



HENRY BUTCHER,

Lim & Long (Sandakan) Sdn. Bhd.

(351190 W)

Suite 1203, 12th Floor, Wisma Khoo Siak Chiew,
W. D. T. 748, 90009 Sandakan, Sabah, Malaysia.
Tel: 089-223833, 223877 Fax: 089-223822.
E-mail: skanhbll@tm.net.my

INTERNATIONAL REAL ESTATE AND PLANT & MACHINERY
CONSULTANTS, VALUERS, AUCTIONEERS AGENTS,
PROJECT AND PROPERTY MANAGER.
[Firm Reg. No. VE (1) 0079]

*The Board of Directors
Coastal Contracts Berhad
Block G, Lot 3B
Bandar Leila, Leila Road
W.D.T. 259
90009 Sandakan
Sabah*

18 June 2003

Dear Sirs,

RE: VALUATION OF LANDED PROPERTIES

This certificate has been prepared for the inclusion in the Prospectus of Coastal Contracts Berhad to be dated 27 June 2003 issued in connection with the public issue of 13,300,000 ordinary share of RM1.00 each at issue price of RM1.60 per new ordinary share and the offer for sale of 3,600,000 ordinary shares of RM1.00 each at an offer price of RM1.60 per ordinary share pursuant to the listing of and quotation for its entire issued and paid-up share capital on the Main Board of Kuala Lumpur Stock Exchange.

In accordance with your instruction, we have inspected the properties set out below and have assessed the market value of the said landed properties. The details of the aforesaid valuation are set out in our valuation reports dated 10.06.2001, of which the references are set out below. The material date of valuation for the properties as set out below is 11.05.2001. The valuations were undertaken and the valuation reports were prepared based on the Guidelines on Assets Valuation for Submission to the Securities Commission (1995) issued by the Securities Commission and professional standards prescribed by the Board of Valuers, Appraisers & Estate Agent of Malaysia and with the necessary professional responsibility and due diligence.

The landed properties are held for owner occupation. The summary of the valuation is as follows:-

THE INTERNATIONAL NETWORK

* Hong Kong * Singapore * Manila * London * Birmingham * Leeds * Bristol * Cardiff * Edinburgh * Glasgow * Aberdeen
* Dublin * Belfast * Leicester * Southampton * Warsaw * Associates throughout Europe Australasia, North and South America

HENRY BUTCHER



REF: HBLL/SC/1388/1428/1429/1430

Date of Valuation/ Date of Inspection and Reference No.	Property (Title Details/Address)	Description, Age & Tenure	Land area & Built-up Area	Method(s) of Valuation	Market Value
11 May 2001 HBLL/SC/07/1430	CL 075212421 (interest held as 4/11 undivided share) District of Sandakan, Sabah Lot No. 2 & 3, Mile 3, North Road, Sandakan, Sabah Registered Owner: Coastal Transport (Sandakan) Sdn Bhd	Two units of warehouse building Approximately 32 years Leasehold 999 years expiring on 08 January 2882 thus leaving an unexpired term of approximately 880½ years	Land area : 1.093 acres (interest held as 4/11 undivided share under valuation) Built-up Area : 4,000 sq.ft. (371.64 sq.m) Occupation : Owner occupied	Comparative Method	RM400,000.00 (Ringgit Malaysia: Four Hundred Thousand Only)
11 May 2001 HBLL/SC/07/1388	CL 075359527 & CL 075350846 District of Sandakan, Sabah. Seguntor Integrated Timber Complex, Off Mile 9, Labuk Road, Sandakan, Sabah Registered Owner: Bonafide Shipbuilders & Repairs Sdn Bhd	Vessel Dockyard Facility Structures of varying age from approximately 1 to 15 years CL 075359527 – Leasehold 99 years expiring on 31 December 2077 thus leaving an unexpired term of approximately 76½ years CL 075350846 – Leasehold 99 years expiring on 31 December 2073 thus leaving an unexpired term of approximately 72½ years	Land area: CL 075359527 – 9.40 acres & CL 075350846 – 8.26 acres Built-up Area: 76,348.43 sq.ft (7,093 sq.m) Occupation: Owner occupied	Depreciated Replacement Cost	RM11,223,000.00 (Ringgit Malaysia: Eleven Million Two Hundred and Twenty Three Thousand Only)



REF: HBL/SC/1388/1428/1429/1430

Date of Valuation Date of Inspection and Reference No.	Property (Title Details/Address)	Description, Age & Tenure	Land area & Built- up Area	Method(s) of Valuation	Market Value
11 May 2001 HBL/SC/07/1428	TL 077534313 & TL 077534304 (interest held as ½ undivided share), District of Sandakan <u>TL 077534313</u> Lot 3A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah. <u>TL 077534313</u> Lot 3B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah. <u>TL 077534304</u> Lot 4A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah. Registered Owner: Coastal Transport (Sandakan) Sdn Bhd	3 units intermediate double storey light industrial buildings Approximately 17 years Leasehold 999 years expiring on 05 February 2888 thus leaving an unexpired term of approximately 887 years	Land area : TL 077534313 – 3,370 sq.ft (313.08 sq.m) & TL 077534304 –1,685 sq.ft (156.54 sq.m) (interest held as 1/2 undivided share) Built-up Area: TL 077534313 2,209 sq.ft (205.28 sq.m) TL 077534304 –1,104.5 sq.ft (102.64 sq.m) each Occupation : Owner occupied	Comparative Method	RM600,000.00 (Ringgit Malaysia: Six Hundred Thousand Only)
11 May 2001 HBL/SC/07/1429	TL 077508886 (interest held as 1/50 undivided share) Lot 4A, 4 th floor, Wisma Wemin, Mile 1½, Leila Road, Sandakan, Sabah Registered Owner : Seri Modalwan Sdn Bhd	An intermediate 4 th floor residential flats Approximately 14 years Leasehold 999 years expiring on 15 December 2910 thus leaving an unexpired term of approximately 909½ years	Land area: 1.027 acres (4,156.17 sq.m) (interest held as 1/50 undivided share) Built-up Area : 900 sq.ft (83.61 sq.m) Occupation : Owner occupied	Comparative Method	RM35,000.00 (Ringgit Malaysia: Thirty Five Thousand Only)
					RM12,258,000.00



REF: HBLL/SC/1388/1428/1429/1430

We certify that in our opinion the total market value for the existing use of the above properties using the valuation methods amounts to RM12,258,000.00 (Ringgit Malaysia: Twelve Million Two Hundred And Fifty Eight Thousand Only).

Yours faithfully,
For and on behalf of
Henry Butcher Lim & Long (Sandakan) Sdn Bhd

JAMES LO THAU PHIN
B.Bus. (Val.), MISM., APEPS
Registered Valuer (V-375)

16 FURTHER STATUTORY AND OTHER GENERAL INFORMATION

16.1 Share Capital

- a) No Shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- b) There are no founder, management or deferred shares in the Company. As at the date of this Prospectus there is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- c) Save for the Shares reserved for eligible Directors and employees of the Group as disclosed in section 9.1 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- d) Save as disclosed in section 9.1 on page 67, "Restructuring and Flotation Scheme" and section 8 on page 61 "Other Group Information" of this Prospectus no ordinary shares of the Company or its subsidiaries have been issued or proposed to be issued as partly or fully paid-up for cash or otherwise than for cash within the two(2) years preceding the date of this Prospectus.

16.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association.

a) Transfer of Securities

The provisions in the Company's Article of Association, the Main Board Listing Requirements of the KLSE, the Companies Act, 1965 and Rules of the MCD in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:-

Articles of Association of the Company

Transfer of Listed Securities

Article 33

The transfer of any Listed Security or class of Listed Security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Security.

Article 34

- (1) Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that, the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators or assignee, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

- (2) The Central Depository may in its absolute discretion refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

Article 35

Any notice of intention to fix a Books Closing Date and the reason therefore stating the Books Closing Date, shall be at least twelve (12) Market Days after the date of announcement to the Stock Exchange.

Article 36

Subject to the Central Depositories Act and the Rules, nothing in these Articles shall preclude the Directors from recognizing a renunciation of the allotment of any share by the allottee in favour of some other person.

Companies Act, 1965

Section 103(1)

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures in the company has been transmitted by operation of law.

Section 103(1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

Section 107C(1)

On or after the coming into operation this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and affecting any transfer of securities.

Section 107C(2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

Rules of the MCD

Section 8.01(2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depository thereunder, where the reason for the said transfer does not fall within any of the approved reason stipulated under Rule 8.03(1)(C).

Section 8.05A

Transfers made by the authorised depository agent from the agent's principal or nominee account shall be subject to the Rules in this Chapter.

Section 9.03(2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between the two securities accounts belonging to different depositors (hereinafter the transfer is referred to as "the inter-account transfer"), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion of the said form duly witnessed by another person (other than the Depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission of securities arising from the provisions of any written law or an order of the court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code on Takeovers and Mergers, 1987; and
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission.
- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

2. Remuneration of Directors

The provisions in the Company's Articles of Association in respect of remuneration of the Directors are as follows:-

Article 78

The remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to

rank in such division for a proportion of remuneration related to the period during which he has held office. Provided always that:-

- (a) fees payable to non-executive Directors shall be by way of a fixed sum and not by a commission on or percentage of profits or revenue;
- (b) salaries payable to executive Directors shall not include a commission on or percentage of revenue;
- (c) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 79

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

Article 82

Any Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not commission on or percentage of revenue) as the Directors may determine. The extra remuneration payable to non-executive Directors shall not include a commission on or percentage of profits or revenue.

3. Voting and Borrowing Power of Directors

The provisions in the Company's Articles of Association dealing with voting powers of the Directors in the proposals, arrangements or contracts in which they are interested in and their borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

Article 102

Save as by the next following Article otherwise provided, a Director shall not vote in regard to any contract or arrangement or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted) nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but this Article shall not apply to:-

- a) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or
- b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Article 103

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the Directors resolve to enter into or make any arrangement with him or on his behalf pursuant to Article 83 of these Articles or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangement with himself or the fixing of the terms thereof.

Article 110

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any party which is related to the Company (but subject always to the provisions of the Act) but not of any unrelated third party.

Article 111

The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirement of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

Article 112

If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 121

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

4. Changes in Capital or Variation of Class Rights

The provisions in the Company's Articles of Association as to changes in capital or variation of class rights, which are stringent as those provided in the Companies Act, 1965 are as follows:-

Article 6

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated, if agreed to by the holders of three-fourth (3/4) of such shares at a general meeting called for the purpose. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company, or to the proceedings thereat, shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the nominal amount of the issued shares of the class. Provided that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing of holders of not less than three-fourth (3/4) of the nominal amount of the issued shares of such class if obtained within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 7

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

Article 8

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourth (3/4) of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 9

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

Article 10

All new shares shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Article 11

The Company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (c) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act) and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have only such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

Article 12

Subject to confirmation by the Court (as defined in the Act), the Company may by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner authorised by the Act.

Article 13

- a) The new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the Company in general meeting resolving upon the creation thereof shall direct and, in default of such direction, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting;
- b) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary share capital of the Company and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise;

- c) Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.;
- d) Notwithstanding Article 13(c) above the Company may apply to each Stock Exchange upon which the Company's shares are listed for waiver of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where in accordance with Section 132(D) of the Act, there is still in effect a resolution approving the issuance of shares by the Company and the aggregate of the shares issued in any one financial year other than by way of bonus or rights issue does not exceed ten per cent (10%) of the issued share capital of the Company.

16.3 Directors and Substantial Shareholders

1. The names, addresses and occupation of the Directors are set out in section 1 of this Prospectus.
2. No Directors or key management personnel and its technical personnel is or has been involved in any of the following events, whether in or outside Malaysia :-
 - a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key personnel;
 - b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - c) the subject of any order, judgment or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution or engaging in any type of business practice or activity.
3. There are no existing or proposed service contracts between the Directors and the Company or its subsidiaries excluding contracts expiring, or terminable by the employing company without payments or compensation (other than statutory compensation) within one(1) year.
4. For the financial year ended 31 December 2002, the remuneration paid to the Directors of the Company and its current subsidiaries amounted to RM741,000. For the current financial year ending 31 December 2003, the remuneration payable to the Directors is estimated to amount to RM943,000.
5. According to the Register of Directors of Coastal as at 17 June 2003, being the latest practicable date before the printing of this Prospectus, the beneficial interests of the Directors in the shares of the Company are as follows:-

Directors	After the Public Issue/Offer for Sale*			
	Direct RM'000	%	Indirect RM'000	%
Directors				
Ng Chin Heng ^(b)	1,610	2.4	48,290 ^(c)	72.3
Ng Chin Shin ^(c)	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Kok ^(b)	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Keuan ^(c)	1,156	1.7	26,634 ^(d)	39.9
Ng Chin Hong ^(b)	-	-	27,790 ^(d)	41.6
Kwan Cheong Kaw @ Kuan Yeek Chieu	-	-	-	-
Loh Thian Sang @ Lo Thian Siang	-	-	-	-

Notes:

* The above table excludes Pink Form allocation.

- a) 17,939,082 new Shares, 5,771,234 new Shares, 2,943,721 new Shares and 2,943,721 new Shares had been issued to Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan respectively pursuant to the Acquisitions. As at the date of this Information Memorandum, they are still the registered holders of the said Shares. However, a certain portion of these Shares will be transferred to Ivory Asia, an investment holding company prior to the listing of the Company on the Main Board of the KLSE.
- b) Ng Chin Heng, Ng Chin Shin, Ng Chin Kok, Ng Chin Keuan and Ng Chin Hong are siblings.
- c) Deemed interested by virtue of the substantial shareholdings held by his wife Pang Fong Thau and his other siblings and his holding in Ivory Asia.
- d) Deemed interested by virtue of the substantial shareholdings held by their other siblings and their holdings in Ivory Asia.

6. According to the Register of Substantial Shareholders of Coastal as at 17 June 2003 being the latest practicable date before the printing of this Prospectus, the substantial shareholders of Coastal and their respective direct and indirect interests in the shares of the Company are as follows:-

Substantial shareholders	After the Public Issue/Offer for Sale*			
	Direct ('000)	%	Indirect ('000)	%
Ivory Asia Sdn Bhd ^(a)	22,712	34.0	-	-
Pang Fong Thau ^(b)	22,111	33.1	24,322 ^(d)	36.4
Ng Chin Heng ^(c)	1,610	2.4	48,290 ^(e)	72.3
Ng Chin Shin ^(c)	1,156	1.7	26,634 ^(f)	39.9
Ng Chin Kok ^(c)	1,156	1.7	26,634 ^(f)	39.9
Ng Chin Keuan ^(c)	1,156	1.7	26,634 ^(f)	39.9

Notes:

* The above table excludes Pink Form allocation.

- a) 17,939,082 new Shares, 5,771,234 new Shares, 2,943,721 new Shares and 2,943,721 new Shares had been issued to Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan respectively pursuant to the Acquisitions. As at the date of this Information Memorandum, they are still the registered holders of the said Shares. However, a certain portion of these Shares will be transferred to Ivory Asia Sdn Bhd, an investment holding company prior to the listing of the Company on the Main Board of the KLSE.
- b) Pang Fong Thau is a Director of the subsidiaries of Coastal.
- c) Ng Chin Heng, Ng Chin Shin, Ng Chin Kok, Ng Chin Keuan, and Ng Chin Hong are siblings.
- d) Deemed interested by virtue of the direct and indirect substantial shareholdings held by her husband Ng Chin Heng.
- e) Deemed interested by virtue of the substantial shareholdings held by his wife Pang Fong Thau and his other siblings and his holding in Ivory Asia Sdn Bhd.
- f) Deemed interested by virtue of the substantial shareholdings held by their other siblings and their holdings in Ivory Asia Sdn Bhd.

Information on the Offerors

Name	Address	Nationality	Occupation
Pang Fong Thau	Lot 3, Phase II, Taman Seaview Mile 1.5, North Road W.D.T. 259 90009 Sandakan, Sabah	Malaysian	Company director
Ng Chin Heng	Lot 3, Phase II, Taman Seaview Mile 1.5, North Road W.D.T. 259 90009 Sandakan, Sabah	Malaysian	Company director
Ng Chin Shin	Lot 439, Lorong Megah 5, Taman Megah, W.D.T. 259, 90009 Sandakan, Sabah.	Malaysian	Company director
Ng Chin Kok	1st Floor, Lot 3B Block G, Bandar Leila W.D.T. 259 90009 Sandakan, Sabah	Malaysian	Company director
Ng Chin Keuan	Lot 441, Lorong Megah 5, Taman Megah, W.D.T. 259, 90009 Sandakan, Sabah	Malaysian	Company director

7. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries and which is not quoted on a recognised stock exchange save as disclosed in section 7.12 of this Prospectus.
8. Save as disclosed below, none of the Directors or substantial shareholders have any interest, direct or indirect, in the promotion of or in any assets which have, within the two(2) preceding years of the date of this Prospectus been acquired or disposed of by or leased to the Company and its subsidiaries, or are proposed to be acquired, disposed of by or leased to the Company and its subsidiaries or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiaries as a whole.
- a) Acquisition of BSR, SM, CTS and CW. The interests of the Directors and substantial shareholders of the Company in the aforesaid transactions are as follows:-

Director / Substantial shareholder	BSR (Acquisition of BSR) Nature of interest	Consideration RM
Ng Chin Heng	Director and substantial shareholder of BSR	5,224,778
Pang Fong Thau	Director and substantial shareholder of BSR	5,224,779
	Total	10,449,557

Director / Substantial shareholder	SM (Acquisition of SM) Nature of interest	Consideration RM
Ng Chin Heng	Director and substantial shareholder of SM	6,130,554
Pang Fong Thau	Director and substantial shareholder of SM	11,239,349
Ng Chin Shin	Director and substantial shareholder of SM	3,065,277
	Total	20,435,180

Director / Substantial shareholder	CTS (Acquisition of CTS) Nature of interest	Consideration RM
Ng Chin Heng	Director and substantial shareholder of CTS	5,318,762
Pang Fong Thau	Director and substantial shareholder of CTS	6,382,514
Ng Chin Shin	Director and substantial shareholder of CTS	3,191,257
Ng Chin Kok	Director and substantial shareholder of CTS	3,191,257
Ng Chin Keuan	Substantial shareholder of CTS	3,191,257
	Total	21,275,047

Director / Substantial shareholder	CW (Acquisition of CW) Nature of interest	Consideration RM
Ng Chin Heng	Director and substantial shareholder of CW	2,773,478
Pang Fong Thau	Director and substantial shareholder of CW	3,065,424
	Total	5,838,902

- b) BSR, CTS and SM had on 29 November 2002 disposed of properties not employed in the operations of the Coastal Group to Top Pride Sdn Bhd, a private limited company related to the directors and promoters, for a cash consideration based on their respective net book value, details of which are as set out below:-

	Consideration RM	Land Title No.
BSR	12,175	CL075350837
SM	146,122	Land and other buildings
CTS	498,179	CL075330620, CL075330639 and PTD55906.
Total	656,476	

9. Save as disclosed under section 7.11.1 of this Prospectus, there is no other contract or arrangement subsisting which is significant in relation to the business of the Company of the Group which the Directors or substantial shareholders of the Company are interested as at the date of this Prospectus.

16.4 General

1. The nature of the Company's business and the names of all corporations, which are deemed related to the Company by virtue of Section 6 of the Companies Act, 1965 are disclosed in section 8 of this Prospectus.
2. The time of the opening of the Application List is set out in section 17 of this Prospectus.
3. The amount payable in full on application to the Company/Offerors is RM1.60 per Share.
4. No person has an option or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
5. Save as disclosed in section 9.1 on page 67 and section 8 on page 61 of this Prospectus, no Shares or debentures of the Company and its subsidiaries have been

issued or proposed to be issued as fully or partly paid-up for cash or otherwise than in cash within the two(2) preceding years of the date of this Prospectus.

6. As at the date of this Prospectus, neither the Company nor its subsidiaries have any convertible debt securities.
7.
 - a) Underwriting commission is payable to the Underwriters at the rate of 3% the issue price of RM1.60 per Share on the Public Issue Shares being underwritten which form the subject of this Prospectus together with the Offer Shares;
 - b) Brokerage will be paid at the rate of 1% of the IPO of RM1.60 per Share to the parties in the circumstances specified in section 3.9 of this Prospectus;
 - c) Fees incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE amounting to RM2 million will be borne by the Company. The Offeror shall bear stamp duty, underwriting, brokerage, registration and transfer fees relating to the Offer Shares totalling approximately RM250,000; and
 - d) A Placement Fee of 1.75% is payable for the placement of the IPO Shares.
8. Save as disclosed in this Prospectus, no commission, discount, brokerages or other special terms have been paid or granted within the two preceding years of the date of this Prospectus or is payable by the Company and its subsidiaries within the two(2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of the Company and its subsidiaries and no Director or proposed Director or promoter or expert is entitled to receive any such payment.
9. No amount or benefit has been paid or given within the two(2) years preceding the date hereof, nor is it intended to be paid or given, in his/her capacity as a Promoter.
10. The name and address of the Auditors are set out in section 1 of this Prospectus.
11. Save as disclosed in section 4 of this Prospectus, the Directors of the Company and its subsidiaries are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and its subsidiaries.
12. Save as disclosed in section 10 of this Prospectus, the Directors of the Company and its subsidiaries are of the view that the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:-
 - a) known trends, demands, commitments, events and uncertainties that have had or that Coastal expects to have a material favourable or unfavourable impact on the financial performance, position and operation of Coastal;
 - b) material commitments for capital expenditure;
 - c) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performances, position and operations of Coastal; and
 - d) known trends, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.
13. With the exception of the Public Issue, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.

14. During the last financial year and the current financial year, there were:-
 - a) no public takeover offers by third parties in respect of the Company's shares; and
 - b) no public takeover offers by the Company in respect of other companies' shares.
15. Other than the 570,000 shares reserved for eligible Directors and employees of Coastal Group pursuant to this Prospectus, there are at present no other schemes involving the staff and the Directors in the capital of the Company and its subsidiaries as at the date of this Prospectus.
16. The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in section 17 of this Prospectus.

16.5 Material Contracts, Litigation and Contingent Liabilities

1. Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two(2) years preceding the date of this Prospectus:-
 - (a) An Underwriting Agreement dated 19 June 2003 entered into between Coastal and the underwriters for the underwriting of 12.5 million IPO Shares for an underwriting commission of 3% of the Issue Price of RM1.60 per Share.
 - (b) A Placement Agreement dated 19 June 2003 entered into between Coastal and AmMerchant Bank whereby AmMerchant Bank agreed to act as Placement Agent for the placement of 5.5 million Shares to selected investors. A placement fee of 1.75% is chargeable for the placement of 4.4 million of the placement shares. No fee is chargeable on the 1,100,000 placement shares to non-exempt investors as it is underwritten.
 - (c) Sale and Purchase Agreement dated 10 April 2002 made between Coastal and Pang Fong Thau, Ng Chin Heng, Ng Chin Shin, Ng Chin Kok and Ng Chin Keuan ("the Vendors") for the acquisition by Coastal of the entire issued and paid-up share capital comprising of 2,000,000 ordinary shares in CTS for an aggregate purchase consideration of Ringgit Malaysia Twenty one million two hundred seventy five thousand forty six (RM21,275,046/-) only by way of allotment and issue of Nineteen million six hundred twenty four thousand eight hundred five (19,624,805) new ordinary shares of Ringgit Malaysia One (RM1/-) each in Coastal.
 - (d) Sale and Purchase Agreement dated 10 April 2002 made between Coastal and Pang Fong Thau, Ng Chin Heng and Ng Chin Shin ("the Vendors") for the acquisition by Coastal of the entire issued and paid-up share capital comprising of 6,000,000 ordinary shares in SM for an aggregate purchase consideration of Ringgit Malaysia Twenty million four hundred thirty five thousand one hundred eighty (RM20,435,180/-) only, of which is to be satisfied by way of allotment and issue of Eighteen million eight hundred fifty thousand eighty four (18,850,084) new ordinary shares of Ringgit Malaysia One (RM1/-) each in Coastal.
 - (e) Sale and Purchase Agreement dated 10 April 2002 made between Coastal and Pang Fong Thau and Ng Chin Heng ("the Vendors") for the acquisition by Coastal of the entire issued and paid-up share capital comprising of 250,000 ordinary shares in BSR for an aggregate purchase consideration of Ringgit Malaysia Ten million four hundred forty nine thousand five hundred fifty seven

(RM10,449,557/-) only, of which is to be satisfied by way of allotment and issue of Nine million six hundred thirty nine thousand sixteen (9,639,016) new ordinary shares of Ringgit Malaysia One (RM1/-) each in Coastal.

- (f) Sale and Purchase Agreement dated 10 April 2002 made between Coastal and Pang Fong Thau and Ng Chin Heng (“the Vendors”) for the acquisition by Coastal of the entire issued and paid-up share capital comprising of 80,000 ordinary shares in CW for an aggregate purchase consideration of Ringgit Malaysia Five million eight hundred thirty eight thousand nine hundred two (RM5,838,902/-) only, of which is to be satisfied by way of allotment and issue of Five million three hundred eighty five thousand nine hundred ninety five (5,385,995) new ordinary shares of Ringgit Malaysia One (RM1/-) each in Coastal.

2. Save as disclosed below, there does not exist any material agreements or informal arrangement or understanding entered into by the Group in the ordinary course of business (including but not limited to shareholders’ agreements underlying the basis of corporation/group’s business, supplier agreements, customer agreements, insurance policies and director’s service agreements) within the two (2) years preceding the date of this Prospectus:-

- (a) Sale and Purchase Agreement dated 14 January 2003 between BSR and Perusahaan Sinar Jaya on the sale of one (1) unit of tugboat and one (1) unit deck cargo barge to the latter to be delivered upon full payment of contracted amount.
- (b) Bareboat hire purchase contract dated 2 January 2003 signed between Pt Panji Adi Samudera (as Lessee) and COL (as Lessor) and Bonafide Shipbuilders & Repairs Sdn Bhd (as Builder) for the sale of two (2) units of shallow draft tugboats. Vessels are to be transferred upon receiving full payment of contracted amount.
- (c) Sale and Purchase Agreement dated 6 November 2002 between CTS and Raytheon Technical Services Company on the sale of one (1) unit of oil barge. Barge to the latter was delivered on 10 December 2002.
- (d) Ship repair contract awarded by the Royal Malaysian Navy to SM for maintenance and repair works on a patrol ship on 7 August 2002.
- (e) Sale and Purchase Agreement dated 30 July 2002 (as supplemented by a supplemental agreement dated 28 March 2003) between BSR and Pemborong Bumijaya Sdn Bhd on the sale of one (1) unit of tug boat and one (1) unit deck cargo barge to the latter to be delivered 14 days after serving notice of Readiness of Delivery by the former.
- (f) Sale and Purchase Agreement dated 6 June 2002 signed between BSR and Pt Asia Tirta Perdana for the sale of one (1) unit of dumb barge to be delivered within 180 working days after receiving 10% of the contract price.
- (g) Sale and Purchase agreement signed on 25 May 2002 between CTS and Pt Asia Tirta Perdana on the sale of 1 unit of tugboat to the latter. Vessel was delivered on 10 December 2002.
- (h) Charter Agreement dated 5 April 2002 between CTS and Megasteel Sdn Bhd for the provision of 4 (four) tugs and 8 (eight) barges for transshipment and transport of scrap iron from mother ship to jetty calculated based on trip charter basis for a period of one year with an option to renew for a further year upon expiry.

3. Neither Coastal nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant and the Directors have no knowledge of any proceedings pending or threatening that might materially and adversely affect the position and business of the Company or its subsidiaries.
4. As at 17 June 2003, being the last practicable date prior to the printing of this Prospectus, the Company and its subsidiaries do not have outstanding contingent liabilities.

16.6 Public Take-Overs

During the last financial year and the current financial year, there were:-

- a) No public take-over offers by third parties in respect of the Company's and its subsidiaries' shares; and
- b) No public take-over offers by Coastal in respect of other companies' shares.

16.7 Consent

1. The consent of the Adviser and Managing Underwriter, Underwriters, Placement Agent, Solicitors, Company Secretary, Principal Bankers, Registrar and Issuing House to the inclusion in this Prospectus of their names in the context and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
2. The consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, letter on the Profit Forecast, letters on the Proforma Consolidated Balance Sheets and Accountants' Report in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
3. The consent of the Valuers for the inclusion in this Prospectus of their name and Valuation Certificate on Coastal's properties in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16.8 Documents for Inspection

Copies of the following documents may be inspected at the registered office of the Company during office hours for a period of twelve(12) months from the date of the Prospectus:-

- (a) Memorandum and Articles of Association of Coastal and its subsidiaries;
- (b) Trust Deed for shares of CM held in trust for CTS by Ng Chin Kok;
- (c) Directors' Report, Accountants' Report and Valuation Certificate as included herein;
- (d) The Reporting Accountants' Letters relating to the Consolidated Profit Forecast and Proforma Consolidated Balance Sheets as included herein;
- (e) Audited accounts of Coastal, BSR, SM, CTS, COL, CM and CW for 5 financial years ended 31 December 1998 to 31 December 2002;

- (f) The material contracts and agreements referred to under the section “Material Contracts, Litigation and Contingent Liabilities”;
- (g) The letters of consent referred to under the section “Consents” of this Prospectus; and
- (h) Valuation Certificate and valuation reports referred to under section 15 of this Prospectus.

16.9 Responsibility

AmMerchant Bank Berhad acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the IPO and the Coastal Group, and is satisfied that the consolidated profit forecast which has been reviewed by the Reporting Accounts (for which the Directors of the Company are solely responsible) have been stated by the Directors of the Company after due and careful inquiry and have been duly reviewed by the Reporting Accountants.

This Prospectus has been seen and approved by the Directors of the Company and the Offerors, and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

[THE REST OF THIS PAGE IS LEFT BLANK INTENTIONALLY]