

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE

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24 October 2007

Dear Sirs,

**Executive Summary of the Strategic Analysis of the
Still Bottled Water Market in Malaysia and Singapore**

This Executive Summary of the Strategic Analysis of the Still Bottled Water Market in Malaysia and Singapore is prepared by Frost & Sullivan (M) Sdn Bhd ("Frost & Sullivan") for inclusion in the Prospectus of Bio Osmo Berhad ("Bio Osmo" or the "Company") in connection with its public issue of 37,009,000 new ordinary shares of RM0.20 each and offer for sale of 8,027,700 ordinary shares of RM0.20 each in conjunction with the listing of the entire issued and paid-up share capital of Bio Osmo on the Second Board of Bursa Malaysia Securities Berhad.

In this executive summary, Bio Osmo and its subsidiary company, namely Amshore Holdings Sdn Bhd, are referred to as the "Bio Osmo Group" or "Group".

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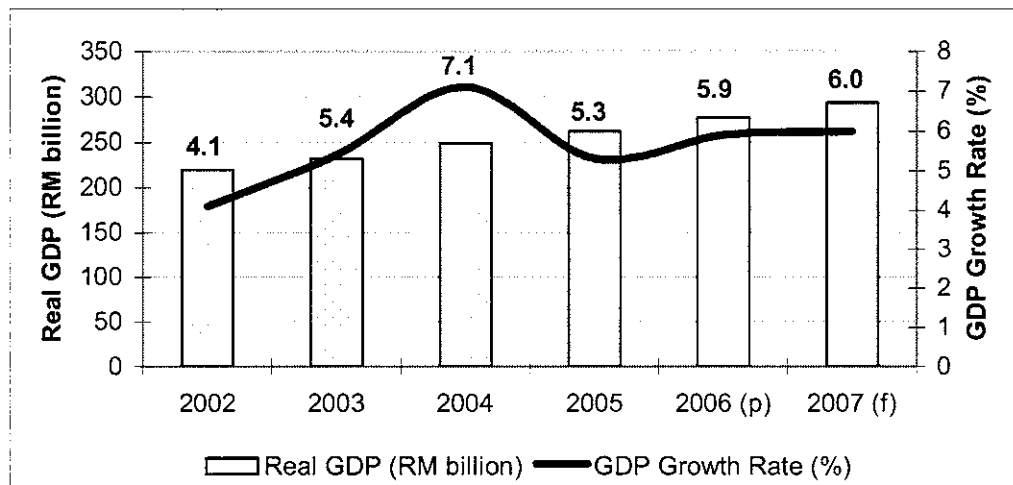
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1.1 MALAYSIAN ECONOMIC OVERVIEW

The Malaysian economy grew by 5.9% in 2006 after registering 5.7% in the last quarter. The share of the manufacturing sector to overall GDP was largely unchanged at 31.4%. While the domestic-oriented manufacturing industries, output of the food products and transport equipment industries strengthened further due to resilient domestic demand. The Malaysian economy has performed well in the first half of 2006 with real GDP growing at 5.5% and 5.9% in the first and second quarters respectively.

Figure 1: GDP Growth in Malaysia, (2002 – 2007(f))



Note: (p) preliminary; (f) forecast

Source: Bank Negara Malaysia, 2006

The Malaysian economy is expected to strengthen in 2007, despite a more challenging external environment. This optimism is underpinned by continued expansion of private sector activities, complemented by Government's pragmatic policies and strategies to diversify and promote the new sources of growth. Overall, real GDP growth is envisaged to expand at 6% in 2007 (2006: 5.9%), consistent with the growth targets outlined in the 9th Malaysian Plan.

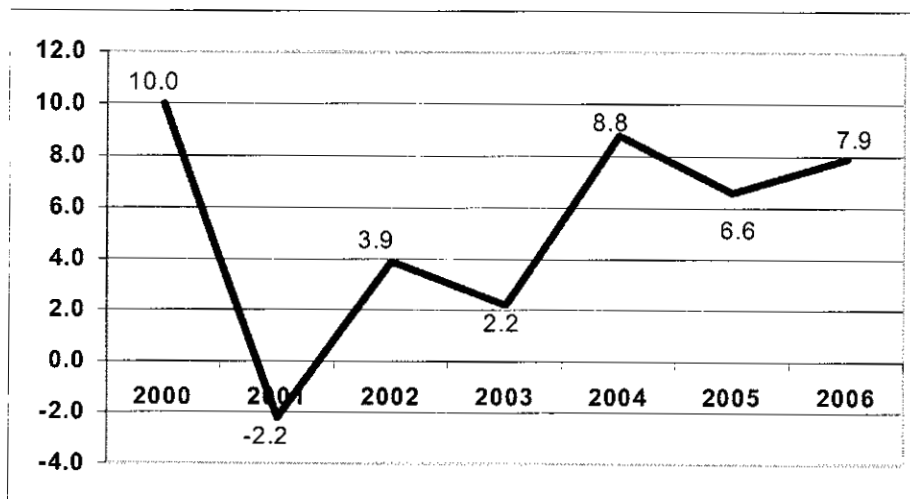
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1.2 SINGAPORE ECONOMIC OVERVIEW

The Singapore economy expanded by 7.9% in 2006 up from 6.6% in the previous year, driven by strong external demand and strengthening of domestic demand, particularly private sector investment. The pace of growth in 2007 is expected to remain strong albeit at a slower rate of around 5% to 6%.

Figure 2: GDP Growth in Singapore, (2002 – 2006)



Source: Singapore Department of Statistics (2000 – 2006)

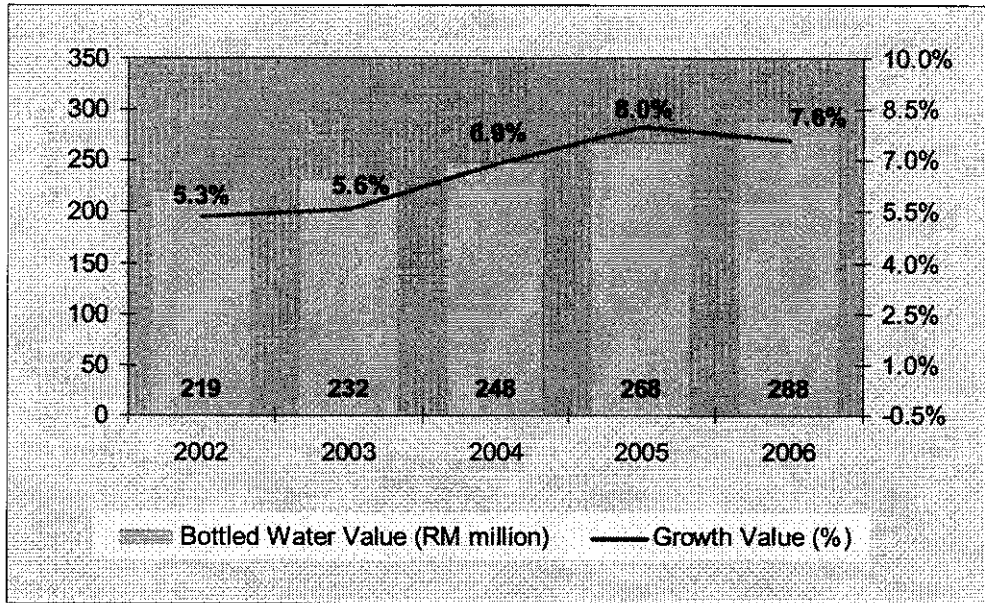
Monetary Authority of Singapore (2007 (f))

1.3 INTRODUCTION TO THE BOTTLED WATER MARKET IN MALAYSIA

Water sourced from the national water supply to the water taps in both urban and rural areas in Malaysia undergoes a treatment process which includes filtration. The water from taps is safe for immediate consumption. However, as the quality of water may be affected and exposed to many other types of contamination, most Malaysians boil their tap water before drinking. Within Malaysia, there is occasional disruption to the water supply. Coupled with the busy lifestyles of urbanites, increase in travel and preference for clean water (i.e. odour-free and colourless water), consumers are increasingly resorting to purchasing bottled water products to quench their thirst and as a fast and convenient source of water for consumption.

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

Figure 3: Malaysian Bottled Water Market Size and Growth by Sales Value (2002-2006)

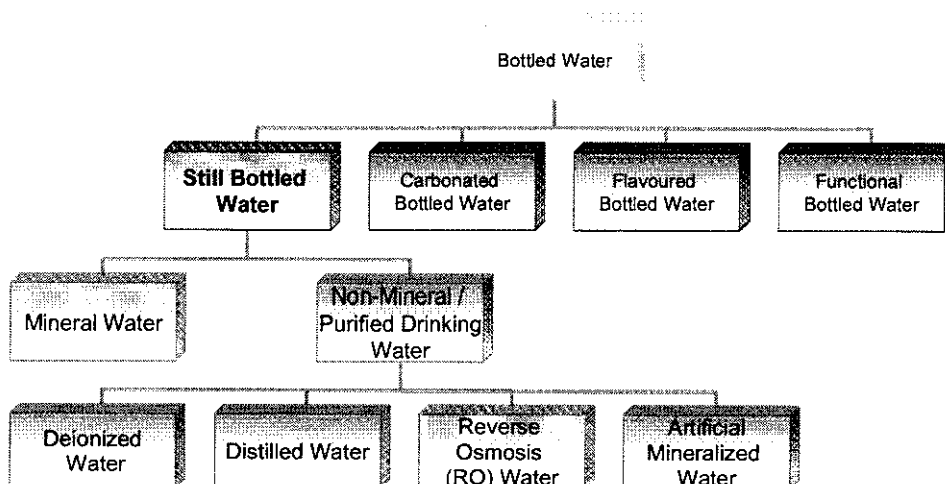


Source: Frost & Sullivan

1.4 DEFINITION AND SEGMENTATION

The bottled water market in Malaysia is segmented into still bottled water, carbonated water, flavoured water and functional water as illustrated below.

Figure 4: Bottled Water Product Segmentation



8. **EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE** *(Cont'd)*

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As illustrated in Figure 4, bottled water products could be segmented into four major segments as follows:

- **Still Bottled Water** is non-effervescent/non-sparkling water which has no added ingredients such as chemical additives or sweeteners. Some products may include safe and suitable antimicrobial agents and/or limited amounts of fluoride. Still bottled water has to be both calorie-free and sugar-free.
- **Carbonated Bottled Water** is bottled water with artificial carbonation. This means that carbon dioxide is added to create bubbles in the water, similar to carbonated soft drinks. However, there are some sources where sparkling water is naturally carbonated, such as the one offered under the brand Perrier. Natural carbonation occurs in water which comes from a natural source. The gases in the water are from volcanic gases trapped within the geologic strata deep beneath the spring where the water is sourced.
- **Flavoured Bottled Water** is bottled water added with fruit flavours or essence. These account for approximately 1 milligramme per litre (mg/litre) of water. There are no other ingredients such as colouring or preservatives.
- **Functional Bottled Water** is bottled water enriched with vitamins (e.g. Vitamin B, calcium or magnesium) and/or herb extracts (ginseng or ginkgo biloba). i.e. Danone Activ and Glaceau Vitamin Water. Functional bottled water also includes bottled water products targeted at consumers who have an interest in sports and fitness. In this particular product segment, the bottled water will contain glucose, electrolytes and/or amino acids. In many cases, they will also be enriched with vitamins and minerals. In some cases, the physical or chemical characteristics of the water molecules have also been modified in order to make it capable of carrying nutrients and oxygen into cells more effectively.

There are two main sources of water for bottled water, namely municipal water (also known as tap water) and ground water (which includes artesian water, spring water and well water).

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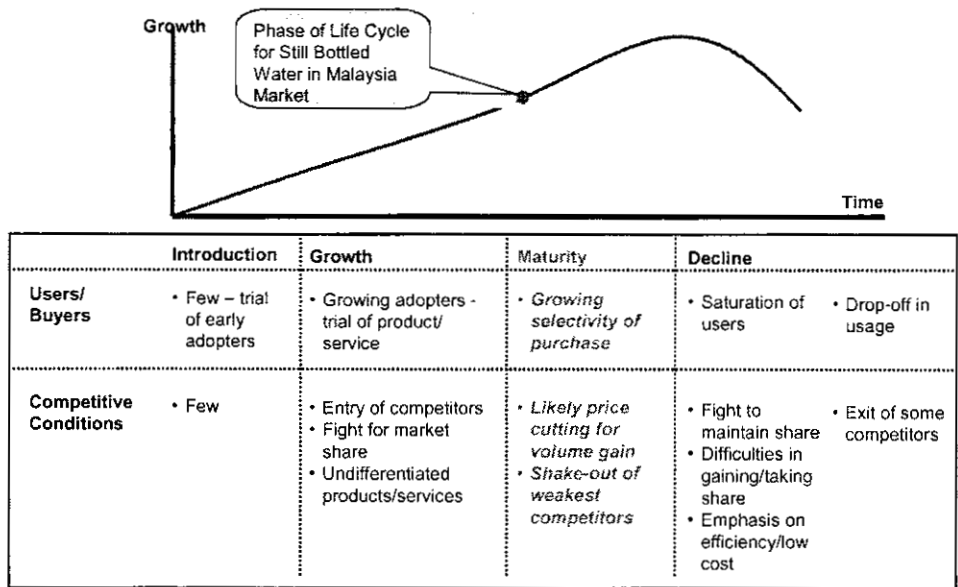
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Still bottled water can be further segmented into mineral water and non-mineral water, which accounted for up to 90% to 95% of the market. The two key end-user channels are the on-trade and off-trade segments. Off-trade is bottled water purchased from retail outlets for in-home consumption, while on-trade is defined as bottled water purchased and consumed in the service industries such as in hotels and restaurants. For Malaysia, this report focuses on single-serve still bottled water products of up to 2 litres in the off-trade segment.

1.5 INDUSTRY LIFE CYCLE

At present, the still bottled water market in Malaysia is at the initial stage of maturity in terms of industry life cycle. Indications of promising growth prospects are evident as the registered market growth rates in recent years indicate that the still bottled water market has the highest growth rates in the beverage industry.

Figure 5: Industry Life Cycle of the Still Bottled Water Market in Malaysia (2006)



1.6 BARRIERS TO ENTRY

Figure 6: Barriers to entry for the still bottled water market in Malaysia (2007-2013)

| Barriers to Entry | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|-------------------|-------------------------|--------------------------|------------------------|
|-------------------|-------------------------|--------------------------|------------------------|

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| | | | | |
|---|-----|---------------|---------------|---------------|
| Strong Distribution Network and Systems | and | Medium - High | Medium - High | Medium - High |
| Product Differentiation and Positioning | and | Low | Low | Medium |
| Branding | | Medium - Low | Low | Low |

Among the barriers to entry in the Malaysian still bottled water market include players that have established a strong distribution network and systems, which provide them with better brand and product visibility to the end consumer. Product differentiation and positioning techniques including eye-catching packaging and the existence of well-known brands with a strong track record also act as barriers to entry to new players.

While branding has historically been crucial to successful entry into the market, the recent wide-scale emergence of the OEM business model has reduced the impact of branding as a barrier to entry. With virtually every key manufacturer involved in providing contract manufacturing services to other bottled water companies and retailers, where the products they manufacture are sold under various OEM brands, it is no longer critical to have a strong proprietary brand to succeed in the marketplace.

1.7 MARKET TRENDS

Figure 7: Market trends for the still bottled water market in Malaysia (2007-2013)

| Market Trends | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Increase in OEMs Providing Private Labels | High | High | High |
| Shifting Trend Towards Healthy Beverages | High | High | High |
| Increasing Preference for Bottled Water | High | High | Medium |

Private labels manufactured by OEMs are on the increase. This is arguably the single largest market shift in the bottled water industry in recent years, as manufacturers are increasingly tying-up with other established retailers, hoteliers and food chains to produce bottled water under the labels of these third parties. At present, almost every major bottled water manufacturer has chosen the OEM route to grow their businesses. The larger players in the market such as Spritzer Berhad, R O Water Sdn. Bhd. and MP Mineral Manufacturing (M) Sdn. Bhd., who all started out producing proprietary brands

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that are well-established in the market, are now involved in OEM manufacturing either for the retail and/or hospitality industry or for other bottled water companies. With the entire market shifting towards an OEM-manufacturing model, it can be presumed that total market growth for the still bottled water market is a reflection of the growth of the OEM market as well.

Another key trend is rising consumer awareness of health concerns which are prompting them to adopt healthier lifestyles. The changes in work and lifestyle habits have also increased preference for bottled water as a clean, convenient and affordable source of water.

1.8 INDUSTRY CHALLENGES

Figure 8: Industry Challenges for the Still Bottled Water Market, Malaysia (2007-2013)

| Industry Challenges | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|--|-------------------------|--------------------------|------------------------|
| High Growth and Profit Margins Result in Greater Competition | High | High | High |
| Consolidation Activities Among Established Bottled Water Players | High | Medium | Medium |
| Increasing Prices of Raw Materials | Medium | Medium | Low |

Source: Frost & Sullivan

The key challenges faced by manufacturers include the high levels of competition in the market, consolidation among the more established players and the increasing price of raw materials. The manufacturing of bottled water offers higher margins relative to other packaged beverages and is therefore attractive to new entrants, with many companies in the food and beverage industry tapping into this market and increasing the already intense competition. A number of the more established players have been consolidating to achieve economies of scale and gain greater share in the market, with more consolidations and acquisitions anticipated in the near future. The rising cost of plastic materials due to the increase in oil prices is also proving to be a major operational challenge for most manufacturers.

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1.9 MARKET DRIVERS

Figure 9: Market Drivers for the Still Bottled Water Market, Malaysia (2007-2013)

| Market Drivers | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|--|-------------------------|--------------------------|------------------------|
| Convenience and Portability of Bottled Water | High | High | High |
| Shifting Trend Towards Healthy Beverages | High | High | High |
| Consumer Disillusionment Towards Municipal Water | Low - Medium | Low - Medium | Low - Medium |

Source: Frost & Sullivan

The key market drivers of the still bottled water market in Malaysia include the convenience of bottled water, the shifting trend towards healthier beverages and general consumer disillusionment towards municipal water. Growing urbanisation and increasingly hectic lifestyles are leading consumers to enjoy the portability of bottled water. A greater sense of awareness, through higher levels of education and availability of information, has led consumers to increasingly shift towards healthy beverages, while also creating a general sense of dissatisfaction over municipal or tap water.

1.10 MARKET RESTRAINTS

Figure 10: Market Restraints for the Still Bottled Water Market, Malaysia (2007-2013)

| Market Restraints | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Market Demand for Water from Vending Machines | High | High | High |
| Price of Bottled Water | Medium | Medium | Medium |
| Consumer Awareness of Environmental Impact of Consuming Bottled Water | Low - Medium | Low - Medium | Medium |

Source: Frost & Sullivan

Factors that restrain market growth include competition from water dispensed by vending machines, the price of bottled water and growing consumer awareness of the environmental impact of bottled water. Water from vending machines is becoming increasingly popular as many of these machines are strategically located for the

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convenience of consumers as well as costing less per unit when compared to single-serve bottled water. There also appears to be some resistance by consumers towards paying for bottled water, as tap water is still available in homes at significantly lower costs. In addition, growing consumer concern for the environment, both in terms of waste from the use of PET bottles and the effect on the ecological system due to wide-scale water extraction, is also a reason some consumers refrain from purchasing bottled water.

1.11 SUBSTITUTE PRODUCTS

Municipal or tap water, carbonated water, flavoured water and functional water can all be regarded as potential substitutes for still bottled water. However, bottled water had actually emerged as a substitute for tap water and it is unlikely for the trend to be reversed, at least not in the short to medium term, as consumers are still largely unsatisfied with the general quality of tap water supplied to homes.

Carbonated, flavoured and functional water is not generally seen as potential substitution threats as they are expected to continue to remain as novelty beverages, appealing only to a small minority of consumers. It is unlikely that consumers will regard these types of water as direct substitutes for still bottled water.

1.12 VULNERABILITY TO IMPORTS

The primary raw material for still bottled water in terms of value is PET, which is typically the material used to manufacture the bottles. PET is easily available locally as Malaysia has a vibrant and dynamic plastics manufacturing industry, with an annual supply of almost two million tonnes of locally-produced resins. The industry is also highly export-oriented, with products such as bottles, disposable tubs, industrial containers and household wares marketed under home-grown brands. As such, the bottled water industry in Malaysia has little reliance on imports.

1.13 POLICIES AND LEGISLATIONS

In Malaysia, the main government agency involved in the food safety enforcement is the MOH. According to the MOH, local food manufacturers (including bottled water manufacturers) and distributors are required to abide by the Malaysian Food Act 1983 and Food Regulations 1985, which protect the public against health hazards and fraud in

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the preparation, sale and use of food. The Food Act 1983 covers the whole food process from the manufacture of food and drinks to its consumption.

With regards to labelling of food, the Food Regulations 1985 **does not require mandatory nutrition labelling for all food products**. However, manufacturers of bottled water are advised on the importance of labelling their products according to the Food Regulations 1985. It is mandatory for bottled water manufacturers to label their product either as Mineral Water or as Deionised, Distilled, RO or Artificially Mineralised Water.

The Malaysian Government is also planning to impose a quality assurance system to safeguard the quality of Bottled Mineral Water in the country. From early 2005, bottled water products have been distinguished by the colour of the bottle caps. This regulation is in accordance with the Food Regulations 1985, where it is compulsory for all mineral bottled water to be "capped Blue" with blue-coloured caps while non-mineral/purified drinking water such as Deionised, Distilled, RO or Artificially Mineralised Water should be "capped White" i.e. with white-coloured caps.

Internationally, the World Trade Organization (WTO) together with world global markets have harmonized domestic standards with international standards through the Codex Alimentarius ("Codex") to create a global 'food market place' by gradual elimination of non-tariff barriers, equal regulatory treatment of domestic and imported products and greater transparency in all aspects of food and beverage legislation and regulation.

The Codex provides Good Manufacturing Practices ("GMP") for food hygiene and a HACCP system to ensure food safety. The Codex's standard guidelines and recommendations have become the benchmark for international food safety requirement.

Both the GMP and Good Handling Processes ("GHP") contain the basic requirements in any food safety program and are the pre-requisites of HACCP. Practices include cleaning and sanitation of premises, food hygiene, preventive maintenance, personal training, waste disposal and pesticide control programs. The Food Safety and Quality Division, Department of Public Health of the MOH has formulated guidelines on the GMP and GHP towards HACCP certification. Companies which comply with these guidelines stand a higher rate of success in obtaining the HACCP certification.

The HACCP system is also practiced in Malaysia. It is a management system for the assurance of food safety. It identifies, evaluates and controls hazards to ensure food safety. In Malaysia, it is administrated by the MOH which grants and maintains the certification through surveillance audits. HACCP enables defects which have an impact on food safety to be readily detected and corrected at specific points during receiving of

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ingredients, handling, processing, storage and distribution of food, instead of relying on end product inspection and testing.

Although not necessitated by legislation, HACCP is recommended as compliance with international standards which shall facilitate trade for the manufacturers. SIRIM Berhad is involved in the preparation of the Malaysian standards for HACCP implementation. However, in order to obtain accreditation for HACCP, companies in Malaysia may obtain assistance from other international accreditation agencies which provide accreditation services.

1.14 INCENTIVES

The Malaysian Industrial Development Authority ("MIDA") lists certain investment incentives for the food and beverage industry in Malaysia. These incentives are general incentives and eligibility is dependent on the manufacturer meeting the requirements set out by the Malaysian Government. The following is a list of incentives for the food and beverage production industry in Malaysia:

- Pioneer Status – this grants a company partial or full exemption from tax depending on the classification of the industry which the company is involved in.
- Investment Tax Allowance – this is an allowance granted on the capital expenditure incurred by the company within the time period stipulated.
- Reinvestment Allowance – this allowance is for companies which incur relevant capital expenditure for expansion, modernization or automation.
- Accelerated Capital Allowance – this is further allowance for companies which have passed the 15 year period of eligibility for the reinvestment allowance described above.
- Various incentives for export – this includes the double deduction for promotion of exports, double deduction for promotion of Malaysian brand names and tax exemption on the value of increased exports.
- Various other incentives – this includes but is not limited to, double deduction for R&D expenditure, exemption from import duty and sales tax on machinery and equipment, tax incentives for *halal* food production and double deduction on expenses to obtain the *halal* certification, quality systems and standards certification.

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1.15 MARKET ENGINEERING MEASUREMENTS

The total market size of still bottled water for 2006 is estimated to be at approximately RM247 million. The base year market growth rate is 8.8% and the market is forecasted to grow at a Compound Annual Growth Rate ("CAGR") of 9.3% from 2007 to 2013.

Figure 11: Market Engineering Measurement and Analysis – Still Bottled Water Market (Up to 2 Litres), Malaysia (2006)

| Measurement Name | Measurement | Trend |
|-------------------------------------|---|--|
| Market age | Growth Stage | Increasing |
| Approximate revenue for 2006 | RM247 million | Increasing |
| Base year (2006) market growth rate | 8.8% | Increasing |
| Forecast period (2007 -2013) CAGR | 9.3% | Stable |
| Pricing trend | Low pricing | Stable |
| Competitors | Approximately 6 major market participants | Increasing but competition remains stable for established brands |
| Degree of competition | High | Stable |

Source: Frost & Sullivan

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Figure 12: Revenue Growth for the Still Bottled Water Market (Up to 2 Litres), Malaysia (2003-2013)

| Year | Revenue (RM million) | Growth (%) |
|------|----------------------|------------|
| 2003 | 198 | 6.5 |
| 2004 | 211 | 6.6 |
| 2005 | 227 | 7.5 |
| 2006 | 247 | 8.8 |
| 2007 | 271 | 9.6 |
| 2008 | 297 | 9.6 |
| 2009 | 325 | 9.6 |
| 2010 | 356 | 9.6 |
| 2011 | 389 | 9.0 |
| 2012 | 424 | 9.0 |
| 2013 | 462 | 9.0 |

Compound Annual Growth Rate (2007 - 2013): 9.3%

All figures are rounded; the base year is 2006.

Source: Frost & Sullivan

1.16 COMPETITIVE ANALYSIS

The sale of bottled water in Malaysia is concentrated mostly in the metropolitan areas, such as Johor Bahru, Kuala Lumpur, Selangor and Penang. The Malaysian bottled water market is fragmented with more than 100 brands available. However, only half of these are commonly retailed in the Malaysian bottled water market.

At present, there are approximately six established local bottled water manufacturers in Malaysia. These players include Spritzer Berhad, MP Mineral Water Manufacturing Sdn. Bhd, Borneo Springs Sdn. Bhd., Permanis Sdn. Bhd., R O Water Sdn. Bhd. and Amshore Holdings Sdn. Bhd.

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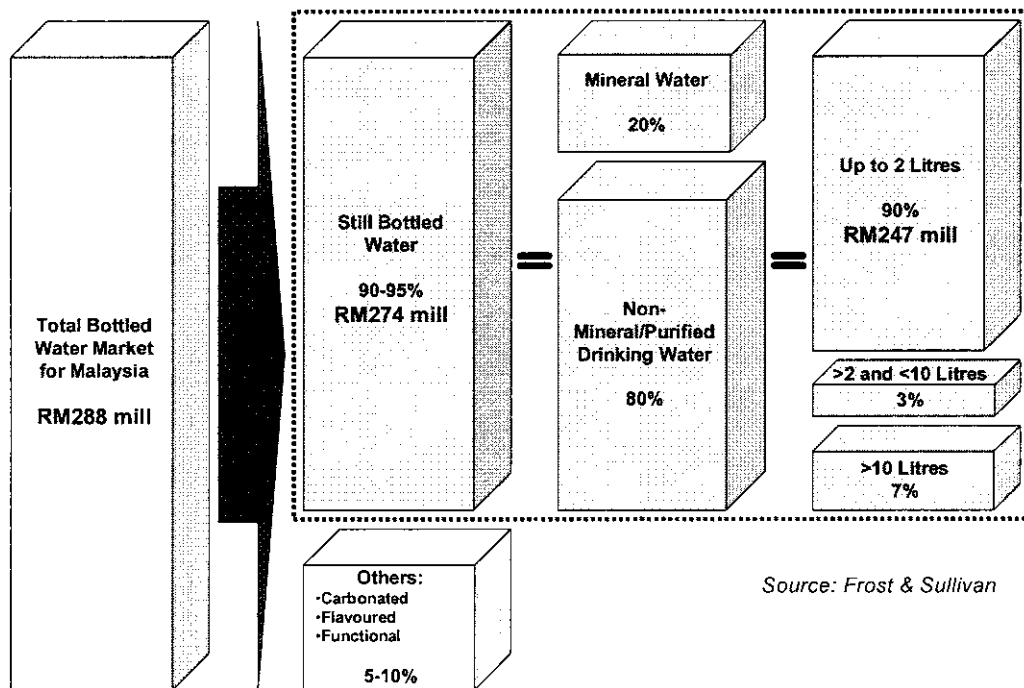
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1.17 MARKET SHARE

In 2006, the total bottled water market in Malaysia was valued at approximately RM288 million, with 90% to 95% of the market dominated by still bottled water segment, accounting for RM274 million of the market. The remaining 5% to 10% of the total bottled water market comprise of carbonated, flavoured and functional bottled water.

Out of the RM274 million sales for the Still Bottled water market, Non-mineral/Purified Drinking Water accounts for 80% whilst Mineral Water accounts for the remaining 20% of the market share.

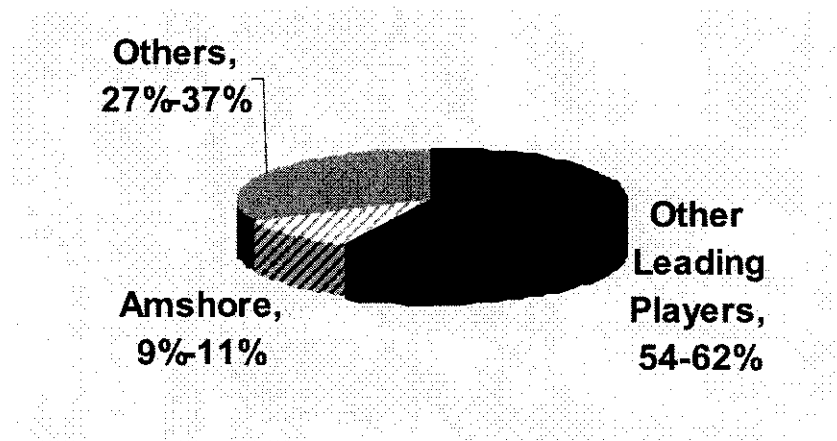
Figure 13: Market Share of Bottled Water Market by Sub-Segments, Malaysia (2006)



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Figure 14: Market share in the still bottled water market (up to 2 litres), Malaysia (2006)



Source: Frost & Sullivan

Leading players in the still bottled water market, which include Spritzer Berhad, R O Water Sdn. Bhd., Permanis Sdn. Bhd., MP Mineral Manufacturing Sdn. Bhd. and Borneo Springs Sdn. Bhd., have about 54% to 62% market share in this product segment.

Amshore Holdings Sdn. Bhd. accounts for approximately 3% of the up-to-2-litre market with its own label YES 1968 and holds another 6% to 8% of the market share through provision of OEM services to other brand owners, for a combined total market share of 9% to 11%. This is a significant increase from a market share of between 1% and 2% in 2002. The remaining 27% to 37% of the market segment is accounted for by other market participants.

With respect to profit margins, Amshore compares favourably against other major players in the market, as shown in Figure 15 below.

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Figure 15: Comparison of Profit Margins of Key Market Participants, Malaysia (2006)

| Company | Profit before Tax Margin |
|--|--------------------------|
| Spritzer Berhad | 6.3% |
| Borneo Springs Sdn. Bhd. | 9.7% |
| MP Mineral Water Manufacturing Sdn. Bhd. | 0.3% |
| Amshore Holdings Sdn. Bhd. | 34.7% |
| R O Water Sdn. Bhd. ¹ | 11% |
| Permanis Sdn. Bhd. ² | n/a |

Source: Frost & Sullivan

Note: 1) Based on 2004 as data for 2005 and 2006 were not available

2) Data on Permanis includes their entire range of beverage products

Amshore also ranks favourably when benchmarked against the average size of players in the industry. With a market size of RM247 million in 2006 for still bottled water in packaging of up to 2 litres and an estimated 100 to 150 players in the market (including companies involved in just packaging and bottling), the average revenue per player in the industry is between RM1.6 million and RM2.5 million. Amshore's revenue of RM26.3 million in 2006 is ten times over the size of the average player.

1.18 CRITICAL SUCCESS FACTORS

Figure 16: Critical Success Factors for the Still Bottled Water Market, Malaysia (2007-2013)

| Critical Success Factor | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Technology Advancement and Quality of Product | High | High | High |
| Strong Retailer Relationship for Establishing Wide Distribution Network | High | High | Medium |
| Product Differentiation and Positioning | High | High | Medium |
| Building and Sustaining Brand Presence and Brand Association | Medium | Medium | Medium |

Source: Frost & Sullivan

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Critical success factors for players in the still bottled water product market include the use of technology to improve quality in order to differentiate their product offerings from those of their competitors. Strong relationships between market participants and retailers are crucial in the beverage industry. This is necessary for the creation of the market player's brand and retention of its market share. The beverage industry needs to continue developing new products frequently in order to increase product differentiation and positioning in the market. Meanwhile, branding is seen to play an important role within the still bottled water market, especially in the Mineral Water category.

1.19 OUTLOOK OF THE STILL BOTTLED WATER MARKET IN MALAYSIA

The Malaysian still bottled water market will continue to experience growth and evolve in tandem with the improving economic performance of the country; growth in the food and beverage industry, increasing consumer and tourist expenditure and trends driven by global influences such as preference for healthy beverages. Frost & Sullivan estimates that the still bottled water market for the 2 litres and below segment is forecast to grow at a CAGR of 9.3% from 2007 to 2013, with the market size estimated to be RM271 million in 2007 and RM462 million by 2013.

Throughout the forecast period, there will be increasing consumer demand for still bottled water products due to a variety of reasons, including the convenience it offers. Prices will remain low as competition is set to increase due to attractive market dynamics and the anticipated increase of private labels in the market. The market is set to undergo greater product differentiation, wherein players are expected to expand into functional and flavoured bottled water and to improve on packaging in order to obtain a higher share of the market.

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1.20 INTRODUCTION TO THE BOTTLED WATER MARKET IN SINGAPORE

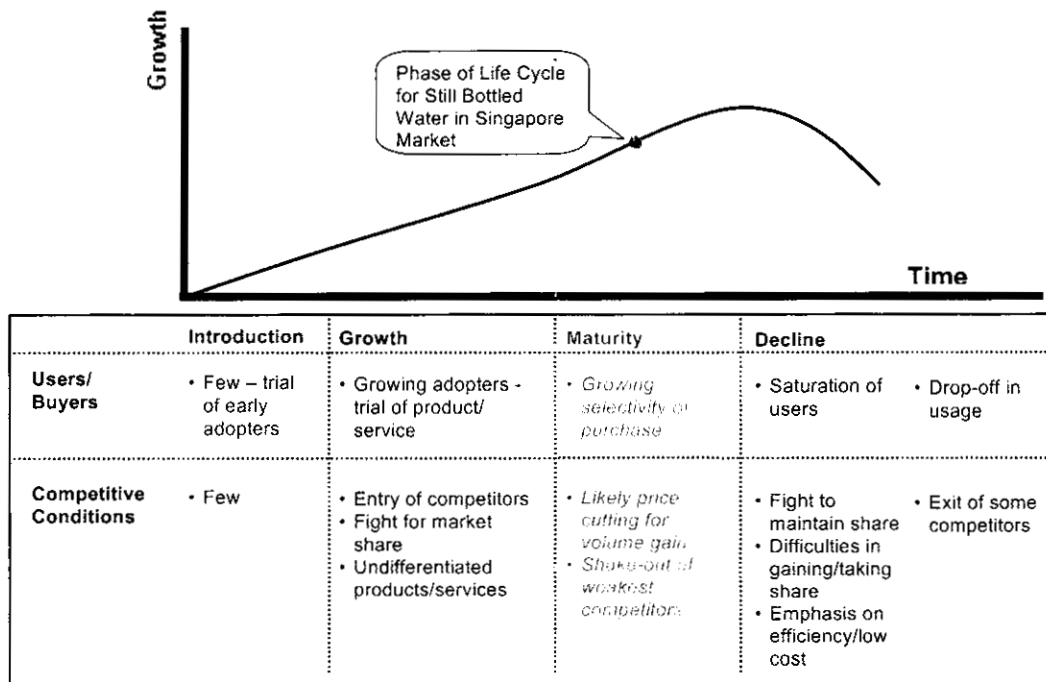
The Singapore section of the report covers the off-trade segment for still bottled water of up to 2 litres as well as the on-trade shipping industry for the same products. The on-trade shipping industry is defined as the market for bottled water supplied to vessels calling into the port of Singapore.

The size of the off-trade still bottled water market in Singapore is estimated to be RM130.6 million in 2006 and increasing to RM188 million by 2013. The compounded annual growth rate is expected to be 5.3% during this same period. Potential demand from the shipping industry was estimated to be between RM81 million to RM243 million in 2006.

1.21 INDUSTRY LIFE CYCLE

The still bottled water market in Singapore is at a matured stage. Industry sources are in agreement that the market in Singapore will continue to grow driven by consumer demand for bottled water.

Figure 17: Industry Life Cycle of the Singapore Still Bottled Water Market (2006)



Source: Frost & Sullivan

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

1.22 BARRIERS TO ENTRY

Figure 18: Barriers to entry for the still bottled water market in Singapore (2007-2013)

| Barriers to Entry | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|--|-------------------------|--------------------------|------------------------|
| Strong Distribution Network and Systems | High | High | High |
| Stringent Food Safety Requirements | High | High | High |
| Scarcity of Water | Medium | Medium | Medium |
| High Cost of Water Due to the Water Conservation Tax | Medium | Medium | Medium |

Source: Frost & Sullivan

Among the barriers to entry in the Singaporean still bottled water market include players that have established a strong distribution network and systems, which provide them with better brand and product visibility to the end consumer. Singapore practices strong enforcement of food safety standards and water is a scarce resource in the Republic, which forces potential new entrants to seriously consider long term business sustainability. The Water Conservation Tax is another barrier to entry for domestic manufacturers of bottled water which is expected to drive manufacturers to either utilise OEMs or import water.

1.23 MARKET TRENDS

Figure 19: Market trends in the Still Bottled Water market in Singapore (2007-2013)

| Market Trends | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|--|-------------------------|--------------------------|------------------------|
| Shifting Trend Towards Healthy Beverages | High | High | High |

Source: Frost & Sullivan

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

Changing lifestyles, along with increasing education and government-sponsored media campaigns on health awareness have produced strong growth for the health food and beverage market in Singapore. The still bottled water market is expected to grow as it is generally considered as a healthy alternative to carbonated soft drinks.

1.24 INDUSTRY CHALLENGES

Figure 20: Industry Challenges for the Still Bottled Water Market, Singapore (2007-2013)

| Industry Challenges | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Increasing Competition | High | High | High |
| Increasing Price of Raw Materials | Medium | Medium | Low |
| Threat of New Innovation as Alternative to Still Bottled Water | Low | Low | Medium |

Source: Frost & Sullivan

The main challenges in the industry include increasing competition as evidenced by the mushrooming of various brand names and types of bottled water in the market. Oil price increases will likely lead to the increase in the price of PET bottles, caps, as well as some types of labelling. Faced with scarcity of natural water sources, Singapore has always actively searched for new innovations to ensure sufficient water for the country. One of the latest inventions is the *Dragonfly*, which extracts moisture from the air surrounding it and converts it into drinking water.

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8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

1.25 MARKET DRIVERS

Figure 21: Market Drivers for the Still Bottled Water Market, Singapore (2007-2013)

| Market Drivers | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Convenience and Portability of Bottled Water | High | High | High |
| Shifting Trend Towards Healthy Beverages | High | High | High |
| Increasing Consumer Affluence | High | High | High |
| Lead Time in Consumer Acceptance of Reclaimed Water | Medium | Medium | Medium |
| Increase in Tourism | Medium | Medium | Medium |

Source: Frost & Sullivan

The key market drivers of the still bottled water market in Singapore include the convenience of bottled water, the shifting trend towards healthier beverages and increasing consumer affluence. Although the government has launched awareness campaigns and have poured resources into creating greater acceptance for reclaimed water, there will inevitably be a lead time before consumers are completely convinced of the technology and quality of the water. This is anticipated to contribute towards growth in sales of bottled water during this period. Further, Singapore has a strong tourism industry that ensures steady consumption of bottled water.

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8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

FROST & SULLIVAN

1.26 MARKET RESTRAINTS

Figure 22: Market Restraints for the Still Bottled Water Market, Singapore (2007-2013)

| Market Restraints | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Market Demand for Water from Vending Machines | High | High | High |
| Market Growth Capped by Slow Population Growth | Low | Low | Medium |
| Consumer Awareness of Environmental Impact of Consuming Bottled Water | Low - Medium | Low - Medium | Medium |

Source: Frost & Sullivan

Water vending machines placed at strategic locations are increasing in Singapore. The similarity in the end product (i.e. clean water in a bottle) results in direct competition between water vending machines and still bottled water products. Restraint also includes slow population growth of the island, alongside with increasing consumer awareness for the environmental impact of production of PET bottles and effects of wide-scale water extraction.

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8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE *(Cont'd)*

F R O S T & S U L L I V A N

1.27 LEGISLATION

The Sale of Food Act (1973) serves to ensure the wholesomeness and purity of food. Further enacted under this act are the Food Regulations (1974), which contain definitions and standards for various food items, stipulate the permitted food additives and specify their permissible limits and list the tolerable levels of chemical residues.

The Agri-Food and Veterinary Authority ("AVA") is the national authority which has purview of the above legislation and regulation. According to the AVA, an importer of mineral bottled water and still bottled water is required to provide the original copy of the certificate as issued by the government controlling authority of the country of origin, the site plan depicting the source of the natural mineral water and other relevant certificates and documents.

Furthermore, all beverages sold in Singapore must be properly labelled and provided with key information, such as description of product, product codes, batch number or marking and results of microbiological and chemical tests amongst others. In order to ensure product safety, samples are then collected from arriving consignments for laboratory analysis by the AVA officer. The consignment is later sealed and only released to the market once it has been confirmed to comply with the Food Regulations (1974).

1.28 POLICY

Singapore's national policy on water has an indirect impact on the industry structure and trade of bottled water. It influences the availability of water as a raw material or for consumption as well as the business cost involved – impacting domestic bottled water producers and bottled water import volumes. Singapore is considered as a 'water-stressed' country based on the statistics released by the Food and Agriculture Organisations (FAO) of United Nations (UN). Hence, water is being treated as a strategic resource in Singapore to avoid potential vulnerability due to water scarcity.

The Four National Taps policy had been initiated by the Singapore Government to address the national water issue with the Four National Taps being the four sources of water for Singapore i.e. the local catchments area, water imported from Malaysia, reclaimed wastewater ("NEWater") and desalinated water.

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

1.29 MARKET ENGINEERING MEASUREMENTS

The total market size for 2006 is estimated at approximately RM130.6 million. The base year market growth rate is 6.1% and the market is forecasted to grow at a CAGR of 5.3% from 2007 to 2013.

Figure 23: Market Engineering Measurement and Analysis – Still Bottled Water Market (Up to 2 Litres), Singapore 2006)

| Measurement Name | Measurement | Trend |
|-------------------------------------|--|--|
| Market age | Growth Stage | Increasing |
| Approximate revenue for 2006 | RM130.6 million | Increasing |
| Base year (2006) market growth rate | 6.1 % | Increasing |
| Forecast period (2007 -2013) CAGR | 5.3 % | Stable |
| Pricing trend | Increasing | Stable |
| Competitors | Three major competitors with increasing number of competitors entering the market via OEM arrangements | Increasing but competition remains stable for established brands |
| Degree of competition | High | Stable |

Source: Frost & Sullivan

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

Figure 24: Revenue Growth for the Still Bottled Water Market (Up to 2 Litres), Singapore (2003-2013)

| Year | Revenue (RM million) | Growth (%) |
|------|----------------------|------------|
| 2003 | 104.8 | - |
| 2004 | 112.9 | 6.6% |
| 2005 | 123.1 | 7.6% |
| 2006 | 130.6 | 8.8% |
| 2007 | 138.9 | 9.6% |
| 2008 | 147.7 | 9.6% |
| 2009 | 157.1 | 9.6% |
| 2010 | 167.1 | 9.6% |
| 2011 | 173.8 | 9.0% |
| 2012 | 180.7 | 9.0% |
| 2013 | 188.0 | 9.0% |

CAGR (2007 - 2013): 5.3%

All figures are rounded; the base year is 2006.

Source: Frost & Sullivan

1.30 COMPETITIVE ANALYSIS

Besides YHS and Danone, other notable competitive brands are Aqua by Field Catering & Supplies Pte Ltd and Pere Ocean by Wanin Industries Pte Ltd. Within Singapore, players like YHS and F&NCC (manufacturer for the Ice Mountain brand) choose to manufacture and bottle their water within Singapore. Other players either manufacture and import their bottled water products regionally or utilise OEMs.

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

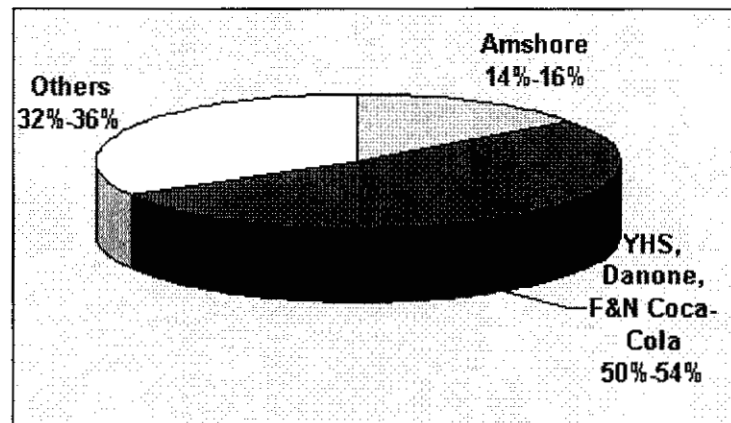
F R O S T & S U L L I V A N

1.31 MARKET SHARE

The three main players in the Singapore market, YHS, Danone and F&NCC, have a combined market share of approximately 50% to 54%. YHS produces the popular Pink Dolphin bottled water brand and markets Evian for Danone. YHS also produces the Pink Dolphin range of functional waters. The range now comprises calcium and vitamin enriched functional water as well as those containing ginkgo biloba, amino acids and aloe vera.

Through OEM services to brand owners, Amshore is estimated to have around 14% to 16% of market share. Other players include are smaller sized, with individual market share not greater than 15%.

Figure 25: Market Share in the Still Bottled Water Market, Singapore (2006)



Source: Frost & Sullivan

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8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

1.32 CRITICAL SUCCESS FACTORS

Figure 26: Critical success factors for the Still Bottled Water Market, Singapore (2007-2013)

| Critical Success Factor | Short Term 1-2 Years | Medium Term 3-4 Years | Long Term 5-7 Years |
|---|-------------------------|--------------------------|------------------------|
| Technology Advancement and Quality of Product | High | High | High |
| Strong Retailer Relationship for Establishing Wide Distribution Network | High | High | Medium |
| Product Differentiation and Positioning | High | High | Medium |
| Building and Sustaining Brand Presence and Brand Association | Medium | Medium | Medium |

Source: Frost & Sullivan

Critical success factors for players in the still bottled water product market include the use of technology to improve quality in order to differentiate their product offerings from those of their competitors. Strong relationships between market participants and retailers are crucial in the beverage industry. This is necessary for the creation of the market player's brand and retention of its market share. The beverage industry needs to continue developing new products frequently in order to increase product differentiation and positioning in the market. Meanwhile, branding is of higher significance in the still bottled water market in Singapore as compared to Malaysia, as consumers in Singapore typically have higher disposable incomes and are more affluent.

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8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE (Cont'd)

F R O S T & S U L L I V A N

1.33 STILL BOTTLED WATER FOR THE SINGAPORE SHIPPING INDUSTRY

The Singapore shipping industry purchases a fair amount of bottled water from the various distributors in Singapore. Most of the bottled water companies in Singapore provide bottled water supplies to the vessels, including Amshore Holding Sdn Bhd, via its distributors and sub-distributors under various OEM brands. As such, this section will include a short write-up on the potential market for still bottled water in the Singapore shipping industry.

Singapore is the world's busiest port, both in terms of total shipping tonnage and container throughput, which means a high volume of vessels call into the port each year. In 2006, shipping tonnage totalled 1.31 billion gross tonnes while container throughput was 24.8 million twenty-foot equivalent units ("TEUs"), up 14.2% and 6.9% respectively from 2005.

Figure 27: Port Statistics, Singapore (2000-2006)

| Year | Total Shipping Tonnage (‘000 Gross Tonnes) | Container Throughput (‘000 TEUs) | Vessel Calls |
|------|---|-------------------------------------|--------------|
| 2000 | 910,180 | 17,086.9 | 188,201 |
| 2001 | 960,093 | 15,571.1 | 191,165 |
| 2002 | 971,666 | 16,940.9 | 187,589 |
| 2003 | 986,392 | 18,410.5 | 179,607 |
| 2004 | 1,042,447 | 21,329.1 | 175,886 |
| 2005 | 1,151,791 | 23,192.2 | 172,808 |
| 2006 | 1,314,990 | 24,792.4 | 174,620 |

Source: Maritime & Port Authority of Singapore

The estimated market size for bottled water in this industry is between RM81 million and RM243 million, based on 2006's figures. This assumes that, conservatively, vessels calling for cargo, repairs, bunkering and other purposes purchase only five crates each (120 bottles) of bottled water; and vessels calling into port specifically for supplies purchases 50 crates (1,200 bottles) as emergency supplies. This market is in addition to the market for bottled water purchased and consumed in Singapore.

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE *(Cont'd)*

F R O S T & S U L L I V A N

1.34 OUTLOOK OF THE STILL BOTTLED WATER MARKET IN SINGAPORE

The still bottled water market in Singapore will grow throughout 2007 to 2013. However, growth will likely stabilise in the long term due to its limited population size. Growth in the still bottled water is expected to be driven largely by the increasing affluence, busy lifestyles and need for convenience of Singaporean consumers, the greater emphasis placed on health which will make consumers choose bottled water over carbonated soft drinks and the lead time in changing consumer perception towards NEWater.

The still bottled water market in Singapore for bottle sizes of 2 litres and below is forecast to grow at a CAGR of 5.3% from 2007 to 2013, with the market size estimated to be RM188 million by 2013.


Throughout the forecast period, there will be increasing competition in the market with the majority of new entrants using OEMs to manufacture their bottled water products. This will lead to more brands in the market, with prices likely to increase and then stabilise in the long term. The market will undergo greater product differentiation, with market players expected to further expand into functional and flavoured bottled water.

8. EXECUTIVE SUMMARY OF THE STRATEGIC ANALYSIS OF THE STILL BOTTLED WATER MARKET IN MALAYSIA AND SINGAPORE *(Cont'd)*

F R O S T & S U L L I V A N

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Yours sincerely,



for

Sanjay Singh

Frost & Sullivan (M) Sdn. Bhd.

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

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Promoters' and Substantial Shareholders' Shareholdings

The Promoters and our substantial shareholders and their respective shareholdings in our Company before and after the IPO are as follows:

| Name | Place of incorporation/ Nationality | Before IPO | | After IPO | |
|---|--|-------------------------|-----------------------------|---------------------------|-----------------------------|
| | | Direct No. of Shares | Indirect % No. of Shares | Direct No. of Shares | Indirect % No. of Shares |
| Promoters and substantial shareholders | | | | | |
| Chong Kim Chan | Malaysian | 22,767,074 | 13.97 | - | - |
| Mustafa bin Ibrahim | Malaysian | 2,078,331 | 1.28 | 31,174,968 ⁽¹⁾ | 19.13 |
| Substantial shareholders | | | | | |
| Estate of the Founder | - | 85,339,021 | 52.36 | - | - |
| PNS | Malaysia | 41,566,624 | 25.50 | - | - |

Notes:

- (1) Deemed interest under Section 6A of the Act by virtue of a call option agreement between Mustafa bin Ibrahim and PNS (details of which are set out in Section 18.1 of this Prospectus).
- (2) Assuming full subscription of their respective allocations of pink form shares pursuant to the Public Issue.

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

9.1.2 Background Information on Promoters and Substantial Shareholders

(a) Chong Kim Chan

Mr. Chong Kim Chan, aged 38, was appointed as the Executive Director of Bio Osmo on 16 July 2007. He graduated with a Bachelor Degree in Business Administration from University of Mississippi, USA in 1993, and is a Certified Credit Professional, IBBM (CCP). He earned this certification in 2003.

In 1994, Mr. Chong began his career in the banking and financial sector. Over the span of approximately 11 years in this sector, he has gained extensive business exposure to various industries. He has worked with a number of prestigious international financial institutions, including Bangkok Bank Berhad and United Overseas Bank (Malaysia) Berhad.

Mr. Chong joined Amshore in June 2005 and he was appointed to the Board of Directors of Amshore in August 2005. As the Executive Director of Bio Osmo, he is responsible for overseeing and managing corporate finance matters, as well as the corporate planning and strategies of our Group. He also oversees our Group's corporate affairs to ensure that our Group enjoys good relationships with foreign clients, external regulators, local authorities and bankers.

(b) Mustafa bin Ibrahim

Encik Mustafa bin Ibrahim, aged 55, was appointed as the Executive Director of Bio Osmo on 16 July 2007. He graduated from University Malaya with a Bachelor of Economics in 1975 and also holds an Advanced Diploma in Management from the University of Middlesex, United Kingdom that he obtained in 1982.

Encik Mustafa began his career in 1975 as an officer with the Economic Planning Unit under the Prime Minister's Department until 1979 and thereafter he joined the Terengganu State Economic Development Corporation as an Administration and Finance Manager. Following this, he was employed with Bank of Commerce (M) Bhd, which subsequently became Bumiputra-Commerce Bank Bhd, from 1983 to 2006. During his tenure of employment, he served as head of the North and East Coast regions, managing the bank's loan portfolio while ensuring smooth day-to-day operations. Encik Mustafa has spent more than 30 years within the banking industry in Malaysia and he has significant experiences in managing large-scale operations as well as policy compliance issues.

As an Executive Director for Bio Osmo, Encik Mustafa is responsible for corporate marketing activities. Encik Mustafa's experience and exposure to the commercial and banking sector has given him significant expertise in identifying and liaising with large potential corporate clients. He is also in charge of other crucial corporate marketing functions, such as customer support and corporate communications to further enhance the Group's market presence in its target markets.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)
(c) PNS

PNS was incorporated in Malaysia under the Act on 29 November 1969 and is principally involved in investment holding. PNS operates under the ambit of the Ministry of Entrepreneur and Cooperative Development. PNS is an institution that aims to develop and increase the size of the Bumiputera participation in the commercial and industrial sectors. PNS has an authorised share capital of RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each, with an issued and paid-up share capital of RM751,012,180 comprising 751,012,180 ordinary shares of RM1.00 each.

As at 19 October 2007, the substantial shareholders of PNS and their respective shareholdings in PNS are as follows:

| Substantial Shareholder | <-----Direct-----> | | <-----Indirect-----> | |
|------------------------------------|--------------------|-------|----------------------|---|
| | No. of shares | % | No. of shares | % |
| Ministry of Finance (Incorporated) | 746,762,178 | 99.43 | - | - |

As at 19 October 2007, the Directors of PNS and their respective shareholdings in PNS are as follows:

| Director | <-----Direct-----> | | <-----Indirect-----> | |
|--|--------------------|---|----------------------|---|
| | No. of shares | % | No. of shares | % |
| Dato' Sharil @ Shahrir Ab. Samad | - | - | - | - |
| Rusdi Haji Ibrahim | - | - | - | - |
| Tan Sri Nik Mohamed Nik Yaacob | - | - | - | - |
| Dato' Mohd. Ali Abd. Samad | - | - | - | - |
| Auzir bin Mohd Yaacob | - | - | - | - |
| Mohd. Zuhri Abdullah | - | - | - | - |
| Dato' Adzmy Abdullah | - | - | - | - |
| Azman bin Umar | - | - | - | - |
| Zurina binti Ahmad (alternate to Dato' Adzmy Abdullah) | - | - | - | - |

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

9.1.3 Promoters' and Substantial Shareholders' Directorships and Substantial Shareholdings in All Other Public Corporations for the Past 2 Years

Based on the declarations by our Promoters and our substantial shareholders, save as disclosed below, none of our Promoters or substantial shareholders have any directorships and/or substantial shareholdings (holding 5% or more equity interest in the shares) in any other public corporation for the past 2 years preceding 19 October 2007:

| Promoter/ Substantial shareholder | Name of company | Date of appointment as Director | <-----Direct-----> | | <---Indirect---> | | Principal activities |
|---|---|---------------------------------------|--------------------|-------|------------------|---|--|
| | | | No. of shares | % | No. of shares | % | |
| PNS | ARK Resources Berhad <i>(formerly known as Lankhorst Berhad)</i> | N/A | 10,112,000 | 24.50 | - | - | Provider of civil engineering and building construction services |
| | APMI Industries Holdings Berhad | N/A | 1,680,000 | 7.50 | - | - | Manufacture and supply of wire harness. It comprises combination of automotive wires, terminals and connectors, which coordinate and control the operations of the whole electrical distribution system of the vehicle |
| | Cybron Holdings Berhad | N/A | 5,033,600 | 14.51 | - | - | Investment holding |
| | Kamdar Group (M) Berhad | N/A | 8,898,500 | 7.06 | - | - | Investment holding company with subsidiary companies involve in retail of textile and textile-based product |
| | SMPC Corporation Berhad | N/A | 13,217,000 | 20.45 | - | - | Manufacturing and trading of metal related products |
| | Supercomal Technologies Berhad | N/A | 61,920,000 | 24.63 | - | - | Manufacture wires and cables |
| | Zygox Berhad | N/A | 15,500,000 | 20.39 | - | - | Technology services |
| | Gefung Holdings Berhad | N/A | 4,750,000 | 3.06 | - | - | Investment holding company with subsidiary companies involve in retail, trading and export of high quality marble and granite slabs |

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

| Promoter/ Substantial shareholder | Name of company | Date of appointment as Director | <-----Direct-----> | | <---Indirect---> | | Principal activities |
|---|-------------------------------------|---------------------------------------|--------------------|------|------------------|---|--|
| | | | No. of shares | % | No. of shares | % | |
| | MobilityOne Limited | N/A | 5,290,000 | 5.00 | - | - | Investment holding company with subsidiary companies involve in provision of e-channel products and services and other IT solutions services |
| | Matrix Valley Plc ⁽¹⁾ | N/A | 10,000,000 | 5.00 | - | - | Investment holding company with subsidiary companies involve in operating water vending machine franchise system under the brand name "Watershop" |

Note:

- (1) The shareholding of PNS in Matrix Valley Plc does not constitute a conflict of interest situation as Bio Osmo and Matrix Valley Plc operate on a different business model. The latter is a franchising business and it is not directly involved in the manufacturing and/or distribution of bottled RO water.

9.1.4 Changes in the Shareholdings of Promoters and Substantial Shareholders Since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and substantial shareholders since the incorporation of our Company:

| Promoter/ Substantial Shareholder | Date of acquisition / disposal | < -----Direct----- > | | Cumulative no. of Shares held after acquisition/ disposal |
|-----------------------------------|--------------------------------------|--|---|---|
| | | No. of Shares held before acquisition/ disposal | Total no. of Shares acquired/ (disposed) | |
| Khor Keng Lieh | 13.07.06 | - | 5 | 5 |
| | 16.07.07 | 5 | (5) | - |
| Chua Ec Leng | 13.07.06 | - | 5 | 5 |
| | 16.07.07 | 5 | (5) | - |
| Estate of the Founder | 16.07.07 | - | 85,339,016 | 85,339,016 |
| | 16.07.07 | 85,339,016 | 5 | 85,339,021 |
| Chong Kim Chan | 16.07.07 | - | 22,767,069 | 22,767,069 |
| | 16.07.07 | 22,767,069 | 5 | 22,767,074 |
| Mustafa bin Ibrahim | 16.07.07 | - | 2,078,331 | 2,078,331 |
| PNS | 16.07.07 | - | 41,566,624 | 41,566,624 |

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

9.2 DIRECTORS

9.2.1 Directors' Shareholdings

Our Directors and their respective shareholdings in our Company before and after the IPO are as follows:

| Directors | Designation | Nationality | <-----Before IPO-----> | | <-----After IPO-----> | |
|------------------------------|--|-------------|-------------------------------------|---|--|---|
| | | | <-----Direct-----> No. of Shares | <-----Indirect-----> % No. of Shares | <-----Direct-----> No. of Shares ⁽²⁾ | <-----Indirect-----> % No. of Shares |
| Dato' Noraini binti Ahmad | Independent Non-Executive Chairman | Malaysian | - | - | 10,000 | 0.01 |
| Chong Kim Chan | Executive Director | Malaysian | 22,767,074 | 13.97 | 15,149,374 | 7.57 |
| Mustafa bin Ibrahim | Executive Director | Malaysian | 2,078,331 | 1.28 | 31,174,968 ⁽¹⁾ | 19.13 |
| Auzir bin Mohd Yaacob | Non-Independent Non-Executive Director | Malaysian | - | - | 10,000 | 0.01 |
| Dato' Hamzah bin Mohd Salleh | Independent Non-Executive Director | Malaysian | 4,255,317 | 2.61 | 4,265,317 | 2.13 |
| Wong Kok Seong | Independent Non-Executive Director | Malaysian | - | - | 10,000 | 0.01 |

Notes:

- (1) Deemed interest under Section 6A of the Act by virtue of a call option agreement between Mustafa bin Ibrahim and PNS (details of which are set out in Section 18.1 of this Prospectus).
- (2) Assuming full subscription of their respective allocations of pink form shares pursuant to the Public Issue.

Auzir bin Mohd Yaacob is a Board representative of PNS, which is in turn a substantial shareholder of our Company as set out in Section 9.1 of this Prospectus.

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

9.2.2 Profiles

The profiles of Mr. Chong Kim Chan and Encik Mustafa bin Ibrahim are set out in Section 9.1.2 above. The profiles of the remaining member of our Board of Directors are as follows:

(a) Dato' Noraini binti Ahmad

Dato' Noraini Ahmad, aged 40, was appointed as the Independent Non-Executive Chairman of Bio Osmo on 16 July 2007. She graduated from the University of Saskatchewan, Saskatoon, Canada in 1991 with a Bachelor of Commerce in Quantitative Analysis and Finance. She completed her Masters in Business Administration from the University Tun Abdul Razak, Kuala Lumpur, in 2005.

Dato' Noraini began her career in 1991 as a financial consultant with the Mutual of Omaha in Saskatchewan, Canada. Subsequently, she left in 1992 to become a research and finance manager for the Backbenchers' Club at the Malaysian Parliament. In 1994, she became a manager for institutional dealing in the following securities firms, UPEN Securities Sdn Bhd, Labuan Securities Sdn Bhd and Halim Securities Sdn Bhd. She was also a part-time executive secretary for the Backbenchers' Club. In 1998, Dato' Noraini moved on to Padiberas Nasional Berhad as a general manager for the Vice Chairman's Office, a position she held until 2003. In 2004, she joined HCM Engineering Sdn Bhd as a business development consultant. She was also a non-executive chairman of Connect County Holdings Berhad from 2005 to 2006. Dato' Noraini left her position in HCM Engineering Sdn Bhd in 2006. Currently, Dato' Noraini is the chairman in Network Guidance Sdn Bhd and Mediscan Laboratories Sdn Bhd, positions that she has held since 2006 and 2007 respectively.

(b) Auzir bin Mohd Yaacob

Encik Auzir bin Mohd Yaacob, aged 55, was appointed as the Non-Independent Non-Executive Director of Bio Osmo on 16 July 2007. He holds a diploma from the Chartered Institute of Marketing, United Kingdom. He began his career as an officer with the Federal Land Consolidation and Rehabilitation Authority Bhd ("FELCRA") in 1972. During his tenure at FELCRA, he participated in numerous large-scale projects targeted at improving the development of rural areas and assisting rural communities, such as the implementation of marketing assistance activities of rubber products for the rural community in Slim River, as well as the planning and strategising of development and poverty reduction plans for the state of Perak. He left FELCRA in 1989 to join PNS, an institution that aims to develop and increase the size of the Bumiputera participation in the commercial and industrial sectors. Encik Auzir is currently serving on the Board of Directors of PNS.

(c) Dato' Hamzah bin Mohd Salleh

Dato' Hamzah bin Mohd Salleh, aged 59, was appointed as the Independent Non-Executive Director of Bio Osmo on 16 July 2007. He graduated with a Diploma in Management from the Malaysian Institute of Management in 1980 and obtained a Masters Degree in Business Administration from the University of Bath, UK in 1989. He was an Audit Assistant with Price Waterhouse & Co. (now known as PricewaterhouseCoopers) from 1969 to 1975 and worked for 5 years as Finance and Administration Manager in Pillar Naco Malaysia Sdn Bhd, which deals with architectural metal fabrication. From 1980 to 1993, he held various senior management positions in Pernas Sime Darby Group and the Sime Darby Group of companies. Presently, he is the Chief Executive Officer of Spanco Sdn Bhd, a fleet management specialist. He has also been the Director of PDZ Holdings Berhad since 1996, Furniweb Industrial Products Berhad since 2003 and Focus Dynamics Technologies Berhad since 2005. He also holds directorship in various other private companies.

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

(d) Wong Kok Seong

Mr. Wong, aged 38, was appointed as the Independent Non-Executive Director of Bio Osmo on 16 July 2007. He is a Chartered Accountant and holds an MBA from the Open University, United Kingdom. He is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow Member of the Association of Chartered Certified Accountants (ACCA).

Having spent 15 years in the United Kingdom, he has gained extensive experience with a medium sized United Kingdom accounting firm, Appleby & Wood, where he joined as an audit junior in 1993 and was made a Partner from 1999 to 2005. His experience extends to multinational companies where he acted as the Finance Director for a few of the companies.

During his tenure as Finance Director, he was responsible for the preparation of business plans, budgets and organisational financial statements. He also negotiated with bankers for facilities to finance large development projects and was responsible for a large property portfolio. On his return to Malaysia in 2006 and upon obtaining his audit license, he joined T H Law & Co as a partner. He brings with him experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project implementation.

9.2.3 Directors' Directorships and Substantial Shareholdings in All Other Public Corporations for the Past 2 Years

Based on the declarations by our Directors, save as disclosed below and in Section 9.1.2 of this Prospectus for Encik Auzir bin Mohd Yaacob's directorship in PNS, none of our Directors have any directorships and/or substantial shareholdings (holding 5% or more equity interest in the shares) in any other public corporation for the past 2 years preceding 19 October 2007:

| Director | Name of company | Nature of interest | Date of appointment / (resignation) as Director | <----Direct--> | | <--Indirect--> | | Principal activities |
|------------------------------|-------------------------------------|--------------------|---|----------------|---|----------------|---|--|
| | | | | No. of shares | % | No. of shares | % | |
| Dato' Hamzah bin Mohd Salleh | BSL Corporation Berhad | Director | 28.04.2005/ (01.06.2006) | - | - | - | - | Stamping and manufacturing of precision metal parts and fabrication of tools and dies |
| | Furniweb Industrial Products Berhad | Director | 21.07.2003 | 200,000 | * | - | - | Manufacturing of upholstery webbing, covered elastic yarn and rigid webbing |
| | Focus Dynamics Technologies Berhad | Director | 07.09.2005 | - | - | - | - | Manufacturing of energy saving products, electrical control products and the provision of energy management services |
| | PDZ Holdings Berhad | Director | 09.04.1996 | - | - | - | - | Shipping |

Note:

* Less than 0.01%

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

9.2.4 Directors' Remuneration and Material Benefits-In-Kind

All our Directors were appointed to the Board after the FYE 30 June 2007. For the FYE 30 June 2008, the amount payable to our Directors for their services rendered in all capacities to our Group is forecast to be approximately RM0.41 million, the breakdown of which is as follows:

| Director | Compensation Band |
|------------------------------|------------------------|
| Dato' Noraini binti Ahmad | RM50,000 and below |
| Chong Kim Chan | RM150,001 to RM200,000 |
| Mustafa bin Ibrahim | RM150,001 to RM200,000 |
| Auzir bin Mohd Yaacob | - |
| Dato' Hamzah bin Mohd Salleh | RM50,000 and below |
| Wong Kok Seong | RM50,000 and below |

The above remuneration which comprises our Directors' fee and allowances as well as the benefits of our Directors must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fee must be further approved or endorsed by our shareholders at a general meeting.

Save for the above and as disclosed in Section 6.4.1 (Acquisition), no other amount or benefit has been paid or intended to be paid or given to our Directors within the 2 years preceding the date of this Prospectus.

9.2.5 Details of Board Practices

(a) Director's Term of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. Our Board comprises of 3 Executive Directors, 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director and their respective term of office are set forth below:

| Director | Designation | Date of Appointment | Expiry date of office term |
|---------------------------|------------------------------------|---------------------|----------------------------|
| Dato' Noraini binti Ahmad | Independent Non-Executive Chairman | 16 July 2007 | * |
| Chong Kim Chan | Executive Director | 16 July 2007 | * |
| Mustafa bin Ibrahim | Executive Director | 16 July 2007 | * |

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

| Director | Designation | Date of Appointment | Expiry date of office term |
|------------------------------|--|---------------------|----------------------------|
| Auzir bin Mohd Yaacob | Non-Independent Non-Executive Director | 16 July 2007 | * |
| Dato' Hamzah bin Mohd Salleh | Independent Non-Executive Director | 16 July 2007 | * |
| Wong Kok Seong | Independent Non-Executive Director | 16 July 2007 | * |

Note:

* Subject to Article 127:

At every annual general meeting, one-third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every 3 years or, if their number is not 3 or a multiple of 3, the number nearest to one-third shall retire from office such that each Director shall retire from office once in every 3 years, and if there is only 1 Director who is subject to retirement by rotation, he shall retire and shall be eligible for re-election.

(b) Audit Committee

Our Audit Committee was established on 23 October 2007 and comprises the following members:

| Name of Director | Designation | Directorship |
|------------------------------|-------------|------------------------------------|
| Wong Kok Seong | Chairman | Independent Non-Executive Director |
| Dato' Hamzah bin Mohd Salleh | Member | Independent Non-Executive Director |
| Dato' Noraini binti Ahmad | Member | Independent Non-Executive Chairman |

The duties of our Audit Committee shall include the following:

- To assist our Board in discharging its statutory responsibilities on financial and accounting matters;
- To consider the appointment of external auditors, the audit fee and any other terms of engagement and questions of resignation or dismissal;
- To discuss with the external auditors on the audit plan before the commencement of the annual audit and co-ordination with other audit firms (if any) for any other services provided by these external auditors;
- To discuss with external auditors on any major audit findings and our management's response and problems and reservations arising from the audit;

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

- To review the quarterly and annual financial statements of our Group before submission to our Board;
- To review and evaluate the effectiveness of our Group's internal audit and control systems and procedures including:
 - (a) review on adequacy of scope, functions and resources of internal audit function and the necessary authority to carry out its functions;
 - (b) review the internal audit programme and results of the internal audit process and, where necessary, ensure appropriate actions are taken on recommendation of the internal audit function;
 - (c) review appraisal or assessment of performance of members of internal audit function;
 - (d) approve appointment or termination of senior staff members of the internal audit function
 - (e) take cognisance of resignation of internal audit staff and provide resigning staff an opportunity to submit reason for resignation,
- To consider and assess the financial risk and matters relating to related party transactions that may arise within our Group and potential conflict of interests.

(c) Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established on 23 October 2007 and comprises the following members:

| Name of Director | Designation | Directorship |
|------------------------------|-------------|------------------------------------|
| Dato' Hamzah bin Mohd Salleh | Chairman | Independent Non-Executive Director |
| Wong Kok Seong | Member | Independent Non-Executive Director |
| Chong Kim Chan | Member | Executive Director |

The primary functions of our Nomination and Remuneration Committee are as follows:

- To review the required mix of skills, experience and other qualifications which our Directors (including Independent Directors) should bring to our Board in order for our Board to function efficiently and effectively;
- To annually review and assess the contribution of each individual Director and to recommend to our Board new candidates for appointment as Director if there is a need for additional Board members;
- To recommend to our Board a framework of remuneration for our Board and each Executive Director, which include but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- To establish objective performance criteria and measurement to evaluate the performance and effectiveness of our Board as a whole and to assess the contribution by each individual Director.

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

9.2.6 Articles Governing Our Directors

The relevant Articles of Association relating to remuneration, voting powers and borrowing powers of our Directors, as reproduced from our Articles of Associations, are as follows:

(a) Remuneration of Directors

Article 110

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting but:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover. Salaries payable to non-executive directors may not include a commission on or percentage of turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all remuneration payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

(b) Voting and borrowing powers of Directors

Article 124

Except as provided by Article 125, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party.

Article 125

The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 143

Subject to these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall (subject to Article 146) have a second or casting vote.

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

Article 146

When 2 Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote in the question at issue, shall not have a casting vote.

9.2.7 Service Contracts with Directors

None of our Directors or Directors of our subsidiary company has any existing or proposed service agreement with our Company or our subsidiary company, which is not expiring or not determinable by the employing company without payment of compensation as at 19 October 2007.

9.2.8 Involvement of Executive Directors in Other Businesses or Corporations

Based on the declaration by our Executive directors, none of our Executive Directors is involved in the operations of other businesses or corporations.

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

9.3 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

9.3.1 Key management's and key technical personnel's shareholdings

Our Company was incorporated as an investment holding company, for which majority of our key management and key technical personnel are under the direct employment of our subsidiary company, namely Amshore. The management of our Group is headed by our Executive Directors, namely Mr. Chong Kim Chan and Encik Mustafa bin Ibrahim, who are assisted by a team of key management and technical personnel as follows:

| Key management and key technical personnel | Designation | Before IPO | | After IPO | | | |
|--|---|---------------|----------|------------------------------|----------|---------------|---|
| | | Direct | Indirect | Direct | Indirect | | |
| | | No. of Shares | % | No. of Shares ⁽¹⁾ | % | No. of Shares | % |
| Low Geok Cheng | Chief Executive Officer | - | - | 1,000,000 | 0.50 | - | - |
| Au Han Lim | Marketing Director | 4,856,975 | 2.98 | 5,156,975 | 2.58 | - | - |
| See Thiam Chya | General Manager | - | - | 300,000 | 0.15 | - | - |
| Tay Sien Huat | Factory Manager | - | - | 300,000 | 0.15 | - | - |
| Lim Eng Han | Chief Financial Officer | - | - | 300,000 | 0.15 | - | - |
| Lim Chong Beng | Human Resource and Administration Manager | - | - | 300,000 | 0.15 | - | - |
| Lim Yee Khim | Head of Product Development & Quality Control | - | - | 60,000 | 0.03 | - | - |

Note:

(1) Assuming full subscription of their respective allocations of pink form shares pursuant to the Public Issue.

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

9.3.2 Profiles

Save for the profiles of Mr. Chong Kim Chan and Encik Mustafa bin Ibrahim which are as set out in Section 9.1.2 of this Prospectus, the profiles of our key management and key technical personnel are as follows:

Low Geok Cheng, aged 49, graduated with a degree in Business Administration majoring in Marketing from the Royal Melbourne Institute of Technology University, Australia. Ms. Low began her career in the food and beverage industry with Yeo Hiap Seng (M) Berhad ("Yeo's") starting from the rudiments of production before focusing on sales and marketing.

During her 22 years with Yeo's, she was responsible for building and managing some of the profound consumer brands Yeo's had introduced to the domestic and overseas markets. Among the products closely associated with her are the full spectrums of Yeo's canned-food products. Together with a team of business development and sales managers, they created the famous Yeo's non-carbonated soya milk and sugar cane packet drinks and the full range of carbonated drinks marketed under the brand 'Fizzi'. Ms. Low was also instrumental in carving a significant market share in the premium mineral water segment for the company when Yeo's became the sole distributor of 'Evian' and 'Hidden Valley'. Ms. Low left Yeo's in 2001 as its Head of Marketing. She is currently a board member and advisor of an investment holding company, namely Potensi Nova Sdn Bhd and a senior management consultant to an engineering firm, namely CVIST Group Consultants Sdn Bhd.

As the Chief Executive Officer of Bio Osmo, Ms. Low is primarily responsible in formulating the Bio Osmo Group's overall strategic business direction and strategies. She also oversees the direction of the Bio Osmo Group's product development activities, product quality assurance, production planning and sales management.

Au Han Lim, aged 32, is the Marketing Director of our Group. He graduated in 1999 and holds an Advanced Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur. He started his career with our Group in 2001 as a Marketing Manager, and was subsequently promoted to Marketing Director of Amshore in 2006.

As Marketing Director, Mr. Au is in charge of developing and initiating sales and marketing strategies, as well as overseeing and monitoring our Group's sales and marketing activities on a daily basis. He is also involved in decision-making on budgeting, reporting, costing and accounting that relate to sales and marketing aspects. In addition, Mr. Au oversees the accuracy and efficiency of export and logistics documents processing by establishing proper internal controls and ensuring that all procedures are adhered to by our Group's employees. Mr. Au also provides input and feedbacks on our Group's product delivery systems to further improve our Group's service quality to its customers.

See Thiam Chya, aged 44, was appointed as the General Manager of our Group in April 2006. Prior to his employment with our Group, Mr. See had approximately 23 years of experience in the banking and finance sector, having joined the workforce after obtaining SPM qualifications. He has served in various capacities with financial institutions such as OCBC Bank (M) Bhd, MBF Finance Bhd, and Affin-ACF Finance Bhd, and has been employed at a managerial level since being promoted to Branch Manager at MBF Finance Bhd in 1994 until his resignation in 2002. His most recent employment prior to joining Amshore was with OSK Securities Bhd as their Head of Operations.

Throughout his career, Mr. See has been closely involved with the operations departments of the institutions that he was employed in, and has extensive experience in managing and improving workflows and processes, as well as implementing productivity and efficiency enhancement programs and systems.

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

As our Group's General Manager, Mr. See manages the overall production flows of our Group, ensuring that overall factory operations meet quality and safety standards while maintaining profitability and stable revenue growth. He is also responsible for our Group's advertising and promoting activities, and is in charge of maximising the returns on our Group's marketing investments to create brand and product awareness among customers and end-consumers. Furthermore, he also directs the budgeting process and manages fund allocations for various sales promotions-related programs.

Tay Sien Huat, aged 39, is the Factory Manager of Amshore. He joined the Bio Osmo Group in 2000. He joined our Group as a production supervisor and was subsequently promoted to Assistant Factory Manager in 2003 and Factory Manager in 2004. Mr. Tay has secondary school qualifications and had over 15 years of experience in various supervisory roles within the manufacturing sector, especially the transport industry, prior to joining our Group.

As the Factory Manager, Mr. Tay is responsible for the maintenance of factory infrastructure, machinery and other manufacturing facilities. He is also responsible for increasing the overall manufacturing efficiency of the factory by ensuring minimum machinery downtime, planning of staff training and assisting in implementing productivity campaigns for our Group's employees. As part of the senior management team, Mr. Tay is involved in making key decisions regarding issues such as our Group's product quality assurance systems, HACCP and other food safety standard compliance, and manufacturing process improvement.

Lim Eng Han, aged 39, was appointed as the Chief Financial Officer of Amshore on 1 March 2007. He graduated from the professional body of the Association International of Accountants, United Kingdom, in 1995 and is currently a fellow member of the professional body. In 1998, Mr. Lim completed his Master of Business & Administration (General) from Heriot-Watt University, United Kingdom.

Mr. Lim started his career in 1993 with Shamsir Jasani & Co. as an Audit Associate. His experience includes auditing of several industries such as trading, retailing, manufacturing, finance and stock broking institution. He was also involved in a due diligence of an acquisition exercise. He left in 1995 as an Audit Senior.

He joined Yong Tai Berhad, a public listed company in 1996 as an Accountant. His responsibilities included preparing budgets, management accounts, quarterly results announcements and annual reports, ensuring compliance with the SC's and Securities Exchange's rules and regulation. He was also responsible for audit, tax and secretarial matters as well as setting up the internal control function in Yong Tai Berhad. He left Yong Tai Berhad in 2006 and his last position held was Finance and Administration Manager.

Lim Chong Beng, aged 35, is the Administrative cum Human Resource Manager of our Group. He graduated from the Malaysian Institute of Arts with a Diploma in Industrial Design in 1992. His career started as a partner of BenQ Creative Studio in 1993. He left to join Yong Tai Berhad, a public listed company in 1995 and served as Manager in various capacities within the administrative departments there. From 1998 to 2006, he ventured into his own business by setting up TheFanz DotCom Sdn Bhd, a website design company.

As the Administrative cum Human Resource Manager, Mr. Lim is responsible for all human resources-related matters, as well as purchasing and logistic issues pertaining to our Group's operations. He also provides daily goal orientation and supervision to his staff in order to ensure that potential problems are highlighted and solved. Mr. Lim also manages and plans in-house human resource development programs, labour division and management systems, production control and monitoring systems, and is also in charge of generating, analysing, and reporting monthly productivity and human resource reports to other members of the key management team.

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

Lim Yee Khim, aged 25, joined our Group and was appointed as the Head of Product Development and Quality Control in June 2006. She graduated in 2006 from Universiti Malaysia Sabah with an Honours Degree in Environmental Science.

As the Head of Product Development and Quality Control, Ms. Lim is responsible for the day-to-day operations of the water laboratory and product and process development initiatives. This includes the management and analysis of water quality to ensure compliance with local and HACCP standards, as well as to manage laboratory staff in the testing and reporting of water quality to senior management. Her duties also encompass spearheading and managing research and development initiatives, including working closely with the marketing team to monitor new product launches in the market, initiate and develop new products, and collaborating with production personnel to improve current production processes in order to improve factory efficiency while maintaining compliance with safety and quality standards.

9.3.3 Service Contracts with Key Management and Key Technical Personnel

Save as disclosed below, none of our key management and key technical personnel has any existing or proposed service agreement with our Company or our subsidiary company, which is not expiring or not determinable by the employing company without payment of compensation as at 19 October 2007:

Employment contract between our Company and Ms. Low Geok Cheng dated 1 August 2007 for the appointment of Ms. Low Geok Cheng as our Chief Executive Officer. Ms. Low Geok Cheng is employed to undertake responsibilities as stipulated under the contract such as strategizing, planning and co-ordinating our Group's business in relation to production and sales of our products.

The employment contract is subject to mutual termination without compensation if it is proven that, amongst others, Ms. Low Geok Cheng has unsatisfactory job performance, committed any criminal offence, misappropriated company's funds, disseminated confidential information without prior consent and/or by mutual consent.

9.3.4 Involvement of Key Management and Key Technical Personnel in Other Businesses or Corporations

Based on the declaration by the key management and key technical personnel and save as disclosed below, none of our key management and key technical personnel is involved in other businesses or corporations:

| Name | Name of company | Co. registration no. | Principal activities | Nature of interests | Date of appointment as Director | <---Direct---> | | <---Indirect---> | |
|----------------|---------------------------------|----------------------|----------------------------|-----------------------|---------------------------------|--------------------|--------|--------------------|--------|
| | | | | | | No. of shares held | % held | No. of shares held | % held |
| Low Geok Cheng | Potensi Nova Sdn Bhd | 375996-A | Investment holding company | Director and Advisor | 25 March 1996 | 17,000 | 33.3 | - | - |
| | CVIST Group Consultants Sdn Bhd | 292900-H | Engineering | Management Consultant | 1 January 2001 | - | - | - | - |

Based on the declaration by Ms. Low Geok Cheng, she is not involved in the day-to-day activities and operations of the abovementioned business and accordingly, her involvement in the abovementioned companies does not affect her contribution to our Group or negatively impact her ability to act as the Chief Executive Officer of our Group.

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

9.3.5 Management Succession Plan

Following the demise of our Founder, our Board has identified and appointed Ms. Low Geok Cheng as the new Chief Executive Officer for our Group to provide the high level stewardship and strategize the future direction of our Group. With her wealth of experience and in-dept knowledge in the food and beverage industry as particularised in Section 9.3.2 of this Prospectus, our Board is confident that Ms. Low Geok Cheng is able to provide invaluable insights and guidance on the overall strategic business direction and strategies of our Group.

In addition to the appointment of Ms. Low Geok Cheng as our Chief Executive Officer, our Board has also formed and established a management committee, comprising the remaining 6 key management and technical personnel of Bio Osmo (as particularised in Section 9.3.2 of this Prospectus), Mr Lim Choon Teng (Marketing Manager) and Mr. Lim Geok Leong (Assistant Factory Manager), to further support Ms. Low Geok Cheng on the day-to-day management and operations of our Group.

Our Board will also ensure that proper human resource policies are put in place to retain and further improve the knowledge, skills and competency of our management, which include the provision of continuous training and career development programmes and monetary incentives based on performance. Our Board will also ensure that the human resource policies would be designed to groom and encourage the middle management to progressively assume the responsibility of our Group's senior management.

9.4 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Based on the declaration by our Promoters, Directors, key management and key technical personnel, none of our Promoters, Directors and key management and technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charge and/or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgement or ruling of any court of competent jurisdiction, government or regulatory body permanently or temporarily enjoining him from engaging in any type of business practice or activity.

9.5 FAMILY RELATIONSHIPS OR ASSOCIATIONS

Mr. Lim Chong Beng, our Human Resource and Administration Manager, is the brother of the Founder, previously the Managing Director, promoter and substantial shareholder of Bio Osmo.

Save for the above and based on the declarations by our Promoters, substantial shareholders, Directors, the key management and key technical personnel, there are no family relationships or associations between or amongst our Promoters, substantial shareholders, Directors, key management and key technical personnel.

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

9.6 INFORMATION ON OUR EMPLOYEES

As at 19 October 2007, we have a total workforce of 167 full-time employees. The breakdown of our Group's employees is as follows:

| Employee classification | Years of employment | | | No. of staff | Local | Foreign |
|-------------------------------|---------------------|--------------|-------------------|--------------|------------|-----------|
| | Less than 1 year | 1 to 5 years | More than 5 years | | | |
| Full-time Employees: | | | | | | |
| Executive Directors | - | 2 | - | 2 | 2 | - |
| Senior Management | 3 | 6 | 1 | 10 | 10 | - |
| Technical and R&D | 6 | 3 | 2 | 11 | 11 | - |
| Executive | 4 | 2 | - | 6 | 6 | - |
| Marketing and sales | 1 | 5 | - | 6 | 6 | - |
| Supervisory | 3 | 10 | 4 | 17 | 16 | 1 |
| Administrative and clerical | 9 | - | - | 9 | 9 | - |
| Production and general worker | | | | | | |
| - Skilled | 9 | 37 | 2 | 48 | 23 | 25 |
| - Unskilled | 58 | - | - | 58 | 43 | 15 |
| Total | 93 | 65 | 9 | 167 | 126 | 41 |

None of our employees are members of any labour union and enjoy a cordial relationship with the management. There have been no labour or industrial disputes between our employees and our management which could have a material adverse financial impact on our Group.

9.7 TRAINING AND DEVELOPMENT

We recognise the importance of our employees and place strong emphasis on human resource development to maintain a competent and dynamic workforce. Our training policies are geared towards ensuring that the knowledge and skills of our employees remain relevant in the rapidly changing environment. Our employees are given opportunities to attend training courses on areas such as food safety, technical know-how and accountancy in order keep them abreast of the necessary development in their area of expertise.

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