

This Prospectus has been seen and approved by the Directors and Promoters of Scomi Group Berhad (“SGB”) and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

RHB Sakura Merchant Bankers Berhad, being the Adviser and Underwriter acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined herein) and is satisfied that the profit forecast (for which the Directors of SGB are fully responsible) prepared for inclusion in the Prospectus has been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

The Securities Commission (“SC”) has approved the Public Issue and the approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. The SC shall not be liable for any non-disclosure on the part of SGB and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

The Kuala Lumpur Stock Exchange (“KLSE”) assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. The admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of SGB or of its ordinary shares.

A copy of this Prospectus has been registered by the SC and lodged with the Chief Executive Officer of the Companies Commission of Malaysia who both take no responsibility for its contents.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of RM50,000,000 comprising 100,000,000 Shares on the Second Board of the KLSE is set out below:

Event	Tentative date
Opening of the application list	15 April 2003
Closing of the application list	26 April 2003*
Balloting of applications for the Issue Shares	End April 2003
Allotment of the Issue Shares	early May, 2003
Listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of the KLSE	mid May, 2003

* *or such period or periods as the Directors of SGB in their absolute discretion may decide*

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DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus and the Application Forms:

GENERAL

Act	:	Companies Act, 1965 and any amendments thereto
Acquisition	:	the acquisition by SGB of the entire issued and paid-up share capital of Scomi comprising 9,281,762 ordinary shares of RM1.00 each for a total purchase consideration of RM46,906,071, which was wholly satisfied through the issuance of 87,670,996 new Shares at an issue price of approximately RM0.54 per new Share
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Application	:	the application for the Issue Shares by way of Application Forms or by way of Electronic Share Application
Application Form(s)	:	the printed application form(s) for the application of the Issue Shares accompanying this Prospectus
ASB	:	Asian Supply Base in Labuan, one of the two bonded supply bases where KMC's main operations are located
ASEAN	:	Association of South-East Asian Nations
Associated Company	:	a company in which a long term equity interest of between 20% to 50% is held and where significant influence is exercised through management participation
ATM	:	automated teller machine
AVSB	:	Amanah Ventures Sdn Bhd (<i>Company No: 205310-W</i>)
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	an account established for a depositor by MCD for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CEO	:	Chief Executive Officer
DOSH	:	Department of Occupational Safety and Health
EBITDA	:	earnings before interest, tax, depreciation and amortisation
Electronic Share Application	:	the application for the Issue Shares through a Participating Financial Institution's ATM
EPMI	:	ExxonMobil Exploration and Production Malaysia Incorporation (<i>Malaysian Registration No: 992953-X</i>)
EPS	:	earnings per share

DEFINITIONS (Cont'd)

FIC	:	Foreign Investment Committee
Flotation Scheme	:	Acquisition, Transfers by Scomi, Public Issue and Listing, collectively
GDP	:	gross domestic product
Initial Grant	:	up to 9 million options to be granted by the Directors of SGB under the Proposed ESOS prior to the Listing
ISO	:	International Organisation for Standardisation
Issue Share(s)	:	the new Share(s) which are the subject of the Public Issue
Kaspadu	:	Kaspadu Sdn Bhd (<i>Company No: 259131-V</i>)
KLSE	:	Kuala Lumpur Stock Exchange
KMC	:	Kota Minerals & Chemicals Sdn Bhd (<i>Company No: 81755-D</i>)
KMC All Star	:	KMC All Star Chemical Sdn Bhd (<i>Company No: 463921-M</i>)
KMC Group	:	KMC, its subsidiary companies, namely, KMC All Star, KMC-K, Kota Barite and KMC Overseas and its Associated Company, namely Sosma
KMC-K	:	Kota Minerals & Chemicals (Kemaman) Sdn Bhd (<i>Company No: 81754-V</i>)
KMC Overseas	:	KMC Overseas (M) Limited (<i>Company No: 44337 C2/GBL</i>)
Kota Barite	:	Kota Barite Sdn Bhd (<i>Company No: 195041-K</i>)
KSB	:	Kemaman Supply Base in Terengganu, one of the two bonded supply bases where KMC's main operations are located
Listing	:	the admission of SGB to the Official List of the KLSE and the listing of and quotation for the entire enlarged issued and paid-up share capital of SGB of RM50,000,000 comprising 100,000,000 Shares on the Second Board of the KLSE following the Public Issue
Major Shareholder(s)	:	any person(s) who has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the company
Market Day	:	any day on which the KLSE is open for the trading of securities
MCAT	:	Ministry of Culture, Arts and Tourism
MCD	:	Malaysian Central Depository Sdn Bhd (<i>Company No: 165570-W</i>)
MIDA	:	Malaysian Industrial Development Authority
MIDFCCS / Issuing House	:	MIDF Consultancy and Corporate Services Sendirian Berhad (<i>Company No: 11324-H</i>)
MITI	:	Ministry of International Trade and Industry
NTA	:	net tangible assets

DEFINITIONS (*Cont'd*)

OEM	:	original equipment manufacturer
Onstream Marine	:	Onstream Marine Sdn Bhd (<i>Company No: 246310-T</i>)
Options	:	the rights to subscribe for new Shares upon acceptance of an offer under the Proposed ESOS
OSHAS	:	Occupational Safety and Health Assessment System
Participating Financial Institution(s)	:	the participating financial institution(s) for Electronic Share Application as listed in Section 18.5 of this Prospectus
PAT	:	profit after taxation
PBT	:	profit before taxation
PE Multiple	:	price earnings multiple
PETRONAS	:	Petroliaam Nasional Berhad (<i>Company No: 20076-K</i>)
Petronas Carigali	:	Petronas Carigali Sdn Bhd (<i>Company No: 39275-U</i>)
Placement Agent	:	RHB Sakura, the placement agent in respect of the Public Issue
Promoters	:	collectively, Onstream Marine, Kaspadu and AVSB
Proposed ESOS	:	proposed establishment of an employees' share option scheme for the granting of options to the executive directors and eligible employees of SGB and its subsidiary companies (as defined pursuant to Section 5 of the Act but excluding subsidiary companies that are dormant) to subscribe for new Shares amounting up to 10% of the issued and paid-up share capital of SGB at any point in time during the subsistence of the scheme based on the terms and conditions set out in the By-Laws constituting the scheme
Public Issue	:	the public issue of 12,329,000 Issue Shares at an issue price of RM1.38 per Issue Share, payable in full upon application
RHB Sakura	:	RHB Sakura Merchant Bankers Berhad (<i>Company No: 19663-P</i>)
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
Scomi	:	Scomi Sdn Bhd (<i>Company No: 203569-X</i>)
Scomi Group	:	Scomi and its subsidiary companies, namely, Scomi Trading and SCOPE
Scomi Trading	:	Scomi Trading Sdn Bhd (<i>Company No: 287497-P</i>)
SCOPE	:	Scomi Precision Engineering Sdn Bhd (<i>Company No: 501863-X</i>)
SCOTS	:	Scomi Transportation Solutions Sdn Bhd (<i>formerly known as Prestamulia Sdn Bhd</i>) (<i>Company No: 468923-A</i>)
SGB / Company	:	Scomi Group Berhad (<i>Company No: 571212-A</i>)
SGB Group / Group	:	SGB and its subsidiary and associated companies

DEFINITIONS (*Cont'd*)

Share(s)	:	ordinary share(s) of RM0.50 each in SGB
Shell	:	Sarawak Shell Berhad (<i>Company No: 71978-W</i>) and Sabah Shell Petroleum Co Limited (<i>Malaysian Registration No: 993229-W</i>), collectively
SMAS	:	SMAS Rent-A-Car Sdn Bhd (<i>Company No: 113247-D</i>)
Sosma	:	Sosma Sdn Bhd (<i>Company No: 443417-K</i>)
Transfers by Scomi	:	the transfers by Scomi of its entire equity interest in SCOTS and KMC to SGB following the completion of the Acquisition
USA	:	United States of America
USD or US Dollar	:	United States Dollar

TECHNICAL TERMS

barite	:	barium sulphate, a weighting material in drilling fluids
CNC	:	computer numeric controlled
DEG	:	diethylene glycol, a coolant used in the pigmentation process
KCL PHPA	:	potassium chloride partially hydrolysed polyacrylamide, a polymer-based drilling fluid
KELZAN	:	a viscosifier in drilling fluids
MDEA	:	methyl diethanolamine, a hydrogen sulphide remover
MEG	:	monoethylene glycol, a gas dehydrating agent used in gas plants
PSC(s)	:	production sharing contractor(s)
XANVIS	:	a viscosifier used in completion / drilling fluids

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

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1. CORPORATE DIRECTORY**DIRECTORS**

Name	Address	Occupation	Nationality
Tan Sri Datuk Asmat bin Kamaludin <i>(Independent Non-Executive Chairman)</i>	23, Jalan 14 / 37 46100 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Sri Dato' Dr Abdul Aziz bin Zain <i>(Non-Executive Director)</i>	No 1, Lorong Terasek Kanan Bangsar Baru 59100 Kuala Lumpur	Company Director	Malaysian
Dato' Mohamed Azman bin Yahya <i>(Non-Executive Director)</i>	No 4, Persiaran Batai Barat Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Datuk Hamzah bin Bakar <i>(Independent Non-Executive Director)</i>	14, Jalan Bola Lisut 13 / 17 40100 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Datuk Haron bin Siraj <i>(Independent Non-Executive Director)</i>	108, Jalan AU 5C / 6 Lembah Keramat 54200 Kuala Lumpur	Company Director	Malaysian
Foong Choong Hong <i>(Non-Executive Director)</i>	129, Jalan Dedap Ampang Prima 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Zulkefli bin Yahya <i>(Non-Executive Director)</i>	D-3-7 Puncak Prima Condominium Jalan Sri Hartamas 17 Sri Hartamas 50480 Kuala Lumpur	Company Director	Malaysian
Mukhnizam bin Mahmud <i>(Non-Executive Director)</i>	No 14, Jalan Perintis U1/9 Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Shah Hakim @ Shahzanim bin Zain <i>(Executive Director / CEO)</i>	No 32, Jalan Chelagi Off Jalan Bruas Damansara Heights 50490 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Datuk Haron bin Siraj	Chairman	Independent Non-Executive Director
Datuk Hamzah bin Bakar	Member	Independent Non-Executive Director
Mukhnizam bin Mahmud	Member	Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

- COMPANY SECRETARY** : Rosemary Ku Meng Li
MAICSA 7003291
23, Jalan Wangsa Budi 9
Wangsa Melawati
53300 Kuala Lumpur
- REGISTERED OFFICE** : No 16-2, 2nd Floor
Jalan 1 / 76C Desa Pandan
55100 Kuala Lumpur
Tel: 03-9287 4890
Fax: 03-9281 5481
Email: m_r@tm.net.my
- HEAD / MANAGEMENT OFFICE** : Suite 10.2 – 10.3
10th Floor
Wisma Chase Perdana
Off Jalan Semantan
50490 Kuala Lumpur
Tel: 03-2080 5000
Fax: 03-2094 9839
Website: www.scomigroup.com.my
- PRINCIPAL BANKER** : RHB Bank Berhad
Level 8, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
- AUDITORS AND REPORTING ACCOUNTANTS** : Azman, Wong, Salleh & Co
14, Jalan Tun Sambanthan 3
PO Box 12019
50764 Kuala Lumpur
- SOLICITORS FOR THE LISTING EXERCISE** : Azra & Associates
Advocates & Solicitors
Suite 10.01, Level 10
Menara IGB
No. 1, The Boulevard
Mid Valley City
59200 Kuala Lumpur
- INDEPENDENT MARKET RESEARCH CONSULTANT** : Frost & Sullivan
Suite E-08-15, Block E
Plaza Mont' Kiara
2, Jalan 1 / 70C
Mont' Kiara
50480 Kuala Lumpur
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sendirian
Berhad
12th Floor Bangunan MIDF
195A Jalan Tun Razak
50400 Kuala Lumpur

1. CORPORATE DIRECTORY (Cont'd)

REGISTRAR : Signet Share Registration Services Sdn Bhd
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

**ADVISER / UNDERWRITER /
PLACEMENT AGENT** : RHB Sakura Merchant Bankers Berhad
Level 8, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur

LISTING SOUGHT : Second Board of the KLSE

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2. INFORMATION SUMMARY

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE SGB GROUP. INVESTORS SHOULD THEREFORE READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN THE ISSUE SHARES.

2.1 HISTORY AND BUSINESS

SGB was incorporated in Malaysia under the Act on 9 February 2002 as a public limited company under its present name. SGB is principally an investment holding company with its subsidiary and associated companies segregated into the following three distinct business divisions:

(a) **Oil and gas division**

This division provides services to the oil and gas industry and is primarily involved in the provision of drilling fluids and related engineering services. It is also involved in the processing of barite, and in the sale of production and industrial chemicals to the oil and gas industries.

(b) **Transportation engineering division**

This division manufactures and fabricates a wide range of quality road transport hardware, catering for specialised requirement and exigencies, and also provides related engineering support services. These products include standard road transport equipment, petroleum tankers, pressurised carriers, airport ground support equipment, environmental equipment and utility vehicles. The customers of Scomi include, *inter-alia*, various ministries, Government agencies, transport service companies and airport ground support operators.

Scomi, through its wholly owned subsidiary company, SCOPE, manufactures high-precision engineering products to mainly OEMs.

(c) **Fleet management division**

This division currently provides motor vehicles on a "hire and drive" basis, which includes both transient as well as long-term rental of corporate vehicles. In addition, it offers the services of repairs and maintenance of corporate cars and a total outsourcing solution for its clients in the management of their corporate fleet.

The subsidiary and associated companies of SGB, all of which, save for KMC Overseas, were incorporated in Malaysia, and their respective principal activities are as follows:

Company	Effective equity interest held (%)	Principal activities
<u>Oil and gas division</u>		
KMC	100	Selling of drilling mud and chemical products and provision of mud engineering services
KMC-K ¹	100	Dormant
Kota Barite ¹	100	Dormant
KMC Overseas ¹	100	Provision of drilling fluids materials, equipment and services
KMC All Star ²	51	Dormant

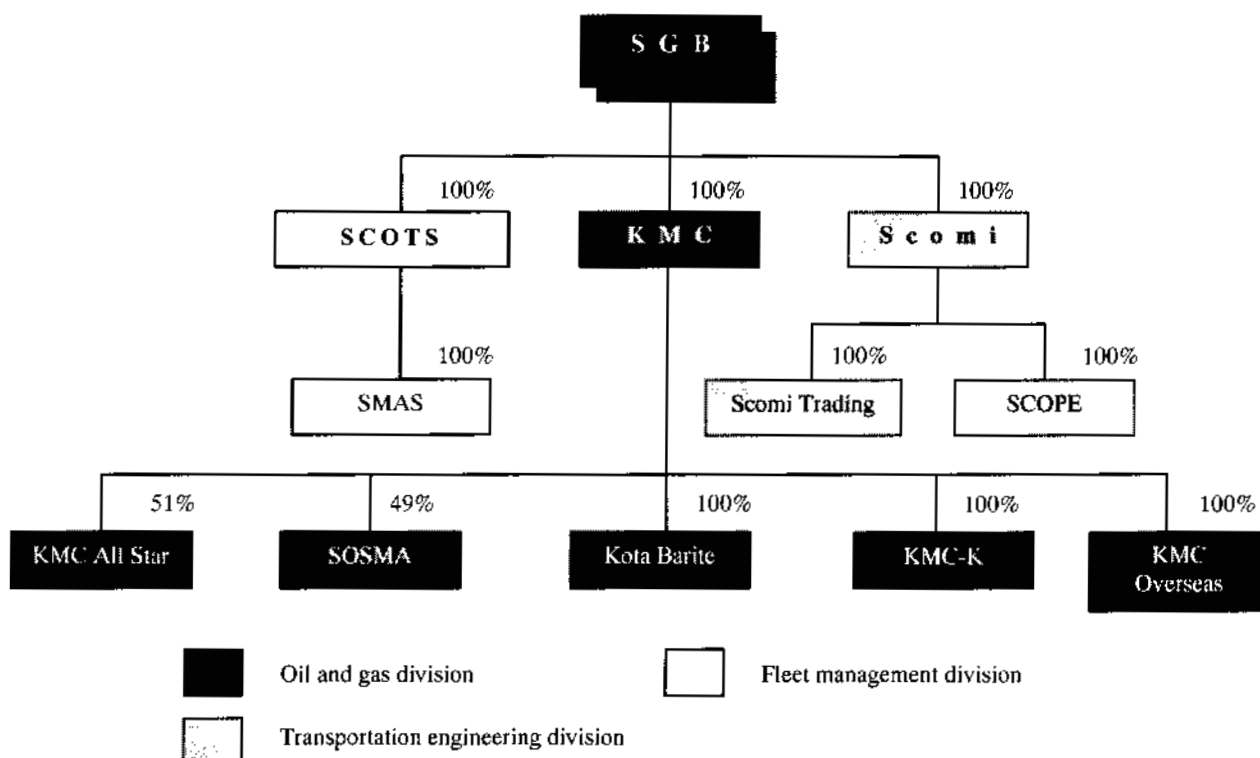
2. INFORMATION SUMMARY (Cont'd)

Company	Effective equity interest held (%)	Principal activities
Sosma ³	49	Distribution of chemical products
<u>Transportation engineering division</u>		
Scomi	100	Manufacture and fabrication of road transport equipment and material handling equipment and the provision of related engineering support services
Scomi Trading ⁴	100	Marketing agent for road transport equipment and related products
SCOPE ⁴	100	Precision engineering services
<u>Fleet management division</u>		
SCOTS	100	Provision of motor vehicles on a "hire and drive" basis
SMAS ⁵	100	Provision of motor vehicles on a "hire and drive" basis

Notes:

- 1 Wholly owned subsidiaries of KMC
- 2 51% owned subsidiary of KMC
- 3 49% associated company of KMC
- 4 Wholly owned subsidiaries of Scomi
- 5 Wholly owned subsidiary of SCOTS

The corporate structure of the SGB Group is illustrated diagrammatically below:



2. INFORMATION SUMMARY (Cont'd)

For further details on the business overview and the principal activities of the SGB Group, please refer to Sections 6.5 and 6.7 respectively of this Prospectus.

2.2 PROMOTERS, MAJOR SHAREHOLDERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

The following information summary on the Promoters, Major Shareholders, Directors, senior management and key technical personnel of the SGB Group is extracted from and should be read in conjunction with the more detailed information set out in Section 7 of this Prospectus.

2.2.1 Promoters

The direct and indirect interests of the Promoters in the Shares after the Public Issue are as follows:

Promoter	Place of incorporation	←-----After Public Issue----->			
		←-----Direct----->		←-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Kaspadu	Malaysia	27,226,878 [@]	27.2 [@]	26,015,247 ¹	26.0 ¹
Onstream Marine	Malaysia	26,015,247	26.0	-	-
AVSB	Malaysia	9,547,892	9.5	-	-

Notes:

[@] Held through RHB Capital Nominees (Tempatan) Sdn Bhd and RHB Merchant Nominees (Tempatan) Sdn Bhd

¹ Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in Onstream Marine

2.2.2 Major Shareholders

The direct and indirect interests of the Major Shareholders of SGB in the Shares after the Public Issue are as follows:

Major Shareholder	Place of incorporation / Nationality	←-----After Public Issue----->			
		←-----Direct----->		←-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Kaspadu	Malaysia	27,226,878 [@]	27.2 [@]	26,015,247 ¹	26.0 ¹
Shah Hakim @ Shahzanim bin Zain	Malaysian	-	-	53,242,125 ²	53.2 ²
Kamaluddin bin Abdullah	Malaysian	-	-	53,242,125 ²	53.2 ²
Nazimah binti Syed Majid	Malaysian	-	-	53,242,125 ²	53.2 ²
Onstream Marine	Malaysia	26,015,247	26.0	-	-
AVSB	Malaysia	9,547,892	9.5	-	-

2. INFORMATION SUMMARY (Cont'd)

Major Shareholder	Place of incorporation / Nationality	-----After Public Issue-----			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Amanah Asset Holding Sdn Bhd	Malaysia	-	-	9,547,892 ³	9.5 ³
Amanah Capital Partners Berhad	Malaysia	-	-	9,547,892 ⁴	9.5 ⁴
Malaysian Industrial Development Finance Berhad	Malaysia	-	-	9,547,892 ⁵	9.5 ⁵
Amanah Capital Malaysia Berhad	Malaysia	-	-	9,547,892 ⁶	9.5 ⁶
Tan Sri Dato' Dr Abdul Aziz bin Zain	Malaysian	5,079,736*	5.1*	-	-

Notes:

@ Held through RHB Capital Nominees (Tempatan) Sdn Bhd and RHB Merchant Nominees (Tempatan) Sdn Bhd

* Includes the Shares allocated as part of the pink form allocations, assuming he subscribes in full for his allocation thereunder

1 Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in Onstream Marine

2 Deemed interested by virtue of Section 6A(4) of the Act through their shareholdings in Kaspadu

3 Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in AVSB

4 Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in Amanah Asset Holding Sdn Bhd

5 Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in Amanah Capital Partners Berhad

6 Deemed interested by virtue of Section 6A(4) of the Act through its shareholding in Malaysian Industrial Development Finance Berhad

2.2.3 Directors

The direct and indirect interests of the Directors of SGB in the Shares after the Public Issue are as follows:

Directors	Designation	-----After Public Issue-----			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Tan Sri Datuk Asmat bin Kamaludin	Independent Non-Executive Chairman	75,000*	0.08*	-	-
Tan Sri Dato' Dr Abdul Aziz bin Zain	Non-Executive Director	5,079,736*	5.08*	-	-

2. INFORMATION SUMMARY (Cont'd)

Directors	Designation	<-----After Public Issue----->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Dato' Mohamed Azman bin Yahya	Non-Executive Director	50,000*	0.05*	3,144,726 ¹	3.1 ¹
Datuk Hamzah bin Bakar	Independent Non-Executive Director	50,000*	0.05*	-	-
Datuk Haron bin Siraj	Independent Non-Executive Director	50,000*	0.05*	-	-
Foong Choong Hong	Non-Executive Director	50,000*	0.05*	-	-
Zulkefli bin Yahya #	Non-Executive Director	50,000*	0.05*	-	-
Mukhnizam bin Mahmud	Non-Executive Director	50,000*	0.05*	-	-
Shah Hakim @ Shahzanim bin Zain #	Executive Director / CEO	-	-	53,242,125 ²	53.2 ²

Notes:

- * Includes the Shares allocated as part of the pink form allocations, assuming they subscribe in full for their respective allocations thereunder
- 1 Deemed interested by virtue of Section 6A(4) of the Act through his shareholding in Symphony Advisory Services Sdn Bhd which has direct equity interest in SGB
- 2 Deemed interested by virtue of Section 6A(4) of the Act through his shareholding in Kaspadu
- # Save for Zulkefli bin Yahya who represents AVSB and Shah Hakim @ Shahzanim bin Zain who represents Kaspadu and Onstream Marine, there are no other Directors who represent corporate shareholders of SGB

2.2.4 Senior management and key technical personnel

SGB was incorporated as an investment holding company with senior management and key technical personnel being under the direct employment of its subsidiary and associated companies. The direct and indirect interests of the senior management and key technical personnel of the SGB Group in the Shares after the Public Issue are as follows:

Senior management and key technical personnel	Designation	<-----After Public Issue----->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Shah Hakim @ Shahzanim bin Zain	CEO	-	-	53,242,125 ¹	53.2 ¹
Mansor bin Tahir	Senior Vice President and Chief Operating Officer -Transportation engineering division	18,000*	0.02*	-	-

2. INFORMATION SUMMARY (Cont'd)

Senior management and key technical personnel	Designation	-----After Public Issue-----			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Abang Abdul Aziz bin Abang Mohammed	Senior Vice President and Chief Operating Officer – Oil and gas division	18,000*	0.02*	-	-
Hilmy Zaini bin Zainal	Senior Vice President and Chief Operating Officer - Fleet management division	15,000*	0.02*	-	-
Syed Hasan Saifud- deen Abdul-Basseer Alsagoff	Senior Vice President and Head - Support services division	15,000*	0.02*	-	-
Munirah binti Musir	Assistant Vice President – Group finance and treasury	15,000*	0.02*	-	-
Rashidah binti Awang	Manager - Group administration and corporate affairs	15,000*	0.02*	-	-
Norzakiah binti Ahmad	Manager - Group human resource	15,000*	0.02*	-	-
Tay Kheng Seng	Vice President and General Manager - Transport manufacturing and trading	2,608,070*	2.6*	-	-
Shamsul Bahrin Bin Rukiban	Assistant Vice President and General Manager – Precision manufacturing services	10,000*	0.01*	-	-
Ho See Chai	Vice President and General Manager – Drilling fluids services	20,000*	0.02*	-	-
Azmin bin Othman	Assistant Vice President and Managing Director – Production chemical	-	-	-	-
Tan Meng Ho	Assistant Vice President and Deputy General Manager - Transport manufacturing and trading	15,000*	0.02*	-	-
Rohaida binti Ali Badaruddin	Senior Manager - Group Management	10,000*	0.01*	-	-
Kil Won Lee @ Amir Abdullah	Technical Adviser - Oil and gas division	75,000*	0.08*	-	-

2. INFORMATION SUMMARY (Cont'd)

Notes:

- * *Includes the Shares allocated as part of the pink form allocations, assuming that they subscribe in full for their respective allocations thereunder*
- ¹ *Deemed interested by virtue of Section 6A(4) of the Act through his shareholding in Kaspadu*

2.3 MAJOR LICENCES, PERMITS AND REGISTRATIONS

The SGB Group currently holds various licences and permits under its operating subsidiaries. A summary of the major licences and permits is as follows:

- (a) KMC's operations are governed strictly by various licences which enable the company to trade, supply and store chemicals at its two bonded supply bases at Kemaman and Labuan. However, the main licence which enables KMC to supply drilling chemicals, equipment and services to the oil and gas industry in Malaysia is the licence granted by PETRONAS which is renewable on an annual basis. Whilst the current PETRONAS licence held by KMC had expired on 31 March 2003, KMC had on 27 March 2003 received notification from PETRONAS that its application for the renewal of this licence had been approved, subject only to the payment of the requisite renewal fee, which has been satisfied by KMC as at the date hereof. Accordingly, KMC is currently awaiting the issuance of the renewed licence by PETRONAS. KMC also requires permits from MITI and the Ministry of Agriculture for the import of certain raw materials and these are obtained upon application on a case-by-case basis.
- (b) As for the Scomi Group, there are two major licences held by Scomi to date. On 15 May 1998, MITI granted Scomi a manufacturing licence for the fabrication of trailers, truck mounted equipment and body and special purpose equipment for commercial vehicles. In addition, on 10 March 1992, DOSH granted Scomi a licence for the manufacture of non-flammable pressure vessel tankers. This licence is subject to renewal every two years and was last renewed on 16 February 2001. As part of the renewal process for this licence, officials from DOSH had on 30 December 2002 conducted an inspection of Scomi's factory and Scomi had on 8 January 2003 submitted an application to DOSH for the renewal of this licence. However, Scomi has yet to receive the renewed licence at this juncture.
- (c) For the fleet management division, the applicable licences are the hire and drive licences issued by MCAT. These licences were previously issued by the Commercial Vehicle Licensing Board ("CVLB"). However, beginning 2001, this function was assumed by MCAT, although the commercial vehicle permits are still under the jurisdiction of CVLB. The CVLB licences held by SMAS are subject to renewal every five years whilst the MCAT licences held by SMAS are subject to renewal every three to five years.

For further details on the major licences, permits and registrations of the SGB Group, please refer to Section 10 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.4 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the pro forma Group's financial performance for the past five financial years ended 31 December 2002 based on the assumption that the current Group structure has been in existence throughout the period under review. The pro forma consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

(RM'000)	<-----Financial year ended 31 December----->				
	1998	1999	2000	2001	2002
Revenue	111,886	96,439	105,430	131,677	158,512
EBITDA	8,825	11,640	14,060	18,514	23,554
Depreciation	(2,269)	(2,665)	(3,046)	(2,875)	(3,426)
Interest expense	(4,780)	(3,348)	1,981	(1,296)	(1,072)
Share of profits / (losses) of associated companies	-	(98)	14	50	1,451
PBT	1,776	5,529	13,009	14,393	20,507
Taxation	(1,396)	(173)	(3,341)	(5,617)	(5,863)
PAT	380	5,356	9,668	8,776	14,644
Minority interests	50	-	-	^	-
PAT after minority interests	430	5,356	9,668	8,776	14,644
Number of Shares assumed in issue ('000)	25,058	25,058	46,935	46,935	46,935
Weighted average number of Shares assumed in issue ('000)	25,058	25,058	25,238	46,935	46,935
Basic					
- Gross EPS (RM) *	0.073	0.221	0.515	0.307	0.437
- Net EPS (RM) **	0.017	0.214	0.383	0.187	0.312
Fully diluted					
- Gross EPS (RM) #	0.018	0.055	0.130	0.144	0.205
- Net EPS (RM) @	0.004	0.054	0.097	0.088	0.146

Notes:

^ negligible

* Based on the PBT after minority interests and on the weighted average number of Shares assumed to be issued in the respective years

** Based on the PAT after minority interests and on the weighted average number of Shares assumed to be issued in the respective years

Based on the PBT after minority interests and on the enlarged issued and paid-up share capital of 100,000,000 Shares

@ Based on the PAT after minority interests and on the enlarged issued and paid-up share capital of 100,000,000 Shares

2. INFORMATION SUMMARY (Cont'd)

Commentary

1. There were no exceptional items or extraordinary items in all the financial years under review.
2. In the year 1999, there was a decrease in the revenue derived by all the companies in the pro forma Group (other than the dormant companies) due to the economic downturn in the year.
3. The interest expense in the year 2000 was in credit due to a waiver of interest amounting to RM4,122,004 on a revolving credit facility of a subsidiary company.
4. The increasing trend of PBT for all the financial years under review was due mainly to the effective and efficient control of the operating costs in general.
5. The effective tax rate for the years ended 1998 and 2001 were higher than the statutory tax rate as certain expenses such as entertainment and provision for doubtful debts were not deductible for tax purposes and also because of losses incurred by a subsidiary company without corresponding group tax relief. No provision for taxation was made in the financial year 1999 as tax on income derived in the year 1999 had been waived pursuant to the Income Tax (Amendment) Act, 1999. The tax charge for the financial year 1999 was in respect of underprovision in prior years. Included in the tax charge for the year ended 2001 is an underprovision for taxation in respect of prior years amounting to RM934,486 based on revised computations submitted to the Inland Revenue Board ("IRB"). IRB has finalised the assessments on the revised computations in August 2002. An underprovision of RM124,617 has been provided for and included in the tax charge for the year ended 31 December 2002.
6. Where the reporting year-ends of two subsidiary companies were not co-terminus with the reporting year-end of SGB and other companies within the pro forma group, the audited financial statements drawn up to the different reporting year-ends have been used consistently as there was no significant impact on the pro forma group financial information.

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2. INFORMATION SUMMARY (Cont'd)

2.5 PRO FORMA CONSOLIDATED BALANCE SHEETS OF SGB AS AT 31 DECEMBER 2002

The pro forma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects of the Flotation Scheme assuming that it had been effected on 31 December 2002. The pro forma consolidated balance sheets below should be read in conjunction with the accompanying notes included in the Pro forma Consolidated Balance Sheets set out in Section 12.3 of this Prospectus.

(RM)	COMPANY Audited	GROUP		
		I After the Acquisition	II After I, the Public Issue and Utilisation of Proceeds	III After II and the assumed full exercise of the maximum of 9 million Options
PROPERTY, PLANT AND EQUIPMENT	-	20,419,086	20,419,086	20,419,086
SUBSIDIARY COMPANIES	-	-	-	-
ASSOCIATED COMPANY	-	1,283,384	1,283,384	1,283,384
CURRENT ASSETS				
Inventories	-	41,110,017	41,110,017	41,110,017
Trade receivables	-	35,302,937	35,302,937	35,302,937
Other receivables	594,847	4,455,970	4,455,970	4,455,970
Amount due from an associated company	-	731,881	731,881	731,881
Short term deposits with licensed banks	-	9,344,314	24,358,334	36,778,334
Cash and bank balances	2	6,944,391	6,944,391	6,944,391
	594,849	97,889,510	112,903,530	125,323,530
LESS: CURRENT LIABILITIES				
Trade payables	-	27,019,875	27,019,875	27,019,875
Other payables	668,545	17,059,902	17,059,902	17,059,902
Amount due to holding company	-	103,319	103,319	103,319
Provision for taxation	-	1,483,743	1,483,743	1,483,743
Bank borrowings	-	9,678,048	9,678,048	9,678,048
Term loans	-	1,252,367	1,252,367	1,252,367
	668,545	56,597,254	56,597,254	56,597,254
NET CURRENT ASSETS	(73,696)	41,292,256	56,306,276	68,726,276
	(73,696)	62,994,726	78,008,746	90,428,746
FINANCED BY:				
SHARE CAPITAL	2	43,835,500	50,000,000	54,500,000
SHARE PREMIUM	-	3,070,573	11,920,093	19,840,093
RESERVE ON CONSOLIDATION	-	13,026,623	13,026,623	13,026,623
UNAPPROPRIATED PROFITS	(73,698)	(73,698)	(73,698)	(73,698)
SHAREHOLDERS' FUNDS	(73,696)	59,858,998	74,873,018	87,293,018
DEFERRED AND LONG TERM LIABILITIES				
Hire purchase payables	-	1,203,342	1,203,342	1,203,342
Lease payables	-	401,224	401,224	401,224
Deferred taxation	-	250,400	250,400	250,400
Term loans	-	1,280,762	1,280,762	1,280,762
	-	3,135,728	3,135,728	3,135,728
	(73,696)	62,994,726	78,008,746	90,428,746

2. INFORMATION SUMMARY (Cont'd)

(RM)	COMPANY Audited	GROUP		
		I After the Acquisition	II After I, the Public Issue and Utilisation of Proceeds	III After II and the assumed full exercise of the maximum of 9 million Options
No. of ordinary shares of RM0.50 each	4	87,671,000	100,000,000	109,000,000
NTA per ordinary share (RM)	(18,424)	0.683	0.749	0.801

For further details of the financial effects of the Proposed ESOS on the pro forma consolidated NTA of SGB as at 31 December 2002, please refer to Section 12.3 of this Prospectus.

2.6 AUDIT QUALIFICATIONS

There was no qualification reported in the audited accounts of any of the companies within the SGB Group for the period under review. Detailed information on the financial performance of the SGB Group is set out in Section 13 of this Prospectus.

2.7 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**2.7.1 Share capital**

	RM
<i>Authorised</i> 200,000,000 ordinary shares of RM0.50 each	100,000,000
<i>Issued and fully paid-up</i> 87,671,000 ordinary shares of RM0.50 each	43,835,500
<i>To be issued pursuant to the Public Issue</i> 12,329,000 ordinary shares of RM0.50 each	6,164,500
100,000,000 ordinary shares of RM0.50 each	<u>50,000,000</u>

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

SGB had on 7 October 2002 and 28 March 2003 obtained the approvals of the SC and the existing shareholders of the Company respectively, to establish an employees' share option scheme in order to retain and motivate the executive director and eligible employees who have contributed to the success of SGB and its subsidiaries (save for those subsidiaries which are dormant).

Barring any unforeseen circumstances, the Directors of SGB intend to grant Options under the Initial Grant prior to the Listing which are exercisable into a maximum of 9 million Shares, at an exercise price of RM1.38 per Share. However, such Options shall only be exercisable after the Listing and in accordance with the terms of the By-Laws constituting the Proposed ESOS.

2. INFORMATION SUMMARY (Cont'd)

The new Shares to be issued pursuant to the Proposed ESOS shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up Shares, provided that in the event there is any right to participate in any rights, allotments or any distributions, the new Shares shall rank *pari passu* with the then existing Shares if the relevant exercise date is before the Record Date save and except that such Shares will not be entitled to any dividends or any distributions declared or to be declared in respect of financial years immediately preceding the financial year in which the new Shares were issued. For the purpose hereof, 'Record Date' means the date as at the close of business on which shareholders must be registered as shareholders in order to participate in any dividends, rights, allotments or any other distributions.

For further details on the share capital of SGB, please refer to Sections 6.2 and 6.4 of this Prospectus.

2.7.2 Issue price for each Issue Share RM1.38

2.7.3 Pro forma consolidated NTA as at 31 December 2002

The following information has been extracted from and should be read in conjunction with the accompanying notes included in the Pro forma Consolidated Balance Sheets set out in Section 12.3 of this Prospectus.

Pro forma consolidated NTA (after the Public Issue and deducting estimated listing expenses of RM2,000,000)	RM74,873,018
Pro forma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 100,000,000 Shares)	RM0.75

2.7.4 Consolidated profit forecast

The following table sets out a summary of the consolidated profit forecast of SGB for the financial year ending 31 December 2003 and should be read in conjunction with the accompanying notes included in the consolidated profit forecast set out in Section 12.2.1 of this Prospectus.

Financial year ending 31 December 2003	Forecast
Consolidated PBT (RM'000)	24,300
Taxation (RM'000)	(6,347)
Consolidated PAT before minority interest ("MI") (RM'000)	<u>17,953</u>
MI (RM'000)	-
Consolidated PAT after MI (RM'000)	<u>17,953</u>
Less: pre-acquisition profits* (RM'000)	<u>(4,456)</u>
Consolidated PAT after MI net of pre-acquisition profits (RM'000)	<u>13,497</u>
Issued and paid-up share capital	
- number of Shares in issue ('000)	100,000
- weighted average number of Shares in issue ('000)	73,822

2. INFORMATION SUMMARY (Cont'd)

Financial year ending 31 December 2003	Forecast
<i>Based on PBT / PAT before deducting the pre-acquisition profits and on the number of Shares in issue</i>	
Fully diluted EPS	
- gross EPS (sen)	24.3
- net EPS (sen)	18.0
Fully diluted PE Multiple	
- gross PE Multiple # (times)	5.7
- net PE Multiple # (times)	7.7
<i>Based on PBT / PAT after deducting the pre-acquisition profits and on the weighted average number of Shares in issue</i>	
Basic EPS	
- gross EPS (sen)	24.7
- net EPS (sen)	18.3
Basic PE Multiple	
- gross PE Multiple # (times)	5.6
- net PE Multiple # (times)	7.5

Notes:

- * *The pre-acquisition profits are computed based on the completion of the Acquisition on 31 March 2003*
- # *Based on the issue price of RM1.38 per Issue Share*

The Proposed ESOS is not expected to have any effect on the Group's EPS for the financial year ending 31 December 2003, until such time the Options are exercised. Any potential effect on the Group's EPS in the future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options and the actual utilisation of the exercise proceeds.

2.7.5 Dividend forecast

The following table sets out a summary of the dividend forecast for the financial year ending 31 December 2003 and should be read in conjunction with the accompanying notes included in the dividend forecast set out in Section 12.2.5 of this Prospectus.

Financial year ending 31 December 2003	Forecast
Dividend per Share (sen)	
- Gross dividend per Share	1.74
- Net dividend per Share	1.25
Dividend yield (%)	
- Gross dividend yield	1.26
- Net dividend yield	0.91
Net dividend cover (times)	14.4

2. INFORMATION SUMMARY (Cont'd)

2.8 RISK FACTORS

An investment in the Shares to be listed on the KLSE involves a certain degree of risk. Applicants for the Issue Shares should therefore rely on their own evaluations and are advised to carefully consider the following summary of risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the Issue Shares:

- (a) Economic, political and regulatory risks;
- (b) Level of drilling activity;
- (c) Growth prospects of the Malaysian drilling fluids industry;
- (d) Licensing risks;
- (e) Competition;
- (f) Health and safety risks;
- (g) Environmental concerns;
- (h) Availability and cost of raw material;
- (i) Renewal of tenancy agreement;
- (j) Foreign exchange fluctuations;
- (k) Dependence on principal products and major customers;
- (l) Dependence on skilled workforce and key personnel;
- (m) Investment in a new business in which the Group has limited prior experience;
- (n) Subsidiary's dependence on single customer;
- (o) Ownership and control;
- (p) Risks associated with covenants under facility agreements;
- (q) Profit forecast and forward looking statements;
- (r) Failure / delay in the Listing;
- (s) No prior market for the Shares; and
- (t) Volatility in the price of the Shares.

For details on the risk factors, please refer to Section 4 of this Prospectus.

2. INFORMATION SUMMARY *(Cont'd)*

2.9 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Public Issue of RM17,014,020 will accrue entirely to the Company and shall be utilised in the following manner:

	RM'000
Working capital	15,014
Estimated listing expenses	2,000
	<u>17,014</u>

The Group utilises trade and revolving credit facilities to meet its working capital requirements for the purchase of raw materials such as chemicals, barite ore, chassis, steel and aluminium. SGB proposes to utilise all of the proceeds to be raised from the Public Issue (net of estimated listing expenses of RM2,000,000) as additional working capital to finance the Group's day-to-day operations which may involve the repayment of the Group's trade and revolving credit facilities. The proceeds raised for working capital purposes from the Public Issue are therefore expected to improve the liquidity and cashflow position of the SGB Group.

The gross proceeds of RM17,014,020 arising from the Public Issue are expected to be fully utilised within 12 months from the receipt of the proceeds.

Further, the Directors of SGB intend to utilise the proceeds arising from the exercise of the Options for the Group's working capital purposes. Assuming that the total Initial Grant of up to a maximum of 9,000,000 Options are fully exercised at the exercise price of RM1.38 per Share, the total gross proceeds to be raised shall be RM12,420,000.

Details of the utilisation of the gross proceeds arising from the Public Issue and the exercise of the Options are set out in Section 3.8 of this Prospectus.

2.10 MATERIAL LITIGATION, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Material litigation

Neither SGB nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of SGB or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of SGB or any of its subsidiaries.

(b) Capital commitments

Save for the capital commitments as set out in Section 17.10 of this Prospectus, as at 2 April 2003 (being the last practicable date at which such amounts could be calculated prior to the printing of this Prospectus), the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the SGB Group.

(c) Contingent liabilities

As at 2 April 2003 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), the Directors of SGB are not aware of any contingent liabilities save for approximately RM0.3 million arising from claims against the Group under dispute, details of which are set out in Section 12.1.3 of this Prospectus.