

DAYANG ENTERPRISE HOLDINGS BHD

PROPOSED ACQUISITION OF 40% EQUITY INTERESTS IN SYARIKAT BORCOS SHIPPING SDN BHD FOR CASH CONSIDERATION OF RM132,080,000 ("PROPOSED ACQUISITION")

1. INTRODUCTION

On behalf of the Board of Directors ("**Board**") of Dayang Enterprise Holdings Bhd ("**DEHB**" or the "**Buyer**"), AmInvestment Bank Berhad ("**AmInvestment Bank**"), a member of AmInvestment Bank Group, is pleased to announce that DEHB is proposing to undertake the Proposed Acquisition.

2. THE PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

DEHB had on even date entered into a Sale and Purchase Agreement ("**SPA**" or the "**Agreement**") with AWH Equity Holdings Sdn Bhd ("**AWH**" or the "**Seller**") for the acquisition of 1,800,000 ordinary shares of RM1.00 each ("**Sale Shares**") in Syarikat Borcos Shipping Sdn Bhd ("**SBSSB**" or the "**Company**"), representing 40% equity interests in SBSSB, from AWH for a cash consideration of RM132,080,000 ("**Purchase Price**") ("**Proposed Acquisition**").

Simultaneous with the signing of the SPA, DEHB and AWH (collectively the "**Parties**") had also entered into the following agreements to govern the other terms and conditions of the Proposed Acquisition:-

- (a) a profit guarantee agreement whereby the Seller will guarantee to the Buyer that SBSSB and its subsidiaries (collectively the "**SBSSB Group**") will achieve a consolidated profit after tax ("**PAT**") of RM65 million for the financial year ending 31 December 2010 ("**Profit Guarantee Agreement**"). Further details of the Profit Guarantee Agreement are set out in Section 2.7.2 of this Announcement; and
- (b) a share clawback agreement whereby the Seller will grant to the Buyer the right to require the Seller to transfer to the Buyer certain ordinary shares in SBSSB held by the Seller in the event the equity shareholding of the Buyer in SBSSB falls below 40% as a result of the conversion of the ICPS (as defined in Section 2.2.2 of this Announcement) ("**Share Clawback Agreement**"). Further details of the Share Clawback Agreement are set out in Section 2.7.3 of this Announcement.

The Sale Shares shall be purchased free from all liens, pledges, charges, equities, mortgages and other encumbrances whatsoever.

2.2 Information on SBSSB

2.2.1 Background information

SBSSB was incorporated in Malaysia on 8 November 1980 under the Companies Act, 1965 as a private limited company.

SBSSB Group is principally engaged in the provision of marine transportation and support services to the offshore oil and gas industry as well as integrated land-logistics services. For the financial year ended 31 December 2008, the SBSSB Group recorded an audited consolidated PAT after minority interest ("**MI**") of approximately RM47.5 million while its consolidated net assets ("**NA**") was approximately RM183.1 million. Further details of the business operations and financial summary of the SBSSB Group are set out in the **Appendix** of this Announcement.

2.2.2 Share capital, Directors and shareholders

The authorised share capital of SBSSB is RM50,000,000 comprising 25,000,000 ordinary shares of RM1.00 each ("**Shares**") and 25,000,000 new Irredeemable Convertible Preference Shares of RM1.00 each ("**ICPS**") while its issued and paid-up share capital is RM29,500,000, comprising 4,500,000 Shares and 25,000,000 ICPS.

SBSSB is presently a wholly owned subsidiary of AWH. Lembaga Tabung Haji and its asset-management company (collectively the "**Investors**") collectively hold in aggregate the 25,000,000 ICPS.

The directors of SBSSB are Dato' Wan Ariff Bin Wan Hamzah, Sidqi Ahmad Said Bin Ahmad and Nadzru Bin Azhari.

2.2.3 Shareholders' arrangements

Pursuant to the SPA, it is a condition precedent that AWH, DEHB, the Investors and SBSSB will enter into a Shareholders' Agreement to govern certain rights and obligations as shareholders of SBSSB and in the management of the business and affairs of SBSSB upon terms and conditions to be agreed between the parties ("**Shareholders' Agreement**"). Details of the Shareholders' Agreement will be announced in due course once the terms and conditions had been finalised by the parties.

2.3 Information on the Seller

AWH was incorporated in Malaysia on 20 September 2004 under the Companies Act, 1965 as a private limited company.

The principal activity of AWH is investment holding. The authorised share capital of AWH is RM5,000,0000 comprising 5,000,000 Shares while its issued and paid-up share capital is RM4,500,000, comprising 4,500,000 Shares.

The directors of AWH are Nadzru Bin Azhari and Sidqi Ahmad Said Bin Ahmad while its shareholders and their shareholdings in AWH are as follow:-

Name	No. of Shares			
	Direct	%	Indirect	%
Dato' Wan Ariff Bin Wan Hamzah	3,150,000	70.0	-	-
Sidqi Ahmad Said Bin Ahmad	1,350,000	30.0	-	-
Total	4,500,000	100.0		

2.4 Basis of arriving at the Purchase Price

The Purchase Price was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:-

- (a) the synergistic benefits expected to be derived from the Proposed Acquisition (as detailed in Section 3 of this Announcement);
- (b) the financial and operational track records of the SBSSB Group, the future earning potentials of the SBSSB Group and the profit guarantee by AWH;
- (c) the expansion plans of the SBSSB Group, including its plan to increase its fleet size; and
- (d) the gearing and cashflow position of the SBSSB Group.

2.5 Justification for the Purchase Price

The Purchase Price represents:-

- (a) a price-to-book ratio ("**PBR**") of 1.80 times based on the proportionate share of the audited consolidated NA of SBSSB Group as at 31 December 2008 of approximately RM183.1 million; and
- (b) a price-earning-ratio ("**PER**") of 6.95 times based on the proportionate share of the consolidated PAT after MI of the SBSSB Group of RM47.5 million for the financial year ended 31 December 2008.

In arriving at the Purchase Price, the Board had considered the valuation parameters of other companies listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") which are also involved in, amongst others, chartering of offshore marine support vessels. As at 8 September 2009, the PBRs of these comparables ranged between 1.05 times to 1.81 times while their PERs ranged between 8.89 times to 13.76 times (*Source : Bloomberg*).

Based on the above:-

- (a) the PBR based on the Purchase Price of 1.80 times is within the range of trading PBRs of the comparables; and
- (b) the PER based on the Purchase Price of 6.95 times is lower than the PERs of the comparables.

However, it should be noted that the comparables may not be directly comparable to the SBSSB Group due to various factors including, amongst others, their listing status, type and size of business, industry segment, the age, size, tonnage and types of vessels, licence conditions, profit track record, financial strength and prospects.

2.6 Mode Of Satisfaction and Sources of Funding

The Purchase Price will be satisfied wholly via cash in the following manner:-

- (a) a deposit of RM5,000,000 upon the signing of the SPA ("**Deposit**"); and
- (b) the balance of RM127,080,000 on the completion date of the SPA ("**Balance Purchase Price**").

The Purchase Price shall be financed by a combination of internally generated funds and borrowings, the exact proportion of which has not been finalised as at this juncture.

However, it is anticipated that DEHB will be able to finance approximately 85% of the Proposed Acquisition by way of bank borrowings. The balance of 15% is expected to be funded from internally generated funds.

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2.7 Salient Terms of the Agreements

2.7.1 SPA

A summary of the salient terms of the SPA, inter-alia, are as follows:-

(a) Conditional Agreement

- (i) The Parties agree that the obligation of the Buyer to purchase the Sale Shares from the Seller is conditional upon and subject to the following being obtained or fulfilled, as the case may be, ("**Conditions Precedent**") on or before the expiry of the CP Fulfilment Period (as defined in Note (ii) below):-
 - (aa) the completion of the legal and financial due diligence exercise by the Buyer on the SBSSB Group, and the results of such exercise not being materially adverse to the Buyer in the reasonable opinion of the Buyer subject always to the Buyer giving the Seller the right to negate or rectify any materially adverse matter(s);
 - (bb) the Buyer obtaining the approval of its shareholders for the acquisition of the Sale Shares ("**Shareholders' Approval**");
 - (cc) the Buyer obtaining the approval/clearance of Bursa Securities for the Circular to Shareholders of the Buyer in respect of the acquisition of the Sale Shares pursuant to Chapter 10.7 of the Listing Requirements of Bursa Securities ("**Bursa Approval**"); and
 - (dd) the execution of the Shareholders' Agreement between the Seller, the Investors, the Buyer and SBSSB.
- (ii) In the event that the Conditions Precedent shall not have been obtained or fulfilled or waived (as the case may be) on or before **10 December 2009**, or such other date as may be agreed by the Parties in writing, ("**CP Fulfilment Period**") the Agreement shall terminate whereupon the solicitor acting for the Seller ("**Stakeholder**") shall, and the Parties hereby authorise the Stakeholder to, refund to the Buyer, the Deposit together with any interest accrued thereon, within 7 days from the date of such termination and thereafter the Agreement shall be null and void and of no further effect whatsoever and none of the Parties shall have any claims against the other for costs, damages, compensation or otherwise, save in respect of any antecedent breach of the terms therein.
- (iii) The Agreement will become unconditional on the date on which the last of the Conditions Precedent shall have been duly obtained or fulfilled or waived, as the case may be, in accordance with the provisions of Clause 2 of the Agreement (which date shall in the Agreement be called the "**Unconditional Date**").
- (iv) The Seller and the Buyer may mutually agree in writing to waive any Condition Precedent (or condition attached thereto) at any time.

(b) Completion

- (i) Simultaneously with the delivery of the completion documents, the Buyer shall cause the Buyer's solicitors to pay the Balance Purchase Price to the Seller and the Stakeholder shall release the Deposit and interest accrued thereon to the Seller. The Seller shall then instruct the Buyer to cause a sum equivalent to RM86,500,000.00, being the debt owing by the Seller to SBSSB ("**Seller's Indebtedness**") from the Balance Purchase Price to be paid directly to SBSSB, for and on behalf of the Seller, towards full and final settlement of the Seller's Indebtedness. The Buyer shall cause the Buyer's solicitors to pay the balance of the Balance Purchase Price (after paying the Seller's Indebtedness to SBSSB) directly to the Seller. Payment of the Balance Purchase Price and release of the Deposit and interest accrued thereon shall be effected by way of banker's cheque or cashier's order drawn on a reputable bank in Malaysia.

- (ii) Within 7 days from completion, the Seller shall procure and ensure that up to 2 nominees of the Buyer are appointed as directors on the board of directors of SBSSB. Pending finalisation and execution of the Shareholders' Agreement, the Parties agree that the board of directors of SBSSB shall consist of 7 directors of which the Seller shall be entitled to nominate 4 directors, the Buyer shall be entitled to nominate 2 directors and the Investors shall be jointly entitled to nominate 1 director.

(c) Default

- (i) Default by the Seller

If, on or before the **Completion Date** (as defined in the SPA as a date falling 7 days from the Unconditional Date) (or such other date as the Seller and the Buyer may agree in writing):-

- (aa) the completion documents required to be delivered to the Buyer under the Agreement on the Completion Date are not delivered for any reason other than due to a preceding breach by the Buyer, and which failure or default is not rectified or remedied by the Seller within 14 days from the date of receipt by the Seller of a notice in writing from the Buyer requiring the failure or default to be remedied;
- (bb) the Seller breaches any of the Warranties or any other provisions of the Agreement and such breach is not rectified or remedied by the Seller within 14 days from the date of receipt by the Seller of a notice in writing from the Buyer requiring the breach to be remedied;
- (cc) the Seller:-
 - (i) shall have a decree or order of a court having jurisdiction over it entered against it adjudicating it insolvent, or approving a petition seeking its reorganisation under any applicable insolvency law (otherwise than for the purpose of reconstruction or amalgamation);
 - (ii) shall have a resolution of its shareholders passed for its winding up, liquidation or dissolution;
 - (iii) shall make any arrangement or composition with, or any assignment for the benefit of, its creditors; or
 - (iv) shall have an administrator, receiver or receiver and manager appointed over a substantial part of its undertaking or assets,

the Buyer shall be entitled by notice in writing to the Seller (with a copy to the Stakeholder) to terminate the Agreement without liability on its part, whereupon the following shall apply:-

- (dd) where the Buyer terminates the Agreement pursuant to Clause 5.1.1 of the Agreement (details of which are set out in Note (aa) above):-
 - (i) the Stakeholder shall refund to the Buyer the Deposit and all interest accrued thereon and the Parties hereby authorise the Stakeholder to effect such refund; and
 - (ii) the Seller shall pay to the Buyer the sum of RM5,000,000.00 (Ringgit Malaysia Five Million) as agreed liquidated damages,

within 7 days from the date of receipt of such notice of termination and thereafter the Agreement shall be null and void and neither party shall have any further claims against the other save for any antecedent breach of the Agreement; and

- (ee) where the Buyer terminates the Agreement pursuant to Clause 5.1.2 or Clause 5.1.3 of the Agreement (details of which are set out in Notes (bb) and (cc) above):-
 - (i) the Stakeholder shall refund to the Buyer the Deposit and all interest accrued thereon within 7 days from the date of receipt of such notice of termination, and the Parties hereby authorise the Stakeholder to effect such refund; and
 - (ii) the Buyer shall be entitled to sue the Seller for damages for breach of contract subject always to the provisions of Schedule 2 of the Agreement (which amongst others, limit the aggregate liability of the Seller in respect of all claims for breach of the Warranties and any other provision of the Agreement shall not exceed a sum equivalent to 10% of the Purchase Price).

and thereafter the Agreement shall be of no further effect whatsoever.

- (ii) Default by the Buyer

If, on or before the Completion Date:-

- (aa) the Buyer fails, refuses and/or neglects to pay or cause to be paid the Balance Purchase Price on the Completion Date in accordance with the provisions of Clause 4.3 of the Agreement for any reason other than due to a preceding breach by the Seller;
- (bb) the Buyer breaches any provisions of the Agreement (other than the payment obligation in respect of the Balance Purchase Price) and such breach is not rectified or remedied by the Buyer within 14 days from the date of receipt by the Buyer of a notice in writing from the Seller requiring the breach to be remedied;
- (cc) the Buyer:-
 - (i) shall have a decree or order of a court having jurisdiction over it entered against it adjudicating it insolvent, or approving a petition seeking its reorganisation under any applicable insolvency law (otherwise than for the purpose of reconstruction or amalgamation);
 - (ii) shall have a resolution of its shareholders passed for its winding up, liquidation or dissolution;
 - (iii) shall make any arrangement or composition with, or any assignment for the benefit of, its creditors; or
 - (iv) shall have an administrator, receiver or receiver and manager appointed over a substantial part of its undertaking or assets,

the Seller shall be entitled by notice in writing to the Buyer (with a copy to the Stakeholder) to terminate the Agreement without liability on its part, whereupon the following shall apply:-

- (dd) where the Seller terminates the Agreement pursuant to Clause 5.2.1 or Clause 5.2.2 of the Agreement (details of which are set out in Notes (aa) and (bb) above), the Seller shall be entitled to forfeit the Deposit as agreed liquidated damages whereupon the Stakeholder shall pay to the Seller the Deposit and all interest accrued thereon and the Parties hereby authorise the Stakeholder to effect such payment, and thereafter the Agreement shall be null and void and neither party shall have any further claims against the other save for any antecedent breach of this Agreement; and
- (ee) where the Seller terminates the Agreement pursuant to Clause 5.2.3 of the Agreement (details of which are set out in Note (cc) above):-
 - (i) the Stakeholder shall refund to the Buyer the Deposit and all interest accrued thereon within 7 days from the date of receipt of such notice of termination, and the Parties hereby authorise the Stakeholder to effect such refund; and
 - (ii) the Seller shall be entitled to sue the Buyer for damages for breach of contract,

and thereafter this Agreement shall be of no further effect whatsoever.

2.7.2 Profit Guarantee Agreement

A summary of the salient terms of the Profit Guarantee Agreement, inter-alia, are as follows:-

(a) Conditional Agreement

- (i) The Profit Guarantee Agreement is conditional upon DEHB becoming a shareholder of SBSSB in respect of the Sale Shares.
- (ii) The Profit Guarantee Agreement shall become effective and binding on the Parties on the date DEHB is first registered (in the register of members of SBSSB) as a shareholder of SBSSB in respect of the Sale Shares.
- (iii) In the event the SPA is terminated for any reason whatsoever prior to completion of the acquisition of the Sale Shares by DEHB, the Profit Guarantee Agreement shall terminate and be null and void and of no further effect whatsoever and none of the Parties shall have any claims against the other hereunder.

(b) Guarantee

- (i) In consideration of DEHB entering into the SPA at the request of AWH, AWH hereby guarantees to DEHB that the actual PAT of the SBSSB Group for the period commencing on 1 January 2010 and ending on 31 December 2010 ("**Financial Period**") will not be less than the guaranteed profit of RM65,000,000 ("**Guaranteed Profit**").
- (ii) AWH agrees that in the event the actual PAT of the SBSSB Group for the Financial Period is less than the Guaranteed Profit, AWH shall upon receipt of the shortfall claim notice, pay to DEHB the shortfall ("**Shortfall**") in the Guaranteed Profit computed as follows, subject always to the proviso below:-

Shortfall shall be the lower of (i) RM6,000,000.00; or (ii) X minus Y, where:-

"X" is the Guaranteed Profit; and

"Y" is the actual PAT of the SBSSB Group for the Financial Period.

PROVIDED ALWAYS THAT the maximum liability of AWH under the Profit Guarantee Agreement to compensate DEHB for the Shortfall shall not exceed RM6,000,000.00 in aggregate. As such in the event the actual PAT of the SBSSB Group for the Financial Period is less than RM59,000,000.00, the Shortfall payable by AWH to DEHB shall be RM6,000,000.00 only.

- (iii) AWH agrees and undertakes with DEHB that no later than 5:00p.m. (Kuala Lumpur time) on the 60th day from the date of receipt by AWH of the shortfall claim notice from DEHB demanding for payment of the Shortfall, AWH shall pay the Shortfall to DEHB.

(c) Security

- (i) As security for the due payment of the Shortfall by AWH in accordance with the provisions of Clause 3 of the Profit Guarantee Agreement, AWH charges the Security Shares and the Additional Security Shares (if applicable) in favour of DEHB; **Securities Shares** mean 90,000 Shares owned by AWH (other than the Sale Shares), which as at the date of the Profit Guarantee Agreement is equivalent to 2% of the issued and paid-up Share capital of SBSSB; **Additional Security Shares** means, in the event the issued and paid-up Share capital of SBSSB shall be increased after the date of the Profit Guarantee Agreement, such number of Shares held by AWH which together with the Securities Shares shall be equivalent to 2% of the issued and paid-up Share capital of SBSSB;

- (ii) In the event AWH fails to pay the Shortfall in accordance with the provisions of Clause 3 of the Profit Guarantee Agreement other than due to the preceding breach of DEHB, DEHB shall be entitled, within a period of 14 days from the due date for payment of the Shortfall and by notice in writing to AWH, to forfeit such number of the Security Shares and Additional Security Shares (if applicable) computed in accordance with the following formula in full and final settlement of the Shortfall payable by AWH to DEHB:-

$$A = B \div C$$

Where:-

“A” is the number of Security Shares and Additional Security Shares (if applicable) that may be forfeited by DEHB in settlement of the Shortfall;

“B” is the Shortfall amount; and

“C” is the sum determined by dividing RM300,000,000 by the number of issued and paid-up Shares comprised in the Share capital of SBSSB.

- (iii) Where the relevant Security Shares and Additional Security Shares (if applicable) are lawfully forfeited by DEHB pursuant to and in accordance with the provisions of Clause 4.3 of the Profit Guarantee Agreement, the beneficial ownership in such Security Shares and Additional Security Shares (if applicable) shall vest in DEHB absolutely and DEHB shall be entitled to complete and present the Security Documents (as defined in Clause 4.2 of the Profit Guarantee Agreement) to the company secretary of SBSSB and have the relevant Security Shares and Additional Security Shares (if applicable) transferred to and registered in the name of DEHB. Upon such forfeiture, DEHB shall not have any further claims whatsoever against AWH in respect of the payment of the Shortfall.
- (iv) In the event the number of Security Shares and Additional Security Shares (if applicable) to be forfeited by DEHB pursuant to Clause 4.3 of the Profit Guarantee Agreement is less than the total number of Security Shares and Additional Security Shares (if applicable) charged by AWH in favour of DEHB, the Parties shall procure the relevant share certificate(s) to the Security Shares and Additional Security Shares (if applicable) to be split and for the issue and delivery to AWH of a share certificate representing the portion of the Security Shares and Additional Security Shares (if applicable) not forfeited by DEHB.

- (v) DEHB shall be responsible to comply with all laws and to obtain, at its cost and expense, such consents and approvals of such governmental authorities and regulatory bodies as may be necessary in connection with the transfer of the relevant Security Shares and Additional Security Shares (if applicable) to DEHB upon its forfeiture.
- (vi) AWH undertakes with DEHB that the Security Shares and Additional Security Shares (if applicable) are and will be free and clear of any encumbrances whatsoever.

(d) Default

In the event of any breach of any of the terms and conditions of the agreement by AWH, DEHB is entitled to commence legal action for damages and/or specific performance of AWH's obligations.

(e) Accounts

AWH shall procure and ensure that the SBSSB shall prepare and deliver to DEHB the audited accounts of each company of the SBSSB Group for the Financial Period within 90 days from the end of the Financial Period.

2.7.3 Share Clawback Agreement

A summary of the salient terms of the Share Clawback Agreement, inter-alia, are as follows:-

(a) Conditional Agreement

- (i) The Share Clawback Agreement is conditional upon DEHB becoming a shareholder of SBSSB in respect of the Sale Shares.
- (ii) The Share Clawback Agreement shall become effective and binding on the Parties on the date DEHB is first registered (in the register of members of SBSSB) as a shareholder of SBSSB in respect of the Sale Shares.
- (iii) In the event the SPA is terminated for any reason whatsoever prior to completion of the acquisition of the Sale Shares by DEHB, the Share Clawback Agreement shall terminate and be null and void and of no further effect whatsoever and none of the Parties shall have any claims against the other hereunder.

(b) Clawback Option

- (i) In consideration of DEHB entering into the SPA at the request of AWH, AWH hereby grants to DEHB the clawback option to require AWH to, and AWH shall, transfer to DEHB the Clawback Shares free from all encumbrances whatsoever ("**Clawback Option**"). **Clawback Shares** means such number of Shares held by AWH as shall be necessary to increase the shareholding of Shares of DEHB to 40% (the "**Agreed Shareholding**"), provided always that the number of Clawback Shares shall not exceed such number of Shares as shall result in AWH's shareholding of Shares being less than 51% of the entire issued and paid-up ordinary share capital of SBSSB.
- (ii) Subject to Clause 4 of the Share Clawback Agreement, the Clawback Option may be exercised by DEHB serving on AWH the clawback option notice. Upon the service of the clawback option notice, AWH shall transfer the Clawback Shares to DEHB in accordance with the terms and conditions of the Share Clawback Agreement.
- (iii) The consideration for the transfer of the Clawback Shares pursuant to the exercise by DEHB of the Clawback Option shall be at a nominal aggregate consideration of RM1.00 only.

- (iv) The Parties agree that the number of Clawback Shares that may be transferred to DEHB shall not exceed such number of Shares as shall result in AWH's shareholding of Shares being less than 51% of the entire issued and paid-up Share capital of SBSSB.

(c) Condition of Exercise

- (i) The Parties agree that DEHB shall only be entitled to exercise the Clawback Option hereunder in the event:-
 - (aa) the Investors exercise their rights to convert all or any of the ICPS held by them into Shares; and
 - (bb) as a result of such conversion, DEHB's shareholding of Shares falls below the Agreed Shareholding.
- (ii) The Clawback Option must be exercised by DEHB within 14 days from the date Shares are issued to the Investors pursuant to a conversion of ICPS by the Investors. In the event DEHB fails to exercise the Clawback Option within 14 days from the date of conversion of all or, where the conversion is effect in tranches, the remaining ICPS held by the Investors, DEHB shall not be entitled thereafter to exercise the Clawback Option and the Share Clawback Agreement shall terminate and be null and void and of no further effect and the Parties shall not have any claims against the other save and except in respect of any antecedent breach of the terms herein.

(d) Failure to Transfer

In the event AWH fails to transfer the Clawback Shares to DEHB in accordance with the agreement, DEHB shall be entitled at its discretion (and in addition to and without prejudice to all other rights or remedies available to it) to commence legal action for damages and/or specific performance of AWH's obligations.

2.8 Assumption of liabilities

There are no liabilities, contingent liabilities or guarantees to be assumed by DEHB arising from the Proposed Acquisition.

2.9 Additional financial commitment required

The SBSSB Group is currently income generating and have secured financing arrangements for its operations and expansion. There are no additional financial commitment required from DEHB for SBSSB Group's operations at this juncture.

2.10 Highest Percentage Ratio

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 67.6%.

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3. RATIONALE FOR THE PROPOSED ACQUISITION

At present, DEHB group owns and operates four (4) work boats and one (1) supply boat under DESB Marine Services Sdn Bhd ("**DESSB**"), a wholly owned subsidiary of DEHB. These vessels are mainly utilised to carry out DEHB group's maintenance contracts for the offshore oil and gas industry. The Proposed Acquisition thus represents an opportunity for DEHB to immediately expand its operations into the chartering of offshore marine vessels in line with its objective of expanding into other viable industry segments within the oil and gas industry.

Following the Proposed Acquisition, DEHB will have significant interests in one of the leading providers of offshore marine vessels for the oil and gas industry in Malaysia and gain immediate access to thirty-three (33) units of various types of offshore marine vessels to complement DESSB's existing marine support operations as well as better utilisation of vessels.

The Board believes the synergies arising from this strategic alliance with SBSSB will enable DEHB group to further position itself as one of the major providers of integrated offshore support services to the oil and gas industry in Malaysia and abroad and to take advantage of positive long-term outlook of the oil and gas industry.

4. PROSPECTS

4.1 Outlook of the Malaysian economy and the Malaysian Offshore Vessel Charter Industry

We set out below an outlook of the Malaysian economy as extracted from Bank Negara Malaysia's Monetary Policy Statement dated 25 August 2009:-

"Economic activity in some advanced and regional countries has begun to gradually recover in response to the significant fiscal and monetary measures that have been implemented. Economic recovery, however, will likely be a slow process as some of these economies undergo further structural adjustments.

In the domestic economy, recent financial and economic indicators, including industrial production, financing trends, consumer and business sentiment, and retrenchments, reaffirm the assessment that economic conditions are stabilising. Going forward, the expectation remains that the domestic economy will improve in the second half of 2009 and into 2010, following a recovery in domestic demand amidst stabilisation of the global economy."

We set out below an extract of the outlook of the Malaysian offshore vessel charter industry as extracted from the AmResearch Sdn Bhd's research report dated 8 July 2009:-

"We understand that oil majors (including Petronas, which registered lower earnings for financial year ended March 2009 partly due to high costs) are planning to reduce operational costs such as rig and marine rates. Nevertheless, while drilling rates for jack-up rigs have fallen, we note that marine charter rates for offshore support vessels (OSV) remain firm due to the shortage of such vessels.

Industry players still indicate that OSV rates, even for midrange vessels at 5,000bhp, remain firm due to the shortage of such vessels even though vessel prices may have fallen. Earlier projection of a large number of new vessels coming into the global market in 2009 may be overoptimistic given the global financial crunch, which has curtailed working capital of shipyards.

Compounding the shortage of OSVs is the ageing profile of the existing global fleet. According to Clarkson Research, the global average age of offshore support vessels is around 33 years, beyond the preferred limit of 20 years. Hence, there will be a continued move by global players to phase out usage of old vessels given concerns over reliability and safety issues."

4.2 Prospect of SBSSB Group

The SBSSB Group is one of the leading players in the provision of offshore support marine vessel to the oil and gas industry in Malaysia in terms of number of vessels under its fleet. Over the past twenty-eight (28) years, the SBSSB Group has established a sizeable market position with a strong track record associated with quality, reliability, technical expertise as well as service excellence.

With a current fleet of thirty-three (33) vessels of various types and additional six (6) vessels to be added to the fleet by end of the year, the SBSSB Group will be able to further consolidate its market position in Malaysia while expanding its presence overseas to take advantage of the positive long-term outlook of the oil and gas industry. In addition, with the delivery of an additional two (2) units of offshore support vessels with dynamic positioning features ("DP2") by 2011, the SBSSB Group will also be able to venture into deepwater works.

5. RISK FACTORS

The Proposed Acquisition will not materially change the risks of DEHB group's business as the DEHB group is currently exposed to the same business, operational, financial and investment risks inherent in the offshore marine charter industry via DESSB. These risks include changes to the political and regulatory conditions, fluctuation in oil prices, timely commencement or completion of charter contracts, raising operating costs, competition from other players, dependency on skilled workers, compliance with licences conditions, upholding safety standards as well as adverse economic events or recession.

5.1 Risks pertaining to the Proposed Acquisition

(a) *Non-completion of SPA*

The risk associated with the Proposed Acquisition would be the non-fulfilment of the terms and conditions in the SPA within the stipulated timeframe. In which event, the benefits arising from the Proposed Acquisition as set out in Section 3 of this Announcement will not be realised. AWH and DEHB are committed to the successful completion of the Proposed Acquisition and will take all reasonable steps to ensure completion of the Proposed Acquisition within the stipulated timeframe.

(b) *Profit Guarantee Shortfall*

Pursuant to the Profit Guarantee Agreement, the Seller has guaranteed that the actual PAT of the SBSSB Group for the Financial Period will not be less than the Guaranteed Profit (i.e. RM65,000,000).

In the event that the audited PAT of SBSSB for the Financial Period is less than the Guaranteed Profit, AWH will pay to DEHB the shortfall computed as the lower of :-

- (i) RM6,000,000; or
- (ii) the difference between the Guaranteed Profit and the audited PAT of SBSSB Group for the Financial Period.

Thus, in the event that the audited PAT of SBSSB Group is less than RM59,000,000, DEHB will not have any further recourse to AWH to recover the shortfall.

(c) *Future Dividends from SBSSB are dependent on Future Performance*

DEHB's future source of return from its proposed investment in SBSSB will be mainly in the form of dividend. The ability of SBSSB to pay dividends or other distribution will be dependent on several factors such as its operating results, cash flow position, capital commitments, working capital requirements as well as potential covenants in its future loan agreements.

5.2 Risks pertaining to the operations and financial position of the SBSSB Group

(a) Risk of Delay in Vessel Delivery

The SBSSB Group has placed orders for the delivery of an additional eight (8) units of vessels, namely two (2) units of fast utility vessels and four (4) units of offshore support vessels to be delivered by end of this year and two (2) units of offshore support vessels with DP2 features to be delivered by 2011.

Any delay in the scheduled delivery of these vessels has the potential to affect the SBSSB Group's profitability and cashflow. Nevertheless, the SBSSB Group will not be liable to cost-escalation for the vessels as all these were fixed-price construction contracts.

(b) Availability of Credit for Expansion

The SBSSB Group incurred substantial capital commitment for the acquisitions and maintenance of its fleet and these are mainly funded through borrowings from financial institutions and capital market instruments.

As at 31 December 2008, total borrowings of the SBSSB Group include an Islamic Medium-Term Notes Facility ("**iMTN**"), overdrafts, term loans, hire purchases and revolving credits and amounted to approximately RM387.1 million, representing a gearing of 2.11 times.

Pursuant to the terms of the SPA, a portion of the Purchase Price paid to AWH will be used to fully settle the amounting owing by AWH to SBSSB amounting to RM86.5 million. The said proceed will be utilised by the SBSSB Group to reduce its borrowings and position the SBSSB Group for the expected increase in gearing following the delivery of an additional six (6) new vessels by the end of this year.

The iMTN has covenanted that the annual gearing of the SBSSB Group must not be more than three (3) times. In the event that the SBSSB Group's gearing is increased to approximately three (3) times, the ability of the SBSSB Group to draw down additional borrowings to fund its fleet expansion will be restricted until it has reduced its gearing to a manageable level.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share Capital

As the Proposed Acquisition will be wholly settled via cash, it will not have any effect on the issued and paid-up share capital of DEHB.

6.2 Earnings

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by December 2009.

The Proposed Acquisition is not expected to have any material effect on the earnings and earnings per Share of DEHB group for the financial year ending 31 December 2009 but is expected to contribute positively to the earnings and earnings per Share of the DEHB group in the future.

6.3 NA and Gearing

The proforma effects of the Proposed Acquisition on the NA and gearing of the DEHB group are as set out below:-

	Audited 31 December 2008	After the Proposed Acquisition
	RM'000	RM'000
Share capital	176,000	176,000
Share premium	87,071	87,071
Retained earnings	53,205	53,205
Shareholders' funds / NA	316,276	316,276
No. of share of RM0.50 ('000)	352,000	352,000
NA per share (RM)	0.90	0.90
Total borrowings*	150	110,150
Gearing (%)	Negligible	0.35

Notes:-

* all interest bearing debts

^ Assuming that the Proposed Acquisition is 85% financed by bank borrowings amounting to RM110 million

6.4 Shareholding Structure

As the Proposed Acquisition will be wholly settled via cash, it will not have any effect on the substantial shareholders' shareholdings in DEHB.

7. CONDITIONS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to the approval of the shareholders of DEHB in an extraordinary general meeting to be convened.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors and/or substantial shareholders of DEHB or persons connected to the directors and/or substantial shareholders of DEHB have any interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTORS' RECOMMENDATION

The Board, having taken into consideration all aspects of the Proposed Acquisition including the benefits to the DEHB group, prospects of the SBSSB Group and the risk factors as set out in this Announcement, is of the opinion that the Proposed Acquisition is in the best interest of DEHB.

10. ADVISER

AmInvestment Bank has been appointed as the Adviser to DEHB for the Proposed Acquisition.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseeable circumstances, the Proposed Acquisition is expected to be completed by December 2009 as set out below:-

Month	Events
October 2009	Completion of due diligence
November 2009	Approval of the shareholders of DEHB obtained
December 2009	Completion of the Proposed Acquisition

12. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA, Profit Guarantee Agreement and the Share Clawback Agreement may be inspected at the registered office of DEHB at Lot 868, 1st Floor, Jalan Permaisuri, P.O. Box 1134, 98008 Miri, Sarawak during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 9 September 2009.

APPENDIX - INFORMATION ON SBSSB

1. Business operations

SBSSB is licensed by Petroliam Nasional Berhad (Petronas) for the provision of marine transportation and support services to the offshore oil and gas industry in Malaysia. At present, SBSSB is one of the leading providers of offshore marine vessels in Malaysia and owns thirty-three (33) vessels of various categories including landing crafts, safety standby vessels, fast utility vessels, offshore support vessels, tug boats and accommodation workboats with an average age for the fleet of seven (7) years. This diverse mix of vessels has enabled the SBSSB Group to take advantage of the increasing domestic offshore exploration, production and maintenance activities in the Malaysian offshore oil and gas industry.

With over twenty-eight (28) years of experience in ship-owning and chartering, SBSSB has established a sizeable market position with a strong track record associated with quality, reliability, technical expertise as well as service excellence.

SBSSB Group's customers include major oil and gas companies such as Sarawak Shell Bhd, Sabah Shell Petroleum Company, Petronas Carigali Sdn Bhd, Exxonmobil Exploration and Production Malaysia Inc, Brunei Shell Petroleum Co. Ltd as well as other listed and unlisted offshore oil and gas support companies in Malaysia, Brunei, and Middle-East countries.

In addition to its marine operations, the SBSSB Group also operates a sizable integrated land-logistics business. NST Logistics Sdn Bhd ("**NST**"), a wholly owned subsidiary of SBSSB, is one of the leading logistics companies in Malaysia managing over 400 trucks and has an extensive distribution network throughout Peninsula Malaysia.

The subsidiaries and associates of SBSSB are set out in the table below:-

Company	Place of Incorporation	Effective Equity Interest (%)	Principal Activities
<u>Subsidiaries of SBSSB</u>			
Wijaya Navigation Sdn Bhd	Malaysia	100	Shipping and transportation
NST Logistics Sdn Bhd	Malaysia	100	Transportation, forwarding agents and general agents for all kinds of road transport operations
Borcos Shipping (Cyprus) Ltd.	Cyprus	100	Vessel chartering
Borcos Tasneem Offshore Ltd	Labuan, Malaysia	100	Trading and investment holding
Borcos Franklin Offshore Mooring Sdn Bhd	Malaysia	51	Exclusive agent for Franklin Offshore supply mooring equipment and services to Petronas
<u>Subsidiaries of NST Logistics Sdn Bhd</u>			
Jilson Sdn Bhd	Malaysia	100	Property investment
Smart Warehousing Services Sdn Bhd	Malaysia	100	Provision of unbounded and bonded warehousing and transportation services
<u>Associate of SBSSB</u>			
Berkat Perkapalan Sdn Bhd	Malaysia	49	Construct, hire, purchase ships, crew boats, supply of vessels for charterers

2. Financial summary

A summary of the audited consolidated financial results of the SBSSB Group for the past three (3) financial years ended 31 December 2008 are set out in the following table:-

Financial year ended 31 December	2006	2007	2008
	RM'000	RM'000	RM'000
Turnover	126,963	142,833	192,077
Profit before taxation (" PBT ")	28,801	25,984	48,980
Taxation	(1,845)	(2,908)	(1,000)
PAT	26,956	23,076	47,980
MI	1	(1,328)	(451)
PAT after MI	26,957	21,748	47,529
No. of Shares in issue ('000)	4,500	4,500	4,500
Shareholders' funds	124,453	135,430	183,110
Total borrowings	119,456	227,604	387,136
Gearing (times)	0.96	1.68	2.11
Gross EPS (RM)	6.40	5.77	10.88
Net EPS (RM)	5.99	4.83	10.56
NA	124,453	135,430	183,110
NA per Share (RM)	27.66	30.09	40.69
Net dividend per share (sen)	-	178.44	-

There were no exceptional and / or extraordinary items reported in the financial statements of SBSSB for the period under review.

Revenue for financial year 2007 increased due to the commissioning of three (3) fast utility vessels and one (1) offshore support vessel during the year. PBT for the year dropped as a result of the additional depreciation charge arising from the new vessels as well as substantial reduction in gain on disposal of vessels as compared to that recognised in the financial year 2006.

For the financial year 2008, the commissioning of an additional four (4) new offshore support vessels as well as better contributions from mooring equipment had resulted in higher turnover. Better PBT was attributable to better gross profit margin arising from better charter rates for the new vessels as well as substantial gain on disposal of eight (8) units of older vessels.