

6. INFORMATION ON THE SGB GROUP (Cont'd)

SCOPE

The manufacturing plant of SCOPE is located on rented premises with a total built-up area of 33,000 square feet in Shah Alam. The plant is equipped with up to date high precision equipment. An overview of the main facilities and equipment at the manufacturing plant is as follows:

- Fully temperature-controlled machining;
- Design & engineering room fully equipped with computers, plotters, printers and software;
- CNC milling machines;
- CNC lathe machines;
- Coordinate measuring machine;
- Automated bandsaw cutting machine;
- Universal tool cutter grinder; and
- Ultrasonic cleaning machine.

The maximum production capacity of SCOPE ranges from a monthly output of up to 5,000 units depending on the level of complexity of the parts and components manufactured. Presently, SCOPE is operating at approximately 50% of its maximum production capacity.

(d) Principal markets

The principal market of Scomi varies from year to year depending on the size and number of contracts secured by Scomi as well as the demands in the local and foreign markets. The contribution of the foreign market to the total turnover of the Scomi Group for the last three financial years ended 31 December 2002 are as follows:

Financial year ended 31 December	% of the Scomi Group's turnover	Foreign market
2000	53	Seychelles, Maldives, Hong Kong and Singapore
2001	5	Thailand, Singapore, Brunei, Vietnam and Hong Kong
2002	5	Thailand, Singapore, Brunei, Indonesia, Sri Lanka and Hong Kong

In 2000, Scomi completed a significant contract with Chien-Huey Industrial Corp, Taiwan to supply aircraft refuellers, which contributed to approximately 37% of its turnover for the year. Scomi secured fewer overseas contracts over the last year due to the delayed impact of the Asian economic crisis in 1997 and the September 11 attack on the World Trade Centre in New York, where many foreign contracts, particularly in the airline industry, were deferred.

Scomi believes that the foreign market will continue to improve throughout year 2003, in particular countries like Brunei, Thailand, Taiwan, Sri Lanka, Hong Kong, Singapore, India and Indonesia, where enquiries for Scomi's products and services have been received during the year.

6. INFORMATION ON THE SGB GROUP (Cont'd)

SCOPE commenced its operations in September 2001 and to date, it has secured a contract to supply specified precision engineering components and parts to a Dubai-based customer.

(e) Availability of raw materials

The main raw materials used by the Scomi Group are as follows:

Company	Raw materials used	Source
Scomi	Chassis, mild steel, stainless steel and aluminium – in the form of plates and sections	Local, France, United Kingdom, Germany, Russia, Japan and Singapore
SCOPE	Aluminium tubes and rods	Germany

For the financial year ended 31 December 2002, approximately 41.7% of the raw materials are sourced locally and the remaining 58.3% of the raw materials are imported. Scomi has not faced any difficulties in sourcing its raw materials as most of the materials are readily available and easy to source from a relatively large number of metal suppliers.

(f) Quality control

Scomi stresses in providing total quality in its products and services. This is facilitated by open reporting and communication at all levels of its operations, timely delivery and adherence with safety and quality standards.

The quality of Scomi's products is demonstrated by being the first company in Malaysia to receive the ISO 9002 certification from SIRIM Berhad, formerly known as the Standards and Industrial Research Institute of Malaysia ("SIRIM"), in early 1995 for two of its products, namely the pressure vessels and aluminium tankers.

As one of the leaders in the transportation engineering industry and to continuously improve on its performance standards, the Scomi Group is in the final stages of preparation to upgrade its ISO 9002 certification to the ISO 9001:2000 certification. With the assistance of a qualified consultant, the team at Scomi has currently implemented the required ISO 9001:2000 Quality Procedures. SIRIM has conducted the final audit for the certification of two of Scomi's products in December 2002 and its remaining products were audited in January 2003. Presently, Scomi is awaiting the ISO 9001:2000 certification. In line with the emphasis on quality, the Scomi Group continuously invests in training and development programmes for its staff either in-house or externally.

The quality of SCOPE's products is ensured through the stringent quality control installed at various points throughout the production line. Quality control checks are conducted from the point of arrival of the raw materials and this is repeated at various stages throughout the production process until the shipment of the finished products to its customers. SCOPE is also equipped with high technology coordinate measuring machines ("CMM") to ensure the highest level of accuracy in its products. A sample is taken from each product according to the established production output interval and tested with the CMM machine to check on its conformance with the requisite tolerance level. Further, SCOPE has engaged a qualified consultant to assist them in obtaining ISO9001:2000 certification and the launching of the initiative stage was in January 2003.

6. INFORMATION ON THE SGB GROUP (Cont'd)

(g) Health, safety and environmental factors

With the ISO 9002 certification, Scomi is subjected to yearly audits by SIRIM. Scomi is also subjected to yearly inspections by the DOSH for its production of the non-flammable pressure vessels.

In addition, Scomi is also subjected to yearly inspections by the local authority on the level of noise and water pollution arising from its operations. To date, the Scomi Group has not encountered any material issues concerning the health, safety and environmental factors.

In-house training and regular meetings are carried out by Scomi to ensure compliance to the standards and regulations of ISO 9002. Monthly safety meetings are carried out diligently as required by the DOSH. Issues pertaining to work environment and safety of the workshop are discussed by the committee members and immediate action is taken on any issues that may affect the health and safety of the employees and work environment. For example, accidents and 'near miss' incidents are recorded, investigated and discussed during these monthly meetings.

Further, selected machines and equipment have to undergo regular checks and services. Inspection results are documented and are presented to the representatives of SIRIM and the DOSH during their yearly audit visits. In addition, employees are sent for external training to update them with the latest technical and product developments.

Likewise, SCOPE is also subjected to yearly inspections by the DOSH. All production staff within the production areas are provided with complete safety attire. To date, SCOPE has complied with all the safety requirements under the Occupational Health and Safety Act, 1994. The plant is also fully equipped with the necessary fire prevention & safety features.

(h) Procurement of contracts and marketing strategies

The contracts secured by the Scomi Group with the various ministries, Government agencies and corporations are mainly through invitations and open tenders whilst contracts secured with retail customers are through quotation enquiries and negotiations. As for its overseas customers, tenders are participated through overseas agents appointed by Scomi.

The senior management and the marketing team of Scomi Group place significant emphasis in cultivating and establishing good business relationships with all its customers. This is achieved by ensuring timely delivery, quality products and efficient after-sales support services.

Owing to the nature of the transportation engineering industry, the Scomi Group's marketing strategy is to emphasise on close customer relationships and regular contacts for follow-up services. Over the years, with the establishment of the long-term and good business relationships with its customers, the Scomi Group has been able to market and secure businesses from both the public and private projects successfully.

In addition, Scomi has participated in automotive and transportation-related exhibitions such as Langkawi International Maritime and Aerospace exhibition and Defence Services Asia exhibition to promote product awareness and enhance its market presence.

Apart from supplying components and parts for the oil and gas industries, SCOPE has further identified the following potential market segments for its business:

- To support the local transportation maintenance operators, such as the local electric train operators; and
- To provide services for international precision equipment manufacturers.

6. INFORMATION ON THE SGB GROUP (Cont'd)

Several steps undertaken by SCOPE to date to secure new contracts from the abovementioned segments include participating in exhibitions as well as carrying out visits and offering quotations to potential customers.

(i) **Competitive advantage**

Scomi considers its well-established reputation in the engineering and fabrication of special purpose vehicles to be primarily attributed to the following competitive advantages:

- Quality aluminium and stainless steel welding and fabrication;
- Flexible production line to fabricate multiple products at any one time;
- Certified ISO 9002 manufacturer of pressure vessels and aluminium tankers;
- Provision of support services such as consultation, maintenance and repairs;
- No minimum size of order and therefore catering to both large as well as small orders;
- Caters to its customers' specifications through the modification and refurbishment of its products;
- Existence of an established and long-term relationship with its customers;
- Customer-service orientated; and
- Regionally recognised in the transportation related industries within the Asian region through its "KINGS" brandname in countries such as Singapore, Brunei, Hong Kong, Thailand, Taiwan and Sri Lanka.

(j) **Key awards, certifications and milestones**

Certification

- ISO 9002 certificate in April 1995, achieved by Scomi for the manufacture of aluminium alloy tankers for carrying petroleum products and pressure vessel tankers for liquefied petroleum gas.

Milestones

- Year 1998: Scomi first entered into the Singaporean airport market to supply aircraft hydrant dispensers.
- Year 1999: (i) Scomi first entered into the Sri Lankan market to supply refrigerated catering trucks and passenger stairs.
 - (ii) Scomi first entered into the Taiwanese airport market to supply aircraft refuellers.
 - (iii) Scomi first entered into the Maldives market to supply refuellers.
- Year 2000: Scomi first entered into the Seychelles market to supply tankers.
- Year 2001: Scomi first entered into the Thailand market to supply aircraft refuellers.

6. INFORMATION ON THE SGB GROUP (Cont'd)

- Year 2002: (i) Scomi first entered into the Indonesian market to supply aircraft refuellers.
- (ii) Scomi first entered into the Philippines market to supply bulk tankers.

(k) Licences, registrations and agreements*Licences and registrations*

The types of licences and registrations held are as follows:

Licensor / Company	Type / purpose of licence or registration
DOSH ¹	Registration as manufacturer of non-flammable pressure vessel tankers
DOSH	Registration as manufacturer of aerial platform structures
MITI	Manufacturing licence for the fabrication of trailers, truck mounted equipment and body and special purpose equipment for commercial vehicles
Road Transport Department of Malaysia	Registration as engineering workshop for the manufacture of new vehicle bodies, repair and technical modifications in respect of all types of lorries and trailers
Malaysian Airline System Berhad	Registered supplier and contractor for supplies of specialised vehicle
Lembaga Getah Malaysia	Registered supplier and contractor
Pos Malaysia Berhad	Registered contractor for supply of vehicles
Keretapi Tanah Melayu Berhad ²	Registered supplier/contractor for supplies of specialised equipment and vehicles
PETRONAS	Registered contractor for supplies of automotive and mechanical services
Ministry of Finance	Registration as contractor for the supply of safety, communication and marine equipment, heavy machinery and parts, vehicles, containers and tanks, equipment for the oil and gas industry; and as manufacturer of equipment for weighing and measurement, bodies for commercial vehicles and specialised vehicles
Ministry of Finance	Registration as Bumiputera contractor
Indah Water Konsortium Sdn Bhd	Registration as contractor and supplier of vehicle and fleet maintenance services
MITI	Pioneer status certification for the manufacture of machined parts
Royal Malaysian Customs	Warehouse licence for the warehousing of various dutiable goods
Royal Malaysian Customs	Manufacturing warehouse licence to carry on manufacture of various goods liable to customs duties

6. INFORMATION ON THE SGB GROUP (Cont'd)

Notes:

- ¹ Scomi had on 8 January 2003 submitted an application to DOSH for the renewal of this registration. As at the date hereof, the renewed registration has not been received by Scomi.
- ² Scomi had received notification from KTM Berhad dated 26 March 2003 that its renewal of this registration had been approved, subject only to the payment of the requisite renewal fee. The renewal fee has already been paid by Scomi and as at the date hereof, only the formal issue of the renewed registration is pending.

Please refer to Section 10 of this Prospectus for details of the manufacturing licences obtained by Scomi Group.

Agreements

In addition, the Scomi Group has entered into the following agreements to strengthen their technical knowledge and position in the transportation engineering market:

- Distributor Agreement dated 1 November 2001 entered into between Scomi and Johnston Engineering Limited, United Kingdom, for the distribution of Johnston Engineering Limited's products, namely road-sweepers. "Johnston Sweeper" is a well-established brand in the international road-sweeper market. The distributor agreement provides Scomi the opportunity to expand into the after-sales service and maintenance for the sweeper products in Malaysia.
- Memorandum of Understanding dated 20 March 2002 entered into between Scomi, ShinMaywa (Malaysia) Sdn Bhd and ShinMaywa Industries Ltd, Japan ("ShinMaywa") under which ShinMaywa will provide technical know-how and assistance in modifying and improving the rear-loading refuse collection truck originally designed, manufactured and fabricated by Scomi ("New Product"), for a duration of three years with an option to extend on a yearly basis. Scomi shall, pursuant to this agreement, be responsible for manufacturing this New Product.
- OEM Distribution Agreement dated 22 March 2002 entered into between Scomi and ShinMaywa, wherein ShinMaywa is appointed as a non-exclusive distributor of the rear loading refuse compactor and the New Product manufactured by Scomi, in accordance with the design and quantities as may be specified by ShinMaywa. Under this agreement, ShinMaywa shall have a non-exclusive right to market and distribute the products in any country in the world except for Malaysia, for a duration of three years with an option to extend on a yearly basis.

ShinMaywa is an established company in the industry of solid waste disposal in Japan. It specialises in manufacturing refuse compactors. The collaboration with ShinMaywa is expected to enable Scomi to further enhance its development and design skills in producing high-quality refuse compactors and other environmental equipment.

[The remaining of this page is intentionally left blank]

6. INFORMATION ON THE SGB GROUP (Cont'd)

(l) Major customers

For the financial year ended 31 December 2002, the major customers of the Scomi Group (i.e. those contributing 10% or more to the group's turnover) are as follows:

Major customers	% of the Scomi Group's total turnover	Length of relationship (years)
Gulf Technical Industries LLC	26.2	2
Kementerian Pertahanan Malaysia	12.4	12

With the wide range of products and services that caters for many different industries, Scomi does not rely on any single customer.

(m) Major suppliers

For the financial year ended 31 December 2002, the major suppliers of the Scomi Group, contributing 10% of the Scomi Group's purchases, are as follows:

Major suppliers	% of the Scomi Group's purchases	Length of relationship (years)
Bikar Metal Asia Pte Ltd	21.0	2
Tan Chong Industrial Equipment Sdn Bhd	11.3	11
Volvo Malaysia Sdn Bhd	26.3	10

Scomi has no dependency on any of its major suppliers. The chassis and other raw materials used are readily available and easily sourced from other suppliers.

6.5.3 Fleet management division

The fleet management division currently offers vehicle rental for the transient rental business as well as long-term leasing of corporate cars. The car rental operation at SMAS has grown from 20 licences when it started 18 years ago to 128 licences of which 81 vehicles are currently on the road. It is projected that the business will further expand by an additional 50 licences each year to be added to its fleet of vehicles. Presently, the fleet management division has obtained approvals from MCAT for the issuance of 100 hire and drive licences.

The main market for the transient car rental depends very much on the number of tourist arrivals. According to the Bank Negara Malaysia Annual Report 2002, Malaysia received some 13.3 million tourists in 2002 and is projected to grow at a rate of about 6.9% per annum and is expected reach 14.3 million tourists by year 2005 while tourism receipts are targeted to grow at an average annual rate of 9.5% to achieve RM29.5 billion by the year 2005.

6. INFORMATION ON THE SGB GROUP *(Cont'd)*

The company markets its services in a number of ways including:

- (a) Fly-Drive programmes together with its strategic partners in the travel and tours business;
- (b) Mass media and premium promotions through newspaper advertising, participation in exhibitions and distributions of souvenirs and premier gift items. The company also introduced the "SMAS Salute" card membership program which offers among others, discounts on published rates. The program has been successful in promoting loyalty among its clients besides creating awareness of the SMAS brand name;
- (c) Offering its services as official car rental company for international conventions and exhibitions; and
- (d) Providing franchise programmes to enable local entrepreneurs to embark on car rental businesses in a small scale nationwide. Due to the recent economic slowdown, the franchise programme was temporarily deferred. However, as the economy is now improving, the division expects to revisit the franchise programme this year.

The major competitors of SMAS include international names, such as Avis Malaysia, Budget Car Rental Malaysia and Hertz Corporation which have local presence. Its corporate clients include companies such as the PETRONAS Group of Companies, the American Embassy, General Electric Services, Mitsui & Co Ltd, Det Norske Veritas Industries Sdn Bhd, Bloomberg (M) Sdn Bhd, Iveco/Fiat Spa, Schlumberger Overseas, NHK Corporation, Rolls Royce International Support Services and Bates Malaysia Sdn Bhd.

A summary of the licences and permits possessed by SMAS is set out below:

Licensor	Type of licence
MCAT	Hire and drive licences
Commercial Vehicle and Licensing Board	Hire and drive licences
Ministry of Finance	Registered supplier of passenger and commercial vehicles

The fleet management division has a wide clientele base, ranging from both local and overseas tourists to corporate clients. As such, it does not rely on anyone single customer. For the financial year ended 31 December 2002, the major customer that contributed to more than 10% or more to SMAS' turnover is TPK Engineering & Construction Sdn Bhd ("TPK"). TPK who accounted for approximately 11.8% of the total turnover of SMAS, has been a customer of SMAS for more than 5 years.

For the financial year ended 31 December 2002, SMAS does not have any suppliers that contribute 10% or more to SMAS' total purchases as SMAS sources its motor vehicles from various automobile dealers. As such, SMAS does not depend upon any single automobile dealer for its motor vehicles.

[The remaining of this page is intentionally left blank]

6. INFORMATION ON THE SGB GROUP (Cont'd)

6.5.4 Employees

As at 28 February 2003, SGB Group has a total workforce of 358 employees. The employee structure of the Group is as follows:

Category of employees	Total	Average number of years of service (years)
Managerial and professional	41	6.5
Technical and supervisory	95	3.7
Clerical and related occupations	52	5.8
General workers	16	2.7
Labour		
(a) Skilled	60	5.6
(b) Unskilled	94	2.4
TOTAL	358	

None of the employees of the SGB Group belong to any unions nor have there been any major industrial disputes in the past.

As human resources are valuable assets to the Group, the Group emphasises on the development of its employees through training and development programmes. Such programmes which were undertaken by the SGB Group between January 2002 to February 2003 are as follows:

Type of programmes	-----No of programmes----->	
	Completed programmes	On-going programmes
Technical	18	26
Managerial	26	21
Others	88	51
Total	132	98

6.5.5 Risk management plan

The SGB Group maintains adequate insurance policies with registered insurance companies in Malaysia, which provide comprehensive coverage against material damage to property, machinery and equipment, goods-in-transit and group accident as a result of *inter-alia*, fire, explosions, power loss and natural disaster.

In addition, the Scomi Group has established an in-house committee known as the 'Occupational Safety and Health' committee, where the committee comprises of members from different working levels. The committee meets every two months to discuss and resolve daily safety matters and issues faced by the employees.

In light of the various risks to which KMC is exposed in its day-to-day operations and to complement its insurance programme, KMC has developed an emergency response plan ("ERP") to deal with emergencies at its office and operational facilities. The five areas of emergency responses outlined in the ERP manual cover fire, crimes, chemical releases and spillage, utility emergency and natural disasters, and serious injury or death.

6. INFORMATION ON THE SGB GROUP (Cont'd)

The ERP is in accordance with the applicable local statutes and regulations and is designed to minimise risks and to develop and maintain KMC's ability to respond to any interruption in its operations and promptly restore its critical business functions when an interruption occurs. The plan comprises a series of steps that have to be taken to ensure the continuation of KMC's operations during an emergency or crisis, including the co-ordination of response, continuity and recovery activities with the appropriate internal and external agencies. The plan also set outs procedures to identify the potential for, and responses to, incidences and emergencies, and to prevent and mitigate possible illnesses and injuries.

6.5.6 Management succession plan

The SGB Group recognises the need to ensure continuity in its management in order to maintain the Group's competitive edge over its competitors. In this regard, the SGB Group's human resource policies include the training of its personnel so as to groom the lower and middle management staff to gradually assume the responsibilities of the senior management and also as part of its employees' career advancement programme. In addition, the Group's middle management team is constantly exposed to various aspects of its business activities in order to ensure that they have a full understanding of the Group's businesses to be adequately equipped with the knowledge necessary for them to assume the senior management position.

The Group's organisational structure, which divides the Group into four divisions, namely the oil and gas division, transportation engineering division, fleet management division and support services division, further facilitates and provides opportunities for the development of the SGB Group's staff.

The profiles and working experience of the senior management and key technical personnel of the SGB Group are set out under Section 7.3.2 of this Prospectus.

(a) Transportation engineering division

The transportation engineering division is headed by its Senior Vice President and Chief Operating Officer, Mansor Tahir, who is in charge of the overall management and business strategies of this division. Mansor is assisted by Tay Kheng Seng, the Vice President and General Manager of transport manufacturing and trading, who handles various major customer accounts both locally and abroad, and generally oversees Scomi's sales, marketing, planning, purchasing and overall factory activities. At the factory level, Tay is assisted by Tan Meng Ho, the Assistant Vice President and Deputy General Manager of transport manufacturing and trading, who works to ensure the smooth running of the factory's activities in order to meet its customers' specifications and delivery timeframe. These personnel are also involved in senior management discussions and in decision making for the transportation engineering division.

(b) Oil and gas division

The oil and gas division is headed by its Senior Vice President and Chief Operating Officer, Abang Abdul Aziz bin Abang Mohammed, who is in charge of the overall management and business strategies of this division. Abang is assisted by Ho See Chai (Vice President and General Manager of drilling fluids services), Azmin bin Othman (Assistant Vice President and Managing Director of production chemicals), and Badrul Hisham Ismail (Manager of industrial chemicals), who lead their respective business entities of mud engineering services, production chemicals and industrial chemicals respectively. These 4 personnel are responsible for overseeing the day-to-day activities of their respective business entities and are also involved in senior management discussions and in decision making for the oil and gas division as a whole.

6. INFORMATION ON THE SGB GROUP (Cont'd)

(c) Fleet management division

The fleet management division is headed by its Senior Vice President and Chief Operating Officer, Hilmy Zaini bin Zainal, who is in charge of the overall management and business strategies of this division. In the area of car rental and corporate fleet management, Hilmy is assisted by Ng Lian Kee, the Managing Director of SMAS who is also one of the pioneers of SMAS, and the senior management team members who on average, have been with the company for more than 10 years.

(d) Support services division

The support services division is headed by its Senior Vice President, Syed Hasan Saifud-deen Abdul-Basseer Alsagoff, who is in charge of the overall management and operational strategies of this division. Syed Hasan is assisted by Munirah binti Musir (Assistant Vice President of Group Finance and Treasury), Norzakiah Ahmad (Manager, Group Human Resource) and Rashidah binti Awang (Manager, Group Administration and Corporate Affairs), who lead their respective support service areas. These personnel are involved in senior management discussions and in decision making at divisional level.

6.5.7 Interruptions in business

There have been no interruptions in the SGB Group's business or operation in the past 12 months.

6.5.8 Principal places of business and locations of production facilities

The principal places of assets and business of the SGB Group are as follows:

SGB HEAD OFFICE

Suite 10.2 – 10.3, 10th Floor
Wisma Chase Perdana
Off Jalan Semantan
50490 Kuala Lumpur

SCOMI

Lot 519 Jalan TUDM
Kg. Baru Subang
40000 Shah Alam
Selangor Darul Ehsan

SCOPE

Lot 28 & 30, Jalan Beliong
15 / 11, Section 15
42000 Shah Alam
Selangor Darul Ehsan

KMC

Head office
No. 1-1 Block C1
Dataran Prima, Jalan PJU 1/41
47301 Petaling Jaya
Selangor Darul Ehsan

Kemaman office
Warehouse No. 18, Letter Box No. 72
Kemaman Supply Base
24007 Kemaman
Terengganu Darul Iman

Labuan office
Asian Supply Base
Ranca-Ranca Industrial Estate
Letter Box No. 82023
87030 Labuan F.T.

Miri office
Lot 2164, 1st Floor, Block 5 MCLD
Seberkas Commercial Centre
Jalan Pujut-Lutong
98000 Miri
Sarawak

6. INFORMATION ON THE SGB GROUP (Cont'd)

Sudan office

KMC Overseas (M) Limited
143(B) El-Manshia
Khartoum Sudan

SCOTS / SMAS*Head office*

Suite 5.03, 5th Floor
Wisma Chase Perdana
Off Jalan Semantan
50490 Kuala Lumpur

SMAS

Kuala Lumpur main rental office
Ground Floor, Wisma SMAS
No. 21 Jalan Maharajalela
50150 Kuala Lumpur

Kuala Lumpur City Centre rental office
Lot 401A, Level 4
SURIA KLCC
50088 Kuala Lumpur

Kuala Lumpur Airport rental office
Counter B11, Arrival Hall
KL International Airport
43900 Sepang

Penang rental office
Arrival Hall, Airport Terminal
Bayan Lepas
11900 Pulau Pinang

6.6 FUTURE PLANS**6.6.1 Oil and gas division**

The SGB Group's future plans for its oil and gas division include the following strategies:

(a) *To expand its mud engineering business overseas*

As part of the Group's expansion plans, KMC intends to expand its drilling fluids and mud engineering business to other regional and international markets, especially in countries where Petronas Carigali is the operator. Such markets would include Thailand, Myanmar, Qatar, United Arab Emirates and Indonesia. To this effect, KMC has already registered its interest with Petronas Carigali to participate in its overseas bidding exercises.

(b) *To gain recognition for its health, safety and environmental practices*

KMC aims to be recognised within the oil and gas industry as a leader in health, safety and environmental ("HSE") issues. In line with this strategy, KMC has enhanced its HSE policies and practices to meet the stringent requirements of the OSHAS 18001 certification, which was obtained by KMC on 26 November 2002.

(c) *To increase market presence in the trading of industrial chemicals*

The management of KMC believes that it is in a position to capitalise on the large market for the sales of industrial chemicals to the oil and gas industry and other general industries through securing new agencies for the distribution of proprietary chemicals.

The oil and gas division intends to achieve the above plans within the next 5 years.

6. INFORMATION ON THE SGB GROUP (Cont'd)

6.6.2 Transportation engineering division

The SGB Group's plans for its transportation engineering division are as follows:

(a) *To increase its market share locally and overseas*

Scomi plans to widen and enhance its range of services to become a one-stop centre for locally manufactured specialised road transport equipment. Such services would include product and financing consultation, product inspection and registration and the provision of long term product service support.

Scomi also plans to expand its international market base by penetrating the Asian market, particularly with regards to the airport ground support equipment, through its current market network and established business contacts. Currently, Scomi is in discussion with potential partners to market its products in various countries within the Asian region.

(b) *Development of specialised transport equipment*

Scomi plans to focus its efforts on developing the higher margin specialised transport equipment. Scomi is continuously improving its airport ground support equipment by incorporating the latest design system and customising the products to meet its customers' operational requirements.

(c) *Enter into other OEM and distributorship arrangements*

Scomi is currently in discussion with various internationally recognised OEMs for the manufacture and assembly of certain OEM products. In addition, Scomi has plans to secure distributorship arrangements with established overseas engineering or transportation related companies to market their products in this region as Scomi has the necessary support services to provide after sales service, stocking of critical spares and provision of maintenance and repair services.

(d) *Expansion of the parts, service and repair department*

In addition, Scomi plans to expand its parts, service and repair department to undertake the maintenance and servicing activities to complement the fleet management division's operations.

The transportation engineering division intends to achieve the above plans within the next 5 years.

6.6.3 Fleet management division

The SGB Group's future plan is to venture into the fleet management business for corporate and commercial vehicles within the next 1 year. The concept of this business is to offer a fleet of corporate vehicles such as saloon cars, and commercial vehicles such as trucks and lorries, to customers on a fixed leasing rate per month. The typical leasing term is a minimum of 3 years. The concept is to offer a cost-effective, convenient and comprehensive service to its customers.

In addition, the Group also has plans to set up a training academy to develop and train professional drivers and chauffeurs within the next 1 year. The fleet management division is currently in the midst of exploring possible collaboration and strategic alliances with professional training schools.

6. INFORMATION ON THE SGB GROUP (Cont'd)**6.7 INFORMATION ON SUBSIDIARY AND ASSOCIATED COMPANIES**

As at the date of this Prospectus, the subsidiary and associated companies of SGB are as follows:

Company	Date / Place of incorporation	Issued and paid-up share capital	Effective equity interest held (%)	Principal activities
<u>Oil and gas division</u>				
KMC	27 Feb 1982 / Malaysia	RM8,082,000	100	Selling of drilling mud and chemical products and provision of mud engineering services
KMC-K ¹	27 Feb 1982 / Malaysia	RM1,230,000	100	Dormant
Kota Barite ¹	16 Mar 1990 / Malaysia	RM200,000	100	Dormant
KMC Overseas ¹	30 Dec 2002 / Mauritius	USD1	100	Provision of drilling fluids materials, equipment and services
KMC All Star ²	12 June 1998 / Malaysia	RM100	51	Dormant
Sosma ³	16 Aug 1997 / Malaysia	RM500,000	49	Distribution of chemical products
<u>Transportation engineering division</u>				
Scomi	30 Aug 1990 / Malaysia	RM9,281,762	100	Manufacture and fabrication of road transport equipment and material handling equipment and the provision of related engineering support services
Scomi Trading ⁴	19 Jan 1994 / Malaysia	RM250,000	100	Marketing agent for road transport equipment and related products
SCOPE ⁴	21 Dec 1999 / Malaysia	RM250,000	100	Precision engineering services
<u>Fleet management division</u>				
SCOTS	15 Sept 1998 / Malaysia	RM500,000	100	Provision of motor vehicles on a "hire and drive" basis
SMAS ⁵	18 Jan 1984 / Malaysia	RM1,000,000	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

6. INFORMATION ON THE SGB GROUP (Cont'd)

Further information on the subsidiary and associated companies of SGB are set out below.

6.7.1 Information on Scomi

(a) History and business

Scomi was incorporated in Malaysia under the Act on 30 August 1990 as a private limited company. The company is a wholly owned subsidiary of SGB and is principally involved in the manufacture and fabrication of road transport equipment, material handling equipment and the provision of related engineering support services.

(b) Share capital

Scomi has an authorised share capital of RM25,060,000 comprising 6,000,000 redeemable convertible preference shares ("RCPS") of RM0.01 each and 25,000,000 ordinary shares of RM1.00 each, of which 9,281,762 ordinary shares of RM1.00 each are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
Ordinary shares				
30.08.1990	2	1.00	Subscribers' shares	2
01.11.1990	499,998	1.00	Cash	500,000
01.12.1990	500,000	1.00	Cash	1,000,000
09.12.1991	1,500,000	1.00	Cash	2,500,000
02.05.1993	100,000	1.00	Cash	2,600,000
10.05.1993	1,119,900	1.00	Issued as consideration for the acquisition of KMC	3,719,900
10.05.1993	900,600	1.00	Cash	4,620,500
28.05.1994	464,900	1.00	Cash	5,085,400
28.07.1994	239,600	1.00	Cash	5,325,000
29.12.2000	2,846,239	1.00	Cash	8,171,239
09.08.2002	63,403	1.00	Issued as part consideration for the acquisition of SMAS	8,234,642
29.03.2003	1,047,120	1.00	Conversion of 6,000,000 RCPS at RM5.73 per RCPS	9,281,762
RCPS				
29.12.2000	* 6,000,000	0.01	Cash	60,000

Note:

* The 6,000,000 RCPS were fully converted into new ordinary shares of RM1.00 each in Scomi on 29 March 2003

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Scomi.

(c) Subsidiary and Associated Companies

Scomi has two wholly owned subsidiary companies, namely Scomi Trading and SCOPE, details of which are set out under Sections 6.7.2 and 6.7.3 of this Prospectus.

6. INFORMATION ON THE SGB GROUP *(Cont'd)*

As at the date of this Prospectus, Scomi does not have any Associated Companies.

6.7.2 Information on Scomi Trading

(a) History and business

Scomi Trading was incorporated in Malaysia under the Act on 19 January 1994 as a private limited company. The company is a wholly owned subsidiary of Scomi and is principally engaged as a marketing agent for road transport equipment and related products.

(b) Share capital

The present authorised share capital of Scomi Trading is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 250,000 are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
19.01.1994	2	1.00	Subscribers' shares	2
18.04.1994	249,998	1.00	Cash	250,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Scomi Trading.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, Scomi Trading does not have any subsidiary or Associated Companies.

6.7.3 Information on SCOPE

(a) History and business

SCOPE was incorporated as a private limited company in Malaysia under the Act on 21 December 1999 as Prisma Wibawa Sdn Bhd and subsequently adopted its present name on 4 December 2001. The company is a wholly owned subsidiary of Scomi and is principally involved in the provision of precision engineering services.

(b) Share capital

The present authorised share capital of SCOPE is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 250,000 are currently issued and credited as fully paid-up.

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

6. INFORMATION ON THE SGB GROUP (Cont'd)

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
21.12.1999	2	1.00	Subscribers' shares	2
25.07.2001	249,998	1.00	Cash	250,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of SCOPE.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, SCOPE does not have any subsidiary or Associated Companies.

6.7.4 Information on KMC**(a) History and business**

KMC was incorporated in Malaysia under the Act on 27 February 1982 as a private limited company under the name of First Penaga Trading Sdn Bhd. The company subsequently changed its name to Kota Tanah Trading Sdn Bhd on 3 April 1985. The company adopted its present name on 7 July 1987. The company is a wholly owned subsidiary of SGB and is principally involved in the sale of drilling mud and chemical products and the provision of mud engineering services to the oil and gas industry.

(b) Share capital

The present authorised share capital of KMC is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 8,082,000 are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
27.02.1982	2	1.00	Subscribers' shares	2
28.09.1987	34,998	1.00	Cash	35,000
30.08.1988	165,000	1.00	Cash	200,000
15.11.1990	200,000	1.00	Cash	400,000
06.03.1991	100,000	1.00	Cash	500,000
02.05.1991	630,000	1.00	Cash	1,130,000
07.03.1992	600,000	1.00	Cash	1,730,000
28.11.1992	184,500	1.00	Issued as consideration for the acquisition of KMC-K	1,914,500
31.12.1992	106,000	1.00	Cash	2,020,500
12.06.2001	6,061,500	1.00	Bonus issue	8,082,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of KMC.

6. INFORMATION ON THE SGB GROUP (Cont'd)**(c) Subsidiary and Associated Companies**

KMC has four subsidiaries, namely, KMC All Star, KMC-K, Kota Barite and KMC Overseas. Details of these subsidiaries are set out under Sections 6.7.5, 6.7.6, 6.7.7 and 6.7.8 respectively of this Prospectus.

Details on the Associated Company of KMC, namely Sosma, is set out under Section 6.7.9 of this Prospectus.

6.7.5 Information on KMC All Star**(a) History and business**

KMC All Star was incorporated in Malaysia under the Act on 12 June 1998 as a private limited company. The company is a 51%-owned subsidiary of KMC with the remaining 49% equity interest held by All Star Chemical Company Limited, a company incorporated in Thailand. KMC All Star is currently dormant.

(b) Share capital

The present authorised share capital of KMC All Star is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 are currently issued and credited as fully paid-up.

The changes in the issued and paid-up share capital of KMC All Star since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
12.06.1998	2	1.00	Subscribers' shares	2
10.03.2000	98	1.00	Cash	100

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of KMC All Star.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, KMC All Star does not have any subsidiary or Associated Companies.

6.7.6 Information on KMC-K**(a) History and business**

KMC-K was incorporated in Malaysia under the Act on 27 February 1982 as a private limited company under the name of First Penaga Holdings Sdn Bhd. The company subsequently changed its name to Kota Tanah Motors Sdn Bhd and Kawabina Bersatu (Sarawak) Sdn Bhd on 27 March 1985 and 30 September 1987 respectively. The company adopted its present name on 3 May 1991. The company is a wholly owned subsidiary of KMC and is currently dormant.

6. INFORMATION ON THE SGB GROUP (Cont'd)**(b) Share capital**

The present authorised share capital of KMC-K is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each, of which 1,230,000 are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
27.02.1982	2	1.00	Subscribers' shares	2
21.05.1991	630,000	1.00	Cash	630,002
21.06.1991	270,000	1.00	Cash	900,002
20.02.1992	329,998	1.00	Cash	1,230,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of KMC-K.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, KMC-K does not have any subsidiary or Associated Companies.

6.7.7 Information on Kota Barite**(a) History and business**

Kota Barite was incorporated in Malaysia under the Act on 16 March 1990 as a private limited company. The company is a wholly owned subsidiary of KMC and is currently dormant.

(b) Share capital

The present authorised share capital of Kota Barite is RM300,000 comprising 300,000 ordinary shares of RM1.00 each, of which 200,000 are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
16.03.1990	3	1.00	Subscribers' shares	3
16.08.1990	199,997	1.00	Cash	200,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Kota Barite.

6. INFORMATION ON THE SGB GROUP (Cont'd)**(c) Subsidiary and Associated Companies**

As at the date of this Prospectus, Kota Barite does not have any subsidiary or Associated Companies.

6.7.8 Information on KMC Overseas**(a) History and business**

KMC Overseas was incorporated in Mauritius under the Companies Act 2001 of Republic of Mauritius on 30 December 2002 as a private limited company. The company is a wholly owned subsidiary of KMC and is principally involved in the provision of drilling fluids materials, equipment and services to the oil and gas industry.

(b) Share capital

The present authorised share capital of KMC Overseas is USD100,000 comprising 100,000 ordinary shares of USD1.00 each, of which 1 is currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (USD)	Consideration	Cumulative total (USD)
30.12.2002	1	1.00	Subscribers' shares	1

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of KMC Overseas.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, KMC Overseas does not have any subsidiary or Associated Companies.

6.7.9 Information on Sosma**(a) History and business**

Sosma was incorporated in Malaysia under the Act on 16 August 1997 as a private limited company under the name of Danintan Sdn Bhd. The company adopted its present name on 4 April 1998. The company is principally engaged in the distribution of chemical products that are largely used in the oil and gas industry.

As at the date of this Prospectus, the Major Shareholders of Sosma and their respective direct shareholdings in the company are as follows:

Major Shareholder	Place of incorporation / Nationality	No. of shares	%
KMC	Malaysia	245,000	49.00
Azmin bin Othman	Malaysian	125,000	25.00

6. INFORMATION ON THE SGB GROUP (Cont'd)

Major Shareholder	Place of incorporation / Nationality	No. of shares	%
Abang Abdul Aziz bin Abang Mohammed	Malaysian	75,000	15.00
Wan Pauzi bin Yahya	Malaysian	55,000	11.00

(b) Share capital

The present authorised share capital of Sosma is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, all of which are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
16.08.1997	2	1.00	Subscribers' shares	2
22.08.1998	199,998	1.00	Cash	200,000
17.05.2000	300,000	1.00	Cash	500,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of Sosma.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, Sosma does not have any subsidiary or Associated Companies.

6.7.10 Information on SCOTS**(a) History and business**

SCOTS was incorporated in Malaysia under the Act on 15 September 1998 as a private limited company under the name of Prestamulia Sdn Bhd. The company adopted its present name on 19 June 2002. SCOTS is a wholly owned subsidiary of SGB and is principally involved in the provision of motor vehicles on a "hire and drive" basis.

(b) Share capital

The present authorised share capital of SCOTS is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, all of which are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
15.09.1998	2	1.00	Subscribers' shares	2
02.05.2002	499,998	1.00	Cash	500,000

6. INFORMATION ON THE SGB GROUP (Cont'd)

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of SCOTS.

(c) Subsidiary and Associated Companies

SCOTS has one subsidiary, SMAS, details of which are set out under Section 6.7.11 of this Prospectus.

As at the date of this Prospectus, SCOTS does not have any Associated Companies.

6.7.11 Information on SMAS

(a) History and business

SMAS was incorporated in Malaysia under the Act on 18 January 1984 as a private limited company. SMAS is a wholly owned subsidiary of SCOTS and is principally involved in the provision of motor vehicles on a "hire and drive" basis.

(b) Share capital

The present authorised share capital of SMAS is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which are currently issued and credited as fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
18.01.1984	6	1.00	Subscribers' shares	6
12.11.1984	100,000	1.00	Cash	100,006
17.08.1987	25,000	1.00	Cash	125,006
11.12.1990	174,994	1.00	Bonus issue	300,000
30.03.1999	600,000	1.00	Bonus issue	900,000
21.09.2001	100,000	1.00	Bonus issue	1,000,000

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of SMAS.

(c) Subsidiary and Associated Companies

As at the date of this Prospectus, SMAS does not have any subsidiary or Associated Companies.

[The remaining of this page is intentionally left blank]