

PROSPECTUS

THIS PROSPECTUS IS DATED
29 JUNE 2009

HANDAL

HANDAL RESOURCES BERHAD

(Company No. 816839-X)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 18,500,000 NEW ORDINARY SHARES OF RM0.50 EACH IN HANDAL RESOURCES BERHAD AT AN ISSUE PRICE OF RM0.72 PER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:-

- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 4,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 8,500,000 NEW ORDINARY SHARES OF RM0.50 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;

AND

OFFER FOR SALE OF 6,000,000 ORDINARY SHARES OF RM0.50 EACH IN HANDAL RESOURCES BERHAD AT AN OFFER PRICE OF RM0.72 PER SHARE PAYABLE IN FULL UPON APPLICATION TO IDENTIFIED INVESTORS

IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF HANDAL RESOURCES BERHAD ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD



Adviser, Underwriter and Placement Agent

OSK

OSK Investment Bank Berhad (14152-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON SECTION 4 HEREOF

LISTING SOUGHT :- SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD

HANDAL RESOURCES BERHAD
PROSPECTUS



www.handalcrane.com.my

Corporate Office

No. 16C, Jalan 51A/225
46100 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7875 0139 / 0150
Fax: 603 7876 6394
E-mail : admin@handalcrane.com.my

Principal Place Of Business

4 Kawasan Lapang Fasa II
Kemaman Supply Base
24007 Kemaman, Terengganu Darul Iman
Malaysia
Tel : 609 863 2842
Fax: 609 863 2843

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

OSK INVESTMENT BANK BERHAD ("OSK"), BEING THE ADVISER, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE IPO AND THE OFFER FOR SALE. HOWEVER, THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO.

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

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

ADMISSION TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OF OUR SECURITIES.

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

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

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

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITE OF RHB BANK BERHAD AT www.rhbbank.com.my, THE WEBSITE OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com AND THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my VIA HYPERLINKS TO BURSA SECURITIES' WEBSITE.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE AND OUR ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

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

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

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

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

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

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

INDICATIVE TIMETABLE

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

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application for the initial public offering ("IPO")	29 June 2009
Closing of the application for the IPO	14 July 2009
Balloting of the applications	16 July 2009
Allotment to successful applicants	28 July 2009
Listing date	30 July 2009

Note:-

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application period for the IPO will close at the date stated above or such later date as our Directors and OSK Investment Bank Berhad in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia newspaper prior to the original closing date of the application. Following this, we will extend the dates for the balloting of the applications for the issue shares, allotment of the issue shares and listing accordingly.

Further information on the indicative timetable is set out in **Section 3.2** of this Prospectus.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

Acquisition	:	Acquisition of the entire issued and paid-up share capital of HOSSB comprising 4,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM35,749,998 which was fully satisfied through the issuance of 71,499,996 HRB Shares issued at par
Act	:	Companies Act, 1965 including any statutory modification, amendment or re-enactment thereof for the time being in force
ADA	:	Authorised Depository Agent
API	:	The American Petroleum Institute
API2C	:	A specification detailing the requirements for design, construction, and testing of offshore pedestal mounted cranes
Application	:	The application for the Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form(s)	:	The printed application form(s) for the application of the Issue Shares
ATM	:	Automated Teller Machine
Board	:	The Board of Directors of HRB
Braden	:	Braden Winch Co.
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CDS	:	Central Depository System
CDS Account(s)	:	Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
CMSA	:	The Capital Markets and Services Act 2007 or any statutory modification, amendment or re-enactment thereof for the time being in force
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 4 of the Act
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
ECHI	:	Excell Crane & Hydraulics Inc.
ECU	:	Equity Compliance Unit of the SC, on behalf of the FIC
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks

DEFINITIONS (Cont'd)

Electronic Application	Share	: An application for the Issue Shares through Participating Financial Institutions' ATM
ExxonMobil		: ExxonMobil Exploration and Production Malaysia Inc
FIC		: Foreign Investment Committee
FIC Guidelines		: Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests issued by the FIC, including any amendments made thereto from time to time
FRS		: Financial Reporting Standards
FYE		: Financial year ended/ending, as the case may be
HESB		: Handal Engineering Sdn Bhd (Company No. 134854-K)
HOSSB		: Handal Offshore Services Sdn Bhd (Company No. 556861-H)
HOSSB Share		: Ordinary shares of RM1.00 each in HOSSB
HRB Group or Group		: HRB and our subsidiary, namely HOSSB
HRB or Company		: Handal Resources Berhad (Company No. 816839-X)
HRB Share(s) or Share(s)		: Ordinary shares of RM0.50 each in HRB
HSE		: Health, Safety and Environment
Internet Participating Financial Institution(s)		: Participating organisation(s) for the Internet Share Application, as listed in Section 15 of this Prospectus
Internet Application	Share	: Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
IPO		: Initial public offering of the Issue Shares and Offer Shares in conjunction with our listing of and quotation for our entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities
IPO Price		: The Issue Price and Offer Price of RM0.72 for each IPO Share
IPO Share(s)		: The Issue Shares and Offer Shares, collectively
Issue Price		: The issue price of RM0.72 for each Issue Share
Issue Share(s)		: 18,500,000 HRB Shares representing 20.56% of our enlarged issued and paid-up share capital to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
Issuing House or MIH		: Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
Joint Development Area		: Joint Development Area between Malaysia and Thailand
Listing		: The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM45,000,000 comprising 90,000,000 HRB Shares on the Second Board of Bursa Securities

DEFINITIONS (Cont'd)

Listing Scheme	:	The Share Transfer, Acquisition, Offer for Sale, Public Issue and Listing, collectively																		
Listing Requirements	:	Listing Requirements of Bursa Securities, and all amendments thereto																		
LPD	:	15 May 2009, being the latest practicable date prior to the printing of this Prospectus																		
Malaysian Public	:	Citizen of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia																		
MI	:	Minority interest																		
MITI	:	Ministry of International Trade and Industry																		
MOF	:	Ministry of Finance																		
MTN or MTN Programme	:	The Medium Term Notes programme of up to RM50.0 million in nominal value to be issued in two (2) tranches which was approved by the SC on 22 June 2007. As at the LPD, the first tranche of the medium term notes programme amounting to RM25.0 million has been drawdown																		
NA	:	Net assets																		
Offer for Sale	:	Offer for sale of the Offer Shares at the Offer Price by the Offerors to identified public investors																		
Offer Price	:	The offer price of RM0.72 for each Offer Share																		
Offer Share(s)	:	6,000,000 HRB Shares, representing 6.67% of the enlarged issued and paid-up share capital of HRB which are to be offered for sale to identified investors pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus																		
Offerors	:	The Offer Shares of the respective shareholders of HRB are as follows:-																		
		<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Shareholders</th> <th style="text-align: right;">No. of Offer Shares</th> <th style="text-align: right;">% of the enlarged share capital after Public Issue</th> </tr> </thead> <tbody> <tr> <td>Dato' Mohsin Abdul Halim</td> <td style="text-align: right;">1,992,000</td> <td style="text-align: right;">2.21</td> </tr> <tr> <td>Mallek Rizal bin Mohsin</td> <td style="text-align: right;">600,000</td> <td style="text-align: right;">0.67</td> </tr> <tr> <td>Joel Emanuel Heaney</td> <td style="text-align: right;">1,296,000</td> <td style="text-align: right;">1.44</td> </tr> <tr> <td>Zahari bin Hamzah</td> <td style="text-align: right;">2,112,000</td> <td style="text-align: right;">2.35</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">6,000,000</td> <td style="text-align: right; border-top: 1px solid black;">6.67</td> </tr> </tbody> </table>	Shareholders	No. of Offer Shares	% of the enlarged share capital after Public Issue	Dato' Mohsin Abdul Halim	1,992,000	2.21	Mallek Rizal bin Mohsin	600,000	0.67	Joel Emanuel Heaney	1,296,000	1.44	Zahari bin Hamzah	2,112,000	2.35	Total	6,000,000	6.67
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Zahari bin Hamzah	2,112,000	2.35																		
Total	6,000,000	6.67																		
Official List	:	Official list of the Second Board of Bursa Securities																		
OSK	:	OSK Investment Bank Berhad (Company No. 14152-V)																		
Participating Financial Institutions(s)	:	Participating financial institutions for Electronic Share Application as listed in Section 15 of this Prospectus																		
PAT	:	Profit after taxation																		
PBT	:	Profit before taxation																		
PE Multiple	:	Price earnings multiple																		

DEFINITIONS (Cont'd)

PETRONAS	:	Petroleum Nasional Berhad (Company No. 20076-K)
PETRONAS Carigali	:	PETRONAS Carigali Sdn Bhd (Company No. 39275-U)
PMO	:	Peninsular Malaysia Operation
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules of Bursa Depository
PSC	:	Production Sharing Contract. A Production Sharing Contract is an agreement between a contractor and a host government whereby the contractor provides all the financing and bears all the risk of exploration, development and production activities in exchange for a share of the total production. PETRONAS carries out exploration, development and production activities in Malaysia through Production Sharing Contracts with a number of international oil and gas companies and with its wholly-owned subsidiary, PETRONAS Carigali
Promoters	:	Dato' Mohsin Abdul Halim, Zahari bin Hamzah, Mallek Rizal bin Mohsin and Joel Emanuel Heaney
Public Issue	:	The public issue of 18,500,000 new HRB Shares at the IPO Price comprising: <ul style="list-style-type: none"> (a) 6,000,000 new HRB Shares available for application by the Malaysian Public; (b) 4,000,000 new HRB Shares available for application by eligible directors, employees and persons who have contributed to the success of our Group; and (c) 8,500,000 new HRB Shares by way of private placement to identified investors
QA	:	Quality Assurance
QC	:	Quality Control
RM and Sen	:	Ringgit Malaysia and sen, respectively
Robway	:	Robway Crane Safety Systems Pty Ltd
ROC	:	Registrar of Companies
Rules	:	Rules of Bursa Depository
SC	:	Securities Commission
SC Guidelines	:	Guidelines on the Offering of Equity and Equity-Linked Securities, including any amendments made thereto from time to time
Share Transfer	:	Re-organisation of the shareholdings of Dato' Mohsin Abdul Halim, Zahari bin Hamzah and Mallek Rizal bin Mohsin in HOSSB and the subsequent transfer of part of Zahari bin Hamzah and Mallek Rizal bin Mohsin's interest in HOSSB to Joel Emanuel Heaney and Dato' Mohsin Abdul Halim
Talisman	:	Talisman Malaysia Limited (Company No. 993565-H)

DEFINITIONS (Cont'd)

Underwriting Agreement : The underwriting agreement dated 29 May 2009 between HRB and OSK

USA : United States of America

USD : United States Dollar

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Dato' Mohsin Abdul Halim <i>(Executive Chairman)</i>	3, Jalan SS 3/98 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Mallek Rizal bin Mohsin <i>(Managing Director and Chief Executive Officer)</i>	3, Jalan Pekaka 8/19 Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Joel Emanuel Heaney <i>(Deputy Managing Director)</i>	Blok D-32-2, Savana Seri Maya Jalan Jelatek, Taman Keramat 54200 Kuala Lumpur	Company Director	American
Zahari bin Hamzah <i>(Non-Independent Executive Director)</i>	No. 26, Jalan Warisan Setia 5/9 Kota Warisan 43900 Sepang Selangor Darul Ehsan	Company Director	Malaysian
Lokman Razani bin Abdul Razak <i>(Independent Non-Executive Director)</i>	25, Jalan 16/9 46350 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud <i>(Independent Non-Executive Director)</i>	Istana Al-Muktaffi Billah 20400 Kuala Terengganu Terengganu Darul Iman	Company Director	Malaysian
Mohd Rafik bin Shah Mohamad <i>(Independent Non-Executive Director)</i>	No. 1, Jalan SS 3/10 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chau Sik Cheong <i>(Independent Non-Executive Director)</i>	19, Jalan Eksekutif Tiga U1/6C Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Mohd Rafik bin Shah Mohamad	Chairman	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director
Chau Sik Cheong	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Chau Sik Cheong	Chairman	Independent Non-Executive Director
Mohd Rafik bin Shah Mohamad	Member	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)**REMUNERATION COMMITTEE**

Name	Designation	Directorship
Chau Sik Cheong	Chairman	Independent Non-Executive Director
Mohd Rafik bin Shah Mohamad	Member	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director
Mallek Rizal bin Mohsin	Member	Managing Director and Chief Executive Officer
Joel Emanuel Heaney	Member	Deputy Managing Director

NOMINATION COMMITTEE

Name	Designation	Directorship
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	Chairman	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director
Chau Sik Cheong	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Wang Sheau Wei (MAICSA No. 7033274)
18 JBB 10
Taman Bukit Berlian
Jalan Tun Dr Ismail
70200 Seremban
Negeri Sembilan

Leong Oi Wah (MAICSA No. 7023802)
21, Jalan 4/54
46050 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE

: 25-6, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7803 8216 / 8185
Facsimile No. : 03-7803 6309

CORPORATE OFFICE

: No. 16C, Jalan 51A/225
46100 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7875 0139 / 0150
Facsimile No. : 03-7876 6394
Website : www.handalcrane.com.my
E-mail address : admin@handalcrane.com.my

PRINCIPAL PLACE OF BUSINESS

: 4 Kawasan Lapang Fasa II
Kemaman Supply Base
24007 Kemaman
Terengganu Darul Iman
Telephone No. : 09-863 2842
Facsimile No. : 09-863 2843

1. CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** :
- Malayan Banking Berhad
K-11284 & NK 11285
Taman Chukai Utama
Jalan Kubang Kurus
24000 Kemaman
Terengganu Darul Iman
Telephone No. : 09-859 9133
Facsimile No. : 09-859 5069
- :
- RHB Bank Berhad
K-156-C, Jalan Sulaimani
24000 Kemaman
Terengganu Darul Iman
Telephone No. : 09-856 2824
Facsimile No. : 09-859 3771
- AUDITORS AND REPORTING ACCOUNTANTS** :
- Messrs GEP Associates (Firm No. AF1030)
Block F2, Dataran Prima
25-4 Jalan PJU 1/42A
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7803 3390
Facsimile No. : 03-7803 3502
- LEGAL ADVISERS FOR THE LISTING** :
- Messrs Tay & Partners
6th Floor, Plaza See Hoy Chan
Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03-2050 1888
Facsimile No. : 03-2031 8618
- ADVISER, UNDERWRITER AND PLACEMENT AGENT** :
- OSK Investment Bank Berhad
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Telephone No. : 03-2333 8333
Facsimile No. : 03-2175 3217
- SHARE REGISTRAR** :
- Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : 03-2721 2222
Facsimile No. : 03-2721 2530
- ISSUING HOUSE** :
- Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : 03-2693 2075
Facsimile No. : 03-2693 0858
- LISTING SOUGHT** :
- Second Board of Bursa Securities

2. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should carefully read and understand this section together with the whole Prospectus before you decide whether to invest in us.

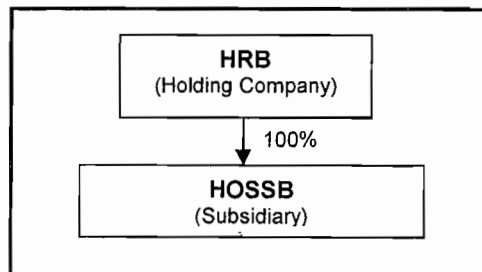
2.1 BACKGROUND AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act as an investment holding company on 8 May 2008 as a private limited company. We are an investment holding company incorporated to facilitate the listing of our subsidiary, HOSSB. We were converted to a public company on 15 May 2008.

Our Group is a fully integrated offshore crane service and manufacturing provider specialising in the oil and gas industry. We are principally involved in the following core activities:-

- (a) provision of overhaul and maintenance services;
- (b) manufacturing or fabrication of new offshore pedestal cranes;
- (c) other services such as supply of manpower and parts;
- (d) offshore crane rental business; and
- (e) workover projects lifting solutions.

Our Group's corporate structure is as follows:-



Further information on our Group's listing scheme, background and business activities are set out in **Section 5** of this Prospectus.

2.2 COMPETITIVE STRENGTHS

The competitive strengths and advantages of our Group include the following:-

- (a) Approved licences and registrations;
- (b) Established track record and strong relationship with the major oil and gas companies in Malaysia;
- (c) Niche industry and high barriers to entry;
- (d) Strategic partnership with foreign parties;
- (e) Pioneer status;
- (f) Crane rental business;
- (g) Skilled, experience and dedicated management team; and
- (h) Quality and HSE assurance;

Further details of our competitive strengths are set out in **Section 5.8.4** of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3 OWNERSHIP AND MANAGEMENT

The table below sets forth our Promoters, substantial shareholders, Directors and key management and technical personnel:-

Name	Designation
<u>Promoters and substantial shareholders</u>	
Dato' Mohsin Abdul Halim	Executive Chairman
Mallek Rizal bin Mohsin	Managing Director and Chief Executive Officer
Joel Emanuel Heaney	Deputy Managing Director
Zahari bin Hamzah	Non-Independent Executive Director
<u>Directors</u>	
Dato' Mohsin Abdul Halim	Executive Chairman
Mallek Rizal bin Mohsin	Managing Director and Chief Executive Officer
Joel Emanuel Heaney	Deputy Managing Director
Zahari bin Hamzah	Non-Independent Executive Director
Lokman Razani bin Abdul Razak	Independent Non-Executive Director
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	Independent Non-Executive Director
Mohd Rafik bin Shah Mohamad	Independent Non-Executive Director
Chau Sik Cheong	Independent Non-Executive Director
<u>Key management and technical personnel</u>	
Dato' Mohsin Abdul Halim	Executive Chairman
Mallek Rizal bin Mohsin	Managing Director and Chief Executive Officer
Joel Emanuel Heaney	Deputy Managing Director
Zahari bin Hamzah	Non-Independent Executive Director
Amir Hasnizam bin Meor Nordin	Business Development Manager
Muhammad Rizal bin Harizan	Workshop Manager
Lee Swee Ann	Senior Manager, Finance and Administration
Norliza binti Muhamad	Accounts and Administration Manager
Hartini binti Mahamood	Senior Manager, Human Resource
Chin Yong Jun	QA and QC Manager
Aiza bin Abd Ghaffar	HSE Manager

Further information on our Promoters, substantial shareholders, Directors and key management and technical personnel and their direct and indirect shareholdings in our Group is disclosed under **Section 7** of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

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

	Number of Shares	Share Capital (RM)
Authorised share capital	100,000,000	50,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	71,500,000	35,750,000
New shares to be issued pursuant to the Public Issue	18,500,000	9,250,000
Enlarged share capital upon Listing	90,000,000	45,000,000
Offer for Sale	6,000,000	3,000,000
IPO Price		RM0.72⁽¹⁾
- Proforma consolidated NA per Share (based on the enlarged issued and paid-up share capital after the IPO and deducting the estimated listing expenses of RM1.40 million)		RM0.53
- Market capitalisation (based on the IPO Price and enlarged issued and paid-up share capital after Listing)		RM64,800,000

Note:-

(1) The Issue Price of RM0.72 per Issue Share is based on amongst other factors disclosed in **Section 3.5** of this Prospectus, a net PE Multiple of 5.56 times (computed based on the proforma consolidated PAT of our Group for the FYE 31 December 2008, and the number of Shares in issue after the Acquisition of 71,500,000 HRB Shares).

The IPO Price of RM0.72 per Share is payable in full upon application, subject to the terms and conditions of this Prospectus.

Further information on our IPO is disclosed under **Section 3** of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)**2.5 UTILISATION OF PROCEEDS FROM THE IPO**

We expect the total gross proceeds from the Public Issue to amount to approximately RM13.32 million based on the Issue Price of RM0.72. The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities.

We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	Time frame for utilisation
Business expansion purposes	8,500	Within two (2) years after Listing
Working capital	3,420	Within one (1) year after Listing
Estimated listing expenses	1,400	Within one (1) month after Listing
Total	13,320	

Further details on the utilisation of proceeds are set out in **Section 3.8** of this Prospectus.

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise total gross proceeds of RM4.32 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all expenses including registration and transfer fees relating to their respective portion of the Offer for Sale.

The proforma impact of the utilisation of proceeds on our consolidated balance sheets as at 31 December 2008 is reflected in **Section 11.2** of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.6 PROFORMA CONSOLIDATED INCOME STATEMENTS OF OUR GROUP

The following table sets forth a summary of our proforma consolidated income statements for the past three (3) FYE up to 31 December 2008 based on the assumption that we have been in existence throughout the three (3) financial years under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set forth in **Section 11.2** of this Prospectus and our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects that are presented in **Section 11.4** of this Prospectus:-

	←-----FYE 31 December-----→		
	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	39,215	55,595	60,577
Cost of sales	(24,334)	(29,828)	(35,260)
Gross profit	14,881	25,767	25,317
Other income	466	967	1,463
Administrative expenses	(4,981)	(9,642)	(7,544)
Other expenses	(2,742)	(3,865)	(3,583)
Profit from operations	7,624	13,227	15,653
Finance costs	(612)	(1,120)	(1,885)
PBT	7,012	12,107	13,768
Income tax expense	(2,166)	(3,395)	(4,521)
PAT	4,846	8,712	9,247
No. of shares assumed in issue ('000) ⁽¹⁾	71,500	71,500	71,500
EBITDA	8,814	14,238	16,377
Gross EPS (sen) ⁽¹⁾	9.81	16.93	19.26
Net EPS (sen) ⁽¹⁾	6.78	12.18	12.93
Gross profit margin (%)	37.95	46.35	41.79
PBT margin (%)	17.88	21.78	22.73
PAT margin (%)	12.36	15.67	15.26
Effective tax rate (%)	30.89	28.04	32.84

Note:-

(1) Based on the number of Shares in issue after the Acquisition.

Our audited financial statements for the past three (3) financial years have not been subject to any audit qualification. There were no exceptional or extraordinary items in the audited financial statements of our Group during the years under review.

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2. INFORMATION SUMMARY (Cont'd)

2.7 PROFORMA CONSOLIDATED BALANCE SHEETS OF OUR GROUP

We have prepared our proforma consolidated balance sheets below for illustrative purposes to show the effects on the audited consolidated balance sheet of our Group as at 31 December 2008, had the IPO been effected on that date. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set out in **Section 11.2** of this Prospectus.

	←-----Group-----→		
	Company	Proforma I	Proforma II
	RM'000	After Acquisition RM'000	After Proforma I and Public Issue RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	-	13,677	13,677
Prepaid land lease payments	-	2,562	2,562
Goodwill on consolidation	-	4,442	4,442
	-	20,681	20,681
<u>Current assets</u>			
Inventories	-	5,747	5,747
Work-in-progress	-	17,641	17,641
Trade receivables	-	15,133	15,133
Other receivables, deposits and prepayments	630	1,801	1,801
Short term and fixed deposits with licensed banks	-	24,202	24,202
Cash on hand and at banks	*	1,684	13,604
	630	66,208	78,128
TOTAL ASSETS	630	86,889	98,809
EQUITY AND LIABILITIES			
<u>Equity attributable to our shareholders</u>			
Share capital	*	35,750	45,000
Share premium	-	-	2,670
Reserves	(5)	(5)	(5)
Total Equity	(5)	35,745	47,665
<u>Non-current liabilities</u>			
Hire purchase creditors	-	165	165
Borrowings	-	20,074	20,074
Deferred taxation	-	465	465
	-	20,704	20,704

2. INFORMATION SUMMARY (Cont'd)

	←-----Group----->		
	Company	Proforma I	Proforma II After Proforma I and Public Issue
	RM'000	After Acquisition RM'000	RM'000
<u>Current liabilities</u>			
Trade payables	-	10,831	10,831
Other payables and accruals	635	2,863	2,863
Hire purchase creditors	-	82	82
Borrowings	-	15,501	15,501
Current tax payable	-	1,163	1,163
	635	30,440	30,440
Total liabilities	635	51,144	51,144
TOTAL EQUITY AND LIABILITIES	630	86,889	98,809
Number of shares assumed in issue ('000)	#	71,500	90,000
NA per share (RM)	(1,250)	0.50	0.53

Notes:-

- * This represents RM2.00.
This represents four (4) ordinary shares of RM0.50 each.

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2. INFORMATION SUMMARY (Cont'd)

2.8 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks and investment considerations (which may not be exhaustive) that we currently face or that may develop in the future:-

2.8.1 Risk relating to business and operations of our Group

- (i) Dependence on the domestic oil and gas industry
- (ii) Dependence on operating licences and approvals
- (iii) Dependence on major customers
- (iv) Competition
- (v) Dependence on suppliers, partners and principals
- (vi) Delay in delivery of our services and cranes
- (vii) Increase in prices of raw materials and foreign exchange risk
- (viii) Investment activities and new ventures
- (ix) Workplace safety and health matters
- (x) Borrowings and financing risk
- (xi) Dependence on key management and technical personnel
- (xii) Sensitivity to business and economic risk
- (xiii) Political and economic conditions

2.8.2 Risk relating to investing in our Issue Shares

- (i) No prior market for our Shares and possible volatility of Share prices
- (ii) Forward-looking statements
- (iii) Trading price and volume of our Shares
- (iv) Ownership and control by our existing shareholders
- (v) Failure or delay in our Listing

Further information on our risk factors is disclosed under **Section 4** of this Prospectus.

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3. PARTICULARS OF IPO

3.1 INTRODUCTION

This Prospectus is dated 29 June 2009.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

We have received the SC's approvals for our IPO vide their letters dated 12 September 2008 and 27 April 2009. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO and/or the listing of HRB on the Second Board of Bursa Securities. Investors are advised to make their own individual assessment on the merits and risks of the IPO.

We shall make an application to Bursa Securities within three (3) market days from the date of this Prospectus for admission to the Official List of Bursa Securities and for permission to deal in and the listing of and quotation for our entire enlarged issued and paid-up ordinary shares on the Second Board of Bursa Securities failing which any allotment and allocation made on an application to subscribe for our Shares pursuant to this Prospectus shall be void and we shall repay without interest, all monies received from the applicant. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

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

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed our Shares as a Prescribed Security. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon admission to the Second Board of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Second Board of Bursa Securities. In such an event, we will return all the monies paid in respect of all applications without interest.

If you are submitting your application by way of an Application Form or Electronic Share Application or Internet Share Application, you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. Please refer to **Section 15** of this Prospectus for further details on the procedures for application for the IPO Shares.

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

3. PARTICULARS OF IPO (Cont'd)

Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

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

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

If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

3.2 INDICATIVE TIMETABLE

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

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application for the IPO	29 June 2009
Closing of the application for the IPO	14 July 2009
Balloting of the applications	16 July 2009
Allotment to successful applicants	28 July 2009
Listing date	30 July 2009

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. This issue will close at the date stated above or such later date as our Directors and OSK in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia newspaper prior to the original closing date of the application. Following this, we will extend the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and listing accordingly.

3.3 PURPOSE OF THE IPO

The purposes of the IPO are as follows:-

- (i) to obtain the listing of and quotation for the entire issued and paid-up share capital of our Group on the Second Board of Bursa Securities, which is expected to enhance our business, profile and future prospects;

3. PARTICULARS OF IPO (Cont'd)

- (ii) to provide our Group with access to the capital market and allow us to raise funds for future expansion and growth;
- (iii) to enhance the stature of our Group in the marketing of our products and services, and to retain, and attract new, skilled employees;
- (iv) to provide an opportunity for Malaysian investors (including all our eligible Directors and employees) to participate in our equity and continuing growth; and
- (v) to enhance our profile in Malaysia and to assist our Group in expanding our customer base in Malaysia and abroad.

3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES AND OFFER SHARES

	RM
Authorised share capital	
100,000,000 ordinary shares of RM0.50 each	<u>50,000,000</u>
Issued and fully-paid up share capital as at the date of this Prospectus	
71,500,000 ordinary shares of RM0.50 each	35,750,000
To be offered pursuant to the Public Issue	
18,500,000 ordinary shares of RM0.50 each	9,250,000
Enlarged issued and fully paid-up share capital	<u>45,000,000</u>
To be offered for sale pursuant to the Offer for Sale	
6,000,000 existing ordinary shares of RM0.50 each	<u>3,000,000</u>
Market capitalisation upon listing based on the Issue Price of RM0.72 per Share	<u>64,800,000</u>

The IPO Price of RM0.72 is payable in full upon application.

We only have one (1) class of shares, being ordinary shares of RM0.50 each, all of which rank equally with each other. The Issue Shares and the Offer Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared where the entitlement date of which precedes the issue date of our Shares.

Subject to special rights attaching to any share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person, by proxy or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one (1) vote for each of our Shares held. A proxy may but need not be our member.

3. PARTICULARS OF IPO (Cont'd)

3.5 BASIS OF ARRIVING AT THE ISSUE PRICE AND OFFER PRICE

Our Directors and OSK, as the Adviser, Underwriter and Placement Agent, had determined and agreed upon the Issue Price and Offer Price of RM0.72 per Issue Share/Offer Share, after taking into consideration the following factors:-

- (i) our Group's net EPS of 12.93 sen (computed based on the proforma consolidated PAT for the FYE 31 December 2008 and the number of Shares in issue after the Acquisition of 71,500,000 HRB Shares) and the net PE Multiple of approximately 5.56 times;
- (ii) the proforma consolidated NA per Share as at 31 December 2008 of RM0.53. The Issue Price and Offer Price of RM0.72 per Issue Share/Offer Share, represents a premium of RM0.19 per Share or approximately 35.85% above the proforma Group NA per Share after taking into account our Public Issue;
- (iii) our operating and financial history as outlined in **Section 5** and **Section 11** of this Prospectus; and
- (iv) the prevailing market conditions, our key competitive strengths and the prospects of our Group and the industry as outlined in **Section 5** and **Section 6** of this Prospectus.

Our Directors and OSK are of the opinion that the Issue Price and Offer Price are fair and reasonable after careful consideration of the abovementioned factors.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in **Section 4** of this Prospectus before deciding to invest in our Shares.

3.6 DETAILS OF THE IPO

3.6.1 Public Issue

The Public Issue of 18,500,000 Shares at an Issue Price of RM0.72 per Share is payable in full on application upon such term and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(i) Malaysian Public

6,000,000 new HRB Shares representing 6.67% of the enlarged issued and paid-up share capital to be made available for application by the Malaysian Public, of which at least 30% is to be set aside strictly for Bumiputera investors.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by our Directors.

(ii) Eligible Directors, employees and persons who have contributed to the success of our Group

4,000,000 new HRB Shares representing approximately 4.44% of the enlarged issued and paid-up share capital to be reserved for the eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our pink form share allocation are set out in **Section 3.7** of this Prospectus.

3. PARTICULARS OF IPO (Cont'd)**(iii) Private placement to identified investors**

8,500,000 new HRB Shares representing approximately 9.44% of the enlarged issued and paid-up share capital has been allocated to be placed out to identified investors.

3.6.2 Offer for Sale

The Offer for Sale of 6,000,000 of our Shares at an Offer Price of RM0.72 per Offer Share is payable in full on application upon such terms and conditions as set out in this Prospectus to identified investors.

All the 10,000,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group under **Section 3.6.1(i)** and **Section 3.6.1(ii)** of this Prospectus will be underwritten while the total number of IPO Shares reserved for placement to identified investors (totalling 14,500,000 Shares) will be placed out by our Placement Agent, OSK. Please refer to **Section 3.10** and **Section 3.11** of this Prospectus for further details on the underwriting and placement arrangements.

Any Issue Shares not subscribed under **Section 3.6.1(i)** of this Prospectus will be offered to our eligible Directors, employees and persons who contributed to the success of our Group. Likewise, any Issue Shares which are not taken up by our eligible Directors, employees and persons who contributed to the success of our Group will be offered for application by the Malaysian Public. Any remaining re-offered Issue Shares under **Section 3.6.1(i)** and **Section 3.6.1(ii)** of this Prospectus that are not subscribed for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement as set out in **Section 3.11** of this Prospectus.

3.7 ALLOCATION OF THE ISSUE SHARES TO THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP

The eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 4,000,000 new HRB Shares.

The total number of persons eligible for the allocation is 209 comprising the following:-

Eligibility	No. of persons	Aggregate of number of Issue Shares allocated
Our Directors ⁽¹⁾	5	1,100,000
Employees ⁽¹⁾	194	2,000,000
Persons who have contributed to the success of our Group ⁽²⁾	10	900,000
Total	209	4,000,000

3. PARTICULARS OF IPO (Cont'd)**Notes:**

- (1) *The criteria of allocation for the above mentioned Issue Shares to our Directors and employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-*
- (i) *The employee must be a full time employee and on the payroll of our Group; and*
 - (ii) *The number of shares allocated to the eligible employees is based on the seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant to our Board.*
- (2) *The Issue Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their contribution to our Group as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers, customers and others.*

The allocation of our pink form shares to our eligible Directors are as follows:-

Name	Designation	Pink form allocation (No. of Issue Shares)
Mallek Rizal bin Mohsin	Managing Director and Chief Executive Officer	300,000
Lokman Razani bin Abdul Razak	Independent Non-Executive Director	300,000
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	Independent Non-Executive Director	300,000
Mohd Rafik bin Shah Mohamad	Independent Non-Executive Director	100,000
Chau Sik Cheong	Independent Non-Executive Director	100,000

3.8 UTILISATION OF PROCEEDS FROM THE IPO

We expect the total gross proceeds from the Public Issue to amount to approximately RM13.32 million based on the issue price of RM0.72. The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities.

We expect the proceeds to be utilised in the following manner:-

Purpose		RM'000	Time frame for utilisation
Business expansion purposes	(i)	8,500	Within two (2) years after Listing
Working capital	(ii)	3,420	Within one (1) year after Listing
Estimated listing expenses*		1,400	Within one (1) month after Listing
Total		13,320	

Notes:-**(i) Business expansion purposes**

Our Group intends to invest the bulk of our proceeds raised from the Public Issue to focus on our business expansion primarily in East Malaysia and neighbouring South East Asian countries. However, our Group may also expand our business reach to other countries, which may include, countries on the African continent should prospective business opportunities arise in the future. Besides organic growth, our Group is also exploring the prospects of expanding our business through acquisitions, joint ventures and strategic alliances in the oil and gas industry that will complement our current and future businesses.

As at the LPD, our Board is still in the midst of identifying business opportunities for our Group's expansion. We will make the necessary announcement(s) once we have finalised and deliberated on the details, risks and merits of investing/entering into any identified proposal(s).

3. PARTICULARS OF IPO (Cont'd)

(ii) Working Capital

RM3.42 million of the proceeds from the Public Issue has been earmarked for the working capital of our Group. The cash proceeds are to be used in the day-to-day operations of our Group such as the purchase of materials and payment of our overheads, and are expected to strengthen our liquidity and cash flow position.

* Any surplus in the estimated listing expenses will be utilised for the working capital of our Group.

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise total gross proceeds of RM4.32 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all expenses including registration and transfer fee relating to their respective portion of the Offer for Sale.

The financial impact of the utilisation of proceeds on our proforma consolidated balance sheets as at 31 December 2008 is reflected in **Section 11.2** of this Prospectus.

3.9 ESTIMATED LISTING EXPENSES

Our Listing expenses are estimated to be approximately RM1.40 million, details of which are as follows:-

	RM'000
Professional fees	680
Fees to authorities	126
Estimated underwriting, placement and brokerage fees	338
Printing, advertising and issuing house fees	160
Contingencies	96
Total*	1,400

Note:-

* Any surplus in the estimated listing expenses will be utilised for our Group's working capital purposes.

3.10 BROKERAGE, UNDERWRITING AND PLACEMENT FEE

3.10.1 Brokerage

We will bear the brokerage fees to be incurred on the sale of 6,000,000 Issue Shares pursuant to the IPO under **Section 3.6.1(i)** of this Prospectus at the rate of 1.0% of the Issue Price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. Brokerage with respect to the Offer Shares shall be fully borne by the Offerors.

3.10.2 Underwriting Commission

Our Underwriter has agreed to underwrite 10,000,000 Issue Shares as set out in **Section 3.6.1(i)** and **Section 3.6.1(ii)** of this Prospectus. We will pay the Underwriter an underwriting commission at the rate of 1.75% of the total value of the underwritten Shares at the Issue Price of RM0.72 per Share. There will be no managing underwriter fees payable to OSK.

3. PARTICULARS OF IPO (Cont'd)

3.10.3 Placement fee

Our Placement Agent has agreed to place our IPO Shares reserved for identified investors comprising of 8,500,000 Issue Shares set out in **Section 3.6.1(iii)** of this Prospectus and 6,000,000 Offer Shares set out in **Section 3.6.2** of this Prospectus. We will pay our Placement Agent a placement fee at the rate of 0.75% and 1.75% of the value of the Shares placed out by our Promoters and the Placement Agent respectively. The placement fee to be incurred on the sale of 6,000,000 Offer Shares will be fully borne by our Offerors.

3.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We had on 29 May 2009 entered into an Underwriting Agreement with OSK, whereby OSK had agreed to underwrite 10,000,000 Issue Shares at the Issue Price based on some of the salient terms set out below.

The following terms are reproduced from the Underwriting Agreement. Unless otherwise stated, the capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:-

"7. CONDITIONS PRECEDENT

7.1 *The obligations of the Underwriter under this Agreement shall further be conditional upon:*

- (a) *The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:*
 - (i) *no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that subsequent to the date of this Agreement; or*
 - (ii) *there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in Clauses 3 and 4 materially untrue or inaccurate or result in a material breach of this Agreement by the Company;*
- (b) *The Underwriter receiving a certificate in the form or substantially in the form contained in Second Schedule (Certificate) of this Agreement dated the Closing Date signed by the duly authorised officers of the Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 3 of this Agreement;*
- (c) *The Underwriter receiving copies certified by a director or the company secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the directors:*
 - (i) *approving the Prospectus and the application forms, this Agreement and the transactions contemplated by it;*
 - (ii) *authorising a person to sign and deliver this Agreement on behalf of the Company;*
- (d) *This Agreement being duly signed by all parties and stamped;*

3. PARTICULARS OF IPO (Cont'd)

- (e) *The Shares not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Shares and/or the Listing and Quotation have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;*
 - (f) *The Underwriter being satisfied that the Company has complied with and that the Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;*
 - (g) *The composite index of Bursa Securities being no less than 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive;*
 - (h) *There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in this Agreement;*
 - (i) *SC having approved the Prospectus;*
 - (j) *the offering of the Shares having been approved by SC, MITI and any other relevant authority or authorities and remaining in full force and effect and that all Conditions Precedent to the approvals (except for any which can only be complied with after the Retail Offering has been completed) have been complied with;*
 - (k) *this Agreement having become unconditional in all respects (save for any condition requiring this Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the placement agent for the Placement Shares) receipt of the full subscription monies for the Placement Offering on or before the last date for payment of the Placement Offering;*
 - (l) *the delivery to the CCM of the Prospectus for registration in accordance with the requirements of Section 42 of the Companies Act; and*
 - (m) *the launching of Prospectus taking place not later than 30 June 2009 or such other later date as the Underwriter and the Company may from time to time agree in writing.*
- 7.2 *If after the conditions precedent in Clause 7.1 have been complied with and the Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the provisions of Clause 9.3 shall apply.*
- 7.3 *The Underwriter may waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement.*
- 7.4 *If any of the conditions in Clauses 7.1(c), (d), (l) and / or (m) are not satisfied by 30 June 2009 or such other later date as the Underwriter and the Company may from time to time agree in writing and / or if any of the conditions in Clauses 7.1(a), (b), (e) to (j) to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with the Company shall be entitled to terminate this Agreement pursuant to Clause 9 and thereafter the parties shall be released and discharged from their obligations hereunder but without prejudice to the rights of the Underwriter under Clause 9.3.*

3. PARTICULARS OF IPO (Cont'd)**9. TERMINATION BY UNDERWRITER DUE TO ADVERSE CHANGES**

9.1 *Notwithstanding anything contained in this Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under this Agreement if:-*

- (a) *in the reasonable opinion of the Underwriter, there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the IPO; or*
- (b) *there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunamis, widespread diseases, acts of war, sabotage, acts of God etc) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the IPO, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (c) *there shall be the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO; or*
- (d) *there shall be any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which will materially and adversely affect the Company and the success of the IPO, the business and/or prospects of the Company and/or the Group, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (e) *there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of the Company and/or the Group; or*
- (f) *the Kuala Lumpur Composite Index has dropped to below 700 points and has stayed below 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive; or*
- (g) *there is any breach by the Company of any of the representations, warranties and undertakings set forth in Clauses 3 and 4 which materially and adversely affects the success of the IPO, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms;*
- (h) *there is any failure on the part of the Company to perform any of its obligations under this Agreement; or*
- (i) *there is any withholding by the Company of any information of a material nature from the Underwriter which will have or may reasonably be expected to have a material and adverse effect on the success of the IPO, the business and/or prospects of the Company and/or the Group, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (j) *there is any material and adverse change to the business and/or financial position of the Company and/or the Group.*

3. PARTICULARS OF IPO (Cont'd)

- 9.2 *If the Underwriter terminates its obligation pursuant to Clauses 9.1(a) to (f) ("**Force Majeure**" events), the parties shall (except for liability of the Company in the payment of costs and expenses referred to in Clause 17.3(b) hereof, including late interest payment, if applicable) be released and discharged from their respective obligations hereunder.*
- 9.3 *If the Underwriter terminates its obligation pursuant to Clauses 9.1(g) to (j), the parties shall be released and discharged from their respective obligations hereunder save for the Underwriter's rights to the following:*
- (a) *full payment of the Termination Charge;*
 - (b) *costs and expenses referred to in Clause 17.3(b) hereof (including late interest payment, if applicable); and*
 - (c) *right to be indemnified by the Company pursuant to Clause 5."*

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP.

4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

4.1.1 Dependence on the domestic oil and gas industry

Our Group provides integrated offshore crane maintenance services to the domestic oil and gas industry. The prospects of the local offshore pedestal crane services and manufacturing industry are significantly influenced by the spending of oil and gas majors on upstream exploration, development and production activities. New discoveries in the offshore oil and gas fields have been the engine of growth in the offshore pedestal cranes services industry. As oil and gas companies go deepwater for oil and gas production, cranes have to keep up with the needs of exploration and production.

The local oil and gas industry is presently still active with new and existing PSC operators increasing activities through deepwater exploration and development activities, marginal field developments and enhanced recovery campaigns. Thus it is expected that the local oil and gas industry will continue to be fairly active and grow into the foreseeable future.

In addition, our Group has recently emerged as an engineering lifting solutions provider for workover and enhanced recovery projects. Workover projects involve reviving old and abandoned as well as under-maintained oil platforms. Our Board believes that this trend will continue given the introduction of new technologies along with the prevailing oil prices which make reviving marginal producing platforms commercially viable.

Further as mentioned in **Section 5.9.1** of this Prospectus, our Group is looking at expanding our current operations abroad to mitigate against any dependence on the domestic oil and gas industry.

4.1.2 Dependence on operating licences and approvals

In order to participate in the oil and gas industry in Malaysia, all the service providers are required to obtain the necessary licenses and/or registrations with PETRONAS and the other relevant authorities. Such licences and registrations are only valid for a stipulated timeframe only. The said licences and registrations are all renewable, subject to the compliance with the relevant conditions and requirements imposed by PETRONAS and other relevant authorities.

PETRONAS is the main licensor governing our operations in the oil and gas industry in Malaysia. However, the requirements set out by PETRONAS and the other relevant authorities may be subject to changes in the future. Any fundamental changes to PETRONAS' policy with regards to the regulations governing the oil and gas industry may have an adverse or favourable impact on the operations of our Group. There is no assurance that our business may not be materially affected by these changes.

4. RISK FACTORS (Cont'd)

Although our Group has not experienced any difficulty in maintaining the relevant licenses and registrations in the past and do not foresee any potential issues arising from our renewal of our existing licences and registrations, no assurance can be given that our licences and registrations will be renewed or renewed within the anticipated timeframe or that new terms and conditions will not be imposed by the relevant authorities upon renewal. In addition, no assurance can be given that any future legislative or regulatory policy changes will not adversely affect the operations of our Group.

Please refer to **Section 5.8.12** of this Prospectus for a list of our licences, registrations and permits.

4.1.3 Dependence on major customers

Our Group is currently operating in a highly specialised and niche industry for which demand for our Group's services is derived mainly from a few major oil and gas operators. We have long term maintenance and service contracts with PETRONAS Carigali, ExxonMobil and Talisman. As disclosed under **Section 5.8.17** of this Prospectus, these customers accounted for approximately 65.82% of our Group's total revenue for the FYE 31 December 2008.

Although these service contracts provide us with revenue and earnings visibility, these contracts contain provisions which allow the customers to unilaterally terminate the contract if there is any non-performance or lack of performance of the service contracts on our part. As such, no assurance can be given that these service contracts will be maintained or that the loss of any one or more of these major customers or contracts would not adversely impact our Group's operating results.

However, our Group's dependence on major customers and/or the risk of losing a service contract is mitigated by the following: -

- (i) our Group has secured contracts from a range of oilfield operators such as PETRONAS Carigali, ExxonMobil and Talisman, thus, we are not solely reliant on any one (1) customer. Our ability to secure long term service contracts with the above mentioned oil and gas majors is a testimony to our Group's service quality, reputation and solid track record. The type of contracts secured are of various service categories such as provision of specialized manpower, engineering equipment, spare parts as well as other support services. Our Group is the only fully integrated overhaul and maintenance service provider for offshore pedestal cranes in Malaysia;
- (ii) our Group's relationship with our major customers have been established and nurtured over a period exceeding ten (10) years. This long-term business relationship implies a satisfactory and beneficial customer-supplier relationship and forms the basis of continuous business in the future;
- (iii) there are an increasing number of oil and gas operators and service companies such as Murphy Oil Corp., UMW Petrodrill (Malaysia) Sdn Bhd, Petrofac Ltd, BJ Oilwell Services (Malaysia) Sdn Bhd, Conoco Philips Inc., Newfield Exploration Co., Crest Petroleum Berhad, Kencana Petroleum Berhad and Sime Darby Engineering Sdn Bhd in Malaysia. Going forward, this enables our Group to offer our services to these oilfield operators and service companies hence expanding our customer base;
- (iv) our Group is the sole distributor and service centre in the region for Seacrane offshore cranes and Braden Planetary crane hoists. This distributorship augurs well for our Group as it enables us to further expand our business, diversify our income base and mitigate the risk of over reliance on major customers;

4. RISK FACTORS (Cont'd)

- (v) our Group has made significant progress in diversifying and expanding our income source. Steps taken include focusing on growing our crane rental business and provision of services in relation to workover projects;
- (vi) the local oil and gas industry is still active with new and existing PSC operators increasing their activity through deepwater exploration and development activities, marginal field development and enhanced recovery efforts. The expected growth in the local oil and gas industry is expected to provide our Group with further opportunities to expand and diversify our earnings base; and
- (vii) our Group intends to expand our business in the future through acquisitions, joint ventures and strategic alliances that will complement our current and future businesses. As mentioned under **Section 9.2.1** of this Prospectus, our Group is looking at expanding our current operations to East Malaysia and abroad which may include countries in the South East Asian and African regions to mitigate any over dependence on the Peninsular Malaysia market.

4.1.4 Competition

Our Group faces competition from other local and foreign offshore crane service providers in the oil and gas related industry in Malaysia. However, the threat from new entrants to the industry is relatively low due to the niche market our Group operates in, high barriers to entry in terms of initial capital investment and working capital resources, technical expertise, skilled workforce and the requirements for licenses and registrations with API, PETRONAS, MITI and the MOF. Our Group is one of only two (2) API licensed companies operating in Malaysia that manufacture offshore pedestal cranes and the only company in Malaysia to provide fully integrated overhaul and maintenance services for offshore pedestal cranes. Furthermore, we have a strong track record with the major oil and gas operators such as PETRONAS Carigali and ExxonMobil since 1995.

Due to the high safety standards imposed by the industry, our Group and our competitors are required to have an established and proven safety track record in successfully performing high risk works, in particular, the removal of pedestal cranes from the offshore platform. Such a requirement acts as an additional barrier to entry for potential competitors as only companies with the relevant safety track record are able to qualify and be allowed to tender/secure the works/contracts performed by our Group.

We believe that any potential entrant faces an uphill task of securing crane servicing and reconditioning works since they would not have any prior track record which demonstrates their ability and competence of having successfully and safely removed offshore cranes from the oil platforms. To this end our Group stands out as one of the few companies in Malaysia that have won numerous safety awards in performing such high risk works. Please refer to **Section 5.5** of this Prospectus for further details.

Although we are confident of maintaining our competitive advantage, there can be no assurance that competitive pressures in the future will not materially affect our market share and consequently our financial results.

4.1.5 Dependence on suppliers, partners and principals

Our Group is dependent on our suppliers, partners and principals for the supply of certain supporting specialised products and services. These partners and principals are internationally renowned corporations supporting the offshore crane industry and include Braden and Robway. Any severance of these relationships will have a negative impact on our Group's ability to supply those specific supporting products and/or delay in delivering services to our customers.

4. RISK FACTORS (Cont'd)

However, as some of these types of specific supporting products are available from alternative suppliers, any disruptions in supply are minimal. Although there is no assurance that our Group will be able to maintain these partners and principals, our Group currently enjoys long-standing relationships with our partners and principals, the majority of which have been dealing with our Group since our commencement of business. In addition, our Group seeks to mitigate this risk by maintaining good working relationships and ensuring obligations are fulfilled.

4.1.6 Delay in delivery of our services and cranes

Our Group's services and cranes are critical to the oil and gas industry. Any delay in the delivery of our services and cranes will result in further risks and downtime which would be costly to the customer. The timely delivery of services is dependent on many external factors which may be beyond our control such as work stoppage due to severe weather conditions and unavailability of critical crane components. Any such delays could have an adverse impact on our ability to conduct our activities and complete our contractual obligations.

Based on our historical track record, we have operated under many different types of external conditions and have been able to successfully minimise and mitigate the adverse impact of such conditions on our business performance. Since the commencement of our offshore pedestal crane business, our Group has consistently delivered services and cranes on a timely basis. Our Group stands out with zero defects on all fourteen (14) new cranes delivered and zero warranty call-outs on fifty seven (57) cranes reconditioned.

Notwithstanding our established track record of delivering quality service in a timely manner, there is no assurance that external factors as mentioned above would not adversely impact the performance of our business in the future.

4.1.7 Increase in prices of raw materials and foreign exchange risk

The prices of raw materials, in particular imported steel, which is the main component and cost for our cranes, may be subject to movements in steel prices. At present, our Group's steel purchases are transacted based on prices quoted in USD. Accordingly, our Group is exposed to the risk of rising raw material cost and foreign exchange fluctuations which may adversely affect our profitability especially if we are unable to pass such price increases to our customers.

The Board, however, believes that the volatility of our raw material cost and foreign exchange are manageable as the supply/manufacture of our cranes are based on purchase orders and not long-term supply contracts. Raw material supplies are only procured upon receipt of purchase orders from customers. As such, the impact of the price movement of our raw materials, if any, would be minimal, since the cost of steel and spare parts would form part of the quotation to the customer. Furthermore, the manufacturing and fabrication of new offshore pedestal cranes only contributes 14% of our total revenue for the FYE 31 December 2008. The bulk of our Group's revenue are derived from the long term maintenance and service contracts for which steel is not a main component and cost consideration.

However, we can give no assurance that any significant increase in steel prices and exchange rate fluctuations will not materially and adversely affect our Group's financial condition.

4. RISK FACTORS (Cont'd)

4.1.8 Investment activities and new ventures

As disclosed in **Section 5.4** of this Prospectus, our Group has purchased a new ten (10) acre yard located at the Teluk Kalong industrial area, which is located in the vicinity of our existing three (3) acre yard at the Kemaman Supply Base. The new yard is expected to be completed by the second quarter of 2009 and is primarily funded by the MTN Programme and our Group's internally generated funds.

Although our management team has carried out extensive feasibility studies and exercised due care in assessing the risks and merits of investing in the new yard, there is no assurance that we will be able to reap the expected returns from the new yard or that our operations in the new yard will run at optimum capacity or near optimum capacity.

As part of our expansion plans, some of our proceeds from the Public Issue may be used to acquire companies and businesses which are complementary to our existing business. However, such future acquisitions could also divert our management's attention to other business concerns and expose our business to unforeseen liabilities or risks associated with entering new markets or new ventures.

Nevertheless, we believe that our experienced management team will exercise due care and the same prudence utilised over the years while executing its future plans. Our Group and our experienced management team will endeavour to undertake feasibility studies and due diligence on such potential acquisitions prior to undertaking the exercise.

4.1.9 Workplace safety and health matters

Our Group's operations are subject to many laws and regulations, including those relating to workplace safety and worker health. Our Group believes that our existing operations are in compliance with the relevant laws and regulations and is not aware of any workplace safety and health matters currently, individually or in aggregate, that may have a material adverse effect on our financial condition. Our Group's commitment to workplace safety is well evidenced by our Group's illustrious historical track record as well as the numerous safety awards received by our Group as disclosed in **Section 5.5** of this Prospectus.

Furthermore, our Group has mitigated some of these potential workplace safety and health liabilities by purchasing, amongst others, employees' liability and workmen compensation insurance policies. However, the risks of workplace safety and health costs and liabilities exist in our Group's operations, and there can be no assurance that claims for damages resulting from our Group's operations will not have a material adverse effect on our Group's financial condition or results of operations.

4.1.10 Borrowings and financing risk

Our Group's borrowings include term loans, bankers' acceptance, overdraft facilities, hire purchase and MTNs. Our Group's finance costs based on the audited accounts as at 31 December 2008 amounted to approximately RM1.89 million. As the interest charged on bank borrowings is dependent on prevailing interest rates and total outstanding loans, future fluctuations of interest rates could have a material effect on our Group's profitability.

In addition, the agreements for loan facilities and securities in relation thereto, contain covenants which may limit our Group's future operating and financing flexibility, as certain future plans may be restricted or require the consent of the relevant financial institution. A breach of such covenants may result in the termination and/or enforcement of certain provisions granted for the relevant credit facility.

4. RISK FACTORS (Cont'd)

Our Group is aware of such risks, and hence, shall take all necessary precautions to prevent any breach of our financial obligations, whilst adhering to strict financial management practices and prudent cash flow policies. Our borrowings and financing risks are further mitigated by the fact that the MTNs constitute approximately 70% of our Group's total borrowings and bears a fixed coupon rate ranging from 6.50% to 7.45% per annum. In addition, future capital investments are expected to be partly financed through proceeds from the Public Issue as disclosed in **Section 3.8** of this Prospectus.

Nevertheless, there can be no assurance that the performance of our Group would remain favourable in the event of any adverse changes in interest rates.

4.1.11 Dependence on key management and technical personnel

We believe that our Group's continuous success depends, to a significant extent on the abilities, expertise and continuing effort of our key management and technical personnel. Our Group is headed by an experienced, committed and dynamic management team. Some of our management personnel has been in the oil and gas related industry for more than twenty (20) years. As such, the loss of the services of any of our key management and technical personnel may adversely affect the competitive advantage of our Group.

Recognising the importance of our personnel, we have put in place various human resource incentives in our endeavour to retain our key personnel and to attract new skilled personnel. In line with our expansion plans, and to support our growing business and operations, we will continue to employ highly experienced and technically-skilled staff to strengthen our present team, provide constant training and education to upgrade the skills of our employees and provide our employees with suitable compensation packages. Further, as part of our Group's management succession plan, we have made continuous efforts to train and groom the younger members of our management team to gradually take on more responsibilities and eventually succeed the senior management personnel of our Group.

4.1.12 Sensitivity to business and economic risk

Our Group is subject to the risks inherent in the oil and gas related industry which includes, inter-alia, dependence on the spending of major oil and gas operators, labour and raw material shortages, increases in the cost of labour and raw materials, changes in general economic, business and credit conditions, fluctuations in foreign exchange rates, entry of new competitors and the renewal of licenses and new legislations that may impose stringent requirements on participants in the oil and gas industry.

Although we seek to limit these risks by, inter-alia, having regular business, management and employee meetings, undertaking effective human resource management, securing long term contracts and maintaining good working relationships with oil and gas operators, putting in place plans to expand in both existing and new markets, investing in a new ten (10) acre fabrication yard to increase capacity and improve efficiency, no assurance can be given that any change in these factors will not have a material adverse impact on our Group after the Listing.

4.1.13 Political and economic conditions

Any adverse developments in the political, economic and regulatory conditions, could materially and adversely affect the financial and business prospects of our Group. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes to methods of taxation, fluctuation in foreign exchange rates, inflation and changes in interest rates. Whilst we will continue to adopt effective measures such as prudent financial management and efficient operating procedures, we cannot be assured that adverse political, economic and regulatory factors will not materially affect our Group's performance.

4. RISK FACTORS (Cont'd)

4.2 RISKS RELATING TO INVESTING IN OUR SHARES

4.2.1 No prior market for our Shares and possible volatility of Share prices

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market in our Shares will develop, or, if developed, that such a market will be sustained. The IPO Price was determined through our negotiation with OSK, as Adviser, Underwriter and Placement Agent, after taking into account various factors. Please refer to **Section 3.5** of this Prospectus on the basis for the determination of the IPO Price.

There can be no assurance that the market price of our Shares will not decline below the IPO Price. Our Group believes that a number of factors could cause our Share price to fluctuate, including but not limited to sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our Group's business, fluctuations in our Group's operating results, general industry conditions or the performance of the global economy.

4.2.2 Forward looking statements

This Prospectus contains forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results. Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

4.2.3 Trading price and volume of our Shares

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities, is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of securities listed on Bursa Securities.

4.2.4 Ownership and control by our existing shareholders

As disclosed in **Section 7.1.1** of this Prospectus, our Promoters will directly and indirectly, own in aggregate approximately 72.78% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together will have voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our Group's shareholders, unless it is required that they abstain from voting either by law and/or by the relevant authorities.

4. RISK FACTORS (Cont'd)

Nevertheless, our Group has appointed four (4) independent directors to ensure that any future transactions involving related parties are entered into on arms-length terms which are not detrimental to our Group, and to facilitate good corporate governance whilst promoting greater corporate transparency.

4.2.5 Failure or delay in our Listing

The success of our Listing is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:-

- (i) The places under the private placement tranche of the Public Issue and the Offer for Sale fail to acquire the Shares allocated to them; and/or
- (ii) We are unable to meet the public shareholding spread requirements i.e. at least 25% of the total number of our Shares for which Listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, at the time of Listing.

The above risks are mitigated by the following:-

- (i) The identified investors have provided undertakings to subscribe for their respective portion of the Shares to be placed to them;
- (ii) The portion of the Issue Shares allocated to the Malaysian Public and reserved for the eligible Directors, employees and persons who have contributed to the success of our Group are fully underwritten; and
- (iii) Our Directors and OSK, as Adviser, Underwriter and Placement Agent, will endeavour to ensure that our Group is able to meet the public spread requirements by allocating the Issue Shares applied for by the Malaysian Public to the required number of public shareholders during the balloting process.

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5. INFORMATION ON OUR GROUP

5.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 8 May 2008 as a private limited company under the name Handal Resources Sdn Bhd. Our Company was subsequently converted to a public limited company on 15 May 2008. HRB was incorporated to facilitate our Listing and commenced business as an investment holding company, following the Acquisition of HOSSB on 6 May 2009.

The history of our Group dates back to 1988 when HESB was established by Dato' Mohsin Abdul Halim to operate as an agent, to supply certain makes of offshore cranes manufactured overseas. As some of the oil platforms and equipments begun to age in the local oil and gas industry, HESB was contracted in 1995 by ExxonMobil to remove and recondition cranes which had degenerated or had been reduced to less than half its optimal capacity along with deteriorating safety standards. Prior to 1995, none of the local companies in Malaysia had performed or provided such services to the local oil and gas industry. While successfully reconditioning multiple offshore cranes for ExxonMobil, HESB had simultaneously set out to establish themselves as a local manufacturer of offshore pedestal cranes. In an effort to modernise their existing fleet of cranes and to maintain and improve their operating and lifting capacity, PETRONAS Carigali had in year 2000 awarded HESB a service contract similar to that awarded by ExxonMobil.

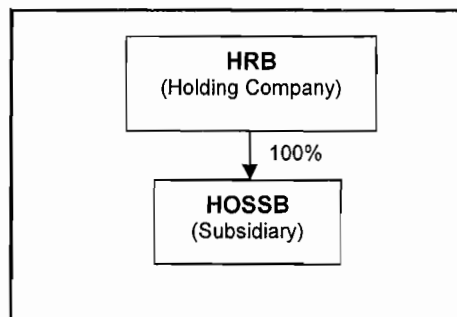
In line with PETRONAS' aspiration to develop Bumiputera-owned companies in the oil and gas industry, HESB was restructured in 2001 via the injection of all our pedestal crane assets and personnel into HOSSB.

Having started as a crane services company, we are experienced in providing crane related services to the oil and gas industry. Our Group has removed and reconditioned fifty seven (57) offshore cranes from various offshore platforms. This entails providing our own cranes to be utilised in the absence of the platform crane as well as delivering the crane to the customer with not only the latest technology but also a brand new crane warranty. As our experience broadened we have evolved from reconditioning crane parts and components to a fully integrated offshore crane service provider and manufacturer. We began fabricating our cranes subsequent to requests from customers. As at the LPD, our Group stands out with zero defects on all fourteen (14) new cranes delivered and zero warranty call outs on fifty seven (57) cranes reconditioned.

Presently, our Group is principally involved in the following core activities:-

- (a) provision of overhaul and maintenance services;
- (b) manufacturing or fabrication of new offshore pedestal cranes;
- (c) other services such as supply of manpower and parts;
- (d) offshore crane rental business; and
- (e) workover projects lifting solutions.

Our existing corporate Group structure is as follows:-



5. INFORMATION ON OUR GROUP (Cont'd)

5.2 SHARE CAPITAL

As at the LPD, we have an authorised share capital of RM50,000,000, comprising 100,000,000 ordinary shares of RM0.50 each and an issued and paid-up share capital of RM35,750,000 comprising 71,500,000 ordinary shares of RM0.50 each.

The details of the changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:-

Date of Allotment	No. of Shares	Consideration	Total Issued and Paid-up Share Capital (RM)
8 May 2008	4	Cash / Subscribers' Shares	2
6 May 2009	71,499,996	Shares issued pursuant to the Acquisition	35,750,000

5.3 SUBSIDIARY AND ASSOCIATE COMPANIES

We are an investment holding company with only one (1) subsidiary as set out below:-

Subsidiary	Date and Place of Incorporation	Date of commencement of business	Issued and Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
HOSSB (Company No. 556861-H)	21.08.2001 Malaysia	01.07.2002	4,000,000	100.00	Provision of overhaul and maintenance services, manufacturing or fabrication of new offshore pedestal cranes and other services such as supply of manpower and parts

Further details on the subsidiary of HRB are set out in **Section 5.6** of this Prospectus. As at the LPD, we do not have any associate companies or other subsidiaries.

5.4 LOCATION OF OPERATIONS

Our Group's operational and administrative facility is located as follows:-

Company	Purpose	Location
HOSSB	Corporate Office	No. 16C, Jalan 51A/225 46100 Petaling Jaya Selangor Darul Ehsan
	Principal place of business	4 Kawasan Lapang Fasa II Kemaman Supply Base 24007 Kemaman Terengganu Darul Iman

Apart from the above mentioned three (3) acre yard located in the Kemaman Supply Base, our Group has also purchased a new ten (10) acre yard located at the Teluk Kalong industrial area, near our existing yard, in the vicinity of the Kemaman Supply Base.

5. INFORMATION ON OUR GROUP (Cont'd)

The new ten (10) acre yard is expected to be completed by the second quarter of 2009 and has the capacity to manufacture, service, maintain and overhaul an average of thirty (30) offshore cranes per annum as compared to our Group's current plant capacity of approximately twelve (12) cranes per annum. For further details of the new yard, please refer to **Section 9.1** of this Prospectus.

5.5 KEY ACHIEVEMENTS / MILESTONES / AWARDS

Our Group has received the following awards in the past:-

Year	Type of Award	Awarded by	Description
2008	Gold Award	ExxonMobil	In recognition of Safety Excellence in 2007
2008	API 2C-0086	American Petroleum Institute	In recognition of our manufacturing processes and quality systems. Authorizing HOSSB to affix the API monogram to our products.
2006	Gold Award	ExxonMobil	In recognition of Safety Excellence in 2006
2005	Letter of Appreciation	Sarawak Shell Berhad	In recognition of commitment shown during the execution of work done at the F23 Rejuvenation Project
2004/2005	Bronze Award	PETRONAS Carigali	In recognition of excellent HSE performance
2004	Gold Award	ExxonMobil	In recognition of Safety Excellence in 2004
2004	Certificate of Appreciation	PETRONAS Carigali	For participation in scheduled plant shutdown activities at PMO offshore platforms
2004	Letter of Recognition	PETRONAS Carigali	For job performance at Duyong B with minimal impact to platform operations, in a productive and efficient manner and without any HSE related accident
2003/2004	Gold Award	ExxonMobil	In recognition of Safety Excellence in 2003/2004
2002	Gold Star Award	ExxonMobil	In recognition of Safety Excellence in 2002
2001	ExxonMobil Award	ExxonMobil	In recognition of Safety Achievement for 2001
2000*	ExxonMobil Award	ExxonMobil	In recognition of Safety Achievement for 2000
1999*	Esso Production Malaysia Inc. ("EPMI") Esso Safety Award	ExxonMobil	In recognition of Safety Achievement for 1999
1998*	EPMI Esso Safety Award	ExxonMobil	In recognition of Safety Achievement for 1998 (High Risk Category)

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Type of Award	Awarded by	Description
1997*	EPMI Esso Safety Award	ExxonMobil	In recognition of Safety Achievement for 1997 (High Risk Category)
1996*	Safety Award	EPMI	In recognition of safety achievement (Medium Risk Category)
1995*	EPMI Esso Safety Award	ExxonMobil	In recognition of Safety Achievement for 1995 (Medium Risk Category Offshore Division)

Note:-

* Awards received under HESB.

5.6 INFORMATION ON SUBSIDIARY**Information on HOSSB****(a) History and Business**

HOSSB was incorporated in Malaysia on 21 August 2001 under the Act as a private limited company under the name of Handal Off-Shore Services Sdn Bhd. It subsequently assumed its present name on 26 October 2001. HOSSB is principally involved in the provision of overhaul and maintenance services, manufacturing or fabrication of new offshore pedestal cranes and other services such as supply of manpower and parts. HOSSB commenced business on 1 July 2002.

(b) Share Capital

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	4,000,000	1.00	4,000,000

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

Date of Allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
21.08.2001	2	1.00	Cash	2
08.04.2002	900,000	1.00	Cash	900,002
01.10.2002	300,000	1.00	Cash	1,200,002
26.11.2002	1,199,998	1.00	Otherwise than cash	2,400,000
21.02.2006	100,000	1.00	Cash	2,500,000
18.09.2006	1,500,000	1.00	Bonus issue	4,000,000

5. INFORMATION ON OUR GROUP (Cont'd)**(c) Substantial Shareholder**

HOSSB is our wholly-owned subsidiary.

(d) Subsidiary and Associate Companies

HOSSB does not have any subsidiaries or associate companies.

5.7 INFORMATION ON LISTING SCHEME

In conjunction with, and as an integral part of our listing of and quotation for the entire issued and paid-up share capital of our Company on the Second Board of Bursa Securities, the details of our Listing Scheme are as follows:-

(i) Share Transfer

On 6 June 2008, Dato' Mohsin Abdul Halim, Zahari bin Hamzah, Mallek Rizal bin Mohsin and Joel Emanuel Heaney entered into a multi-party share transfer agreement to re-organise their respective shareholdings in HOSSB, and to transfer part of Zahari bin Hamzah and Mallek Rizal bin Mohsin's interest in HOSSB to Dato' Mohsin Abdul Halim and Joel Emanuel Heaney, a long time serving and key management of HOSSB. The effects of the Share Transfer on the shareholdings of HOSSB are set out below:-

	As at 6 June 2008		Upon completion of the Share Transfer	
	No. of HOSSB Shares	%	No. of HOSSB Shares	%
Dato' Mohsin Abdul Halim	1,152,000	28.80	1,328,000	33.20
Zahari bin Hamzah	1,696,000	42.40	1,408,000	35.20
Mallek Rizal bin Mohsin	1,152,000	28.80	400,000	10.00
Joel Emanuel Heaney	-	-	864,000	21.60
TOTAL	4,000,000	100.00	4,000,000	100.00

The Share Transfer was completed on 5 May 2009.

(ii) Acquisition

On 6 June 2008, HRB entered into a conditional share sale agreement with the vendors of HOSSB for the acquisition of the entire equity interest in HOSSB, comprising 4,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM35,749,998, which was fully satisfied by the issuance of 71,499,996 HRB Shares to the respective vendors of HOSSB at an issue price of RM0.50 per HRB Share.

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5. INFORMATION ON OUR GROUP (Cont'd)

The share sale agreement was conditional upon the completion of the Share Transfer. The Acquisition resulted in the following vendors exchanging their respective stakes in HOSSB for a proportionate stake in HRB as set out below:-

Vendors	Shareholding in HOSSB after the Share Transfer		Upon completion of the Acquisition		
	No. of HOSSB Shares	%	No. of HRB Shares to be received	Purchase Consideration RM	#%
Dato' Mohsin Abdul Halim	1,328,000	33.20	23,737,999	11,869,000	33.20
Zahari bin Hamzah	1,408,000	35.20	25,167,999	12,583,999	35.20
Mallek Rizal bin Mohsin	400,000	10.00	7,149,999	3,574,999	10.00
Joel Emanuel Heaney	864,000	21.60	15,443,999	7,722,000	21.60
Total	4,000,000	100.00	71,499,996	35,749,998	100.00

Note:-

After the completion of the Acquisition

The purchase consideration of RM35,749,998 for the Acquisition was arrived at based on a willing-buyer willing-seller basis after taking into consideration, amongst other factors, a PE Multiple of approximately 3.86 times based on the audited PAT of HOSSB for the FYE 31 December 2008 of RM9,252,401 as well as the growth and future prospects of HOSSB in the oil and gas industry. The Acquisition was completed on 6 May 2009.

(iii) Offer for Sale

Upon completion of the Acquisition and in conjunction with the Listing, 6,000,000 HRB Shares representing 6.67% of the enlarged issued and paid-up share capital of HRB will be offered to identified public investors at an Offer Price of RM0.72 per share subject to the terms and conditions of this Prospectus as follows:-

Shareholder(s)	No. of Offer Shares	% of the enlarged issued and paid-up share capital after Public Issue	Proceeds raised RM
Dato' Mohsin Abdul Halim	1,992,000	2.21	1,434,240
Zahari bin Hamzah	2,112,000	2.35	1,520,640
Mallek Rizal bin Mohsin	600,000	0.67	432,000
Joel Emanuel Heaney	1,296,000	1.44	933,120
Total	6,000,000	6.67	4,320,000

Pursuant to the Offer for Sale, the Offerors are expected to raise RM4.32 million based on the Offer Price of RM0.72 per Share.

(iv) Public Issue

In conjunction with the Listing, HRB will undertake a public issue of 18,500,000 new HRB Shares, representing 20.56% of the enlarged issued and paid-up share capital of HRB, at an Issue Price of RM0.72 per Share to be allocated in the following manner:-

- (a) 6,000,000 HRB Shares, representing 6.67% of the enlarged issued and paid-up share capital to be made available for application by the Malaysian public, of which 30% is to be set aside for Bumiputera investors;

5. INFORMATION ON OUR GROUP (Cont'd)

- (b) 4,000,000 HRB Shares, representing 4.44% of the enlarged issued and paid-up share capital to be reserved for eligible directors, employees and persons who have contributed to the success of our Group; and
- (c) 8,500,000 HRB Shares, representing 9.44% of the enlarged issued and paid-up share capital has been allocated to be placed out to identified investors.

All the Issue Shares and Offer Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of the Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the allotment thereof.

(v) Listing

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM45,000,000 comprising of 90,000,000 HRB Shares on the Second Board of Bursa Securities will be sought.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8 BUSINESS OVERVIEW

5.8.1 Our Services and Products

Our Group is a fully integrated offshore crane service and manufacturing provider specialising in the oil and gas industry. The principal activities of our Group include the following:-

(i) Provision of overhaul and maintenance services

❖ Crane reconditioning

Our Group has a proven track record for on-site structural inspections, crane removal and crane reconditioning. As at the LPD, we have reconditioned fifty seven (57) cranes with zero warranty call-outs.

Crane reconditioning involves the overhaul of degenerated cranes with deteriorating safety standards. The reconditioned cranes delivered to the clients are provided with a new crane warranty. We also provide on-site crane upgrades, statistical analysis and structural modifications which meets the API and original manufacturer design specifications. The cranes are reconditioned to exceed the manufacturer's original specification and to comply with API2C standards. Cranes reconditioned can also incorporate off-the-shelf or customised upgrades to enhance safety features, capitalize on modern efficiency gains or improve the ease of operation. These upgraded services and systems are designed and supplied by HOSSB.

The availability of improvements in safety systems, new condition monitoring systems offering easier maintenance and changes to the role of the crane on offshore installation can facilitate mid-life modification or upgrade for cranes. Crane reconditioning saves customers the cost of replacing the crane by devising and implementing comprehensive crane system upgrade programs.

As diesel, electric and hydraulic components become more efficient, cranes are able to provide the same or heavier lifting capacities as when new, while consuming less energy. These upgrades and/or modernisations translate into cost savings and efficiencies for the customer. As the lifespan of a typical offshore pedestal crane is approximately ten (10) to fifteen (15) years, and a platform can be producing oil/gas past its projected useful life into twenty (20) to thirty (30) years and beyond, these modernizing efforts are not only advantageous but are mandatory.

❖ Operation and management

Our Group's crane operation and management administration is intended to create one customer focal point for all crane activities. A dedicated point of contact coordinates the planning and delivery of operating and maintenance services which meet pre-agreed key performance and budget objectives. A defined parts inventory is specified and held by us to ensure that routine spares and capital insurance parts are available to respond to urgent repair needs, thus minimising downtime.

❖ Crane inspection

Our Group performs inspections for certification to API-RP2D on a quarterly, semi-annual, and annual basis or on a pre-rig and post-rig crane, and manufactures cranes to conform to API2C standards. We maintain the detailed inspection reports of previously inspected cranes. These inspection reports provide comprehensive data collection for future component requirements and timely inspections, thus minimising crane downtime.

5. INFORMATION ON OUR GROUP (Cont'd)

❖ Consultation services

Our crane and lifting equipment consultation services covers every aspect from conceptual design and procurement, through installation and commissioning, to operation maintenance and demobilisation. We have been instrumental in writing the crane maintenance philosophy and strategy for both ExxonMobil and PETRONAS Carigali. Having participated in drafting these systems, we are in a unique position of knowledge with regard to our customer's policies and level of acceptance.

❖ Vendor/customer support data

Our Group provides customers with an information database to chart the wear on critical components. Data collected from vendors/customers enables critical crane components such as slew bearings to be tracked for allowable tolerances and actual wear. As such, the components can be ordered prior to an actual breakdown, avoiding delay or downtime. Our information database positions us to prevent potential downtime.

(ii) Manufacturing or fabrication of new offshore pedestal cranes

Offshore pedestal cranes are mounted on offshore production platforms on top of a pedestal. The cranes are an elevating and rotating lifting device used for the transfer of materials or personnel to or from marine vessels and structures. Our Group's offshore pedestal cranes are designed to meet the performance demands of the oil and gas industry. In the oil and gas industry, the offshore pedestal cranes are typically mounted on a fixed (bottom supported) or floating platform structure, used in drilling and production operations such as pile driving, installation and removal of jackets and topsides, tension leg platforms, subsea modules and deepwater pipelay assistance. All of our Group's offshore pedestal cranes are designed and built in accordance with API2C standards.

Our Group has also to date, manufactured and delivered fourteen (14) new custom manufactured offshore pedestal cranes with zero defects and no warranty claims to date. Our track record is exemplified by the fact that many of our cranes are still in operation and quite a few have been upgraded to higher capacities and modified for additional capabilities at an affordable cost. Our Group's involvement into a crane manufacturer was a process encouraged by the demands from our customers for alternatives in the market.

(iii) Other services such as supply of manpower and parts**❖ Personnel**

Our Group provides fully trained experienced personnel for short or long-term projects. These include design, mechanical, structural and electrical engineers, crane operators, and technicians, all specializing in hydraulic offshore cranes. We provide on-site and in-house training for crane specialists, crane technicians, crane operators and signalmen. Our assessors are trained by nationally recognised and accredited assessor organisations.

We have been awarded three (3) consecutive contracts to provide such training to our clients and external parties. Our Group has recently incorporated such training into the integrated crane maintenance contracts as an added service to our clients.

5. INFORMATION ON OUR GROUP (Cont'd)

❖ Component supply

Our Group supplies components, spare parts and also provides procurement services for all makes of offshore cranes. It is our policy to stock the most commonly utilised components in-house at our Kemaman Supply Base location. Our Group also holds an excess of crane spare parts, ranging from major units such as engines and slew bearings to structural components such as boom sections and other critical spares such as pumps, motors, winches and small consumables.

All cranes overhauled and manufactured by HOSSB are fitted with a tracking and monitoring systems, which enables HOSSB to pre-empt failures and stock the necessary components to minimize downtime.

In addition to our stockholding, our Group has established supply links with the majority of offshore, marine crane and component manufacturers. For example, HOSSB is the appointed distributor and service centre for Braden winches for this region. As the service centres for these major components on offshore cranes, we do not only provide the sales, parts and service, but also satisfy warranty claims on factory products sold by other manufacturers. Our links and knowledge as the designer of various crane systems gives us an added advantage of identifying frequent failure components.

❖ Component exchange program

The most critical, costly and long lead components such as hydraulic pumps, winches, power units, motors and boom sections are available on an exchange basis in order to reduce downtime. The customer purchases at pre-agreed prices for our available units in exchange for their old core unit which is reconditioned by us with no urgency. As such, we are unique in supplying such a broad based exchange program on many different crane components.

(iv) **Offshore crane rental**

Our Group has invested in twelve (12) API2C compliant modular offshore pedestal cranes for our temporary crane rental division. Our own fleet of cranes have been designed for rapid deployment and build-up offshore. In addition, our engineering teams are on hand to design solutions to the challenges of siting, structural support and development of lifting plans for projects. Temporary crane rentals are critical to customers in view of the long lead time required to overhaul and recondition cranes. Furthermore, the rental business complements our Group's crane maintenance services and strengthens our position as a fully integrated offshore crane service provider.

(v) **Workover projects lifting solutions**

Our Group has recently emerged as an engineering lifting solutions provider for workover projects. Workover projects involve reviving old or abandoned oil platforms which have recently become commercially viable given the introduction of new technology and the increase in oil prices. The lifting solutions are a critical solution to the workover projects as offshore cranes are utilised to lift equipment, tools, consumables and in some cases personnel to and from the platform.

5. INFORMATION ON OUR GROUP (Cont'd)

The initial workover projects lifting solutions involve our engineers and technicians being brought-in site to survey the area and conduct engineering studies in order to provide solutions on the most efficient way to erect and assemble the offshore pedestal cranes on the platform. The rented offshore pedestal cranes are fitted in stages, onto the platform to lift the workover rigs and other equipments on the platform so that rehabilitation and drilling works can be performed. However, our Group does not participate in the rehabilitation and drilling works.

Our Group has provided lifting solutions for workover campaigns in Peninsular Malaysia, Sabah and Sarawak on dozens of platforms with the campaigns continuing into the foreseeable future.

5.8.2 Our Principal Markets

The offshore support services that our Group provides relate to the upstream segment of the oil and gas industry which involves exploration, development and production activities. We provide services to oil and gas majors who are involved in the upstream segment of the oil and gas industry. Our services mainly include the provision of integrated offshore crane maintenance services and the manufacturing of offshore pedestal cranes.

Our Group's current provision of integrated offshore crane maintenance services contract for PETRONAS Carigali and ExxonMobil covers their PMO. In this respect, our Group has maintained our competitive position and has been performing the same contract with ExxonMobil (through HESB) and PETRONAS since 1995 and 2001 respectively. In addition, our Group has also provided lifting solutions for workover campaigns in Peninsular Malaysia, Sarawak and Sabah on dozens of platforms with the campaigns continuing into the foreseeable future.

In the near future, our Group intends to expand our businesses primarily, in East Malaysia as well as the neighbouring South East Asian countries.

5.8.3 Seasonality

The provision of our offshore pedestal crane services and products by the oil and gas majors are essential in ensuring the uninterrupted supply of oil and gas. Thus there is no seasonality in the demand for our services.

5.8.4 Our competitive strengths

Our competitive strengths are as follows:-

(a) Approved licences and registrations

Our Group is one of only two (2) API licensed companies operating in Malaysia that manufactures offshore pedestal cranes and is the only company in Malaysia to provide fully integrated offshore crane services to the oil and gas industry. In addition, to participate in the oil and gas industry in Malaysia, it is mandatory that appropriate licences be obtained from PETRONAS. Our Group has obtained licences issued by PETRONAS that enables us to supply equipment or provide services to the oil or gas industry participants in Malaysia. Our Group constantly ensures that we meet the requirements of the licences as well as obtains any new licences to provide new products and services within the oil and gas industry in Malaysia. The licensing by API and PETRONAS creates a barrier to entry for new operators.

5. INFORMATION ON OUR GROUP (Cont'd)

We are also registered as a contractor with the MOF. This allows us to tender for contracts issued by the Malaysian Government. Our Group is also licensed by MITI for the manufacturing of offshore pedestal cranes.

(b) Established track record and strong relationship with major oil and gas companies in Malaysia

Our Group has built a strong working relationship with long established and reputable customers, namely PETRONAS Carigali, ExxonMobil, Talisman, Ecodrill (M) Sdn Bhd and Sarawak Shell Bhd, amongst others. In May 2006, our Group secured contracts from PETRONAS Carigali and ExxonMobil to provide services in twenty six (26) offshore oil and gas fields located off the coast of Terengganu. Our Group had in November 2007 secured a similar service contract with Talisman for a period of three (3) years. Our Group's other customers includes Murphy Oil Corp., UMW Petrodrill (Malaysia) Sdn Bhd, Petrofac Ltd, BJ Oilwell Services (Malaysia) Sdn Bhd, Conoco Philips Inc., Newfields Exploration Co., Crest Petroleum Berhad, Kencana Petroleum Berhad and Sime Darby Engineering Sdn Bhd.

Our Group has been providing services to ExxonMobil since 1995 (through HESB prior to 2001), and we are the only company in Malaysia to be awarded the service contract three (3) consecutive times. We have also been awarded similar contracts to provide offshore pedestal crane services to PETRONAS Carigali and Talisman in 2001 and 2004, respectively. Our Group's success in securing the above contracts demonstrate our strong credentials and performance track record. With approximately twelve (12) years of experience in the offshore crane servicing industry, our Group has successfully established an enviable track record which is associated with quality, reliability, technical expertise as well as service excellence. Our track record serves as an important reference to secure new potential customers.

(c) Niche industry and high barriers to entry

Our Group is one of the few companies in Malaysia that manufactures and provides overhaul and maintenance for offshore pedestal cranes. Profit margins are high due to our Group's niche and the limited number of companies offering the same type and quality of service. Our Group's competitive position is supported by high barriers to entry due to the highly specialised and technical nature of our business. In particular, crane design and development, especially customized crane manufacturing, requires a high level of expertise to meet the demanding specifications in their respective applications, and also to comply with the increasingly stringent safety levels imposed by the international bodies. Such expertise can only be acquired through long years of industry experience. The heavy emphasis on track record and technology which requires high expertise level acts as a deterrent for any prospective company to enter the offshore pedestal cranes services and manufacturing market.

(d) Strategic partnership with foreign parties

Our Group receives technical support from ECHI, an American company which has over forty six (46) years of experience in all aspects of offshore pedestal crane including parts, service, repair, rental, manufacturing, sales, training and design of offshore cranes. Our Group also receives technology transfer and assistance in sourcing of raw materials from ECHI. This is to ensure that our Group is kept abreast with all the latest technological developments and expertise in the oil and gas industry.

5. INFORMATION ON OUR GROUP (Cont'd)

In addition, our Group is also the authorised service centre for Braden hoist, which are the most commonly utilized hoist on open loop hydraulic cranes. Furthermore, Braden also commonly refers their requirements to HOSSB for regional inquiries outside of Malaysia.

(e) Pioneer status

The Pioneer Status granted by MITI for a period of ten (10) years, grants our Company tax exemption on our profit derived from manufacturing of new offshore pedestal cranes. The pioneer period commenced on 18 September 2005 and expires on 17 September 2010, after which our Company is required to re-apply for a further five (5) year extension.

(f) Crane rental business

Our Group has invested in twelve (12) API2C offshore pedestal cranes for our crane rental business. The crane rental business complements our Group's crane maintenance services and strengthens our position as a fully integrated offshore crane service and manufacturing provider. The crane rental business has great potential and it is expected to grow further in view of the long lead time required to overhaul and recondition offshore pedestal cranes.

(g) Skilled, experience and dedicated management team

In view of the technical and niche nature of our business, our Group recognises the need to employ technically skilled and dedicated employees. We have in our employment, experienced and capable staff who are competent in their respective roles. We also send our staff overseas for crane component training at Robway in Australia for load monitoring systems and Braden in Oklahoma, USA for hoists. In addition, our employees also possess a keen understanding of our customer's requirements and are able to translate them into deliverables that meet the customers' specifications. Our Group is headed by an experienced, committed and dynamic management team. Some of the senior management staff has been in the oil and gas-related industry for more than twenty (20) years.

(h) Quality and HSE assurance

Our track record and distinguished reputation is attributed to our stringent quality controls. One of our company policies is to deliver our quality products and services on time. Stringent quality controls are implemented in each process of operation to ensure that the final result adheres to the standards and specifications of our respective customers. Before delivery of both new and reconditioned offshore pedestal cranes, our Group will first calibrate and test that the offshore pedestal crane conforms to API2C standards as well as customers' requirements. Due to such stringent quality controls, we have received numerous awards for HSE which is testimony to our Group's proven work practices and quality of service.

5.8.5 Types, sources and availability of raw materials/input

The following are the major raw materials and components used for crane manufacturing and fabrication:-

- Primary steel and secondary steel products;
- Mechanical components such as engines, hydraulic gear boxes, hydraulic components, slew bearings and steel wire ropes;
- Casting materials comprising drums and sheaves; and

5. INFORMATION ON OUR GROUP (Cont'd)

- Electrical components, lights, switches, enunciators, solenoids and control panels.

Our Group sources these raw materials from overseas and local suppliers. For the past twelve (12) months up to the LPD, our Group has not experienced any significant shortage in the supply of raw materials used in our manufacturing process.

In addition, HOSSB is the appointed distributor and service centre for Braden winches for this region. Braden is the most dominant manufacturer of Planetary crane hoists utilised on offshore cranes worldwide. It is our Group's policy to keep in stock critical components that are not easily available to avoid any downtime.

A discussion on the impact of fluctuations in foreign exchange rates on the prices of our raw materials has been set out in **Section 4.1.7** of this Prospectus.

5.8.6 Technology used or to be used

Our Group uses various technologies in the provision of our services and cranes. In researching, designing and design-proving any prototypes prior to inclusion into our product line, we utilise strain gauges, micro strain reading hardware, data acquisition hardware, real-time stress data collection and reduction software and calibrated weights.

A few of our key research and developments ("R&D") tools are computer aided design, three-dimensional (3D) drawing and solid modelling software with trained operators and finite element stress analysis software.

In addition, our Group has a representation and manufacturing agreement dated 15 January 2001 with ECHI, an American company whose proprietors have over forty six (46) years of experience in all aspects of offshore cranes including parts, service, repair, rental, manufacturing, sales, training and design. Pursuant to the aforesaid agreement, our Group receives technology transfer and assistance in sourcing of raw materials from ECHI as well as quality control guidance. This agreement ensures that our Group is kept abreast with all the latest crane technological developments and expertise in the oil and gas industry.

The salient terms of the above agreement are as follows:-

- (i) ECHI is contracted to partner with HOSSB for the following:-
 - To develop and share quality programs;
 - To develop and share design & quality control management systems;
 - To develop and share the Seahorse Crane product line; and
 - To implement and design, oversee and manage stress test and strain gauge of each respective crane models as sold.
- (ii) Both parties, HOSSB and ECHI agree:-
 - To set minimum monthly quotas after consulting each other and the market;
 - To share market information and requirement dates for the mutual benefit of both parties;
 - The design and Quality Program investment will be treated as a cost to be recovered by ECHI spread out over the initial fifteen (15) crane sales;
 - To treat all designs, documents and data as the proprietary property of ECHI;

5. INFORMATION ON OUR GROUP (Cont'd)

- Abide by and enforce the procedures and guidelines of the Q1 System; and
- Modifications and changes shall be agreed upon in writing by both parties.

Duration

The agreement is perpetual and binding on both HOSSB and ECHI until both parties agree to mutually terminate the agreement.

Save for costs/fees incurred for the sourcing of certain raw materials/parts and consultation services rendered on an ad-hoc basis, there is no technical assistance or partnership fee to be paid by HOSSB to ECHI in relation to this strategic partnership agreement.

5.8.7 Production/operating capacities and output

As our Group is primarily engaged in providing offshore pedestal crane overhaul and maintenance services for the oil and gas industry, conventional measures of production capacity and utilisation are not relevant to our operations.

However, our Group has been fabricating on average of approximately four (4) cranes per annum at our current yard in Kemaman Supply Base for the past three (3) years. Our proposed new fabrication yard located at the Teluk Kalong industrial area in Kemaman, Terengganu Darul Iman has the capacity for manufacturing, servicing, maintaining and overhauling an average of thirty (30) offshore cranes per annum as compared to our existing plant capacity of twelve (12) offshore cranes per annum.

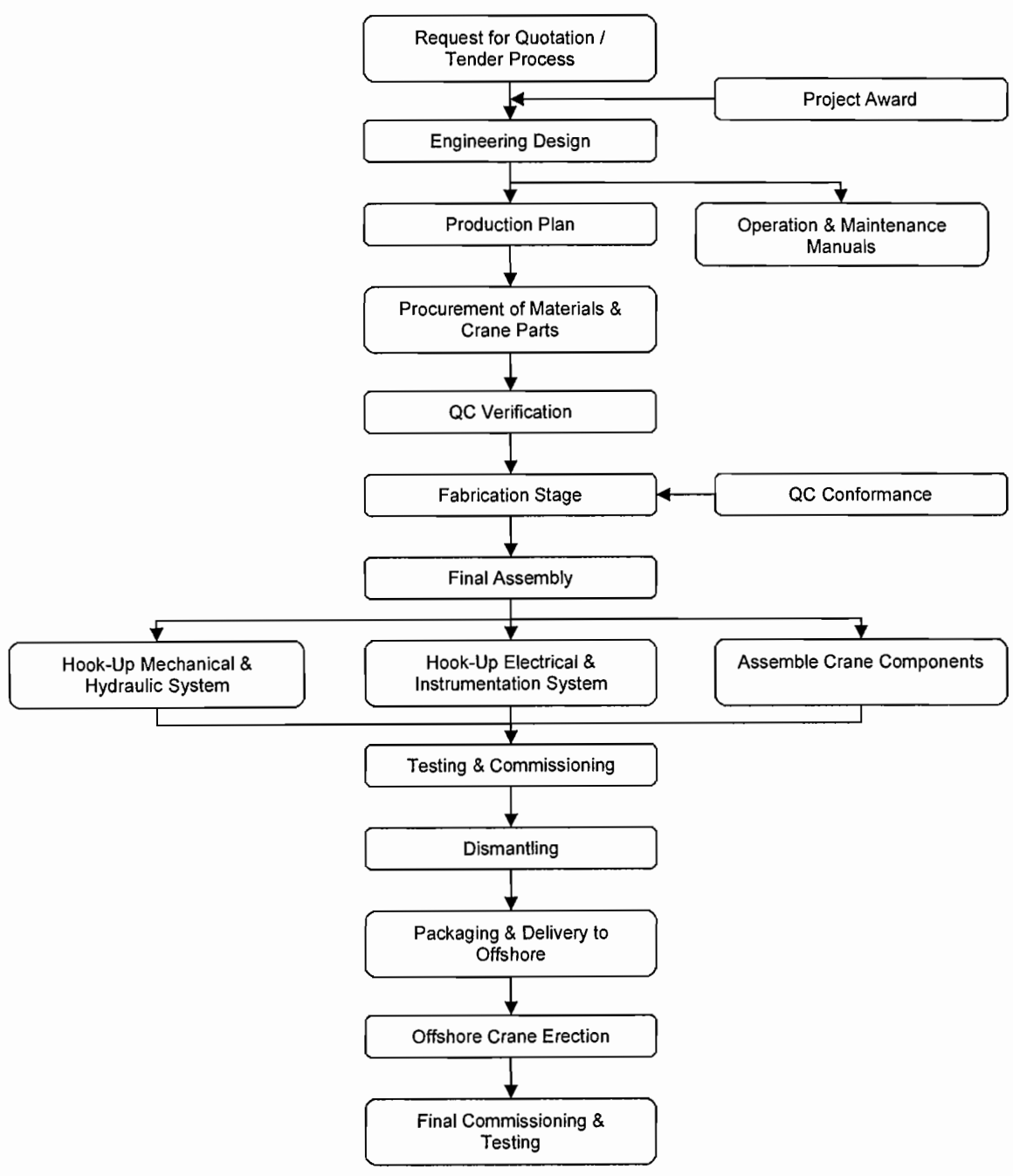
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5. INFORMATION ON OUR GROUP (Cont'd)

5.8.8 Process flow of the business operations of our Group

The process flow of the business operations of our Group are depicted in the following diagrams:-

(a) Offshore pedestal crane manufacturing or fabrication processes



5. INFORMATION ON OUR GROUP (Cont'd)

The process flow for the manufacturing or fabrication of offshore pedestal cranes begins with the request for quotation from our existing/potential customers or the submission of a tender by the marketing division of our Group for a project. In the event the project is awarded to our Group, the engineering division will begin its design process. Upon finalisation of the engineering design for the offshore pedestal crane, a production plan and the operation and maintenance manual will be made available.

The production of the offshore pedestal crane will commence in accordance to the production plan. During the production process, we will ensure that all the materials procured for the production of the offshore pedestal crane are approved by the QC Officer through a stringent QC verification process. During the QC verification process, all materials that are non-QC compliant will be rejected. Under such circumstances, the production division will procure new parts/materials to replace the materials which were rejected during the QC verification process.

Upon completion of the procurement and QC verification process, the fabrication stage will commence with the QC conformance process constantly ensuring that quality and customer's specifications are met.

The final assembly process for the manufacturing of the offshore pedestal crane involves the hook-up mechanical and hydraulic system, hook-up electrical and instrumental system and the assembly of crane components.

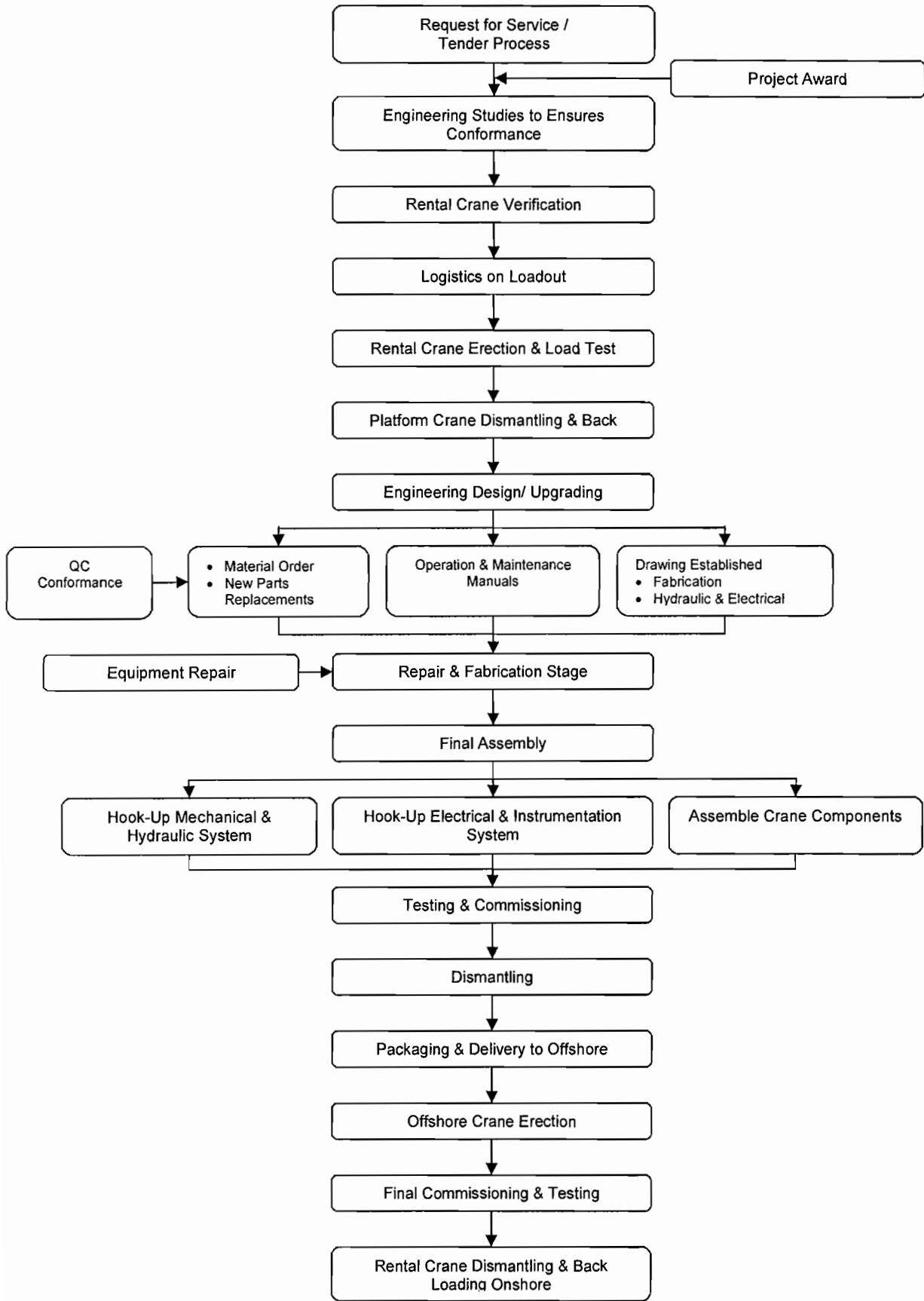
Upon completion of the final assembly process, newly fabricated/manufactured offshore pedestal cranes will be fully tested and commissioned in our yard to ensure optimal performance when in use. Once satisfactorily tested, the cranes will be dismantled and packaged for delivery to the designated offshore site.

At the designated offshore site, the offshore pedestal crane will be erected and will be subject to a final commissioning and testing before it is made available for use.

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5. INFORMATION ON OUR GROUP (Cont'd)

(b) Overhaul and maintenance services processes



5. INFORMATION ON OUR GROUP (Cont'd)

The process flow in relation to the overhaul and maintenance of offshore pedestal cranes begin when our prospective/existing customer places a request for services or when the marketing division of our Group submits a tender for service works.

When we are awarded the works/project, an engineering study will be carried out to ensure conformance to our customer's specification. As part of our Group's added service, the offshore pedestal crane which requires servicing/overhaul will be temporarily replaced with our rental crane(s) to avoid disruption to our client's business operations. Upon erection of the rental crane, the existing offshore pedestal crane will be dismantled and brought back onshore for overhaul/maintenance.

The engineering division will establish an engineering design/plan to upgrade the lifting mechanism of the existing offshore pedestal crane model. Upon finalisation of the said design, the production division will procure the materials/parts to be replaced. At this juncture, an operation and maintenance manual will be made available.

Similar to the business process of manufacturing offshore pedestal cranes, all materials/parts procured are required to be approved by the QC Officer through a stringent QC verification process to ensure that the said materials conform to the material specifications. The drawings pertaining to the hydraulic and electrical circuit together with the fabrication designs will be made available at this juncture for the repair and fabrication stage.

The repair and fabrication process involves a few sub-processes such as material profiling, welding process, non-destructive testing, components refinement, surface preparation and coating. Upon completion of the repair and fabrication stage, the offshore pedestal crane will be assembled during the final assembly stage. The final assembly process involves the hook-up mechanical and hydraulic system, hook-up electrical and instrumental system and the assembly of crane components.

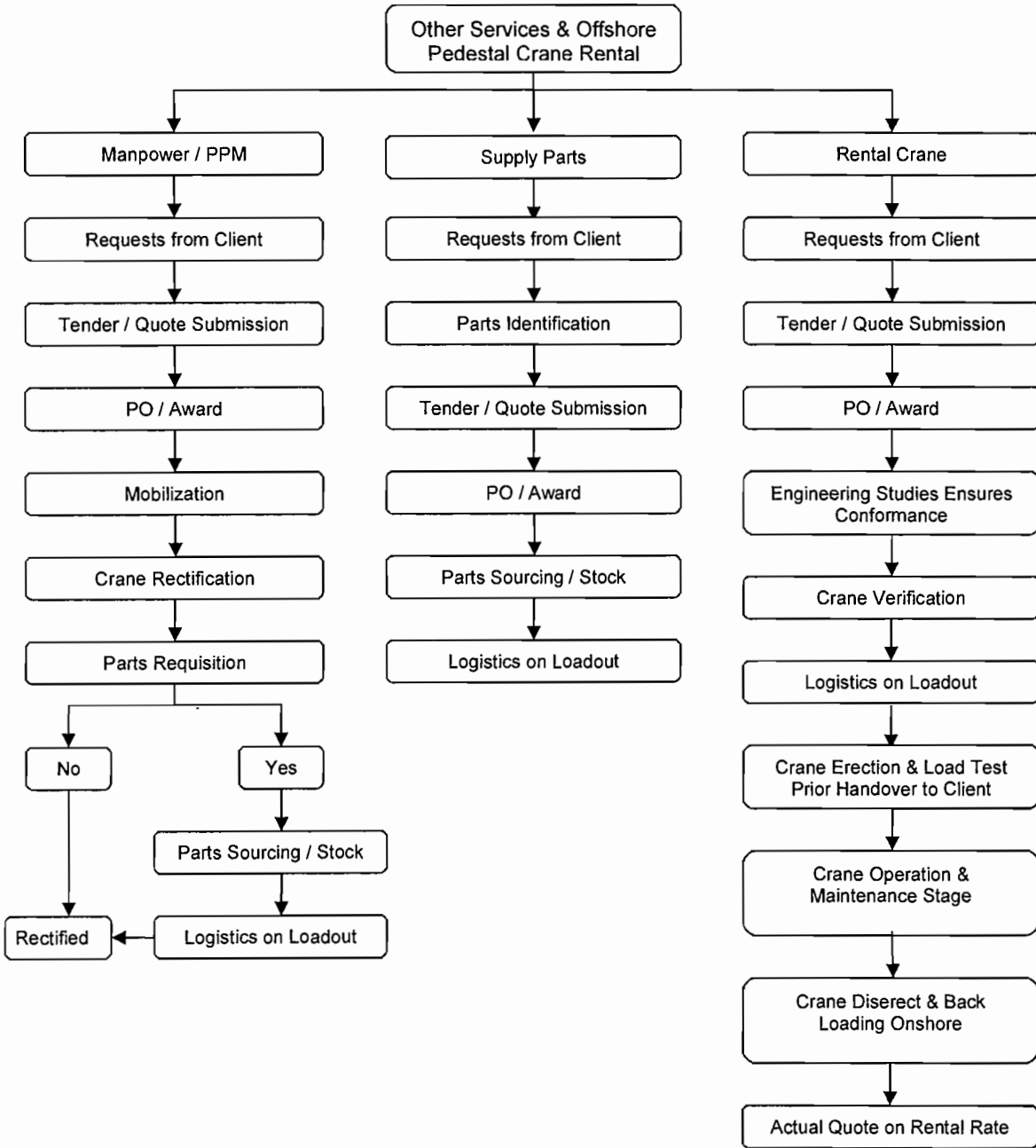
The newly overhauled and serviced offshore pedestal crane which has been assembled will be subject to a series of tests. Upon successful testing and commissioning, the offshore crane will be dismantled, packaged and delivered to its offshore site. At the offshore site, the crane will be erected and subject to a final testing and commissioning. The rented offshore crane will be dismantled and brought back onshore upon completion of the final testing and commissioning of the offshore pedestal crane.

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5. INFORMATION ON OUR GROUP (Cont'd)

(c) Other services and offshore pedestal crane rental

The other services and offshore pedestal crane rental business process involves the following procedures:-



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