing sales contracts with third parties for the construction of offshore oil and gas support vessels, landing crafts and tugboats.

Shipping Operations

In the following financial commentary, the total fleet size mentioned is in respect of the number of vessels owned by our subsidiaries. The vessels owned and operated by our associates (namely Marsol LLC and Al Ghaith LLC) are excluded from our fleet size mentioned in this section as, for accounting purposes, income generated from those vessels are not recognised as our Group's revenue and only proportionate share of the profits of our associates are recognised as our profit, details of which are set out in the section "*Share of profits/(losses) of associates*" in this Section 10.4.1.

The table below sets forth the number of vessels operated by our shipping operations for the respective financial years/periods:-

	Fleet Size at end of financial years/periods			
	Domestic Shipping	International Shipping	Middle East Operations	Total
FYE 30 June				
2007	200	12	-	212
2008	195	12	*	207
2009	187	12	14 [#]	213
FPE 30 Nov				
2008	199	12	8*	219
2009	187	12	14 [#]	213

Notes:-

* An additional 26 vessels were operated by our associates

An additional 30 vessels were operated by our associates

10. FINANCIAL INFORMATION (Cont'd)

FYE 30 June 2007

In FYE 30 June 2007, our revenue from our shipping operations was RM352.1 million which made up 72.4% of the revenue for the financial year.

During the financial year, we added 9 new vessels, namely 1 Landing Craft, 6 tugboats and 2 barges to our Shipping operations, bringing our total fleet size to 212 vessels with an average fleet utilisation of approximately 83% and 93% for domestic and international routes respectively.

FYE 30 June 2008

For the FYE 30 June 2008, revenue from our shipping operations increased RM60.8 million or approximately 17.3% from the previous financial year.

During the financial year, we acquired an additional 21 vessels, including 2 cargo vessels for regional shipping which contributed RM23.9 million to our freight income. In addition, higher demand for freight services locally and internationally (namely Japan, Korea, UAE and Qatar) resulted in better domestic fleet utilisation at 90% and international fleet utilisation at 92%.

Overall, increased voyages and better utilisation of vessels had contributed to an overall increase in shipping revenue despite the reduction in fleet size to 207 as Shin Yang Shipping divested 26 vessels to Marsol LLC and Al Ghaith LLC as part of our expansion in Middle East operations.

FYE 30 June 2009

Despite the global economic crisis which resulted in reduced freight rates generally, revenue from our shipping operations increased slightly by RM10.6 million or approximately 2.6% mainly due to the commencement of business of Trelco FZC, as well as increase in the number of vessels to 213 (of which 14 vessels were operated by Trelco FZC for the Middle East operations). For the financial year, our lower domestic fleet utilisation of 85% was cushioned by fleet utilisation of 93% for international routes and 93% for the operations in the Middle East.

FPE 30 November 2009 compared to FYE 30 November 2008

Our revenue from our shipping operations for the 5-month FPE 30 November 2009 of RM182.2 million was 15% lower compared to the same period in 2008 mainly due to lower freight charges and volume for the period as well as a slight decrease in fleet size (213 compared to 219 previously). During the financial period, our fleet utilisation was approximately 87%, 97% and 40% for our domestic, international and Middle East shipping operations. The lower fleet utilisation in Middle East was mainly due to completion of infrastructure projects in which we provided logistic support during the current financial period as well as the delay in the commencement of new infrastructure projects to which we are providing shipping services.

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10. FINANCIAL INFORMATION (Cont'd)**Shipbuilding Operations**

The table below sets forth the number of vessels constructed by our shipbuilding operations for the respective financial years/periods:-

	Number of Vessels Under Construction					
	Completed			Work in progress		
	For third party customers	For Shipping Operations	Total	For third party customers	For Shipping Operations	Total
<u>FYE 30 June</u>						
2007	9	9	18	5	17	22
2008	6	22	28	7	19	26
2009	5	11	16	4	16	20
<u>FPE 30 Nov</u>						
2008	-	4	4	8	14	22
2009	5	3	8	1	16	17

(Note : revenue from the sales of vessels to shipping operations are fully eliminated)

FYE 30 June 2007

During the financial year, Piasau Slipways and Shin Yang Shipyard constructed 40 vessels under sales contracts, of which 18 vessels were completed. 9 vessels were sold to third parties and an additional 5 units were under various stages of completion, of which revenue were recognised on a percentage of completion basis.

FYE 30 June 2008

In FYE 30 June 2008, our revenue from the shipbuilding operations increased RM35.3 million or approximately 45.3% as 28 vessels were completed whilst 26 vessels were under various stages of completion. We sold 6 vessels to third parties while an additional 7 vessels were under construction for third parties. Overall, revenue was higher in FYE 30 June 2008 due to sale of larger vessels such as workboats for offshore oil and gas industry.

FYE 30 June 2009

During FYE 30 June 2009, revenue from our shipbuilding operations increased by RM51.7 million, despite the global economic crisis in the first half of FYE 30 June 2009 which led to weaker demand, as most of the vessels completed were contracted in prior years. During the financial year, 16 vessels were completed and 20 vessels were under construction. The vessels completed and under construction were mainly oil and gas support vessels with high contract values compared to those in FYE 30 June 2008.

FPE 30 November 2009 compared to FYE 30 November 2008

During the 5-month FPE 30 November 2009, our Group continued the expansion in the shipbuilding operations. Revenue from shipbuilding activities was at RM82.2 million compared to RM68.3 million for the 5-month FPE 30 November 2008 and 8 vessels were completed during this period, of which 5 were sold to third parties.

10. FINANCIAL INFORMATION (Cont'd)**Ship repair and metal fabrication**

The revenue from the ship repair and metal fabrication division had registered a growing trend during the three (3) FYE 30 June 2009 as a result of increased repair works on oil and gas vessels which are larger in size.

Ship repair activities decreased during the 5-month FPE 30 November 2009 compared to FPE 30 November 2008 as there were less contract work secured.

Revenue by Geographical Locations

The table below sets forth the breakdown of our revenue, by geographical locations, for the respective financial years/periods:-

	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	%
Local	371,534	76.3	427,215	71.8	472,354	70.1	234,683	73.2	173,843	63.1
Overseas	115,112	23.7	167,843	28.2	201,133	29.9	85,819	26.8	101,659	36.9

The local market is the primary source of our revenue for the financial periods under review, contributing between 63.1% to 76.3% to our total revenue.

In line with our expansion overseas, contribution from overseas had improved from 23.7% to 36.9%. These were derived from Japan, Korea, China, Brunei, Indonesia, Thailand, UAE and Qatar for our shipping operations whereas for our shipbuilding operations, our overseas revenue was derived from Australia, Singapore, Netherlands, UAE and New Caledonia. The increase in oil and gas activities in recent years has resulted in high demand for offshore support vessels worldwide and contributed to demand for our shipbuilding operations.

Cost of sales, gross profit and gross profit margin

Our costs of sales mainly comprise material costs, sub-contracting costs, labour costs, bunker fuel oil, and depreciation of vessels and accounted for approximately 68.2% to 77.8% of our total revenue during the financial years/ periods under review.

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10. FINANCIAL INFORMATION (Cont'd)

The table below sets forth the breakdown of our gross profit, by our subsidiaries, for the respective financial years/periods:-

	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	%
Danum Shipping	906	0.7	1,508	1.0	1,648	1.0	277	0.3	541	0.6
Piasau Slipways	13,072	10.3	18,361	12.6	22,930	14.3	12,938	14.6	11,287	13.5
Shinline	23,406	18.4	19,805	13.6	15,958	9.9	13,983	15.8	7,257	8.6
Shin Yang Shipping Group	38,370	30.1	41,651	28.7	57,300	35.6	28,948	32.7	26,927	32.1
Shin Yang Shipyard	15,604	12.3	24,868	17.1	30,946	19.2	14,047	15.8	26,681	31.8
Thailine	35,930	28.2	39,203	27.0	32,218	20.0	18,484	20.8	11,264	13.4
Total before consolidated adjustments	127,288	100.0	145,396	100.0	161,000	100.0	88,677	100	83,957	100.0
Consolidated adjustments	(3,335)		(13,664)		(3,024)		(1,875)		3,567	
Proforma consolidated gross profit	123,953		131,732		157,976		86,802		87,524	
Shipping	101,615	82.0	96,201	73.0	106,242	67.3	64,520	74.3	46,161	52.7
Shipbuilding	27,712	22.4	38,751	29.4	43,256	27.3	13,968	16.1	37,468	42.8
Ship repair and metal fabrication	(5,374)	(4.4)	(3,220)	(2.4)	8,478	5.4	8,314	9.6	3,895	4.5

In FYE 30 June 2007, Shin Yang Shipping Group and Thailine contributed 30.1% and 28.2% respectively to our total gross profit but their contributions decreased to 28.7% and 27.0% respectively in FYE 30 June 2008. However, Shin Yang Shipping Group contributed 35.6% to our total gross profit in FYE 2009, due to the commencement of business of Trelco FZC in the Middle East. Overall, the contribution of gross profits from our shipping operations decreased from 67.3% for FYE 30 June 2009 to 52.7% due to increased contribution from our shipbuilding activities.

Our 2 shipbuilding companies, Piasau Slipways and Shin Yang Shipyard, contributed 10.3% and 12.3% respectively to our Group's total gross profit in FYE 2007, and increased to 12.6% and 17.1% respectively in FYE 2008, and further increased to 14.3% and 19.2% respectively in FYE 2009. The contributions from Piasau Slipways and Shin Yang Shipyard for the 5-month FPE were at 13.5% and 31.8% respectively.

The total gross profit from our shipping operations decreased from RM101.6 million in FYE 30 June 2007 to RM96.2 million in FYE 30 June 2008 but increased to RM106.2 million in FYE 30 June 2009. This was mainly due to the hike in fuel costs in FYE 30 June 2008 which increased our operating costs and affected our gross profit margin for shipping operations.

10. FINANCIAL INFORMATION (Cont'd)

Contribution from our shipping operations to our total gross profit decreased from 82.0% in FYE 2007 to 67.3% in FYE 30 June 2009 and to 52.7% for the 5-month FPE 30 November 2009, in line with the on-going expansion of our shipbuilding operations.

The total gross profit from shipbuilding business increased from RM27.7 million in FYE 30 June 2007 to RM38.8 million in FYE 30 June 2008 and further increased to RM43.3 million in FYE 30 June 2009. The contribution of shipbuilding operations to our total gross profit increased from 22.4% in FYE 30 June 2007 to 29.4% in FYE 30 June 2008 but decreased to 27.3% in FYE 2009, due to higher cost of direct materials, machinery and equipment. For the 5-month FPE 30 November 2009, shipbuilding contributed 42.8% of the Group's gross profits.

The table below sets forth the breakdown of our gross profit margin, by our subsidiaries and by business operations, for the respective financial years/periods:-

	Audited			Unaudited	Audited
	FYE 30 June			5-mth FPE 30 November	
	2007	2008	2009	2008	2009
Danum Shipping	19.1%	21.7%	22.2%	9.0%	20.1%
Piasau Slipways	11.7%	12.5%	13.7%	14.1%	20.7%
Shinline	32.2%	23.0%	21.0%	30.0%	17.3%
Shin Yang Shipping Group	19.9%	16.9%	22.2%	23.4%	25.3%
Shin Yang Shipyard	11.4%	12.1%	10.5%	11.3%	20.0%
Thailine	41.1%	43.1%	35.2%	38.3%	32.0%
Proforma consolidated gross profit margin	25.5%	22.1%	23.5%	27.1%	31.8%
- Shipping	28.9%	23.3%	25.1%	29.9%	25.3%
- Shipbuilding	35.6%	34.2%	26.2%	20.5%	45.6%
- Ship repair and metal fabrication	(9.5)%	(4.7)%	10.0%	24.1%	43.6%

Over the three financial years/periods under review, the gross profit margin from shipping operations ranged from 23.3% to 29.9% whereas the gross profit margin from shipbuilding ranged from 20.5% to 45.6%.

Gross margins for shipping operations are generally affected by fluctuations in fuel prices during the years/periods under review. The lower gross margin for FYE 30 June 2008 was due to high fuel prices during the first half of the financial year.

Gross margins for shipbuilding operations are primarily affected by fluctuations of raw materials especially steel products and the price difference cannot be passed on to the customers. The higher gross margin for the five-month FPE 30 November 2009 was due to the completion of three (3) large workboats for external customers.

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10. FINANCIAL INFORMATION (Cont'd)

The table below sets forth the breakdown of our gross profit and gross profit margin, by geographical locations, for the respective financial years/periods:-

	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	%
Gross profit										
Local	102,113	80.2	110,850	76.2	121,435	75.4	70,929	80.0	57,472	68.5
Overseas	25,175	19.8	34,546	23.8	39,565	24.6	17,748	20.0	26,485	31.5
Consolidated adjustments	127,288	100.0	145,396	100.0	161,000	100.0	88,677	100.0	83,957	100.0
	(3,335)		(13,664)		(3,024)		(1,875)		3,567	
Proforma consolidated gross profit	123,953		131,732		157,976		86,802		87,524	
Gross profit margin										
Local		21.0%		18.3%		17.5%		20.1%		22.5%
Overseas		20.8%		19.7%		19.6%		20.7%		22.4%
Proforma consolidated gross profit margin		25.5%		22.1%		23.5%		27.1%		31.8%

In line with our international expansion, overseas markets are gaining importance in contributing to our gross profit and we enjoy better margin from overseas customers.

Other Income

Other income comprises mainly gain on disposal of property, plant and equipment and gain on foreign exchange.

In FYE 30 June 2007, our other income of RM8.6 million mainly consists of gain on disposal of property, plant and equipment of RM7.3 million (comprised mainly of 11 vessels with gain of RM7.2 million).

In FYE 30 June 2008, other income increased significantly by RM51.0 million or 593.8% mainly attributable to the increase in gain on disposal of property, plant and equipment of RM50.7 million (comprised mainly of the disposal of 36 vessels), increase in gain on foreign exchange arising from the ordinary course of business by RM3.05 million, and gain on disposal of a subsidiary, namely Forward Wood Products Sdn Bhd amounting to RM2.8 million.

In FYE 30 June 2009, other income decreased to RM17.94 million as gain on disposal of property, plant and equipment decreased to RM5.3 million in 2009 (comprised mainly the disposal of 6 vessels). However, the decrease was partly mitigated by the increase in gain on foreign exchange arising from the ordinary course of business by RM4.3 million and doubtful debts recovered of RM0.9 million.

10. FINANCIAL INFORMATION (Cont'd)

Other income for the 5-month FPE 30 November 2008 and 30 November 2009 were at RM1.8 million and RM9.0 million respectively. Other income in the 5-month FPE 30 November 2009 included gains of disposal of 4 vessels in shipping operations amounting to RM4.0 million and other sundry income.

Operating Overheads

Operating overheads consist of other operating expenses, administrative expenses and impairment of property, plant and equipment.

In FYE 30 June 2007, other operating expenses comprise of goodwill written off of RM0.3 million arising from the disposal of the subsidiary Forward Wood Products Sdn Bhd, whereas administrative expenses mainly comprise of staff salaries and related expenses of approximately RM7.4 million, depreciation of property, plant and equipment of approximately RM0.4 million and loss on foreign exchange of approximately RM0.5 million.

In FYE 30 June 2008, our Group's operating overheads increased by RM7.1 million or 59.9% compared to FYE 30 June 2007. The increase in the operating expenses from RM0.3 million in FYE 30 June 2007 to RM2.05 million in FYE 30 June 2008 was mainly attributable to provision for doubtful debts and bad debts written off amounting to RM1.8 million. The increase in administrative expenses from RM11.5 million in FYE 30 June 2007 to RM16.8 million in FYE 30 June 2008 was mainly due to the increase in staff salaries and related expenses by approximately RM1.2 million, increase in bank charges by approximately RM0.8 million, increase in depreciation of property, plant and equipment by approximately RM0.8 million, increase in legal and professional fees by approximately RM0.6 million, increase in loss on foreign exchange by approximately RM0.8 million and increase in repair and maintenance by approximately RM0.5 million.

In FYE 30 June 2009, our Group's operating overheads increased by RM31.47 million or 167.0% compared to FYE 30 June 2008. This was mainly attributable to the recognition of impairment loss on the value of vessels of RM28.3 million to reflect the market value of these vessels based on the market value of these vessels as appraised by Raine & Horne.

Our Group's operating overheads for the 5-month FPE 30 November 2009 of RM7.0 million is fairly consistent with that incurred in the 5-month FPE 30 November 2008 of RM7.5 million.

Finance Costs

Finance costs comprise mainly interest charges related to bank borrowings. Our finance costs increased by RM0.9 million or 5.2% in FYE 30 June 2008 compared to FYE 30 June 2007. The outstanding borrowings as at 30 June 2008 were RM394.2 million compared to RM242.1 million as at 30 June 2007.

In FYE 30 June 2009, our finance costs increased by RM7.0 million or 38.4% as we obtained additional loans to finance the acquisition and construction of vessels, to finance the purchase of machineries and steel materials for shipbuilding and to meet our increased working capital requirements arising from increase in business activities. Our outstanding borrowings as at 30 June 2009 were RM575.4 million.

Finance costs for the 5-month FPE 30 November 2008 and 30 November 2009 were at RM11.4 million and RM9.6 million respectively. Our outstanding borrowings decreased to RM512.9 million as at 30 November 2009.

10. FINANCIAL INFORMATION (Cont'd)**PBT**

The table below sets forth the breakdown of our PBT, by our subsidiaries, for the respective financial years/periods:-

	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	%
Danum Shipping	491	0.5	1,062	0.6	1,279	1.1	124	0.2	429	0.6
Piasau Slipways	7,926	7.4	9,541	5.6	16,414	14.2	10,283	12.6	9,341	13.2
Shinline	21,584	20.2	17,619	10.4	13,678	11.8	13,055	16.0	6,283	8.9
Shin Yang Shipping Group	32,431	30.4	87,634	51.5	38,639	33.4	33,822	41.5	22,894	32.4
Shin Yang Shipyard	12,620	11.8	18,273	10.7	16,151	13.9	6,914	8.5	21,419	30.3
Thailine	31,742	29.7	36,002	21.2	29,573	25.6	17,267	21.2	10,283	14.6
	106,794	100.0	170,131	100.0	115,734	100.0	81,465	100	70,649	100.0
Consolidated adjustments	(3,335)		(13,502)		(3,024)		(1,874)		6,052	
Proforma consolidated PBT	103,459		156,629		112,710		79,591		76,701	

Generally, our PBT moved in tandem with the movements in our gross profit. Our PBT increased from RM103.5 million in FYE 30 June 2007 to RM156.6 million in FYE 30 June 2008, but decreased to RM112.7 million in FYE 2009. The PBT for the 5-month FPE 30 November 2008 and 30 November 2009 were at RM79.6 million and RM76.7 million respectively.

The movement in our PBT for the financial years/periods under review is directly affected by the performance of Shin Yang Shipping Group as it was the highest contributor to our PBT with the largest customer base and the largest number of vessels in the Group.

In FYE 30 June 2008, the significant increase in PBT for Shin Yang Shipping Group was mainly due to gain on disposal of vessels amounting to RM50.5 million and gain on disposal of a subsidiary amounting to RM2.7 million.

The decrease in gain on disposal of vessels to RM5.4 million and the recognition of impairment loss for property, plant and equipment at RM28.3 million in FYE 30 June 2009 led to a decrease in PBT for Shin Yang Shipping Group from RM87.6 million in FYE 30 June 2008 to RM38.6 million in FYE 30 June 2009. Shin Yang Shipping Group contributed RM22.9 million to PBT in the 5-month FPE 30 November 2009.

Thailine was the second highest contributor of PBT to our Group. The movement in PBT for Thailine over the financial years/periods under review was in line with the movement in gross profit for the same period. The increase in PBT for Thailine during FYE 30 June 2008 was mainly contributed by increase in demand on freight services and charter hire.

10. FINANCIAL INFORMATION (Cont'd)

PBT of Piasau Slipways and Shin Yang Shipyard collectively constituted 28.1% of our PBT in FYE 30 June 2009 and 43.5% in the 5-month FPE 30 November 2009, as a result of securing more sales contracts from overseas customers.

Effective tax rates

Our PAT for the three (3) FYE 30 June 2009 and 5-month FPE 30 November 2008 and 30 November 2009 were RM99.1 million, RM161.8 million, RM101.3 million, RM75.2million and RM67.8 million respectively. The statutory tax rate for the corresponding years/periods was 27%, 26%, 25%, 26% and 25% respectively.

During the FYE 30 June 2007 and FYE 30 June 2008, certain subsidiaries with issued and paid-up share capital not exceeding RM2.5 million enjoyed a lower tax rate of 20% for chargeable income up to RM500,000 and any chargeable income in excess of RM500,000 was taxed at the applicable statutory tax rates. In addition, Shinline, Thailine, Danum Shipping and Shin Yang Shipping enjoy tax exempt profits arising from their qualifying shipping profits under Section 54A of the Income Tax Act, 1967. The profits of the subsidiaries of Shin Yang Shipping are not subject to income tax as there are no taxes imposed by the government of the UAE. In addition, the subsidiaries in shipbuilding operations enjoyed reinvestment allowances.

Our effective tax rates over the three (3) FYE 30 June 2009 and 5-month FPE 30 November 2008 and 30 November 2009 were 4.21%, -3.31%, 10.09%, 5.56% and 11.60% respectively which were generally lower than the statutory tax rates mainly due to the reasons stated above, offset by certain expenses not deductible for tax purposes. The negative effective tax rate in FYE 30 June 2008 was due to reversal of deferred tax liabilities overprovided for in previous years.

Share of profits/(losses) of associates

The associate companies of our Group are Al Ghaith LLC, Marsol LLC, Deena LLC, Al Ghaith (L) and Marsol (L). The table below sets forth details of the combined financial results of the associates for the respective financial years/periods:-

	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	-	44,378	111,513	58,043	28,813
Cost of sales	-	(27,068)	(62,791)	(33,882)	(30,597)
Gross profit/(loss)	-	17,310	48,722	24,161	(1,784)
Other income	-	364	1,128	698	881
Administrative expenses	-	(2,980)	(3,894)	(1,821)	(1,156)
Impairment of property, plant and equipment	-	-	(5,369)	-	-
Operating profit	-	14,694	40,587	23,038	(2,059)
Finance costs	-	(10,124)	(12,496)	(1,956)	(7,007)
Profit/(loss) for the year	-	4,570	28,901	21,082	(9,066)
Share of profit/(loss) of associates	-	2,316	12,315	9,387	(2,666)

10. FINANCIAL INFORMATION (Cont'd)

Our associates operated a total of 26 vessels during the FYE 30 June 2008 and 5-month FPE 30 November 2008; and 30 vessels during the FYE 30 June 2009 and 5-month FPE 30 November 2009.

Revenue increased from RM44.4 million in FYE 30 June 2008 to RM111.5 million for FYE 30 June 2009 for a full year's operations. Revenue for the 5-month FPE 30 November 2009 was at RM28.8 million compared to RM58.0 million for the 5-month FPE 30 November 2008 due to the completion of some contracts while some new projects were delayed.

The finance costs incurred for FYE 30 June 2008 comprise term loan interest and unrealised loss on translation of foreign currency term loan balances of RM3.6 million and RM6.5 million respectively. The finance costs incurred for FYE 30 June 2009 comprise term loan interest and unrealised loss on translation of foreign currency term loan balances of RM5.2 million and RM7.3 million respectively. Included in the finance costs for the 5-month FPE 30 November 2009 was an amount of RM6.3 million due to unrealised loss on translation of term loan balances.

10.4.2 Significant factors affecting Our Group's operating results and financial condition

We are principally engaged in operations of international, regional and coastal shipping and shipbuilding, repair and maintenance of ships.

The main factors that have affected and are expected to continue to affect the results of our operations in future, are substantially similar to those affecting us historically and the industry we operate generally. Shipbuilding and shipping operations are influenced by, amongst others, fluctuations in demand for our vessels which in turn is influenced by changes in general economy domestically and globally, competition, prices, availability of raw materials and major operating costs such as bunker costs.

Our operating results and the financial condition have been and will continue to be affected by internal and external factors predominantly affecting the shipbuilding and shipping industries including but not limited to the following:-

(a) Demand and Supply conditions

The shipping industry for cargo vessels are generally affected by the economy as a whole. This in turn affects the demand for vessels which affects the shipbuilding industry. In addition, shipbuilding industry is affected by the level of activities in the oil and gas industry, which drives the demand for various types of vessels which are required to support these activities.

(b) Fluctuations in prices of steel

Steel is a major cost component in the construction of vessels. Any fluctuations of steel prices will affect the profit margin of shipbuilders. We endeavour to mitigate the fluctuation of the prices of steel on our profitability by locking in the pricing of steel upon securing orders for the construction of vessels. Further information on the effects of the fluctuations in steel prices on our operations is set out in Section 3.2 (b) of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)**(c) Fluctuations in shipping freight rates and charter rates**

The profit margin of the shipping operations depends on the shipping freight rates and charter rates which we can secure for carrying cargoes or charter out our vessels. A glut of vessels in the domestic and global market during an economy downturn will drive the shipping charter rates down and reduces our profit margin.

Furthermore, any prolonged decline in the charter rates will reduce the demand for ship construction, which may impact our shipbuilding operations.

(d) Fluctuations in bunker costs

Bunker is a major component of the costs for shipping operations. The costs of bunker are 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. Further information on the effects of the fluctuations in bunker costs to our Group is set out in Section 3.2(d) of this Prospectus.

(e) Foreign currency exchange fluctuations

A significant proportion of our revenues and purchases are denominated in foreign currencies which include USD, JPY, SGD, and AED. Furthermore, we have borrowings in USD. Accordingly, significant fluctuations in exchange rates may affect our revenue and profitability. In addition, since the revenue and profit of Shin Yang FZC and its subsidiaries and associates are denominated in AED, significant fluctuations in the effective exchange rate between RM and AED may have an impact on its revenue and profit and will affect our revenue and profitability when their results are consolidated into our financial statements. Further information on the effects of the fluctuations in foreign currency exchange to our Group is set out in Section 3.1 (c) of this Prospectus.

(f) Impairment of values of vessels

For the FYE 30 June 2009, an amount of RM28.3 million was provided for impairment of the values of vessels based on the market valued of these vessels as appraised by Raine & Horne.

(g) Disposal of vessels

We are an integrated shipbuilding and shipping operator and we maintain our vessels on a regular basis to ensure our vessels are in good working condition. We are currently on an expansion plan to increase our fleet size and we do not have a fixed policy on the disposal of vessels / fleet replacement. Nevertheless, where opportunities arise, we may dispose some of our vessels to fund the construction of bigger and newer vessels to our fleet.

During the three (3) FYE 30 June 2009 and 5-month FPE 30 November 2009 we disposed of 11, 36, 6 and 4 vessels respectively, recognising gains of RM7.3 million, RM50.7 million, RM5.4 million and RM4.0 million in the respective financial years/period.

10. FINANCIAL INFORMATION (Cont'd)

(h) Expansion of operations in UAE

For the three (3) FYE 30 June 2009 and 5-month FPE 30 November 2008, the profits from our UAE operations amounted to approximately RM10.0 million, RM13.4 million, RM24.9 million and RM12.4 million for the respective financial years/period. For the 5-month FPE 30 November 2009, our subsidiaries and associated companies in UAE incurred a gross loss of RM1.9 million mainly due to the completion of some contracts while some new projects were delayed.

10.4.3 Government / Economic / Fiscal / Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, is as set out in Section 3 of this Prospectus.

Save for the risks disclosed above and as disclosed in Section 10.4.1, there is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the periods under review.

10.4.4 Impact of inflation

Our financial performance for the past three (3) FYE 30 June 2009 and 5-month FPE 30 November 2008 and 30 November 2009 was not materially affected by inflation.

10.5 LIQUIDITY AND CAPITAL RESOURCES**10.5.1 Working capital**

We have been financing our operations through cash generated from our operations and external source of funds. Our Group's external source of funds mainly comprises of shareholders' equity and bank borrowings.

Based on our proforma consolidated balance sheet as at 30 November 2009 (after adjusting for the Acquisitions but before the Public Issue), our current assets stood at RM483.3 million and current liabilities were RM489.7 million. As at 30 November 2009, we have deposits, cash and bank balances of RM15.5 million and total borrowings of RM512.9 million.

As at LPD, we have an aggregate of RM667.4 million of available credit facilities comprising bank overdrafts, hire purchase loans, term loans and bankers' acceptances, out of which approximately RM499.6 million was outstanding.

Our Directors are of the opinion that after taking into account our cashflow position, banking facilities available and the proceeds to be raised from the Public Issue, we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)**10.5.2 Cash flow**

A summary of our proforma cash flows for the 5-month FPE 30 November 2009 based on the proforma consolidated cash flow statement as disclosed in Section 10.2 of this Prospectus is set out below:-

	Proforma 5-month FPE 30.11.2009 after Acquisitions	Proforma 5-month FPE 30.11.2009 after IPO and utilisation of proceeds
	RM'000	RM'000
Net cash from operating activities	111,446	111,446
Net cash used in investing activities	(70,530)	(247,430)
Net cash from financing activities	(35,106)	190,815
Net increase in cash and cash equivalents	5,810	54,831
Cash and cash equivalents at beginning of financial period	(16,820)	(16,820)
Effect of foreign exchange rate	892	892
Cash and cash equivalents at end of financial period	(10,118)	38,903
Comprising:-		
▪ Cash on hand and at bank	15,547	64,568
▪ Bank overdrafts	(25,665)	(25,665)

There are no legal, financial or economic restrictions on the ability for our subsidiaries to transfer funds to us in the form of cash dividends, loans and advances to meet our cash obligations. However, certain banks require our subsidiaries to seek their prior consents for dividend payments in accordance with the terms of the relevant facility agreement. We do not expect such consent to be unnecessary withheld by the banks.

Net cash used in operating activities

During the 5-month FPE 30 November 2009, our collections from customers and payments to suppliers generated a net cash inflow from operations of RM110.7 million. We also paid interest (net of interest income) and received tax refunds (net of tax paid) of RM8.9 million and RM0.6 million respectively, resulting in a net cash from operating activities of RM111.4 million.

Net cash used in investing activities

During the financial period, we incurred capital expenditure of RM90.8 million, comprised mainly of acquisition and construction of vessels (approximately RM80.5 million) and expansion of our new shipyard in Kuala Baram in Miri (RM7.0 million) which was partially set off by the proceeds from the disposal of property, plant and equipment of RM20.3 million.

Net cash from financing activities

The net cash used in financing activities of RM35.1 million comprised the repayment of our credit facilities amounting to RM91.4 million, proceeds from issuance of shares in our subsidiaries amounted to RM38.0 million, and drawdown of term loan of RM18.3 million.

10. FINANCIAL INFORMATION (Cont'd)**10.5.3 Borrowings**

As at LPD, our total outstanding bank borrowings in the form of bank over drafts, term loans, revolving credits, bankers acceptances and hire purchase financing amounted to approximately RM499.6 million.

Our borrowings can be analysed further as follows:-

Outstanding Borrowings	RM'000
Short Term (Due within 12 months)	
▪ Bank overdrafts	20,009
▪ Term loans	55,463
▪ Revolving credits	38,148
▪ Bankers' acceptances	171,250
▪ Hire purchase	44,500
Long Term (Due after 12 months)	
▪ Term loans	137,827
▪ Hire purchase	32,400
Total interest-bearing borrowings	499,597
Gearing ratio as at LPD ⁽¹⁾	0.46
Gearing ratio after IPO and utilisation of proceeds ⁽²⁾	0.38

Notes:-

- (1) Based on proforma shareholders' funds as at 30 November 2009 (after the Acquisitions but before the Public Issue) of approximately RM1.097 billion as set out in Section 10.2
- (2) Based on proforma shareholders' funds as at 30 November 2009 (after the Public Issue) of approximately RM1.323 billion as set out in Section 10.2

The above borrowings include foreign currency borrowings as follows:-

	USD'000	RM'000 equivalent ⁽¹⁾
Interest-bearing borrowings		
Term loan – Due within 12 months	5,665	18,130
Term loan – Due after 12 months	21,714	69,497
Total	27,379	87,627

Note:-

- (1) The exchange rate used is USD1:RM3.200

Save as disclosed, we have not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period, as at LPD:-

- (a) Trelco FZC had been behind the scheduled repayment for the repayments of the principal and interest in respect of its loan with AmBank (M) Berhad during the financial year ended 30 June 2009 and for the financial period up to 31 March 2010. As at LPD, Trelco FZC's principal and interest repayments are on schedule.

10. FINANCIAL INFORMATION (Cont'd)

10.5.4 Breach of Terms and Conditions / Covenants Associated with Credit Arrangement/ Bank Loan

To the best of our Directors' knowledge, as at LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

10.5.5 Type of Financial Instruments Used

As at LPD, save for the credit facilities disclosed in Section 10.5.3 of this Prospectus, we do not use any other financial instruments.

10.5.6 Treasury Policies and Objectives

We have been financing our operations through cash generated from our operations and external source of funds. Our external source of funds comprises of credit terms granted by suppliers as well as credit facilities from financial institutions. The normal credit terms granted by our trade suppliers range from 30 to 90 days.

We have short-term and long-term bank borrowings facilities available to our Group. Our short-term bank borrowings are mainly overdrafts, bankers' acceptances and revolving credits which are used for raw material purchases. We also utilised hire purchases for acquisition of machinery. The interest rates for overdrafts, bankers' acceptances, revolving credits and hire purchases are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings are mainly term loans obtained to finance purchases of vessels. The interest rates for our term loans are based on the prevailing base lending rate plus a margin agreed upon by our bankers when the respective term loans were granted.

We trade in RM, as well as other foreign currencies, which mainly consists of USD. In addition, we have subsidiaries operating in the UAE. Therefore, we maintain cash accounts in RM, AED and USD 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. We may consider using certain hedging mechanism in the future when the need arises.

10.5.7 Material litigations, contingent liabilities and material commitments

(a) Material Litigations

As at LPD, we are not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or our business, and our Board has no knowledge of any proceeding pending or threatened against us, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of our Group.

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10. FINANCIAL INFORMATION (Cont'd)**(b) Contingent Liabilities**

Save as disclosed below, as at LPD, our Directors are not aware of any other material contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

Contingent Liabilities	Amount
	(RM'000)
Corporate guarantees given to financial institutions in consideration of credit facilities granted to our associates	25,492

(c) Material Commitments

Save as disclosed below, as at LPD, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group:-

Material Commitments	Amount
	(RM'000)
<u>Capital Expenditure</u>	
<u>Approved and contracted for:-</u>	
- Construction of an additional 2 vessels for international shipping operations	85,500
- Shipyard development costs on Shipyard 2	3,899
- Construction of shipyard in RAK	⁽¹⁾ 10,148
	99,547
<u>Approved but not contracted for:-</u>	
- Construction of an additional 5 vessels for international and UAE shipping operations	209,500
- Shipyard development costs on Shipyard 2	58,365
- Construction of shipyard in RAK	34,852
	302,717
Total	402,264
<u>Lease commitments</u>	
- In respect of an industrial plot of land in Hulayla Industrial Park, RAK for 25 years commencing from the date at which Hulayla Industrial Park becomes operational (which SAQR Port Authority (being the authority responsible for Hulayla Industrial Park) will notify Shin Yang FZC in writing)	⁽¹⁾ 111,053

Note:-

(1) The exchange rate used is AED1:RM0.871

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10. FINANCIAL INFORMATION (Cont'd)**10.6 KEY FINANCIAL RATIOS**

The key financial ratios of our Group are as follows:-

	Audited			Unaudited	Audited
	FYE 30 June			5-mth FPE 30 November	
	2007	2008	2009	2008	2009
<u>Shipbuilding, ship repair and metal fabrication</u>					
Trade receivables turnover period (months)	5.38	4.48	2.25	3.06	2.45
Trade payables turnover period (months)	5.35	4.21	2.65	4.21	2.91
Inventories turnover period (months)	2.37	5.38	5.04	5.66	5.35
<u>Shipping</u>					
Trade receivables turnover period (months)	4.32	5.47	4.04	4.73	3.98
Trade payables turnover period (months)	5.50	4.02	3.37	3.12	2.32

Shipbuilding, ship repair and metal fabrication

We generally grant our customers credit terms of 90 days. Our trade receivables turnover period had generally decreased from 5.38 months in FYE 30 June 2007 to 2.45 months in the 5-month FPE 30 November 2009, which is within our normal credit term. The improvement was due to our increased efforts in collecting and monitoring overdue debtors as well as prompt settlements from our customers, including related parties.

The credit terms granted by our sub-contractors and suppliers generally range from 30 to 180 days. Our trade payables turnover period decreased from 5.35 months in FYE 30 June 2007 to 2.91 months in the 5-month FPE 30 November 2009. The decrease was due to our effort in making payments on time to secure better and/or favourable terms from our suppliers.

Our inventory mainly comprised steel plates, marine engines, bunker and spare parts for our operations. In respect of our shipbuilding operations, inventories turnover period increased from 2.37 months in FYE 30 June 2007 to 5.38 months in FYE 30 June 2008 and decreased to 5.04 months in FYE 30 June 2009. For the 5-month FPE 30 November 2009, the inventories turnover period was at 5.35 months. The increase in inventories turnover period in FYE 2008 was mainly attributable to more orders and higher level of stock was kept to meet the demand and business expansion.

Shipping

We generally grant our customers (including related parties) credit terms ranging from 30 to 90 days. The specific credit terms for each customer may differ as we consider, inter-alia, the background and credit-worthiness of the customer, their payment history, our relationship with the customer and the volume of transactions. In FYE 30 June 2008, slower collection from customers coupled with outstanding proceeds from disposal of vessels due from our associated companies had contributed to an increase in our trade receivables and trade receivables turnover period during the financial year. Subsequently for FYE 30 June 2009 and the 5-month FPE 30 November 2009, our trade receivables turnover period has been improved, which was mainly due to our ability to shorten our collection period as a result of increased effort in monitoring overdue customer accounts and well as prompt settlements from our customers, including related parties.

Our trade payables turnover period decreased from 5.50 months in FYE 30 June 2007 to 2.32 months for the 5-month FPE 30 November 2009. The decrease was due to our effort in making payments on time to secure better and/or favourable terms from our suppliers.

10. FINANCIAL INFORMATION (Cont'd)**Ageing Analysis of Trade Receivables**

The ageing analysis of our trade receivables as at 30 November 2009 is as follows:-

Trade receivables [^]	Within credit period			Exceeding credit period			Total
	0-30 days	31-60 days	61-90 days	91-120 days	120-180 days	>180 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Shipbuilding operations</u>							
External customers	14,410	556	703	40,772	614	1,548	58,603
Shin Yang Holding Group	760	131	8	1	2	-	902
Associated companies of the Group	35	8	16	-	67	-	126
Companies related to directors	73	-	51	91	156	18	389
Total trade receivables	15,278	695	778	40,864	839	1,566	60,020
Provision for doubtful debts	-	-	-	-	-	(100)	(100)
Net trade receivables	15,278	695	778	40,864	839	1,466	59,920
Percentages of total trade receivables	25.5%	1.2%	1.3%	68.2%	1.4%	2.4%	100.0%
<u>Shipping operations</u>							
External customers	9,006	10,188	7,579	5,426	5,371	1,659	39,229
Shin Yang Holding Group	13,308	14,038	7,682	7,242	7,174	7,418	56,862
Associated companies of the Group	904	964	1,025	1,060	999	15,535	20,487
Companies related to directors	3,153	4,320	2,517	1,354	4,573	262	16,179
Total trade receivables	26,371	29,510	18,803	15,082	18,117	24,874	132,757
Provision for doubtful debts	-	-	-	-	-	(159)	(159)
Net trade receivables	26,371	29,510	18,803	15,082	18,117	24,715	132,598
Percentages of total trade receivables	19.9%	22.2%	14.1%	11.4%	13.7%	18.7%	100.0%

Note:-

[^] Exclude amounts due from customers on contracts representing construction works which have been carried out but are pending consultant's certification.

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10. FINANCIAL INFORMATION (Cont'd)

Our Board has taken reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts. In this respect, as at LPD, we have made additional provision for doubtful debts amounted to RM21,134,425 in respect of all trade receivables that have been outstanding for more than 6 months as at 30 April 2010 (of which RM19,674,068 are due from associated companies of the Group and are, in the opinion of the Directors, recoverable). In addition, as at LPD, all our trade receivables due from related parties are within the normal credit period.

Our Directors are of the opinion that trade receivables exceeding our normal credit period are recoverable taking into consideration our long term relationship (over 5 years) with most of these customers and various measures (including obtaining collaterals and guarantees from customers, and increased effort and manpower in monitoring customer accounts) being implemented by us to minimise non-payment by our customers.

Ageing Analysis of Trade Payables

The ageing analysis of our trade payables as at 30 November 2009 is as follows:-

Shipbuilding operations

Trade Payables [^]	Within credit period					Exceeding credit period	Total
	0-30 days	31-60 days	61-90 days	91-120 days	120-180 days	>180 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Third-party suppliers	5,758	4,308	4,903	3,019	8,211	12,628	38,827
Shin Yang Holding Group	612	2,303	10,263	2,113	3,113	3,388	21,792
Companies related to directors	548	1,824	1,080	228	571	8,718	12,969
Total trade payables	6,918	8,435	16,246	5,360	11,895	24,734	73,588
Percentages of total trade payables	9.4%	11.4%	22.1%	7.3%	16.2%	33.6%	100.0%

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