

**10. ACCOUNTANTS' REPORT (Cont'd)****25. Sutherland Resources Sdn. Bhd.****25.1 Balance Sheets**

	Note	<----- Financial years ended ----->		
		31.12.2005	31.12.2006	31.12.2007
		RM	RM	RM
<b>NON-CURRENT ASSET</b>				
Property, plant and equipment		10,620,344	10,049,810	9,501,662
<b>CURRENT ASSETS</b>				
Inventories		43,512	43,512	43,512
Trade receivables		2,739,938	1,299,622	2,467,397
Other receivables	25.1.1.1	150,485	122,313	48,862
Amount due from related companies	25.1.1.2	2,436,803	2,532,608	1,308,473
Cash and bank balances		70,271	285,215	49,274
		<u>5,441,009</u>	<u>4,283,270</u>	<u>3,917,518</u>
<b>CURRENT LIABILITIES</b>				
Borrowings	25.1.1.3	2,527,143	1,771,828	1,846,146
Trade payables		81,501	39,668	97,623
Other payables	25.1.1.4	529,899	851,128	206,459
Taxation		2,400	-	-
Amount due to a director		-	-	-
Amount due to related companies	25.1.1.5	99,612	893	851,497
		<u>3,240,555</u>	<u>2,663,517</u>	<u>3,001,725</u>
<b>NET CURRENT ASSETS</b>		<u>2,200,454</u>	<u>1,619,753</u>	<u>915,793</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>12,820,798</u>	<u>11,669,563</u>	<u>10,417,455</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	25.1.1.6	5,992,114	4,220,286	1,878,158
Deferred taxation		935,570	1,403,844	1,561,227
		<u>6,927,684</u>	<u>5,624,130</u>	<u>3,439,385</u>
		<u>5,893,114</u>	<u>6,045,433</u>	<u>6,978,070</u>
<b>FINANCED BY:</b>				
Share capital		500,000	500,000	500,000
Reserves		5,393,114	5,545,433	6,478,070
Shareholders' funds		<u>5,893,114</u>	<u>6,045,433</u>	<u>6,978,070</u>
<b>Ratios</b>				
NTA		5,893,114	6,045,433	6,978,070
NTA per share		11.79	12.09	13.96
Current ratio (times)		1.7	1.6	1.3
After tax return on Shareholders' funds <sup>(i)</sup> (%)		77.2	2.5	13.4

Notes:

<sup>(i)</sup> Profit after tax for the year  
Shareholders' funds

**10. ACCOUNTANTS' REPORT (Cont'd)****25. Sutherland Resources Sdn. Bhd. (Cont'd)****25.1 Balance Sheets (Cont'd)****25.1.1 Restatement of Balance Sheets**

The reclassifications of balance sheets were made to ensure consistency of presentation throughout the financial years under review. The reconciliations of the audited financial statements to that presented in this report are set out below:

**25.1.1.1 Other Receivables**

As at	31.12.2005 RM
Per audited financial statements	2,587,288
Reclassified to:	
- Amount due from related companies	(2,436,803)
As restated	<u>150,485</u>

**25.1.1.2 Amount Due From Related Companies**

As at	31.12.2005 RM
Per audited financial statements	-
Reclassified from:	
- Other receivables	2,436,803
As restated	<u>2,436,803</u>

**25.1.1.3 Short Term Borrowings**

As at	31.12.2005 RM
Per audited financial statements	2,153,696
Reclassified from:	
- Long Term Borrowings	373,447
As restated	<u>2,527,143</u>

**10. ACCOUNTANTS' REPORT (Cont'd)**

<b>25. Sutherland Resources Sdn. Bhd. (Cont'd)</b>	
<b>25.1 Balance Sheets (Cont'd)</b>	
<b>25.1.1 Restatement of Balance Sheets (Cont'd)</b>	
<b>25.1.1.4 Other Payables</b>	
As at	31.12.2005 RM
Per audited financial statements	629,511
Reclassified to:	
- Amount due to related companies	(99,612)
As restated	<u>529,899</u>
<b>25.1.1.5 Amount Due To Related Companies</b>	
As at	31.12.2005 RM
Per audited financial statements	-
Reclassified from:	
- Other payables	99,612
As restated	<u>99,612</u>
<b>25.1.1.6 Long Term Borrowings</b>	
As at	31.12.2005 RM
Per audited financial statements	6,365,561
Reclassified to:	
- Short Term Borrowings	(373,447)
As restated	<u>5,992,114</u>

**10. ACCOUNTANTS' REPORT (Cont'd)****25. Sutherland Resources Sdn. Bhd. (Cont'd)****25.2 Income Statements**

	<----- Financial years ended ----->		
	31.12.2005 RM	31.12.2006 RM	31.12.2007 RM
Revenue	4,954,094	2,291,210	2,601,551
Other operating expenditure	(1,265,356)	(1,193,996)	(1,334,171)
Gross profit	<u>3,688,738</u>	<u>1,097,214</u>	<u>1,267,380</u>
Other operating income	2,139,315	100,384	247,709
Administrative expenses	(37,476)	(79,104)	(69,157)
Profit before interest & tax	<u>5,790,577</u>	<u>1,118,494</u>	<u>1,445,932</u>
Interest expenses	(537,609)	(497,393)	(355,935)
Profit before tax	<u>5,252,968</u>	<u>621,101</u>	<u>1,089,997</u>
Taxation	(702,107)	(468,782)	(157,360)
Profit after taxation	<u><u>4,550,861</u></u>	<u><u>152,319</u></u>	<u><u>932,637</u></u>
Number of shares in issue	500,000	500,000	500,000
Earnings per share:			
Gross <sup>(i)</sup>	10.51	1.24	2.18
Net <sup>(ii)</sup>	9.10	0.30	1.87
Gross profit margin (%)	74	48	49
Net profit margin (%)	91.86	6.65	35.85
EBIDTA	6,598,325	1,707,744	2,053,026
Effective tax rate (%)	13.4	75.5	14.4
Trade receivables turnover period (months)	6.64	6.81	11.38
Trade payables turnover period (months)	0.77	0.40	0.88
Inventories turnover period (months)	0.41	0.44	0.39

## Notes:

<sup>(i)</sup> Profit before tax divided by the number of shares in issue during the year

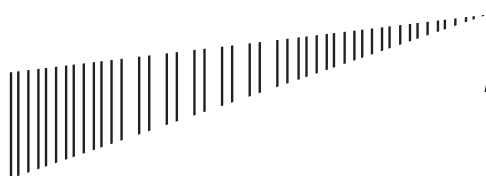
<sup>(ii)</sup> Profit after tax divided by the number of shares in issue during the year

**10. ACCOUNTANTS' REPORT (Cont'd)****25. Sutherland Resources Sdn. Bhd. (Cont'd)****25.3 Statements of Changes in Equity**

	Share Capital RM	Retained Earnings RM	Total Equity RM
At 1 January 2005	500,000	842,253	1,342,253
Profit for the year	-	4,550,861	4,550,861
At 31 December 2005	500,000	5,393,114	5,893,114
Profit for the year	-	152,319	152,319
At 31 December 2006	500,000	5,545,433	6,045,433
Profit for the year	-	932,637	932,637
At 31 December 2007	500,000	6,478,070	6,978,070

**25.4 Cash Flow Statements**

	<----- Financial years ended ----->		
	31.12.2005 RM	31.12.2006 RM	31.12.2007 RM
Net cash (used in)/from operating activities	(1,136,792)	2,763,436	2,090,815
Net cash from/(used in) investing activities	5,252,629	(21,350)	(58,946)
Net cash used in financing activities	(4,192,761)	(2,527,142)	(2,267,810)
Net (decrease)/increase in cash and cash equivalents	(76,924)	214,944	(235,941)
Cash and cash equivalents at beginning of year	147,195	70,271	285,215
Cash and cash equivalents at end of year	70,271	285,215	49,274

**26. Dividends**

No dividend has been paid or declared by SIB Group for the financial years or periods under review.

**27. Significant Accounting Policies****27.1 Basis of Preparation**

The financial statements of the Group have been prepared on a historical basis. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. During the financial periods under review, the Group had adopted new and revised FRSs as described fully in Note 27.3.

The financial statements are presented in Ringgit Malaysia (RM). The functional currency of SIB is Ringgit Malaysia ("RM").

**27.2 Summary of Significant Accounting Policies****(a) Subsidiaries and Basis of Consolidation***(i) Subsidiaries*

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

*(ii) Basis of Consolidation*

The consolidated financial statements comprise the financial statements of SIB and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

**10. ACCOUNTANTS' REPORT (Cont'd)****27. Significant Accounting Policies (Cont'd)****27.2 Summary of Significant Accounting Policies (Cont'd)****(a) Subsidiaries and Basis of Consolidation (Cont'd)***(ii) Basis of Consolidation (Cont'd)*

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

**(b) Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset over the estimated useful life at the following annual rates:

Vessels	15 - 20 years
Vessel equipment	5 - 10 years
Plant and machinery and yard equipment	10 years
Furniture and fittings and office equipment	5 - 10 years
Motor vehicles	5 - 6.25 years
Wharf, yard and staff quarters	10 - 50 years
Dry docking expenses	2.5 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.





## 27. Significant Accounting Policies (Cont'd)

### 27.2 Summary of Significant Accounting Policies (Cont'd)

#### (c) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred which will probably be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### (d) Impairment of Non Financial Assets

The carrying amounts of assets, other than construction contract assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.





## 27. Significant Accounting Policies (Cont'd)

### 27.2 Summary of Significant Accounting Policies (Cont'd)

#### (d) Impairment of Non Financial Assets (Cont'd)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

#### (e) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

#### (f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

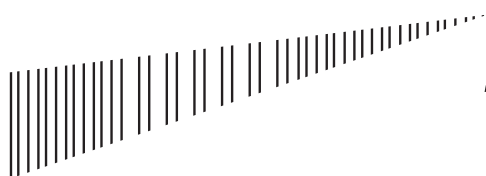
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

##### (i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and at bank and fixed deposits with licensed banks, net of outstanding bank overdrafts.

##### (ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.



## 27. Significant Accounting Policies (Cont'd)

### 27.2 Summary of Significant Accounting Policies (Cont'd)

#### (f) Financial Instruments (Cont'd)

##### (iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in future for goods and services received.

##### (iv) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

##### (v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (g) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

##### (i) Finance Leases

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 27.2 (b).



## 27. Significant Accounting Policies (Cont'd)

### 27.2 Summary of Significant Accounting Policies (Cont'd)

#### (g) Leases (Cont'd)

##### (ii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (h) Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity.

#### (i) Employee Benefits

##### Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group.

##### Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").



## 27. Significant Accounting Policies (Cont'd)

## 27.2 Summary of Significant Accounting Policies (Cont'd)

## (j) Foreign Currency

## (i) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

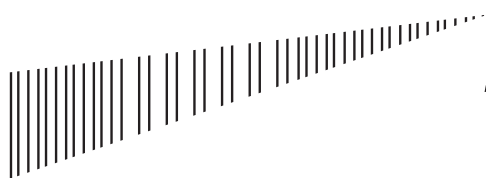
Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

## (ii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (Ringgit Malaysia) of the consolidated financial statements are translated into Ringgit Malaysia as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.



## 27. Significant Accounting Policies (Cont'd)

### 27.2 Summary of Significant Accounting Policies (Cont'd)

#### (k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

##### *Construction Revenue*

Revenue from construction contracts is accounted for by percentage of completion method as described in Note 27.2 (c).

##### *Revenue from services*

Revenue from services rendered is recognised net of discount as and when the services are performed.

##### *Rental Income*

Revenue is recognised on an accrual basis unless collectibility is in doubt.

### 27.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

MASB has issued a number of new and revised FRS and Interpretation that are effective for financial periods beginning on or after 1 January 2006.

The adoption of these new and revised FRSs does not have any significant impact on the financial statements of the Group, except for the following:

#### **FRS 117: Leases**

##### *Leasehold land held for own use*

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

There are no effects on the income statements of the Subsidiaries for the three financial years (3) ended 31 December 2007.





## 27. Significant Accounting Policies (Cont'd)

### 27.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

#### Effective for financial periods beginning on or after 1 July 2007:

FRS 121 Amendment:	The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
Amendment to FRS 107:	Cash Flow Statements
Amendment to FRS 111:	Construction Contracts
Amendment to FRS 112:	Income Taxes
Amendment to FRS 118:	Revenue
Amendment to FRS 120:	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 134:	Interim Financial Reporting
Amendment to FRS 137:	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6:	Liabilities arising from Participation in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7:	Applying the Restatement Approach under FRS 129 <sup>2004</sup> - Financial Reposting in Hyperinflationary Economies
IC Interpretation 8:	Scope of FRS 2

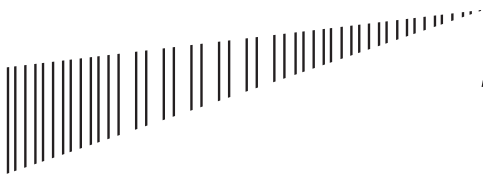
#### Deferred:

FRS 139:	Financial Instruments: Recognition and Measurement
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The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The other FRSs, amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

**10. ACCOUNTANTS' REPORT (Cont'd)**

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**28. Audited consolidated financial statements**

No audited consolidated financial statements for SIB Group have been prepared since its incorporation on 28 December 2007.

**29. Events subsequent to balance sheet date**

Other than the Listing Scheme as set out in Section 2.3 and the estimated listing expenses of RM5,000,000, no events have arisen subsequent to the balance sheet date which would require disclosure in this report.

Yours faithfully

Ernst & Young  
AF: 0039  
Chartered Accountants

Yong Nyet Yun  
2708/04/10 (J)  
Partner

Miri, Malaysia



11. **EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT**  
*(Prepared for inclusion in the Prospectus)*

FROST & SULLIVAN

(522293W)

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www.frost.com

The Board of Directors  
Sealink International Berhad

6 June 2008

Dear Sirs,

**Executive Summary of the Marine Vessel Charter Market and  
Shipbuilding Industry in Malaysia**

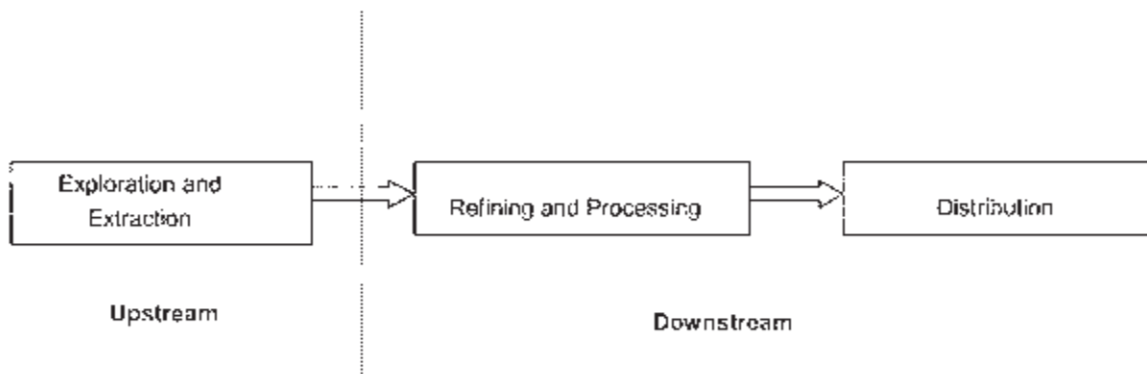
This Executive Summary of the Independent Market Report on the Marine Vessel Charter Market and Shipbuilding Industry in Malaysia is prepared by Frost & Sullivan (M) Sdn Bhd ("Frost & Sullivan") for inclusion in the Prospectus of Sealink International Berhad (herein together with all its subsidiaries will be referred to as Sealink Group or the Group) in relation to its listing on the Main Board of Bursa Malaysia Securities Berhad.

## Overview of the Oil & Gas Industry

### Industry Dynamics

The oil industry is one of the oldest industries in the world. Drilling or digging for oil has occurred in one way or another for hundreds of years. The Chinese invented a bamboo rig to obtain oil and gas for lighting and cooking; the first commercial oil well was discovered in 1859 in Pennsylvania, USA.

**Figure 1-1: The Oil and / or Gas Value Chain**



*Source: Frost & Sullivan*

The upstream oil and gas industry includes the Exploration and Production ("E&P") and extraction of oil and/or gas from onshore or offshore oil or gas fields. The move into deep-water E&P activities is expected to boost the petroleum industry. Due to the maturing of the existing petroleum fields, deep-water exploration is viewed as the final frontier of the petroleum industry.

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

**The Malaysian Oil and Gas Industry**

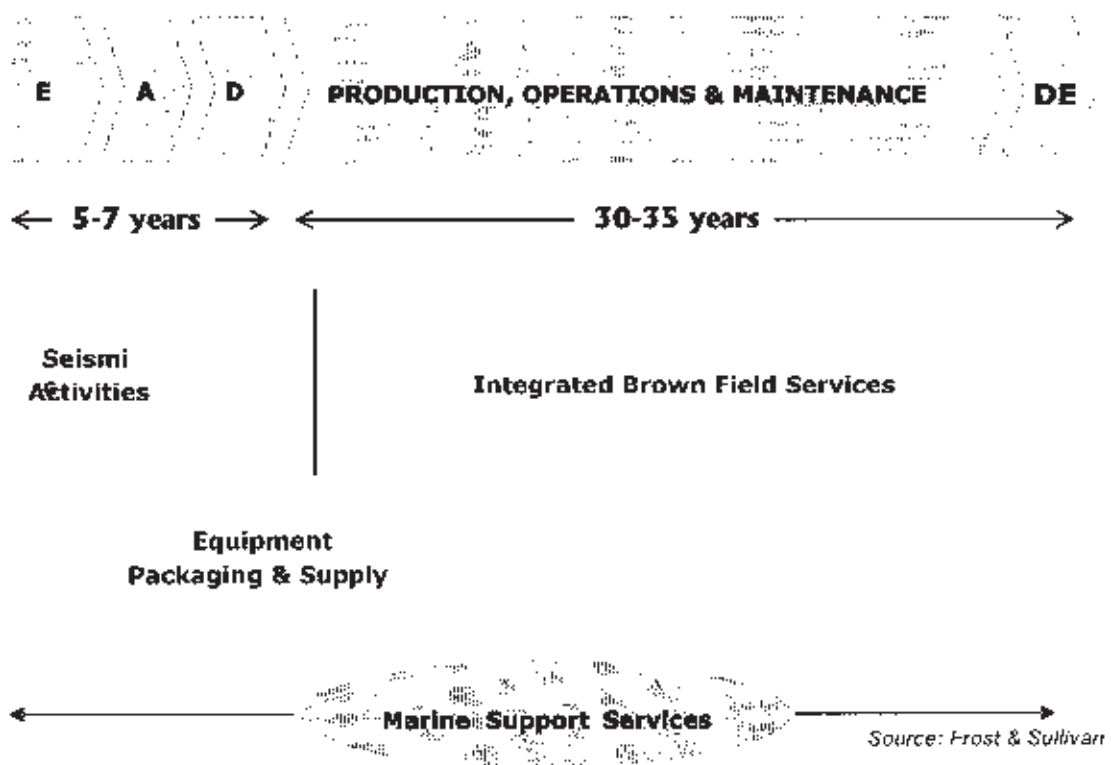
**Industry Dynamics**

The Petroleum Development Act, 1974 made the national oil company, Petroliam Nasional Berhad ("PETRONAS") the custodian of petroleum resources with rights to explore and produce resources. Petronas Carigali Sdn Bhd, a wholly owned subsidiary of PETRONAS is the domestic exploration, development, and production arm, producing approximately one-third of Malaysia's total oil and gas production.

**Oil and Gas Activities Lifecycle**

Activities in the oil and gas industry include exploration, appraisal, development, production, operations and maintenance, and then decommissioning. The lifecycle of the upstream activities are depicted in the figure below. Throughout the activities lifecycle, marine support services are needed for each phase.

**Figure 1-2: Oil and Gas Upstream Activities Lifecycle**



**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

Legend: E – Exploration

D – Development

A – Appraisal

DE – Decommissioning

**Figure 1-3: Definition of various phases of the upstream oil and gas industry lifecycle**

Phase	Definition
Exploration & Appraisal	Exploration and appraisal involves interpreting seismic data for potential hydrocarbon deposits. Test wells are drilled for further evaluation / assessment. The values of the reserves are estimated and if the field is found feasible, activities shift to the development phase.
Development	In this stage, structures for production of oil are constructed. Associated facilities are also built. All this involves detailed engineering and project management. The duration of exploration, appraisal and development phase may last around 5 to 7 years.
Production, Operation and Maintenance	The hydrocarbons are extracted during this phase. Operations and maintenance strategies are formulated to meet production targets. Maintenance ensures the most optimal production capability of a platform. In retrofitting, the platforms are modified and upgraded to provide for increases in production capability, capacity expansion and to increase the useful life of the platform as it begins to age. The typical duration of the production phase is 30 to 35 years.
Decommissioning	Once the oil well reaches a stage where it can no longer produce hydrocarbons cost effectively, it is plugged and the structures are dismantled.

*Source: Frost & Sullivan*

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Pricing Trends**

In 2007, spot prices for West Texas Intermediate (WTI) rose from USD58 per barrel on January 3 2007 to over USD100 per barrel on January 2, 2008. The price of the Malaysian benchmark oil grade, Tapis Blend, rose by 11.5% to average USD76.46 per barrel in 2007, marking its sixth consecutive year of increase since 2001. Having reached its highest level of USD99.57 per barrel toward year-end, it proceeded to breach the USD100 psychological threshold on January 2, 2008.

**Production**

Malaysia's domestic oil production occurs primarily offshore in both the Peninsular and East Coast of Malaysia. Most of the country's oil fields contain low sulfur, high quality crude. More than half of the country's oil production comes from the Tapis field.

PETRONAS retains ownership and management control in exploration, development, and production of oil resources in Malaysia. Expenditure and profits are managed under productions sharing contracts ("PSCs") in which the production sharing contractor assumes all risks and sources funds required for all petroleum operations.

**Figure 1-4: Number of PSCs with Petronas, 2003 to 2006-2007\* (Malaysia)**

Year	Number of PSCs
2003-2004	49
2004-2005	53
2005-2006	60
2006-2007	64

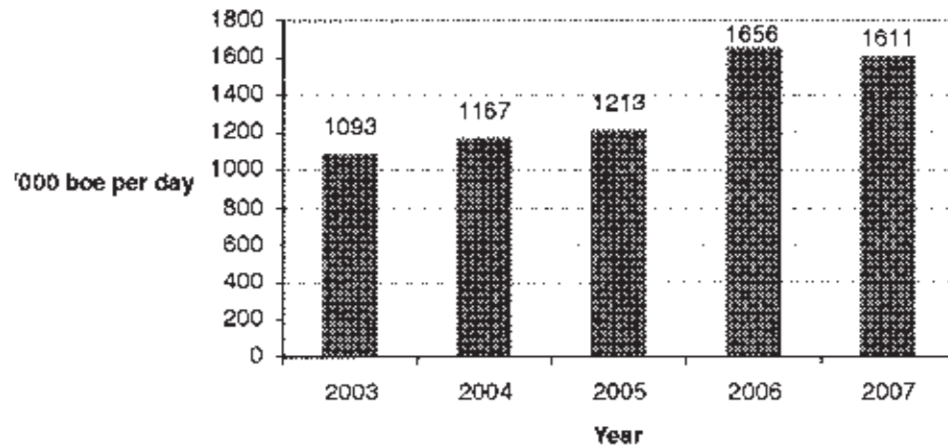
Source: PETRONAS

NOTE:\*Based on Petronas Annual Report as at 31<sup>st</sup> March 2007

According to Petronas Annual Report as at 31<sup>st</sup> March 2007, an additional five oil fields and three gas fields were brought on-stream during the year 2006-2007, bringing Malaysia's producing fields to a record high of 85.

## 11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Figure 1-5: Oil and Gas production, 2003 – 2007\* (Malaysia)



Source: PETRONAS

NOTE:\*Based on Petronas Annual Report as at 31<sup>st</sup> March 2007

Domestic production for the financial year ending 31st March 2007 was 1,611 million boe per day. PETRONAS has targeted a 3% increase per annum in domestic production of oil and gas till 2010. As of 1 January 2007, Malaysia's total reserves stood at 20.18 billion boe compared to 19.91 billion boe in the preceding year, as a result of the continuous exploration campaign undertaken by PETRONAS and its PSCs.

### Future Outlook

In June 2007, PETRONAS reported record profits for the financial year ended March 31st 2007 as a result of the prevailing high prices of crude oil and increased sales of LNG. The Malaysian oil company's revenue rose to RM 184.1 billion with profit before tax of RM 76.3 billion corresponding to an increase of 10.0% and 9.9% respectively over the previous year.

This strong growth trend is likely to further increase the national oil company's investment in the Malaysian oil and gas industry. This will give a further boost to the industry, which is experiencing

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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positive growth following recent discoveries of oil and gas resources in Sabah, Sarawak and Peninsular Malaysia.

### **Marine Vessel Charter Market**

#### **Market Segmentation**

Essentially, marine vessels can be used for several applications across different industries. However, this report focuses exclusively on the charter market for marine vessels or OSVs in the Malaysian offshore oil and gas industry. Further, market share and revenue forecasts are based only on local players, and exclude foreign companies that operate in Malaysia.

Marine vessel support services are required throughout the overall lifecycle of an offshore oil and gas field, spanning from the exploration phase to decommissioning. This is mainly due to the need to transport equipment and machinery, water, pipes, personnel and so forth, between various supply bases, offshore platforms, drilling rigs and construction barges.

There are several types of OSVs or marine vessels used for support services in the offshore oil and gas industry. Among them include straight supply vessels, utility vessels, landing crafts, tug boats and barges and Anchor Handling Tug Supply (AHTS),

#### **Industry Lifecycle**

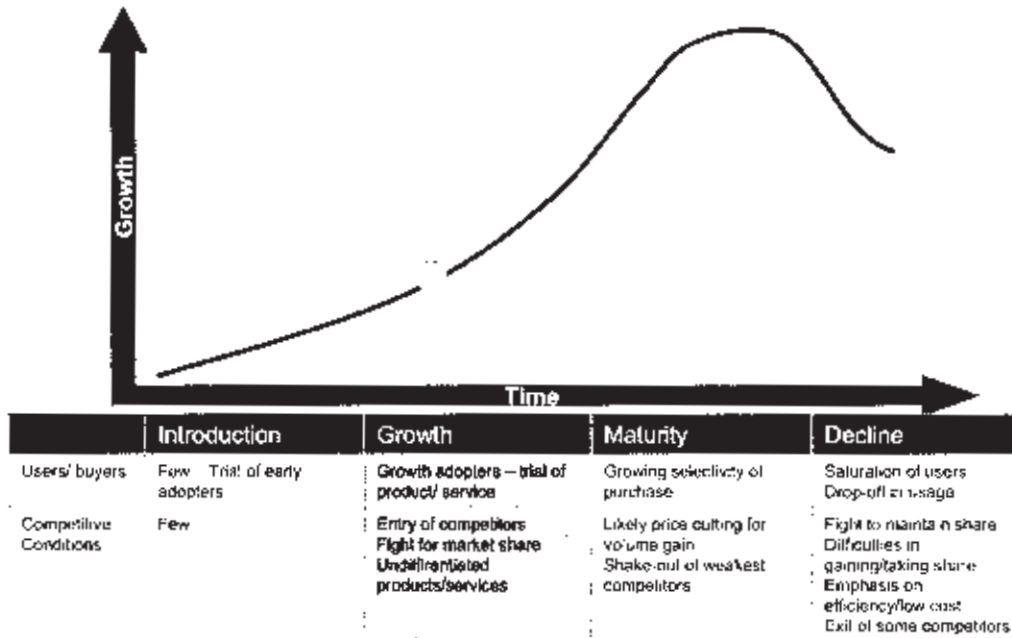
At present, the marine vessels used for support services or OSVs in the offshore oil and gas industry are in the growth phase, as depicted in the figure below. At this stage, there are a growing number of products and services, with new competitors entering the market and fighting for market share. As the industry witnesses increasing demand, numerous local and foreign players are entering the industry and fighting for market share.

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11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Figure 1-6: Industry lifecycle of the offshore oil and gas vessel charter market (Malaysia), 2007



Source: Frost & Sullivan

**Market Size and Growth Forecast**

The following figure depicts the key market engineering measurements and provides a snapshot of the oil and gas marine vessel charter markets in Malaysia. Specifically, this *excludes* revenues of non-Malaysian owned companies that provide chartering services.

In 2007, the size of the marine vessel charter market in the Malaysian offshore oil and gas industry was estimated at RM1.1 billion. By 2013, the market is expected to reach RM3.5 billion, growing at a compound annual growth rate (CAGR) of 21.8%.

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Figure 1-7: Market engineering measurements in the offshore oil and gas vessel charter market (2007), Malaysia**

Measurement Name	Measurement	Trend
Base year (2007) market size	Approximately RM1.1 billion	Growing
Forecast period (2007 - 2013) CAGR	21.8%	
Pricing trend	Daily Charter Rate	Increasing
Competitors	Around 15	Increasing
Degree of competition	High	Increasing

*Source: Frost & Sullivan*

As depicted in the figure below, the charter market for marine vessels in the Malaysian offshore oil and gas industry is set for continued growth. By 2013, Frost & Sullivan estimates revenues to reach RM3.5 billion, growing at CAGR of 21.8 percent over the forecast period.

**Figure 1-8: Revenue forecasts for the vessel charter market in the offshore oil and gas industry (Malaysia), 2007**

Year	Revenues (RM Million)	Growth Rate (%)
2007	1,087.3	-
2008	1,313.6	20.8
2009	1,587.0	20.8
2010	1,917.3	20.8
2011	2,352.6	22.7
2012	2,886.8	22.7
2013	3,542.2	22.7
<b>CAGR:</b>	<b>21.8%</b>	

CAGR means Compound Annual Growth Rate

CAGR: 21.8 percent (2007 to 2013)

Note: All figures are rounded; the base year is 2007.

*(Source: Frost & Sullivan)*

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Drivers**

The following figure provides a snapshot of the market drivers in the offshore oil and gas vessel charter market in Malaysia, along with their impact within the short-term, medium-term and long-term.

**Figure 1-9: Market Drivers in the offshore oil and gas vessel charter market (2007), Malaysia**

Rank	Driver	Short Term	Medium Term	Long Term
		1-2 Years	3-5 Years	6-7 Years
1	Rising oil prices stimulate Exploration and Production (E&P) Activities	High	High	High
2	Long life span of oil and gas structures and equipment	High	High	High
3	Government commitment to increase domestic production	High	High	High
4	Decreasing shallow water reserves	Medium	Medium	High
5	Increased downstream demand	Medium	Medium	Medium
6	Locally available technical expertise and capital	Low	Medium	Medium

Source: Frost & Sullivan

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Restraints**

Market restraints are defined as occurrences *outside* an organisation that may negatively impact revenue potential. The following are the market restraints in the offshore oil and gas vessel charter market in Malaysia, along with their impact within the short-term, medium-term and long-term.

**Figure 1-10: Market Restraints in the offshore oil and gas vessel charter market (2007), Malaysia**

Rank	Restraint	Short Term	Medium Term	Long-Term
		1-2 Years	3-5 Years	6-7 Years
1	Emergence of alternative forms of energy	Low	Medium	Medium
2	Reduced maintenance budget of oil companies	Low	Low	Low
3	Cyclical Business Pattern of the upstream oil and gas industry	Low	Low	Low

Source: Frost & Sullivan

**Competitive Landscape**

In terms of revenue, the total charter market for OSVs in Malaysia (including both local and foreign players) is estimated at RM2.7 billion in 2007. From this amount, approximately 40 percent or around RM1.08 billion are contributed by local players.

**Figure 1-11: Brief list of shipowners and charterers, along with an estimate number of their vessels (Malaysia), 2007**

Company	Estimated Number of Vessels
Alam Maritim Resources Berhad	15 to 18
Ajang Shipping Sdn Bhd	25 to 28
Bumi Armada Navigation Sdn Bhd	39 to 44
Petra Perdana Berhad	23 to 27
Syarikat Borcos Sdn Bhd	33 to 37
Sealink Group	23 to 29

Source: Frost & Sullivan

**NOTE:**

The above figure does not purport to be exhaustive, and are only estimates

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**Demand and Supply Conditions**

In Malaysia, there are an estimated 280 to 300 offshore oil and gas platforms in 2007. Supported by Petronas intention to increase production by 3% to meet demand and achieve adequate reserves per annum over the forecast period, market players believe that an additional 65-70 new oil and gas platforms in Malaysia will be built, bringing the total number of platforms to around 350 by 2012.

At present, it is estimated that there are around 200 domestically-owned vessels in Malaysia. Assuming that a minimum of one vessel is needed per platform, there is already a clear shortage in supply. Charter rates for both short and long term vessels have been steadily rising, and are expected to continue rising over the forecast period.

Spurred by the uptrend in oil prices, further E&P activities and construction of oil and gas platforms are expected. As a result, a majority of vessel charter providers have indicated plans to increase their fleet size to fill the current supply vacuum and meet burgeoning demand from oil majors and petroleum companies.

**Market Share Analysis**

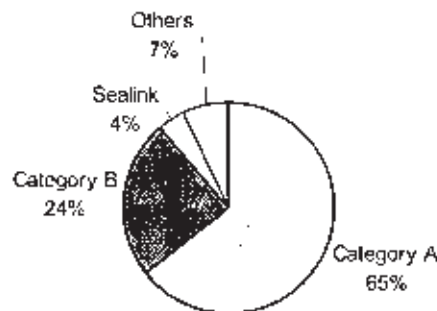
In terms of revenue, the total charter market for OSVs in Malaysia (including both local and foreign players) is estimated at RM2.2 billion in 2006. From this amount, approximately 40 percent or around RM900.0 million are contributed by local players.

According to number of vessels, there were an estimated two hundred (200) vessels chartered in the local offshore oil and gas industry in 2007 operated by about fifteen (15) major Malaysian companies. However, the industry is also served by foreign players (estimated at 60%) due to the shortage in supply and availability by Malaysian-owned companies, and the high demand following increased upstream activities due to escalating oil prices in recent years.

In 2006, revenues generated by the locally owned and operated vessel charterers in Malaysia, specific to marine vessels or OSVs chartered in the offshore oil and gas industry, was estimated at RM900.0 million. The market is segregated into three categories of vessel charterers, namely Category A and B, and Others.

## 11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Figure 1-12: Market share in offshore oil and gas vessel charter market (Malaysia), 2006\*



Source: Frost &amp; Sullivan

## NOTE:

\*Market share is calculated based on annual revenues in 2006. Most companies had not made 2007 figures publicly-available as at May 2008.

Revenues were obtained from annual reports and SSM audited accounts, as well as estimated through primary research

Category A consists of market participants with estimated revenues of above RM100 million, and cumulatively have 65% market share. Category B consists of market participants with revenues of between RM25 million to RM100 million and cumulatively have 28% market share. Others include market participants with individual revenues of not more than RM25 million each, and cumulatively have 7% market share. In 2006, with revenues of RM39 million from its vessel chartering division, Sealink Group held the remaining 4% market share (under Category B).

Figure 1-13: List of market participants according to category for vessel chartering (Malaysia), 2006

Category A	Category B	Others
Alam Maritim Resources Berhad	Ajang Shipping Sdn Bhd	Around 7 players
Bumi Armada Navigation Sdn Bhd	Jasa Merin Sdn Bhd	
Petra Perdana Berhad	Nubayu Offshore Company Sdn Bhd	
Syarikat Borcos Sdn Bhd	Sealink Group	

Source: Frost &amp; Sullivan

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Barriers to Entry**

The barriers to entry in the marine vessel charter market in the Malaysian offshore oil and gas industry include extensive and stringent licensing requirements set by the IMO and expected by oil and gas majors, high capital commitments and a sound, proven track record.

**Pricing Trend Analysis**

The charter market for marine vessels is witnessing an upswing in charter rates. This is due to the tight supply of marine vessels in the market, combined with the high demand for Malaysian-flagged vessels to support both existing and new oilfields for shallow and deepwater projects. For illustrative purposes, the average daily rates for an AHTS on an indicative basis are depicted below.

**Figure 1-14: Industrial average daily rates for AHTS vessels**

Horsepower Rating of Vessels	Daily Rates (RM)
2,000-5,000 bhp	13,000 to 30,000
5,000-10,000 bhp	30,000 to 70,000
Above 10,000 bhp	100,000-280,000*

\*Depends on several factors i.e. crude oil prices, demand and supply conditions, etc

Note: Rates are based on industrial averages and originally quoted in US Dollars, US\$1:RM3.40

Source: Frost & Sullivan

**Substitute Products**

The presence of substitute products can lower the market attractiveness and profitability because they limit price levels. The threat of substitute depends on:

- Buyers' willingness to substitute
- Relative price and performance of substitutes
- Cost of switching to substitutes

Specific to the offshore oil and gas industry, there are no product substitutes for marine vessels or OSVs throughout the activity lifecycle. This is simply because offshore oil and gas platforms and production facilities are based at sea- thus requiring marine vessels to provide support services.



**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Industry Reliance and Vulnerability on Imports**

The offshore oil and gas sector is restrained by the lack of human capital. In spite of the higher wages offered, sea-faring or offshore jobs appear unattractive to the general employment force at large. As such, to a certain extent, the oil and gas vessel charter market is reliant on foreign human resources for both low-level and high-level jobs, including support crews, engineers and even captains.

The majority of vessels that serve the local offshore oil and gas industry are foreign (estimated at 60% of total number of vessels) due to shortage of local supply. However, given the preference for local vessels (as encouraged by Petronas) the number of Malaysian vessels is on the rise and expected to continue increasing.

The charter market for marine vessels is reliant on the availability of vessels. To this end, it is highly reliant on the capabilities of shipbuilders to produce high quality vessels on a timely basis that meet international regulatory standards, and the requirements of oil majors and petroleum companies.

**Relevant Laws and Regulations**

All ships engaged in providing shipping services in the domestic shipping sector must be licensed by the Domestic Shipping Licensing Board ("DSLBB") under the Ministry of Transport. Malaysia has adopted a legislative framework for the control of pollution and the protection of the environment in Malaysia. The environmental legislation applies to the offshore petroleum industry through the Environmental Quality Act 1974 and the Exclusive Economic Zone Act 1984.

The Malaysian Department of Environment (DOE) enforces the environment act if the oil and gas activities are within territorial waters. If the oil and gas activities are beyond the territorial waters and in the Economic Exclusive Zone (EEZ), the regulatory control rests with the Petroleum Authorities (PETRONAS and Ministry of Domestic Trade and Consumer Affairs) with input from the DOE.

The Federation of Malaysian Manufacturers, Malaysian Gas Association and Society of Petroleum Engineers are the major industry associations that outline and promote environmental performance of oil and gas activities.

The other relevant legislation is:

- Petroleum Mining Act 1966
- Petroleum Safety Measures Act 1984

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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- Continental Shelf Act 1986
- Merchant Shipping Ordinance 1952

The following international conventions are applicable to offshore platforms in Malaysia

- International Convention for the Prevention of Pollution From Ships 1973 as modified by the Protocol of 1978 (MARPOL 73/78)
- The United Nations Convention on The Law of the Sea (UNCLOS)
- Basel Convention for Waste Disposal
- Convention on Wetlands of International Importance (RAMSAR)
- Vienna Convention for the Protection of the Ozone Layer
- Montreal Protocol on Substances that Deplete the Ozone Layer.

In addition, all vessels are required to have the necessary certifications from classification societies prior to commencement of operations. Examples of international classification societies include the American Bureau of Shipping (ABS) and Lloyd's Register.

#### **Critical Success Factors**

The critical success factors for the marine vessel charter market in the Malaysian offshore oil and gas industry include maintaining long term working relationships with oil and gas majors, providing competitive charter rates amidst a 'buyers' market, and providing a wide availability of vessels with different specifications to meet market demand. Further, players must ensure reliability, efficiency and timeliness of service, and undertake continuous and diligent HSE initiatives.

#### **Future Prospects and Outlook**

The demand for oil and gas is going to be strong in the coming years. The downstream demand is also forecast to be strong in the coming years. Deepwater exploration, which requires the support services of larger and higher powered OSVs, is gaining importance as output from shallow water fields are declining.

With the need to provide additional protection to pipelines and personnel, the demand for remotely operated vehicles (ROVs) to undertake survey and sampling activities is growing. ROVs

## 11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

are a highly sought after product, especially for deepwater projects, as a direct replacement for human force, as they are able to dive deep into previously un-chartered territories.

### Shipbuilding Industry in Malaysia

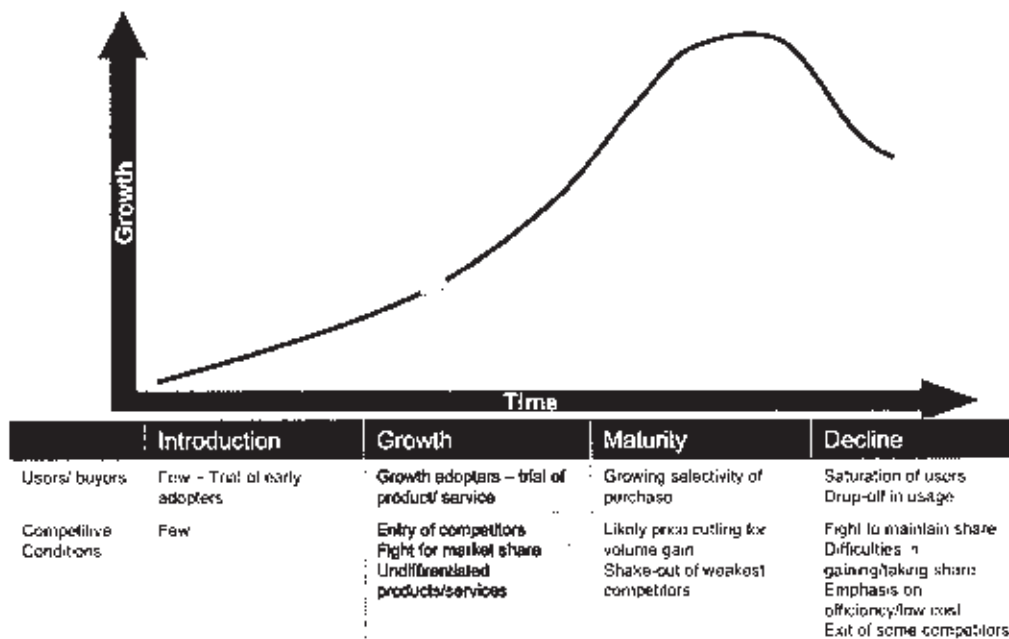
#### Market Segmentation

This report focuses on the shipbuilding industry in Malaysia, and focuses *exclusively* on OSVs in the offshore oil and gas industry in Malaysia. Market share and revenue forecasts are based only on local shipbuilders, and exclude foreign shipbuilders that may sell ships in Malaysia.

#### Industry Lifecycle

At present, the shipbuilding industry (specifically ships and vessels built and used in the offshore oil and gas industry) is in the growth phase, as depicted in the figure below. At this stage, there are a growing number of ships and vessels. As the industry witnesses increasing demand, numerous local and foreign players are entering the industry and fighting for market share.

Figure 1-15: Industry lifecycle of the shipbuilding industry in the offshore oil and gas industry (Malaysia), 2007



Source: Frost & Sullivan

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Size and Growth Forecast**

The following figure depicts the key market engineering measurements and provides a snapshot of the shipbuilding industry in Malaysia. Specifically, this *excludes* revenues of non-Malaysian companies that build and repair ships in Malaysia.

In 2007, the size of the Malaysian shipbuilding industry for offshore oil and gas was estimated at RM893.7 million. By 2013, the market is expected to reach RM2.7 billion, growing at a compound annual growth rate (CAGR) of 20.9%.

**Figure 1-16: Market engineering measurements in the shipbuilding industry for offshore oil and gas (Malaysia), 2007**

Measurement Name	Measurement	Trend
Base year (2007) market size	Approximately RM893.7 million	Growing
Forecast period (2007 - 2013) CAGR	20.9%	
Pricing trend	Type of ship, quality, availability	Increasing
Competitors	Around 15	Stable
Degree of competition	Medium-High	Increasing

*CAGR means Compound Annual Growth Rate*

*Source: Frost & Sullivan*

As depicted in the figure below, the Malaysian shipbuilding industry for offshore oil and gas is set for continued growth. By 2013, Frost & Sullivan estimates revenues to reach RM2.7 billion, growing at a CAGR of 20.9 percent over the forecast period.

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## 11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Figure 1-17: Revenue forecasts of the shipbuilding industry in the offshore oil and gas industry (Malaysia), 2007

Year	Revenues (RM Million)	Growth Rate (%)
2007	893.7	-
2008	1,064.9	19.2
2009	1,291.5	21.3
2010	1,566.5	21.3
2011	1,899.9	21.3
2012	2,304.3	21.3
2013	2,794.8	21.3
<b>CAGR</b>	<b>20.9%</b>	

CAGR: 20.9 percent (2007 to 2013)

Note: All figures are rounded; the base year is 2007.

(Source: Frost &amp; Sullivan)

**Market Drivers**

The following figure provides a snapshot of the market drivers in the shipbuilding industry in the offshore oil and gas industry in Malaysia, along with their impact within the short-term, medium-term and long-term.

Figure 1-18: Market Drivers in the shipbuilding industry for offshore oil and gas (Malaysia), 2007

Rank	Driver	Short Term	Medium Term	Long Term
		1-2 Years	3-5 Years	6-7 Years
1	Rising oil prices stimulate Exploration and Production (E&P) Activities	High	High	High
2	Government commitment on increasing domestic production	High	High	High
3	Decreasing shallow water reserves	Medium	Medium	High
4	Increased downstream demand	Medium	Medium	Medium
5	Locally available technical expertise and capital	Low	Medium	Medium

Source: Frost &amp; Sullivan

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Restraints**

Market restraints are defined as occurrences *outside* an organisation that may negatively impact revenue potential. The following are the market restraints in the Malaysian shipbuilding industry for offshore oil and gas, with their impact within the short-term, medium-term and long-term listed as follows.

**Figure 1-19: Market restraints in the shipbuilding industry for offshore oil and gas (Malaysia), 2007**

Rank	Restraint	Short Term 1-2 Years	Medium Term 3-5 Years	Long-Term 6-7 Years
1	Emergence of alternative forms of energy	Low	Low	Low
2	Cyclical business pattern of the upstream oil and gas industry	Low	Low	Low

*Source: Frost & Sullivan*

**Demand and Supply Conditions**

In Malaysia, there are an estimated 280 to 300 offshore oil and gas platforms in 2007. Supported by Petronas intention to increase production by 3% to meet demand and achieve adequate reserves per annum over the forecast period, market players believe that an additional 65-70 new oil and gas platforms in Malaysia will be built, bringing the total number of platforms to around 350 by 2012.

In terms of supply, there is a shortage of Malaysian owned OSV's, with about 60% of OSVs currently plying Malaysian waters estimated to be foreign-owned. At present, there are approximately 15 local shipbuilders that specialise in fabricating OSV's specific for the offshore oil and gas industry. On average, a shipbuilder can deliver between 2 to 7 OSVs annually, depending on their individual capabilities and resources. To meet burgeoning demand for OSVs propelled by high and increasing crude oil prices, some local shipbuilders are outsourcing production from abroad.

**Market Share Analysis**

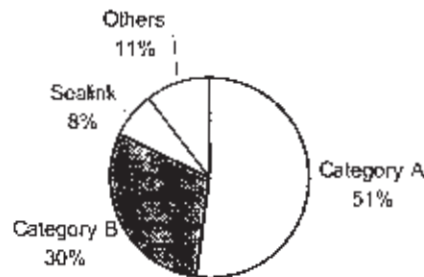
In 2006, the revenues generated by locally-owned shipbuilders in Malaysia, specific to marine vessels or OSVs built for use in the offshore oil and gas industry, was estimated at RM750.0



**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

million. The industry is segregated into three categories of shipbuilders, namely Category A, Category B and Others.

**Figure 1-20: Market share in the shipbuilding industry for marine vessels in the offshore oil and gas industry (Malaysia), 2006\***



*Source: Frost & Sullivan*

**NOTE:**

\*Market share is calculated based on annual revenues in 2006. Most companies had not made 2007 figures publicly-available as at May 2008.

Revenues were obtained from annual reports and SSM audited accounts, as well as estimated through primary research.

Category A consists of market participants with estimated revenues of above RM100 million, and cumulatively have 51% market share. Category B consists of market participants with revenues of between RM25 million to RM100 million and cumulatively have 38% market share. Others include market participants with individual revenues of not more than RM25 million each, and cumulatively have 11% market share. In 2006, with revenues of RM57 million from its shipbuilding division, Sealink Group held the remaining 8% market share (under category B).

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Figure 1-21: List of market participants according to category for shipbuilding (Malaysia), 2006**

<b>Category A</b>	<b>Category B</b>	<b>Others</b>
Coastal Contracts Berhad	Berjaya Dockyard Sdn Bhd	Around 8 players
Muhibbah Marine Engineering Sdn Bhd	Sealink Group	
Nam Cheong Dockyard Sdn Bhd	Sarawak Slipways Sdn Bhd	
	Shin Yang Sdn Bhd	

*Source: Frost & Sullivan***Barriers to Entry**

The barriers to entry in the shipbuilding industry in Malaysia include high capital commitments involved in shipbuilding, having a sound and proven track record, and the overall complexity involved in building ships.

**Substitute Products**

The presence of substitute products can lower the market attractiveness and profitability because they limit price levels. The threat of substitute depends on:

- Buyers' willingness to substitute
- Relative price and performance of substitutes
- Cost of switching to substitutes

Specific to OSVs built by shipbuilders for the offshore oil and gas industry, there are no product substitutes throughout the activity lifecycle. This is simply because offshore oil and gas platforms and production facilities are based at sea- thus requiring marine vessels to provide support services.

**Industry Reliance and Vulnerability on Imports**

Generally all engineering machinery and equipment used in shipbuilding of OSVs are imported from developed countries such as the USA, Germany, Japan and Singapore, to name a few. While certain components may be fabricated locally under the supervision of the original equipment manufacturer (OEM) principals, Malaysia is not expected to enter into the

**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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manufacturing of these engineering machinery and equipment in the near future, due to the high levels of technology and significant capital required.

As such, the industry is reliant on imported machinery and parts. The majority of vessels that serve the local offshore oil and gas industry are also foreign, due to shortage of local supply. However, given the preference for local vessels (following encouragement by Petronas) the number of Malaysian-made vessels is on the rise and expected to continue increasing.

**Relevant Laws and Regulations****International Association of Classification Societies (IACS)**

Dedicated to safe ships and clean seas, IACS makes a unique contribution to maritime safety and regulation through technical support, compliance verification and research and development. More than 90% of the world's cargo carrying tonnage is covered by the classification design, construction and through-life compliance Rules and standards set by the ten Member Societies of IACS.

The class renewal surveys/special surveys include extensive out-of-water examinations to verify that the structure, main and essential auxiliary machinery, systems and equipment of the ship remain in a condition which satisfies the rules.

**United Nations Convention on the Law of the Sea ("UNCLOS")**

The United Nations Convention on Law of the Sea (UNCLOS) is the international convention that resulted from the third United Nations Convention (Conference) on the Law of the Sea, which took place from 1973 through 1982. The Law of the Sea Convention defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources.

**Recognised Organisations**

The International Convention for the Safety of Life at Sea (SOLAS) and the other International Conventions permit the flag Administration to delegate the inspection and survey of ships to a classification society. The classification society is authorised to require the vessel owners to comply with applicable rules and regulations. It may also carry out inspections and surveys if requested by the appropriate authorities of a port State.

**Critical Success Factors**

Some of the critical success factors in the shipbuilding industry in Malaysia include diversifying income through exports, building high quality, technology oriented vessels, and managing internal and external resources to ensure timely delivery.

**Future Prospects and Outlook**

Oil companies are demanding larger and more specialised vessels with leading-edge technology, which will be able to satisfy new and more stringent requirements relating to safety and environment. Specifically, companies need to increase efforts to reduce pollution and noise from their activities so as to minimise its impact on the surroundings.

Shipbuilding involves many parties, and is carried out using several subcontractors. Hence, it is important for players to maintain good working relations with these subcontractors, including diligent efforts to reduce personal injuries and accidents from occurring at the workplace. To achieve this, the company needs to ensure that its health, safety and environment (HSE) policies are clearly communicated to, and practised by its own employees and the subcontractor.

Moving forward, local shipbuilders have expressed future plans to diversify into the chartering business, in view of the high charter rates, and stable returns attainable from chartering of OSVs. Such players believe that there are more than enough reasons to expect above-average performances going forward as the demand for marine vessels for offshore oil and gas activities continue to stay upbeat.

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**Competitive Landscape In the 'Integrated Service Providers' Market**

This report aims to provide an overview of the competitive landscape for 'integrated service providers' of marine vessel support services or OSVs in the Malaysian offshore oil and gas industry. The vessel charter market and shipbuilding industry are not separate and unrelated industries, in fact there is a clear correlation and inter-dependence between both charterers or ship owners and shipbuilders of OSVs.

For purposes of this report, the term 'integrated service provider' can be defined as a group of companies that both build vessels for sale as well as charter. In today's competitive environment, 'integrated service providers' have a strong competitive advantage over other players. Among these include the following:

- Direct control over the manufacturing process and operations, which allows for better control and flexibility of design specifications, quality and timely delivery.
- Cost control- flexibility to manage orders of key equipment and raw materials required for shipbuilding.
- Reduced dependence on other shipbuilders / outsourcing. Integrated service providers are able to manage their resources and plan for the 'right' number and type of vessels, based on market demand. In turn, this reduces risks associated with outsourcing i.e. quality and timely delivery.
- Diversified income stream- a chartering business arm provides for stable revenues and recurring income, while proceeds from sale of our own vessels are utilised to finance the construction of new vessels, which is advantageous in view of the capital intensive nature of the shipbuilding industry;
- Pricing power enables our Group to maximise profitability, either through selling or chartering of our newly built vessels depending on prevailing market conditions.

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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Share**

There are approximately 15 shipbuilders and marine vessel charterers respectively in their individual market segments, specific to the offshore oil and gas industry in Malaysia. As can be seen in the figure below (listing both shipbuilders and vessel charterers) most players focus exclusively on either shipbuilding or chartering.

**Figure 1-22: Brief list of companies, and their involvement in either the shipbuilding or chartering business within the offshore oil and gas industry (Malaysia), 2007**

<b>Name of Company</b>	<b>Shipbuilding (Oil &amp; Gas)</b>	<b>Chartering (Oil &amp; Gas)</b>
Ajang Shipping Sdn Bhd	No	Yes
Alam Maritim Resources Berhad	No	Yes
Berjaya Dockyard Sdn Bhd	Yes	No
Bumi Armada Navigation Sdn Bhd	No	Yes
Coastal Contracts Berhad	Yes	No
<b>Dayang Teras Shipyard Sdn Bhd</b>	<b>Yes</b>	<b>Yes</b>
Muhibbah Marine Engineering Sdn Bhd	Yes	No
Nam Cheong Dockyard Sdn Bhd	Yes	No
Petra Perdana Berhad	No	Yes
Sarawak Slipways Sdn Bhd	Yes	No
<b>Sealink Group</b>	<b>Yes</b>	<b>Yes</b>
Shin Yang Shipyard Sdn Bhd	Yes	No
Syarikat Borcos Sdn Bhd	No	Yes
Tuong Aik Shipyard Sdn Bhd	Yes	No

*Source: Frost & Sullivan*

However, given that both shipbuilding and chartering of marine vessels are inter-dependent among one another, players that have established 'integrated services' between the two have a strong and unique competitive advantage over their peers. In 2007, there were only 2 'integrated service providers' in the Malaysian offshore oil and gas industry. The major player was Sealink Group, followed by Dayang Teras Shipyard Sdn Bhd.

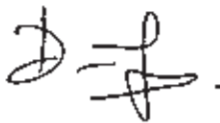
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**11. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis Tan', with a period at the end.

Dennis Tan

Frost & Sullivan (M) Sdn. Bhd.



**12. VALUATION CERTIFICATE***(Prepared for inclusion in the Prospectus)***Raine & Horne****Raine & Horne International  
Zaki + Partners Sdn. Bhd.**

(Company No. 98440-T)

Perpetual 99, Jalan Raja Muda Abdul Aziz,  
50300 Kuala Lumpur, Malaysia.

Telephone : 03-2658 0911

Fax : 03-2691 1959

Email : rhizpki@streamyx.com

Our Ref : VKL07.1369.09 TO VKL07.1373.09

**06 JUN 2008**The Board of Directors  
**SEALINK INTERNATIONAL BHD**  
Lot 1035, Blk 4 MCLD  
Jalan Cattleya 5  
CDT 139  
98000 Miri  
SARAWAK

Tel No. : 085-651778

Fax No. : 085-652480

Dear Sirs,

**VALUATION OF VESSELS IDENTIFIED AS AND BERTHED AT THE FOLLOWINGS:-****A) Tugboats**

- 1) **Sealink Maju**  
*Sealink Wharf, Krokop, Miri, Sarawak*
- 2) **Sealink Maju 2**  
*Sealink Shipyard, Krokop, Miri, Sarawak*
- 3) **Sealink Maju 4**  
*Sealink Wharf, Krokop, Miri, Sarawak*
- 4) **Sealink Maju 5**  
*Dayang Trust Dockyard, Krokop, Miri, Sarawak*
- 5) **Sealink Maju 6**  
*Sealink Wharf, Krokop, Miri, Sarawak*
- 6) **Everbright 9**  
*Sealink Wharf, Krokop, Miri, Sarawak*
- 7) **Godri Satu**  
*Kota Kinabalu Port, Kota Kinabalu, Sabah*
- 8) **Sealink Maju 21**  
*Shinyang Wharf, Krokop, Miri, Sarawak*
- 9) **Kancil**  
*Sealink Shipyard, Kuala Baram, Miri, Sarawak*
- 10) **Kanari**  
*Sealink Wharf, Krokop, Miri, Sarawak*

**B) Landing Crafts**

- 11) **Sealink Indah**  
*Kian Juan Dockyard, Kuala Baram, Miri, Sarawak*
- 12) **Victoria 2**  
*Asian Supply Base, Wilayah Persekutuan Labuan*
- 13) **Sealink Victoria 4**  
*Asian Supply Base, Wilayah Persekutuan Labuan*
- 14) **Seagood Victoria 6**  
*Asian Supply Base, Wilayah Persekutuan Labuan*
- 15) **Pacific Indah**  
*Pasir Gudang Port, Johor Bharu, Johor Darul Takzim*
- 16) **KPL3**  
*Sealink Wharf, Krokop, Miri, Sarawak*



Property, Plant &amp; Equipment Division

**Perunding Harta Tanah Antarabangsa \* International Property Consultants**

Daerah 34 Zaid Hj Bahi DPT., JP. BSC (London) FICM & Hong Yin Fook BSC (London), MCM, MIMC, SA Chou Yee Sang BSC (Singapore), MPM, & Boek Chai Hai FICM, FRICS, PRY & Taji Amirah Mohd Ishi MCM (London)  
 Adv. Dip. Est. Mgt (UNM), MCM, MIMC & Jusaidi Lim Hoong Teong MCM (UK), MCM, MIMC & Gurnam Chinnappa B Surj (Hong) Prop. Mgt. BSC, FRP, FRM (Perunding) MCM & Lee Lion Hong & Layd Egan (UK), FCM, MIMC &  
 & Ho Yeh Chuen Kasee Dip. Valuation (Japan), FICM & Richard Goh Thiam-Peng B Sc (Valuation & Land Econ.) FICM, MIMC & Aini Omar BSC (Hong) Land Mgt. (Perunding), MCM, MIMC & Rania Osman AD, MCM (UK), Cowley BSC (Hong),  
 Land Mgt. (Perunding), FCM, MIMC & Stephen Ng Kho Yee MCM

KUALA LUMPUR

PULAU PINANG

BUTTERWORTH

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**Raine & Horne**

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**12. VALUATION CERTIFICATE (Cont'd)****C) Barges**

- 17) **Sealink Pacific 201**  
*Sealink Shipyard, Krokop, Miri, Sarawak*
- 18) **Sealink Pacific 287**  
*Pasir Gudang Port, Johor Bharu, Johor Darul Takzim*
- 19) **Sealink Pacific 288**  
*Teluk Ramunia Yard, Johor Bharu, Johor Darul Takzim*
- 20) **Sealink Pacific 101**  
*Port of Tulear, Madagascar*
- 21) **Sealink Pacific 381**  
*Teluk Ramunia Yard, Johor Bahru*
- 22) **Sealink Pacific 389**  
*Sealink Shipyard, Krokop, Miri, Sarawak*
- 23) **Sealink Pacific 330**  
*Sealink Shipyard, Krokop, Miri, Sarawak*

**D) Utility Vessels**

- 24) **Sealink Vanessa 4**  
*Kemaman Supply Base (KSB), Kemaman, Terengganu*
- 25) **Sealink Cassandra**  
*Tanjung Perak Port, Surabaya, Indonesia*
- 26) **Seagood Cassandra 2**  
*Asian Supply Base, Wilayah Persekutuan Labuan*
- 27) **Sealink Vanessa 6**  
*Sealink Wharf, Krokop, Miri, Sarawak*
- 28) **Sealink Vanessa 7**  
*Kemaman Supply Base (KSB), Kemaman, Terengganu*

**E) Crew Boat**

- 29) **Layang Indah**  
*Usukan Bay, Kota Belud, Sabah*

**COLLECTIVELY REFERRED TO AS "THE SUBJECT VESSELS"**

This letter has been prepared for inclusion in the Prospectus of **SEALINK INTERNATIONAL BHD** in conjunction with its listing on **The Main Board of Bursa Malaysia Securities Berhad**.

We have been instructed by **SEALINK INTERNATIONAL BHD** to determine the Market Value of the subject vessels for the purpose of submission to the Securities Commission, Malaysia.

The basis of Valuation is the "**Market Value**" which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties has each acted knowledgeably prudently and without compulsion.

In arriving at the **Market Value** of the subject vessels, we have adopted the **Comparison Method of Valuation** as the main approach. This method of valuation seeks to determine the value of the vessel being valued by comparing and adopting as a yardstick recent transactions and sale evidences and asking prices involving other similar vessel with compatible certification, facilities, size of vessel and engine capacity, deck and electronic equipment on board and etc.

**12. VALUATION CERTIFICATE (Cont'd)**

**Raine & Horne**  
Raine & Horne International Zaki + Partners Sdn. Bhd.

In addition to the foregoing approach, we have also adopted the **Depreciated Replacement Cost Method of Valuation**. Under this method, the value is arrived at by estimating the current new replacement costs of the subject vessel and therefrom less the accrued depreciation for age and obsolescence.

Other factors as stated below are taken into consideration:

- i) The intensity of use.
- ii) Their present physical condition
- iii) Available of spares/replacement and adaptability to modifications
- iv) The present physical condition
- v) Market demand and supply
- vi) Regulation of industry

The Valuation Reports have been prepared based on the "Guidelines On Asset Valuation issued by the Securities Commission" and Malaysia Valuation Standards prescribed by the Board of Valuers, Appraisals and Estate Agents.

We have also relied upon the information provided to us by the client in arriving at the Market Value of the subject vessels.

We certify that in our opinion the total Market Value for the existing use of the above-mentioned Vessels using the valuation methods stated amounts to **RINGGIT MALAYSIA TWO HUNDRED EIGHT MILLION FOUR HUNDRED AND FIFTY THOUSAND ONLY (RM208,450,000.00)**.

For and on behalf of  
**RAINE & HORNE INTERNATIONAL  
ZAKI + PARTNERS SDN BHD**

**NORAINI JAAFAR SIDEK, MISM**  
Registered Valuer  
Reg. No. V-523

NJ.rr

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
	<b>CATEGORY OF VESSEL</b>	<b>(A) TUG BOAT</b>		
1	Ref No: <b>VKL07.1369.09(1)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Sdn. Bhd.</b>	<b>SEALINK MAJU</b>  <u>Principal Particulars</u> Built : 1996 Builder : Nam Chuong Dockyard Sdn. Bhd Flag : Malaysia Registry : Kuching Official No. : 327066 Call sign : 9WCA 5 Class : American Bureau of Shipping (ABS) + A1 + AMS  <u>Dimension</u> Length Overall : 27.08m Breadth : 8.6m Depth : 4.35m GRT/NRT : 223/66 DWT : 187.04T  <u>Machinery</u> Main Engine : 1200 PS/800 RPM Main engine c/w air compressor, electric and engine driven pumps. (Specification attached)	Market Value: <b>RM4,200,000.00</b>  Date of Valuation: <b>27th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
2	Ref No.: <b>VKL07.1369.09(2)</b>  Berthing Place: <b>Sealink Shipyard, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Pacific Sdn. Bhd.</b>	<b>SEALINK MAJU 2</b>  <u>Principal Particulars</u> Year built : 2001 Builders : Sealink Shipyard Sdn Bhd. Flag : Malaysian Registry : Kuching Official No : 328174 Call Sign : 9W/CZ5 Class : American Bureau of Shipping (ABS)  <u>Dimension</u> Length Overall : 27.01m Breadth moulded : 9m Depth moulded : 4.25m GRT/NRT : 257/77 Deadweight : 177.93 mt  <u>Machinery</u> Main Engines : 1210BHP at 1200rpm, 903 kW ABS class to IMO requirement	Market Value: <b>RM6,000,000.00</b>  Date of Valuation: <b>27th September 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
3	Ref. No. <b>VKL07.1369.09(9)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Era Surplus Sdn. Bhd</b>	<b>SEALINK MAJU 4</b>  <u>Principal Particulars</u> Year Built : 2005 Builder : Nantong Hugang Ship-Propeller Co. Ltd., China  Flag : Malaysia Registry : Labuan Official No. : 329958 Call Sign : 9WEQ4 Class : ABS + A1 + AMS  <u>Dimension</u> Length : 29m Breadth Moulded : 9m Depth Moulded : 4.37m GRT/NRT : 248/74  <u>MACHINERY</u> Main engine : 1500HP @ 1800 RPM cw reverse reduction gearbox	Market Value <b>RM6,600,000.00</b>  Date of Valuation: <b>14th November 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
4	Ref. No.: <b>VKL07.1369.09(10)</b>  Berthing Place: <b>Dayang Teras Dockyard, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Era Surplus Sdn. Bhd.</b>	<b>SEALINK MAJU 5</b>  <u>Principal Particulars</u> Year Built : 2005 Builder : Nantong Hugang Ship-Propeller Co. Ltd.  Flag : Malaysia Registry : Labuan Official No. : 329959 Call Sign : 9WEQ5 Class : ABS + A1 + AMS (E)  <u>Dimension</u> Length Overall : 29m Breadth : 9m Depth Moulded : 4.25m GRT/NRT : 248/74  <u>Machinery</u> Main engine : 1500HP @ 1800 RPM cw reverse reduction gearbox.	Market Value <b>RM6,600,000.00</b>  Date of Valuation: <b>14th November 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
5	Ref No.: <b>VKL07.1369.09(3)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Pacific Sdn. Bhd.</b>	<b><u>SEALINK MAJU 6</u></b>  <b><u>Principal Particulars</u></b> Year Built (Age) : 2005 Builder : Sealink Shipyard Sdn Bhd, Miri, Sarawak Flag : Malaysian Registry : Labuan Official No. : 330038 Callsign : 9WEX4 Class : Bureau Veritas (BV) Tug Unrestricted Navigation  <b><u>Dimension</u></b> Length Overall : 28.03m Breadth : 8.8m Depth Moulded : 4.11m GRT/NRT : 254/76 Deadweight : 266.674 t  <b><u>Machinery</u></b> Main Engine : Marine Diesel Engine 1000 BHP at 1500 rpm	Market Value: <b>RM5,200,000.00</b>  Date of Valuation: <b>27th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
6	Ref No.: <b>VKL07.1369.09(4)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Midas Choice Sdn. Bhd.</b>	<b><u>EVERBRIGHT 9</u></b>  <b><u>Principal Particulars</u></b> Built : 2003 Builder : Fong Syn Shipyard Sdn. Bhd, Sibu, Sarawak Flag : Malaysia Registry : Kuching Official No. : 329579 Call Sign : 9WFLU2 Classification : BV, 1 + Hull, MACH TUG Unrestricted Navigation  <b><u>Dimension</u></b> Length Overall : 25.25m Breadth : 6.53m Depth Moulded : 4.12m GRT/NRT : 253/76 Deadweight : 293.951  <b><u>Machinery</u></b> Main Engine & BHP : 758 kW (1030PS) @ 1450 rpm	Market Value: <b>RM4,900,000.00</b>  Date of Valuation: <b>27th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

**Raine & Horne**

Raine &amp; Horne International Zaki + Partners Sdn. Bhd.

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
7	Ref No.: <b>VKL07.1369.09(5)</b>  Berthing Place: <b>Kota Kinabalu Port, Kota Kinabalu, Sabah</b>  Registered Owner: <b>Godrimaju Sdn. Bhd.</b>	<b><u>GODRI SATU</u></b>  <b><u>Principal Particulars</u></b>  Built : 1996 Builder : Rejang Maju Shipbuilding Sdn. Bhd. Sibu, Malaysia Flag : Malaysia Registry : Labuan Official No : 329688 Call Sign : 9WEL9 Class : Bureau Veritas (BV) + I + Hull + Mech Tug Coastal Area  <b><u>Dimension</u></b>  Length Overall : 21.69m Breadth Moulded : 7m Depth Moulded : 2.90m GRT/NRT : 127.055/28.051 DWT : 120.728 Tons  <b><u>Machinery</u></b>  No. and Type of Engine : YANMAR Model 6LAHM-STE3 (2 x 620 PS @ 1900rpm)	Market Value: <b>RM1,800,000.00</b>  Date of Valuation: <b>1st October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
8	Ref. No.: <b>VKL07.1369.09(6)</b>  Berthing Place: <b>Shinyang Wharf, Krokop, Mln, Sarawak</b>  Registered Owner: <b>Seabright Sdn. Bhd.</b>	<b><u>SEALINK MAJU 21</u></b>  <b><u>Principal Particulars</u></b>  Year Built : 2005 Builder : Sealink Shipyard Sdn Bhd. Flag : Malaysia Registry : Kuching Official No : 330669 Call sign : 9WGX2 Class : American Bureau of Shipping (ABS) + A1 + AMS Towing Services  Complement : 18 men  <b><u>Dimension</u></b>  Length : 35.01m Breadth Moulded : 11.8m Depth Moulded : 4.8m GRT/NRT : 499/149  <b><u>Machinery</u></b>  Main Engine : 1600BHP @ 1800rpm	Market Value: <b>RM14,200,000.00</b>  Date of Valuation: <b>27th September 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
9	Ref. No. <b>VKL07.1369.09(7)</b>  Berthing Place: <b>Sealink Shipyard, Kuala Baram, Miri, Sarawak</b>  Registered Owner: <b>Sealink Management Sdn. Bhd.</b>	<b>KANCIL</b>  <u>Principal Particulars</u> Built : 2003 Builder : Sealink Shipyard Sdn Bhd Registration No : QMY8531T Registry : Miri (Port Lim1) Class : NA  <u>Dimension</u> Length Overall : 15m Breadth : 5m Depth : 2.34m GRT/NRT : 38/14 Deadweight : 37.330t  <u>Machinery</u> Main Engine : 1 x CUMMIN NTA855M 350HP @ 1800 RPM, keel cooled.	Market Value: <b>RM500,000.00</b>  Date of Valuation: <b>2nd October 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method
10	Ref. No. <b>VKL07.1369.09(8)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Management Sdn. Bhd.</b>	<b>KANARI</b>  <u>Principal particulars</u> Built : 2005 Registry : Miri (Port Lim1) Registration No : QMY85431  <u>Dimension</u> Length Overall : 15m Breadth : 5m Depth : 2.13m Deadweight : 37.330t GRT/NRT : 38/14  <u>Machinery</u> Main Engine : 1 x CUMMIN NTA855M 350HP @ 1800 RPM, keel cooled.	Market Value: <b>RM550,000.00</b>  Date of Valuation: <b>2nd October 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method



## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
	<b>CATEGORY OF VESSEL</b>	<b>(B) LANDING CRAFT</b>		
11	Ref. No.: <b>VKLD7.1370.09(1)</b>  Berthing Place <b>Klan Juan Shipyard, Kuala Baram, Miri, Sarawak.</b>  Registered Owner: <b>Sealink Sdn. Bhd.</b>	<b>SEALINK INDAH</b>  <b>Principal Particulars</b>  Built : 1994 Builder : Nam Cheong Dockyard Sdn Bhd  Flag : Malaysia Registry : Labuan Official No : 327055 Call Sign : 9WBZ7 Class : ABS + A* + AMS for unrestricted services  Owner : Sealink Sdn. Bhd.  <b>Dimension</b>  Length Overall : 42.86m Breadth : 10.9m Depth : 3.20m Dead weight : 527.00 mt GRT:NRT : 479:172  <b>Machinery</b>  No. and type of Engine and model : MARINE DIE-SEL ENGINE 470 bhp AT 100% MCR / @ 1800 rpm	Market Value: <b>RM3,600,000.00</b>  Date of Valuation: <b>27th September 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
12	Ref. No.: <b>VKLD7.1370.09(2)</b>  Berthing Place: <b>Asian Supply Base, Wilayah Persekutuan Labuan</b>  Registered Owner: <b>Sealink Pacific Sdn. Bhd.</b>	<b>VICTORIA 2</b>  <b>Principal Particulars</b>  Built : 2000 Builders : Sealink Shipyard Sdn. Bhd Flag : Malaysia Registry : Labuan Official No : 328143 Call Sign : 9WCX7 Class : AMS + A for unrestricted services  <b>Dimension</b>  Length Overall : 43.69m Beam Moulded : 10.80m Depth Moulded : 3.20m GRT:NRT : 499:149 Deadweight : 482.86 t at 2.40 draft Deck Strength : 5 ton / sqm Deck Space : 25.9 x 10 m = 259m <sup>2</sup> 6 m x 5.79 m - horn area  <b>Machinery</b>  Main Engines : 615HP @ 1800 rpm, high idling-2027 rpm, low idling-700 rpm class & IMO compliance.	Market Value: <b>RM5,500,000.00</b>  Date of Valuation: <b>5th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
13	Ref. No VKL07.1370.09(3)	<b>SEALINK VICTORIA 4</b>  <b>Principal Particulars</b>  Berthing Place: Asian Supply Base, Labuan, Wilayah Persekutuan Labuan  Registered Owner Cergas Majusama Sdn. Bhd.	Market Value: <b>RM7,100,000.00</b>  Date of Valuation: <b>4th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
		Year Built : 2004 Builder : Kian Juan Dockyard Sdn. Bhd Flag : Malaysia Registry : Labuan Official No : 329988 Call sign : 9WET5 Class : ABS for unrestricted services.  <b>Dimension</b> Length Overall : 42.45m Length BP : 45.5m Breadth Moulded : 10.9m Depth Moulded : 3.2m GRT/NRT : 492/147 Deadweight : 450 tonnes (approx) @ 2.4 draft  <b>Machinery</b> Main Engines : 2 Caterpillar 720 BHP @ 1800 rpm, Class & IMO Compliance Gearbox : Marine Reserve Reduction Gear Box RATIO 4.481:1, 540kW @ 1800rpm.		
14	Ref. No.: VKL07.1370.09(4)	<b>SEAGOOD VICTORIA 6</b>  <b>Principal Particulars</b>  Berthing Place: Asian Supply Base, Labuan, Wilayah Persekutuan Labuan  Registered Owner Seabright Sdn. Bhd.	Market Value: <b>RM8,100,000.00</b>  Date of Valuation: <b>4th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
		Built : 2006 Builder : Kian Juan Dockyard Sdn Bhd Flag : Malaysia Registry : Kuching Official No : 330861 Call Sign : 9WHA2 Class : Lloyd's Register (LR) + 100A1 + LMC  <b>Dimension</b> Length : 45.5m Breadth : 10.9m Depth Moulded : 3.2m Clear Deck Space : 230m <sup>2</sup> GRT/NRT : 488/146 DWT : NA Deck Strength : 5m <sup>2</sup> /sq. m  <b>Machinery</b> Main Engine : 720BHP @ 1800 rpm		

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
15	Ref. No.: <b>VKL07.1370.09(6)</b>  Berthing Place: <b>Pasar Gudang Port, Johor Bharu, Johor Darul Takzim</b>  Registered Owner: <b>Sealink Sdn. Bhd.</b>	<b>PACIFIC INDAH</b>  <u>Principal Particulars</u> Year Built : 2007 Builder : Kian Juan Dockyard Sdn. Bhd. Flag : Malaysia Registry : Kuching Official Number : 330819 Call Sign : 9WGW7 Class : Lloyd's Register (LR) + 100A1 + LMC  <u>Dimension</u> Length Overall : 42.72m Breadth : 10.9m Depth Moulded : 3.20m Complement : 20 Men  <u>Machinery</u> Main engine : 720BHP @ 1800 rpm	Market Value: <b>RM8,200,000.00</b>  Date of Valuation: <b>19th November 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
16	Ref. No.: <b>VKL07.1370.09(5)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Sdn. Bhd.</b>	<b>KPL3</b>  <u>Principal Particulars</u> Built 1980 Flag : Malaysia Registry Miri Official No. : QMY8576K Plying Limit : Port Limit & Riverine only  <u>Dimension</u> Length Overall : 21.33m (70') Breadth : 5.64 m (18') Depth : 1.52 m (5') CRT/NRT : 59.2/17.78 Deadweight : 45.08 Tons  <u>Machinery</u> Main Engine : 185hp @ 2100 rpm	Market Value: <b>RM500,000.00</b>  Date of Valuation: <b>2nd October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
	CATEGORY OF VESSEL	(C) BARGES		
17	Ref. No <b>VKL07.1371.09 (1)</b>  Berthing Place <b>Sealink Shipyard, Krokop,            Miri, Sarawak</b>  Registered Owner <b>Sutherland Resources Sdn.            Bhd.</b>	<b>SEALINK PACIFIC 201</b>  <b>Principal Particulars</b>  Built : 2002 Builder : Hangzhou Dongfeng Shipbuilding Co. Ltd.  Flag : Malaysia Registry : Labuan Official Number : 329810 Class : ABS + A1 Barge  <b>Dimension</b>  Length Overall : 61.93m Breadth : 24.364m Depth : 5.49m Draft Summer : 4.44m GRT/NRT : 2568/770 Deadweight : 6199	Market Value: <b>RM3,600,000.00</b>  Date of Valuation <b>27th September            2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method
18	Ref. No <b>VKL07.1371.09(2)</b>  Berthing Place: <b>Pasir Gudang Port, Johor            Bharu, Johor Darul Takzim</b>  Registered Owner: <b>Sutherland Sdn. Bhd.</b>  <b>Note</b> An application was made to the Jabatan Laut Wilayah Persekutuan Labuan dated 24th September 2007 Ref. No. SLK- OPN/SP287 & 288/2007 (023) to correct and endorse the actual name of the registered owner on the Certificate of Malaysian Registry from "SUTHERFIELD SON. BHD." to "SUTHERFIELD RESOURCES SON. BHD.".	<b>SEALINK PACIFIC 287</b>  <b>Principal Particulars</b>  Year Built : 2004 Builder : Hangzhou Dongfeng Shipbuilder Co. Ltd., Zhujiang, China  Flag : Malaysia Registry : Labuan Official No. : 329914 Call sign : NA Class : American Bureau of Shipping (ABS) + A1 Tank Barge  <b>Dimension</b>  Length Overall : 61.95m Breadth : 24.38m Depth : 5.49m GRT/NRT : 2987/896 Deadweight : 7085.1 Deck Loading : 15m <sup>2</sup> /sq. m	Market Value: <b>RM5,100,000.00</b>  Date of Valuation <b>22nd November            2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
19	Ref. No.: <b>VKL07.1371.09(7)</b>  Berthing Place: <b>Teluk Ramunia Yard, Johor Bharu, Johor Darul Takzim</b>  Registered Owner: <b>Sutherland Sdn. Bhd.</b>  <b>Note</b> An application was made to the Jabatan Laut, Wilayah Persekutuan Labuan dated 24th September 2007 Ref. No. SLK-OPN/SP267 & 288/2007 (023) to correct and endorse the actual name of the registered owner on the Certificate of Malaysian Registry from 'SUTHERFIELD SDN. BHD.' to 'SUTHERFIELD RESOURCES SDN BHD'.	<b>SEALINK PACIFIC 288</b>  <b>Principal Particulars</b> Year Built : 2004 Builder : Hangzhou Dongfeng Shipbuilding Co. Ltd. Zhejiang China Flag : Malaysia Registry : Labuan Official No. : 329915 Call sign : NA Class : American Bureau of Shipping (ABS) + A1 Tank Barge  <b>Dimension</b> Length : 81.95m Beam : 24.38m Depth : 5.49m GRT/NRT : 2987/896 Deadweight : 8330 t Deck loading : 15mbsq.m	Market Value: <b>RM5,100,000.00</b>  Date of Valuation: <b>6th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
20	Ref. No. <b>VKL07.1371.09(3)</b>  Berthing Place <b>Port of Tuléar, Madagascar</b>  Registered Owner: <b>Godrimaju Sdn. Bhd.</b>	<b>SEALINK PACIFIC 101</b>  <b>Principal Particulars</b> Built : 1996 Builder : Jiangsu Jianghai Ship Engineering Co. Ltd. Hangzhou, Zhenjiang Prov. China Flag : Malaysia Registry : Labuan Official Number : 320933 Class : American Bureau of Shipping (ABS) + A1  <b>Dimension</b> Length Overall : 67.84m Breath Mould : 24.4m Depth : 5.5m GRT/NRT : 3148/944 Deadweight : 7700 Deck Loading : 7.5 t/sq. m.	Market Value: <b>RM3,600,000.00</b>  Date of Valuation: <b>20th October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
21	Ref. No. <b>VKL07.1371.09(4)</b>  Berthing Place: <b>Teluk Ramunia Yard, Johor Bahru</b>  Registered Owner: <b>Navitex Shipping Sdn. Bhd.</b>	<b><u>SEALINK PACIFIC 381</u></b>  <b><u>Principal Particulars</u></b>  Year Built : 2004 Builder : Nantong Hungang Ship-Building, Jiangsu, China  Flag : Malaysia Registry : Labuan Official Number : 329916 Call Sign : NA Class : American Bureau of Shipping (ABS) + A1 Tank Barge  <b><u>Dimension</u></b>  Length Overall : 82.81m Breadth : 27.43m Depth : 6.10m GRT/NRT : 3901/1112 Deck Loading : 15 mt/sq. m	Market Value <b>RM7,700,000.00</b>  Date of Valuation: <b>28th September 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method
22	Ref. No. <b>VKL07.1371.09(5)</b>  Berthing Place: <b>Sealink Shipyard, Krokop, Miri, Sarawak</b>  Registered Owner: <b>Sealink Marine Sdn. Bhd.</b>	<b><u>SEALINK PACIFIC 388</u></b>  <b><u>Principal Particulars</u></b>  Built : 2006 Builder : Sealink Engineering & Slipway Sdn Bhd Kuala Baram  Flag : Malaysia Registry : Kuching Official No : 329494 Class : Bureau Veritas (BV) + I + Hull Position for unrestricted navigation  <b><u>Dimension</u></b>  Length Overall : 82.56m Breadth : 30.6m Depth : 6.7m GRT/NRT : 4598/1376 Deadweight : 10,725 Deck Loading : 15 mt/sq. m	Market Value <b>RM9,500,000.00</b>  Date of Valuation: <b>2nd October 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
23	Ref. No. <b>VKL07.1371.09(6)</b>  Berthing Place <b>Sealink Shipyard, Krokop,            Miri, Sarawak</b>  Registered Owner. <b>Sealink Sdn. Bhd.</b>	<b>SEALINK PACIFIC 230</b>  <u>Principal Particulars</u> Year Built : 2006 Builder : Sealink Shipyard Sdn. Bhd. Flag : Malaysia Registry : Kuching Official No : 330815 Class : American Bureau of Shipping (ABS) + A1 Tank Barge.  <u>Dimension</u> Length Overall : 96.62m Breadth : 34m Depth : 7.31m Draft Design : 5.30m GRT/NRT : 6038/1991 Deadweight : 15712.01 Deck Loading : 20mt/sq.m	Market Value: <b>RM12,000,000.00</b>  Date of Valuation: <b>2nd October 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method
	<b>CATEGORY OF VESSEL</b>	<b>(D) UTILITY VESSEL</b>		
24	Ref No.: <b>VKL07.1372.09(1)</b>  Berthing Place: <b>Kemaman Supply Base (KSB),            Kemaman, Terengganu</b>  Registered Owner. <b>Seabright Sdn. Bhd.</b>	<b>SEALINK VANESSA 4</b>  <u>Principal Particulars</u> Built : 2006 Builder : Sealink Shipyard Sdn. Bhd., Miri Flag : Malaysia Registry : Kuching Official No : 329664 Callsign : 9W GJ7 Class : American Bureau of Shipping (ABS) + A1+ AMS  <u>Dimension</u> Length Overall : 48m Breadth : 11m Depth : 3.5m Design Draft : 2.5m Max Draft : 2.8m GRT/NRT : 496/149 Deadweight : Approx. 550-54 tonnes @ 2.8m max. draft Clear Deck Space : 28m x 9m + 252 m2 2.7 m <sup>2</sup>  <u>Machinery</u> Engine : Independently driven by diesel engine a 150 BHP	Market Value: <b>RM16,200,000.00</b>  Date of Valuation: <b>14th December 2007</b>	a) Comparison Method  b) Depreciated Replacement Cost Method



## 12. VALUATION CERTIFICATE (Cont'd)

**Raine & Horne**  
Raine & Horne International Zaki + Partners Sdn. Bhd.

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
25	Ref No. <b>VKL07.1372.09(2)</b>  Berthing Place <b>Tanjung Perak Port,            Surabaya, Indonesia</b>  Registered Owner: <b>Seabright Sdn. Bhd.</b>	<b><u>SEALINK CASSANDRA</u></b>  <b><u>Principal Particulars</u></b>  Year Built : 2001 Builders : Sealink Shipyard Sdn. Bhd. Flag : Malaysia Registry : Labuan Official No : 329772 Call Sign : 9WED4 Class : American Bureau of Shipping (ABS) + A1 + AMS  Owner : Seabright Sdn. Bhd.  <b><u>Dimension</u></b>  Length Overall : 48m Breadth : 11m Depth Moulded : 2.8m GRT/NRT : 490/147 Deadweight : 391.86m tonnes @ 2.4 draft. 589.42 @ 2.8m draft Deck cargo : 330t max Deck loading : 5ton/sqm Deck space : 32 x 10m  <b><u>Machinery</u></b>  Main Engine C/W spark Arresting Slender : 720HP @ 1800 rpm. class compliance.	Market Value: <b>RM11,000,000.00</b>  Date of Valuation: <b>14th November            2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
26	Ref No.: <b>VKL07.1372.09(3)</b>  Berthing Place: <b>Asian Supply Base, Wilayah            Persekutuan Labuan</b>  Registered Owner: <b>Sea-good Pte. Ltd</b>	<b><u>SEAGOOD CASSANDRA 2</u></b>  <b><u>Principal Particulars</u></b>  Built : 2004 Builder : Sealink Shipyard Sdn. Bhd. Flag : Singapore Registry : Singapore Official No : 391030 Call Sign : 9V6676 Class : American Bureau of Shipping (ABS) + A1 + AMS  <b><u>Dimension</u></b>  Length Overall : 45.31m Breadth : 11m Depth : 2.8m GRT/NRT : 496/148 Deck Area : 259 M <sup>2</sup> Deadweight : 579 Tonnes  <b><u>Machinery</u></b>  Main Engine : 2 x CAT 3412 c/w TWIN DISC MG5222 gear box (2x720 HP @1800 rpm)	Market Value: <b>RM12,000,000.00</b>  Date of Valuation: <b>4th November            2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
27	Ref No: <b>VKL07.1372.09(4)</b>  Berthing Place: <b>Sealink Wharf, Krokop, Miri,            Sarawak</b>  Registered Owner: <b>Era Suroway Sdn. Bhd.</b>	<b><u>SEALINK VANESSA 6</u></b>  <b><u>Principal Particulars</u></b> Year Built : 2006 Builder : Sealink Shipyard Sdn Bhd. Miri Class : Lloyd Register. Flag : Malaysia Registry : Kuching Official No. : 330822 Callsign : 9WGX2  <b><u>Dimension</u></b> Length : 45.28m Breadth : 11m Depth : 3.5m GRT/NRT : 494/148 Deck Cargo : 330 Deck Loading : 5 ton / sqm Deck space : Approx. 30 x 9.5 m approx. Deck Area : 208 m <sup>2</sup>  <b><u>Machinery</u></b> Main Engines : 1200 BHP @ 1800 rpm.	Market Value: <b>RM17,700,000.00</b>  Date of Valuation: <b>3rd October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method
28	Ref No.: <b>VKL07.1372.09(5)</b>  Berthing Place: <b>Kemaman Supply Base (KSB),            Terengganu Darul Iman</b>  Beneficial Owner: <b>Seabright Sdn. Bhd.</b>	<b><u>SEALINK VANESSA 7</u></b>  <b><u>Principal Particulars</u></b> Built : 2007 Builder : Sealink Shipyard Sdn Bhd. Miri Flag : Malaysia Registry : Kuching Class : Lloyd Register (100A1 + LMC) Official No : 330821 Callsign : 9WGW9  <b><u>Dimension</u></b> Length Overall : 48m Breadth : 11m Depth : 3.5m GRT/NRT : 494/148 Deck cargo : 330t max  <b><u>Machinery</u></b> Main Engines : 1200 BHP @ 1800 rpm. 746kW (S) / 716kW (P)	Market Value: <b>RM18,000,000.00</b>  Date of Valuation: <b>6th November 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

## 12. VALUATION CERTIFICATE (Cont'd)

NO.	VESSEL IDENTIFICATION	GENERAL DESCRIPTION OF VESSEL	MARKET VALUE (RM)	METHOD OF VALUATION
	<b>CATEGORY OF VESSEL</b>	<b>(D) CREW BOAT</b>		
29	Ref. No : <b>VKL07.1373.09</b>  Berthing Place: <b>Usukan Bay, Kota Belud,            Sabah</b>  Registered Owner: <b>Sealink Sdn Bhd.</b>	<b>LAYANG INDAH</b>  <b>Principal Particulars</b> Built : 1980 Total rebuilt in 2002/2003 Builder/Aluminium Boat Inc. Marrerd, Crown Point, Louisiana, USA Flag : Malaysia Registry : Kuching Class : Ships Certification Malaysia (SCM) Official No. : 328669 Call Sign : 9WDB6  <b>Main Dimension</b> Length Overall : 24.12m Breadth : 5.94 m Depth : 7.64m GRT/NRT : 95/28 Deadweight : 37.28 Gross/Net Tonnage : 95/28 Deadweight : 37.28 mt  <b>Machinery</b> Main Engine : 615 BHP @ 1800 rpm. Year manufactured: 2000	Market Value: <b>RM2,000,000.00</b>  Date of Valuation: <b>1st October 2007</b>	a) Comparison Method b) Depreciated Replacement Cost Method

**12. VALUATION CERTIFICATE (Cont'd)****COLLIERS**  
JORDAN LEE & JAAFAR

Our Reference : CJLJ/SC/2007/001(A)

**06 JUN 2008**Board of Directors  
Messrs Sealink International Bhd.  
Lot 1035, Jalan Cattleya 5  
Piasau Industrial Area  
CDT 139, 98009 Miri  
Sarawak

Dear Sir,

**COLLIERS, JORDAN LEE  
& JAAFAR SDN. BHD.**(59901-U)VE(1)00631  
(Miri Branch)Lot 585, 1st Floor  
North Yu Seng Road  
P. O. Box 986  
98008 Miri, SARAWAK  
Tel. No : 085-428713  
Facsimile : 085-428715  
E-mail: joschai@streamyx.com**Re: Valuation For Lot 816 Block 1 Kuala Baram Land District, Provisional Lease Lot 2040 Kuala Baram Land District (Previously known as Lot 323 Block 1 Kuala Baram Land District), Lot 288 Block 1 Kuala Baram Land District, Lot 156 Block 5 Kuala Baram Land District, Lot 1359 Block 3 Miri Concession Land District, Lots 1339, 1340 and 1341 all of Miri Concession Land District, Lot 2142 Block 4 Miri Concession Land District, Lot 1802 Lambir Land District, all in the State of Sarawak and Country Lease 205316669, District of Labuan, Wilayah Persekutuan**

This letter has been prepared for inclusion in the Prospectus to the shareholders of Messrs Sealink International Bhd. in connection with a corporate proposal for listing exercise. The properties to be included for the said purpose includes the following:-

- 1) All that parcel of improved/serviced industrial land together with the approved buildings / structures erected on Lot 816 Block 1 Kuala Baram Land District;
- 2) All that parcel of serviced industrial land on Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District);
- 3) All that parcel of unimproved industrial land on Lot 288 Block 1 Kuala Baram Land District;
- 4) All that parcel of unimproved vacant agriculture land on Lot 156 Block 5 Kuala Baram Land District and Lot 1802 Lambir Land District;
- 5) All that parcel of improved/serviced industrial land on Lot 1359 Block 3 Miri Concession Land District;
- 6) All that parcels of improved/serviced industrial land on Lots 1339 & 1340 both of Miri Concession Land District on two (2) basis as follows:-

**Basis I****IMPROVED/SERVICED INDUSTRIAL LANDS DISREGARDING ALL THE BUILDING STRUCTURES THEREON.**International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •  
Project & Property Managers • Plant & Machinery Valuers • Auctioneers •Managing Director P. TANGGA PERAGASAK, FISM, FRICS, Chairman CHHAI LAI SITT, FISM, FRICS, LLR (Hons), CLP Executive Director THOO BING CHOON, FRICS, IRRV, ACIARBS, FPGS  
Director / Advisor JAAFAR ISMAIL, FISM, FRICS高利  
利地  
地產  
顧問

LEE YEH TAI B.Sc. (Hons), MSM, YAP KAI ANN, MSU  
LEE SIAM SENG, MSM, CHHAI LAI SITT, MSM, Dip. Val. Mgmt. (UK), LIM CHANG MEE, FISM, FRICS, BA (Hons) B.Sc. (Hons)

Malaysia Headquarters: Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 Lines) Fax: 03-20955843

Other Offices:
 

- Penang: Suites 1, 2 & 3, Tingkat Kedua, Labrooy House, Jalan Dato Sagar 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-7414878 (3 Lines) Fax: 05-2558363
- N. Sembilan: 8A, Kompleks Negeri, Jalan Dr. Krishna, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax: 06-7637936
- P. Jaya: 30A, Jalan Yong Shook Lin, 46200 Petaling Jaya, Selangor Darul Ehsan. Tel: 03-79568811 Fax: 03-79555843
- Selangor: No. 43, Jalan Kayayang, Off Jalan Meru, "Klang Financia Square", 41350 Klang, Selangor Darul Ehsan. Tel: 03-33420880 (3 Lines) Fax: 03-33410880
- Malaka: No. 288, Jalan Melaka Raya 2, Taman Melaka Raya, 75000 Melaka. Tel: 06-2835522 (4 Lines) Fax: 06-2837835
- Penang: No. 28, Labuh Light "0200 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax: 04-2637844
- Pa'ang: 1T, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5177588 Fax: 09-5142146
- Miri: Lot 585, 1st Floor, North Yu Seng Road, P. O. Box 986, 98008 Miri, Sarawak. Tel: 085-428713 / 428714 Fax: 085-428715

高利  
利地  
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Others Colliers Office :

Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas/Argentina, Canada, Mexico, Venezuela and United States Of America

**12. VALUATION CERTIFICATE (Cont'd)**

**COLLIERS**  
JORDAN LEE • JAAFAR

**Basis II**

**ON THE ASSUMPTIONS THAT THE BUILDINGS ARE CONSTRUCTED IN ACCORDANCE WITH THE PROPOSED SUBMITTED BUILDING PLANS AND SPECIFICATIONS [(WHICH ARE MORE FULLY DESCRIBED UNDER PARAGRAPH 10.00 OF OUR REPORT AND VALUATION REFERENCED CJLJ/SC/2007/001(REPORT 3b of 5)] AND THEREAFTER ISSUED WITH OCCUPATION PERMITS (CERTIFICATE OF FITNESS FOR OCCUPATION).**

- 7) All that parcel of improved/serviced industrial land on Lots 1341 Miri Concession Land District and Lot 2142 Block 4 Miri Concession Land District; and
- 8) All that parcel of unimproved vacant industrial land on Country Lease 205316669, District of Labuan, Wilayah Persekutuan

(hereinafter shall be referred to as the "Subject Properties")

In accordance with your instruction, we have assessed the Market Value of the Subject Properties as at December 14, 2007 vide our Report and Valuation bearing Reference No. CJLJ/SC/2007/001(Report 1, 2, 3a, 3b, 4 and 5 of 5) dated December 14, 2007.

The valuation has been carried out in accordance with the Guidelines on Asset Valuations issued by the Securities Commission and also the Manual of Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents.

The basis of the valuation is the **Market Value** of the Subject Properties as at December 14, 2007 for all the subject properties. "Market Value" is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. We have adopted the Comparison and Cost Methods of Valuation on the respective properties.

In connection with this Prospectus, we are pleased to certify that the Market Value of the Subject Properties after deducting the present outstanding premium & surcharge of RM 2,213,242.18 [for Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District) and Lot 288 Block 1 Kuala Baram Land District] as at the date of Valuation are as follows:-

- 1) Lot 816 Block 1 Kuala Baram Land District, Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District), Lot 288 Block 1 Kuala Baram Land District, Lot 156 Block 5 Kuala Baram Land District, Lot 1341 Miri Concession Land District, Lot 2142 Block 4 Miri Concession Land District, Lot 1802 Lambir Land District, Lot 1359 Block 3 Miri Concession Land District, all in the State of Sarawak and Country Lease 205316669, District of Labuan, Wilayah Persekutuan

**Market Value**

RM36,053,000/-

(RINGGIT MALAYSIA: THIRTY-SIX MILLION AND FIFTY-THREE THOUSAND ONLY)



12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

2) Lots 1339 and 1340 Both of Miri Concession Land District

**Market Value**

**Basis I**

IMPROVED/SERVICED INDUSTRIAL LANDS DISREGARDING ALL THE BUILDING STRUCTURES THEREON.

RM2,855,000/-

(RINGGIT MALAYSIA: TWO MILLION, EIGHT HUNDRED AND FIFTY-FIVE THOUSAND ONLY)

**Basis II**

ON THE ASSUMPTIONS THAT THE BUILDINGS ARE CONSTRUCTED IN ACCORDANCE WITH THE PROPOSED SUBMITTED BUILDING PLANS AND SPECIFICATIONS [(WHICH ARE MORE FULLY DESCRIBED UNDER PARAGRAPH 10.00 OF OUR REPORT AND VALUATION REFERENCED CJLJ/SC/2007/001(REPORT 3b of 5)] AND THEREAFTER ISSUED WITH OCCUPATION PERMITS (CERTIFICATE OF FITNESS FOR OCCUPATION).

RM4,790,000/-

(RINGGIT MALAYSIA: FOUR MILLION, SEVEN HUNDRED AND NINETY THOUSAND ONLY)

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED".

*However, it is to note that subsequently after the date of the submission of our formal report and valuation, the occupation permit (certificate of fitness for occupation) for Lots 1339 and 1340 both of Miri Concession Land District were issued on January 31, 2008. For the purpose of this valuation exercise, as the assumptions made under Basis II of our valuation report referenced CJLJ/SC/2007/001 (Report 3b of 5) have been realized, valuation assessment made under Basis II will take precedence over the valuation assessment made under Basis I.*

Brief details of the Subject Property are as set out in the Schedule enclosed.

Yours faithfully,  
For and on behalf of  
COLLIERS  
JORDAN LEE & JAAFAR SDN. BHD.


JOSEPH CHAI THIAM HWE  
MIS(M) MRICS BSc (Hons)  
Chartered Valuation Surveyor  
and Registered Valuer (V-395)

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

SCHEDULE

## 1) Lot 816 Block 1 Kuala Baram Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property:</b></p> <p>The subject property comprises of a plot of serviced industrial land with an open-sided single-storey high span fabrication yard, an adjoining workshop and a guard house</p> <p><b>Postal Address</b> Lot 816, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak.</p> <p><b>Title Particulars</b></p> <p>Lot 816 Block 1 Kuala Baram Land District</p> <p>Tenure : Leasehold interest for 60 years expiring on February 27, 2056</p> <p>Locality : "Kuala Baram Industrial Estate Miri"</p> <p>Classification/ Category : "Mixed Zone Land / Town Land"</p> <p>Expressed Conditions : "Industrial"</p> <p>Registered Proprietor : "Sealink Shipyard Sendirian Berhad"</p>	<p><b>Site</b></p> <p>The subject site is a detached industrial lot, irregular in shape and contains a tiled land area of approximately 11.6170 hectares.</p> <p>The land is generally flat through sand filling &amp; compacted gravel based and about leveled with the frontage road and the adjoining lots.</p> <p>The site boundaries are generally defined by 2.60 metres height concrete block fencing with serviced concrete drain, except the northern site boundary fronting onto Batang Baram which is not defined by any demarcation. The entrance to the site is defined by a pair of metal gate hinged onto two (2) metal posts which is further secured by the in-house security guard.</p> <p><b>Building</b></p> <p>Improved on the subject land is an open-sided single-storey high span fabrication yard with an adjoining workshop and a guard house. The fabrication yard and workshop building is constructed of steel portal framework with I-steel beams and columns and reinforced concrete floor slabs with 300mm thick hardcore. Its pitched roof is constructed by steel trusses and overlaid with color-bond trimdek sheets roofing. The fabrication yard stands 18.0 metres high while the workshop stands at 7.8 metres high.</p>	<p><b>Market Value :</b></p> <p>RM23,100,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p> <p><b>Method of Valuation:</b></p> <p><b>Cost Method</b></p> <p>The value of the Land is added to the depreciated replacement cost of the building and other site improvements.</p> <p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the Land as an improved site.</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAPAR

## 1) Lot 816 Block 1 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Restrictions &amp; Special Conditions:-</b></p> <p>i) This land is to be used only for industrial purposes;</p> <p>ii) The industrial activity to be carried out on this land shall not be of a type which is obnoxious in nature as prescribed under the Natural Resources Environment (Prescribed Activities) Order, 1994;</p> <p>iii) Any alteration to the existing building on this land or any new building to be erected thereon shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Miri Division and shall also be in accordance with detailed drawings and specifications approved by the Miri Municipal Council and shall be completed within one (1) year from the date of such approval by the Council;</p> <p>iv) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres may be permitted on this land;</p> <p>v) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and</p> <p>vi) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the 28th day of February, 1996</p>	<p>The fabrication yard has a main floor area of approximately 9,909.0 square metres while the workshop area measures 3,537.0 square metres.</p> <p>The guardhouse is basically constructed of steel metal framework and metal deck roof. It has a gross floor area of about 12 square metres.</p> <p><b>Existing use :</b></p> <p>The Subject Property is currently used as shipping fabrication yard.</p> <p><b>Planning :</b></p> <p>The Subject Property is designated for industrial use and has been issued with the Occupation Permit (Certificate of Fitness for Occupation) dated December 12, 2007 bearing approved plan no. MCC/PW-129/2007/235 vide letter reference 236/1 in MCC/PW-125/2007.</p> <p><b>Sublease Agreement</b></p> <p>i) The Sublease Agreement is made between Sealink Shipyard Sendirian Berhad (the Landlord) and Sealink Engineering and Slipway Sdn. Bhd. (the Tenant). Brief details of the Sublease Agreement is as follows:-</p> <p>Commencement Date: October 1<sup>st</sup>, 2005          Expiry Date : September 30<sup>th</sup>, 2025          Term of Tenancy: Twenty (20) years          Annual Rent :-</p> <p>1st year – RM10,000/-          2nd year – RM15,000/-          3rd to 5th year – RM20,000/-          6th to 10th year – RM25,000/-          11th to 15th year – RM30,000/-          16th to 20th year – RM35,000/-</p>	<p>The depreciated replacement cost of the building is derived from the estimation of reconstructing a building of the same kind and design as when new based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.</p> <p><b>Investment Method</b></p> <p>In the Investment Method the annual rental income presently received or expected to command over a period of time relating to the lease of the subject property is estimated and deducting therefrom the expenses or outgoings incidental to the ownership of the subject property to obtain the net annual rental value. This net annual income is then capitalised by an appropriate capitalisation rate or years purchase figure to adjust the income into the present capital value of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 1) Lot 816 Block 1 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Location :</b></p> <p>The subject property is located within an on-going industrial estate known as 'Kuala Baram Industrial Estate, Miri, which is approximately 22 Kilometres due north-east of Miri City Centre.</p>	<p>ii) The Sublease Agreement is made between Sealink Shipyard Sendirian Berhad (the Landlord) and Syarikat Sesco Berhad (the Tenant) on a portion of the land containing 80.27 square metres. Brief details of the Sublease Agreement is as follows:-</p> <p>Commencement Date: March 30, 2006 Expiry Date : February 27, 2056 Term of Tenancy: Fifty (50) years Annual Rent : RM1.00</p>	<p>The relevant capitalisation rate is chosen based on the investment rate of return to be expected from the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the subject property.</p> <p>For the purpose of this Valuation, we have adopted the Market Value as derived from the <u>Cost Method</u> of Valuation.</p>

## 2) Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of serviced industrial land</p> <p><b>Postal Address :</b></p> <p>Lot 2040, Kuala Baram Industrial Estate, Kuala Baram, 98100 Miri, Sarawak.</p>	<p><b>Site :</b></p> <p>The subject site is plot of serviced industrial land, rectangular in shape and contains a titled land area of approximately 1.975 hectares.</p> <p>At the time of our inspection, we noted that the land is generally flat through sand filling &amp; compacted gravel based and is about leveled to the frontage road and the adjoining lots.</p> <p>The site boundaries are defined by 2.60 metres height concrete block except for the southern boundary which is defined by corrugated metal sheets. The entrance to the site is secured with a metal sliding gate hinged onto two (2) concrete pillars.</p>	<p><b>Market Value :</b></p> <p>*RM2,300,000/-</p> <p>* The Market Value is derived after deducting the present outstanding premium &amp; surcharge of RM434,530.60 due to Lands &amp; Surveys, Miri.</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

2) Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District (continued))

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Provisional Lease Lot 2040 Kuala Baram Land District</p> <p>Tenure : Leasehold interest for 60 years expiring on July 17, 2058</p> <p>Locality : Kuala Baram Industrial Estate, Miri</p> <p>Classification/ Category : Mixed Zone Land / Town Land</p> <p>Expressed Conditions : "Industrial"</p> <p>Registered Proprietor : "Baram Moulding Industrial Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) Upon the completion of a property survey of the land the holder of this provisional ease will be given a lease in accordance with the provisions of the Land Code, and subject to the following express conditions and restrictions:-</p> <p>a) This land is to be used only for industrial purposes;</p> <p>b) The development or redevelopment of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Miri Division;</p>	<p>At the time of our inspection, we noted that there were two (2) open-sided warehouse erected on the subject land. However, no approval has been granted for the buildings. For the purpose of this valuation exercise, we have been specifically instructed to disregard the computation of the building value.</p> <p><b>Existing use :</b></p> <p>The two (2) open-sided workshop erected on the subject land and are currently used as store.</p> <p><b>Planning :</b></p> <p>The Subject Property is designated for industrial use</p>	<p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b></p> <p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the Land as an improved site.</p> <p>Due to the lack of rental evidence of industrial land of comparable size in Kuala Baram Industrial Estate, we have thus adopted the <b>Comparison Method</b> as the only method of valuation to determine the Market of the subject property.</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

2) Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District (continued))

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>c) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by the Mini Municipal Council and shall be completed within three (3) years from the date of registration of this lease. In the event that the lessee completed the erection of the building or buildings on the said land within the period specified above, the Director of Lands and Surveys may exempt or waive the payment of the 4th and 5th instalments of premium payable by the lessee on the said land if he is satisfied that the lessee has fulfilled the intention and the purpose for which the land was alienated;</p> <p>d) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres may be permitted on this land;</p> <p>e) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and</p> <p>f) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease.;</p>		

**12. VALUATION CERTIFICATE (Cont'd)**

**COLLIERS**  
JORDAN LEE & JAAFAR

**2) Provisional Lease Lot 2040 Kuala Baram Land District (previously known as Lot 323 Block 1 Kuala Baram Land District (continued))**

<b>Property Identification</b>	<b>General Description of Property</b>	<b>Market Value (as at December 14, 2007)</b>
<p>ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of sixty (60) years from the date of this provisional lease; and</p> <p>iii) The holder of this provisional lease shall not be entitled to a lease of an area equal to the area above stated but only to such an area as the survey shows to be available</p> <p><b>Location :</b></p> <p>The subject property is located within Kuala Baram Industrial Estate, Miri, Sarawak, approximately 22 kilometres due north-east of Miri City Centre.</p>		

**3) Lot 288 Block 1 Kuala Baram Land District**

<b>Property Identification</b>	<b>General Description of Property</b>	<b>Market Value (as at December 14, 2007)</b>
<p><b>Subject Property :</b></p> <p>The subject property is a plot of unimproved industrial land</p> <p><b>Postal Address :</b></p> <p>Lot 288, Kuala Baram Industrial Estate, Kuala Baram, 98100 Miri, Sarawak.</p> <p><b>Title Particulars :</b></p> <p>Lot 288 Kuala Baram Land District</p>	<p><b>Site :</b></p> <p>The subject site is a plot of unimproved industrial lot, rectangular in shape and contains a titled land area of approximately 1.9647 hectares.</p> <p>At the time of our inspection, we noted that the land is generally flat in topography and overgrown with shrubs.</p> <p>The site boundaries are demarcated by 2.60 metres high concrete block except for the southern boundary which is not demarcated by any form of fencing.</p>	<p><b>Market Value :</b></p> <p>*RM750,000/-</p> <p>* The Market Value is derived after deducting the outstanding premium of RM1,778,711.58 due to Lands &amp; Surveys, Miri.</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 3) Lot 288 Block 1 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>Tenure : Leasehold interest for 60 years expiring on October 22<sup>nd</sup>, 2067</p> <p>Locality : Kuala Baram Industrial Estate, Miri</p> <p>Classification/ Category : Mixed Zone Land / Town Land</p> <p>Expressed Conditions : "Industrial"</p> <p>Registered Proprietor : "Aliran Saksama Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) This land is to be used only for industrial purposes;</p> <p>ii) The industrial activity to be carried out on this land shall not be of a type which is obnoxious in nature as prescribed under the Natural Resources Environment (Prescribed Activities) Order, 1994;</p> <p>iii) The development or redevelopment of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Miri Division;</p>	<p><u>Existing use :</u></p> <p>The Subject Property is currently vacant.</p> <p><u>Planning :</u></p> <p>The Subject Property is designated for industrial use.</p>	<p><u>Method of Valuation :</u></p> <p><u>Comparison Method</u></p> <p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the Land as an improved site.</p> <p>Due to the lack of rental evidence of industrial land of comparable size in Kuala Baram industrial Estate, we have thus adopted the <u>Comparison Method</u> as the only method of valuation to determine the Market of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE \* JAAFAR

## 3) Lot 288 Block 1 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>iv) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by the Miri City Council and shall be completed within three (3) years from the date of registration of this lease. In the event that the lessee completed the erection of the building or buildings on the said land within the period specified above, the Director of Lands and Surveys may exempt or waive the payment of the 4th and 5th instalments of premium payable by the lessee on the said land if he is satisfied that the lessee has fulfilled the intention and the purpose for which the land was alienated;</p> <p>v) Without prejudice to (iv) above, in the event that such building or buildings are no completed within seven (7) years from the date of registration of this lease, the registered proprietor shall, if so required by the Government, surrender this land back to the Government upon refund of all premium paid for alienation of this land together with interest at such rate as may be determined by the Minister;</p> <p>vi) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 square metres may be permitted on this land;</p>		



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAPAN

## 3) Lot 288 Block 1 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>vii) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and</p> <p>viii) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease.</p> <p><b>Location :</b></p> <p>The subject property is located within Kuala Baram Industrial Estate, Miri, Sarawak, approximately 22 kilometres due north-east of Miri City Centre.</p>		

## 4) Lot 156 Block 5 Kuala Baram Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of unimproved agriculture land.</p> <p><b>Postal Address :</b></p> <p>Nil</p> <p><b>Title Particulars :</b></p> <p>Lot 156 Block 5 Kuala Baram Land District</p> <p>Tenure : Leasehold interest for 60 years expiring on April 29, 2016</p> <p>Locality : Kuala Baram/Lutong Road, Miri</p>	<p><b>Site :</b></p> <p>The subject site is a plot of vacant unimproved agriculture lot, rectangular in shape and contains a tiled land area of approximately 8,050.0 square metres.</p> <p>The land is generally flat in topography and slightly lower than the main road. At the time of our inspection there were pine trees and the subject property was slightly overgrown with shrubs.</p> <p>The site boundaries are not demarcated by any form of fencing.</p> <p><b>Existing use :</b></p> <p>The Subject Property is vacant.</p>	<p><b>Market Value :</b></p> <p>RM334,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE • JAARAR

## 4) Lot 156 Block 5 Kuala Baram Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>Classification/ Category : Mixed Zone Land / Town Land</p> <p>Expressed Conditions : "Agricultural"</p> <p>Registered Proprietor : "Sealink Shipyard Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions : "This land is to be used for agricultural purposes"</p> <p><u>Location :</u>  The subject property is located along Lutong-Kuala Baram Road, Miri, approximately 16.5 kilometres due north of Miri City Centre.</p>	<p><u>Planning :</u>  The Subject Property is designated for agricultural use.</p>	<p><u>Method of Valuation :</u>  <u>Comparison Method</u>  The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the Land as an improved site.</p> <p>Due to the lack of rental evidence of vacant agriculture land, we have thus adopted the <u>Comparison Method</u> as the only method to determine the Market Value of the subject property.</p>

## 5) Lot 1341 Miri Concession Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><u>Subject Property :</u>  The subject property is a plot of improved/serviced industrial land.</p> <p><u>Postal Address :</u>  Lot 1341, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak.</p>	<p><u>Site :</u>  The subject site is an improved/serviced industrial land, rectangular in shape and contains a titled land area of approximately 1,971.0 square metres. The rear boundary of the subject land enjoys frontage onto Miri river.</p> <p>The land is generally flat in topography. It is leveled to the frontage road and the adjoining lots. The subject land has a cement rendered floor throughout.</p>	<p><u>Market Value :</u>  RM783,000/-</p> <p><u>Date of Valuation :</u>  December 14, 2007</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAPAR

## 5) Lot 1341 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on December 31, 2027</p> <p>Locality : "North Krokop, Miri"</p> <p>Classification/ Category : "Mixed Zone Land / Town Land"</p> <p>Expressed Conditions : "Industrial"</p> <p>Registered Proprietor : "Sealink Shipyard Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) This land is to be used for industrial purposes only; and</p> <p>ii) The erection of a building in accordance with plans and specifications approved by the Miri District Council shall be completed within 12 months from the date of registration of this lease.</p> <p><b>Location :</b></p> <p>The subject property is situated within the locality known as Krokop, Miri. It is situated approximately 4.0 kilometres to the north-east of Miri City Centre.</p>	<p>The south-eastern boundary of the subject property is defined by metal sheet fencing. The remaining boundaries are not demarcated by any form of fencing. The main entrance to the subject property is secured with a metal sliding gate hinged onto two (2) metal posts. The subject land is improved with cement rendered floor.</p> <p>At the time of our inspection, we noted a concrete building with an adjoining workshop stands on the subject land. However, for the purpose of this valuation exercise, we have been specifically instructed to disregard the building value.</p> <p><b>Existing use :</b></p> <p>The subject land is currently used as dockyard.</p> <p><b>Planning :</b></p> <p>The Subject Property is designated for industrial use.</p>	<p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b></p> <p>The <b>Comparison Method</b> entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p> <p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p>Due to the lack of rental evidence of industrial lands in Piasau, we have thus perused the <b>Comparison Method</b> as the only method of valuation to determine the Market of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 6) Lot 2142 Block 4 Miri Concession Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of improved/serviced industrial land.</p> <p><b>Postal Address :</b></p> <p>Lot 2142, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak.</p> <p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on February 24, 2052</p> <p>Locality : "Krokop Road, Krokop, Miri"</p> <p>Classification/Category : "Mixed Zone Land / Town Land"</p> <p>Expressed Conditions : "Industrial"</p> <p>Registered Proprietor : "Sealink Shipyard Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) This land is to be used for industrial purposes only;</p> <p>ii) The development or redevelopment of this land shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Miri Division;</p>	<p><b>Site :</b></p> <p>The subject site is an improved/serviced industrial land, irregular in shape and contains a titled land area of approximately 4,700.0 square metres. It has a road frontage to the east while the rear boundary is fronting onto Miri river.</p> <p>Topography of the land is generally flat and about levelled to the frontage road and the adjoining lots. The subject land is partially cement rendered and compacted with gravel.</p> <p>At the time of our inspection, we noted a reinforced concrete culvert/monsoon drain that physically severed the subject land into two (2) separate parcels. Information has been furnished by the client's land surveyor that the culvert/monsoon drain occupies approximately 599.4 square metres.</p> <p>At the time of the inspection, we noted a double-storey office block cum workshop building stands on the subject land. However, for the purpose of this report and valuation exercise, we have been specifically instructed to disregard the building value.</p> <p><b>Existing use :</b></p> <p>The subject land is currently use as dockyard.</p> <p><b>Planning :</b></p> <p>The Subject Property is designated for industrial use.</p>	<p><b>Market Value :</b></p> <p>RM1,570,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p> <p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b></p> <p>The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p> <p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p>Due to the lack of rental evidence of industrial lands in Piasau, we have thus perused the <b>Comparison Method</b> as the only method of valuation to determine the Market of the subject properties.</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 6) Lot 2142 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>iii) The erection of a building shall be in accordance with detailed drawings and specifications approved by the Miri Municipal Council and shall be completed within eighteen (18) months from the date of registration of this lease;</p> <p>iv) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and</p> <p>v) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease</p> <p><b>Location :</b></p> <p>The subject property is situated within the locality known as Krokop, Miri. It is situated approximately 4.0 kilometres to the north-east of Miri City Centre.</p>		

## 7) Lot 1802 Lambir Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of unimproved vacant agriculture land.</p> <p><b>Postal Address :</b></p> <p>Nil</p>	<p><b>Site :</b></p> <p>The subject site is an unimproved vacant agriculture land, irregular in shape and contains a titled land area of approximately 23,110.0 square metres. The south-western boundary of the subject land has a frontage onto Jalan Riam.</p>	<p><b>Market Value :</b></p> <p>RM156,000/- (2/10<sup>th</sup> undivided share)</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 7) Lot 1802 Lambir Land District (continued)

Property Identification	General Description of Property	Market Value (December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on August 17, 2015</p> <p>Locality : "2½th Mile, Riam Road, Miri"</p> <p>Classification/ Category : "Mixed Zone Land / Town Land"</p> <p>Expressed Conditions : "Agriculture"</p> <p>Registered Proprietor :</p> <p>i) Sealink Sendirian Berhad (2/10<sup>th</sup> share)</p> <p>ii) Wong Hua Ung (BIC.K.781759) (5/10<sup>th</sup> share)</p> <p>iii) Samling Strategic Corporation Sendiran Berhad (3/10<sup>th</sup> share)</p> <p>Restrictions &amp; Special Conditions : "This land is to be used for agricultural purposes"</p> <p><b>Location :</b></p> <p>The subject property is situated along Jalan Riam, 2½th Mile, Riam Road, Miri, approximately 5.5 kilometres due south-east of Miri City Centre.</p>	<p>Topography of the land is generally flat and about levelled to the frontage road and the adjoining lots.</p> <p>There is notably a Chinese cemetery situated opposite the subject land.</p> <p><b>Existing use :</b></p> <p>The subject land is currently vacant.</p> <p><b>Planning :</b></p> <p>The Subject Property is designated for agricultural use.</p>	<p><b>Method of Valuation :</b></p> <p><u>Comparison Method</u></p> <p>The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p> <p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p>Most of the agriculture lands along Jalan Lutong-Kuala Baram are unimproved while there are several parcels that are owner-occupied. Due to the lack of rental evidence of vacant agriculture lands, we have thus adopted the <u>Comparison Method</u> as the only method to determine the Market Value of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## B) Lot 1359 Block 3 Miri Concession Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The Subject Property is a plot of improved/serviced industrial land with a double-storey office block cum storage/preparation building and a guard house.</p> <p><b>Postal Address :</b></p> <p>Lot 1359, Jalan Piasau Utara 1, Piasau Industrial Estate, 98000 Miri, Sarawak.</p> <p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on December 20, 2047</p> <p>Locality : "Piasau Road, Miri"</p> <p>Classification/Category : "Mixed Zone Land / Town Land"</p> <p>Express Conditions : "Industrial"</p> <p>Registered Proprietor : "Sealink Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) This land is to be used only for industrial purposes;</p>	<p><b>Site :</b></p> <p>The subject site is an improved/serviced industrial land, rectangular in shape with a splayed corner at the north-western corner and contains a titled land area of approximately 4,244.0 square metres.</p> <p>The land is generally flat in topography. It is leveled to the frontage road and the adjoining lots. The subject land is cement rendered throughout.</p> <p>The boundaries are generally defined by chain-linked fencing. The entrance to which is secured with a metal sliding gate hinged onto two (2) concrete posts.</p>	<p><b>Market Value :</b></p> <p>RM2,800,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p> <p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b></p> <p>The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p> <p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p><b>Cost Method</b></p> <p>In the Cost Method, the value of the land is added to the replacement cost of the building and other site improvements.</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 8) Lot 1359 Block 3 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p>ii) The development or re-development of this land shall be in accordance with plans sections and elevations approved by the Superintendent of Lands and Surveys, Miri Division;</p> <p>iii) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by the Miri Municipal Council and shall be completed within two (2) years from the date of registration of this lease;</p> <p>iv) No residential accommodation other than accommodation for a watchman with a maximum floor area of thirty-seven point two (37.2) square metres may be permitted on this land;</p> <p>v) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and</p> <p>vi) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease.</p> <p><b>Location :</b></p> <p>The subject property is located within the Piasau Industrial Estate which lies about 5.0 kilometres due north-east of Miri City Centre.</p>	<p><b>Buildings :</b></p> <p>The subject site has been improved with a double-storey office with double-storey office block cum storage/preparation building and a guard house.</p> <p>The double-storey office block is constructed of steel portal framework with I-steel column, reinforced concrete columns and concrete floor slabs under a pitched roof covered with corrugated metal roofing sheets. The office area occupies a total main floor area of approximately 930.25 square metres and a car porch area of 37.21 square metres.</p> <p>The storage/preparation building is also constructed of Steel portal framework with I-steel beams and columns, reinforced concrete columns and concrete floor slabs. It has an eave height of 7.0m and occupies a total floor area of approximately 1,116.3 square metres.</p> <p>The guard house is constructed of timber frame work and metal roof deck and occupies a floor area of approximately 12.0 square metres.</p> <p><b>Existing use :</b></p> <p>The subject property is currently tenanted.</p> <p><b>Planning :</b></p> <p>The subject property is designated for industrial use and has been issued with the Occupation Permit (Certificate of Fitness for Occupation) dated April 26, 1988 bearing reference no. MMC/Z18/3/84C.</p>	<p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject land as an improved site.</p> <p>The depreciated replacement cost of the building is derived from the estimation of reconstructing a building of same kind and design as when new based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 8) Lot 1359 Block 3 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
	<p><b><u>Tenancy Agreement</u></b></p> <p>The Tenancy Agreement is made between Sealink Sdn. Bhd. (the Landlord) and Harrison Trading (Sarawak) Sdn. Bhd. (the Tenant) Brief details of the Tenancy Agreement is as follows:-</p> <p>Commencement Date: April 15, 1998 Expiry Date : April 14, 2008 Term of Tenancy: Ten (10) years Annual Rent : RM10,000/-</p>	<p><b><u>Investment Method</u></b></p> <p>In the Investment Method the annual rental income presently received or expected to command over a period of time relating to the lease of the subject property is estimated and deducting therefrom the expenses or outgoings incidental to the ownership of the subject property to obtain the net annual rental value. This net annual income is then capitalised by an appropriate capitalisation rate or years purchase figure to adjust the income into the present capital value of the subject property.</p> <p>The relevant capitalisation rate is chosen based on the investment rate of return to be expected from the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 8) Lot 1359 Block 3 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
		<p>In assessing the Market Value of the subject property, we have adopted the <u>Comparison/Cost Method</u> and the <u>Investment Method</u> in determining the Market Value of the subject property.</p> <p>Due to the private and confidential nature of the tenancy agreement for the rental comparables, full information regarding the details of the tenancy terms and conditions agreement are not fully disclosed. Thus, we have perused the Investment Method as a check method while adopting the <u>Comparison/Cost Method</u> as our primary method of Valuation.</p>

## 9) Lot 1339 Block 4 Miri Concession Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><u>Subject Property :</u></p> <p>The Subject Property is a plot of improved/serviced industrial land with a single-storey office block cum workshop building and a guard house.</p> <p><u>Postal Address :</u></p> <p>Lot 1339, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak.</p>	<p><u>Site :</u></p> <p>The subject site is an improved/serviced industrial land, rectangular in shape and contains a tilled land area of approximately 4,059.0 square metres. The rear boundary of the subject land enjoys frontage onto Miri river bank.</p>	<p><u>Market Value :</u></p> <p><u>Basis I</u></p> <p>Improved/serviced industrial lands disregarding all the building structures thereon.</p> <p>RM1,430,000/-</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 9) Lot 1339 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on December 31, 2027</p> <p>Locality : "North Krokop, Miri"</p> <p>Classification/ Category : "Mixed Zone Land / Town Land"</p> <p>Express Conditions : "Industrial"</p> <p>Registered Proprietor : "Syarikat Lambir Timber Sendirian Berhad" *</p> <p>Restrictions and Special Conditions:-</p> <p>i) This land is to be used for industrial purposes only; and</p> <p>ii) The erection of a building in accordance with plans and specifications approved by the Miri District Council shall be completed within 12 months from the date of registration of this lease</p> <p>*Note: Refer to Remark overleaf</p>	<p>The land is generally flat in topography. It is levelled to the frontage road and the adjoining lots. The subject land has a cement rendered floor throughout.</p> <p>The front boundary is demarcated by brickwall &amp; concrete fencing while the side boundaries are defined by chain-linked fencing. The rear boundary fronting the Miri River is not demarcated by any form of fencing. The entrance to which is secured with a metal sliding gate hinged onto two (2) concrete posts.</p> <p><b>Buildings :</b></p> <p>The subject site has been improved with a single-storey office block cum workshop building and a guard house.</p> <p>The single-storey office block is constructed steel portal framework with I-steel column, reinforced concrete columns and concrete floor slabs under a pitched roof with corrugated metal roofing sheets. It occupies a total floor area of approximately 535.08 square metre.</p> <p>The workshop building annexed to the single-storey office building is also constructed of steel portal framework with I-steel column, reinforced concrete columns and concrete floor slabs. It has an eave height of 5.20 metres and occupies a total floor area of 1,105.31 square metre.</p> <p>The guard house is constructed of timber-framed work and metal deck roof. It occupies a total floor area of 12.0 square metre.</p>	<p><b>Basis If</b></p> <p><b>ON THE ASSUMPTIONS THAT THE BUILDINGS ARE CONSTRUCTED IN ACCORDANCE WITH THE PROPOSED SUBMITTED BUILDING PLANS AND SPECIFICATIONS [(WHICH ARE MORE FULLY DESCRIBED UNDER PARAGRAPH 10.00 OF OUR REPORT AND VALUATION REFERENCED CJLJ/SC/2007/001 (REPORT 3b OF 5)) AND THEREAFTER ISSUED WITH OCCUPATION PERMITS (CERTIFICATE OF FITNESS FOR OCCUPATION).</b></p> <p><b>RM2,460,000/-</b></p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p> <p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b> The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE • JAAFAR

## 9) Lot 1339 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>*Remark</b></p> <p>Vide the Sale and Purchase Agreement dated September 24, 2007, the subject property has been transacted between Messrs Syarikat Lambir Timber Sendirian Berhad ("Vendor") and Messrs Sealink Shipyard Sendirian Berhad ("Purchaser") for the consideration of RM2,459,000/-</p> <p><b>Location :</b></p> <p>The subject property is situated within the locality known as Krokop, Miri. It is situated approximately 4.0 kilometres to the north-east of Miri City Centre.</p>	<p>At the time of our inspection, we noted that the quarter area on the first floor is constructed of timber. For the purpose of this valuation exercise, we have disregarded this portion.</p> <p>The building is about 39 years old. However, the office portion has been refurbished about 3 to 4 years ago.</p> <p>It is to note that as at the date of our valuation, occupation permit (certificate of fitness for occupation) for the subject property has yet to be issued by relevant authorities. Nevertheless, the issuance of the said certificate is deemed to be forth coming as the client has verbally informed us that they are in the process of submitting the building plans for approval. A copy of the submission letter to Jabatan Bomba Dan Penyelamat Malaysia, Miri referenced M.C.C/PW-129/2007/323 on November 12, 2007 is attached to our report and valuation.</p> <p><b>Existing use :</b></p> <p>The Subject Property is currently used as administrative office and dockyard.</p> <p><b>Planning :</b></p> <p>The occupation permit (certificate of fitness for occupation) has yet to be issued.</p> <p><i>Remarks: However, subsequently after the date of submission of our formal report and valuation, the subject property was issued with the Occupation Permit (Certificate of Fitness for Occupation) dated January 31, 2008 bearing approved plan no. MCC/PW-129/2007/323 vide letter reference 297/1 in MCC/PW-125/2008.</i></p>	<p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p><b>Cost Method</b></p> <p>In the Cost Method, the value of the land is added to the replacement cost of the building and other site improvements.</p> <p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject land as an improved site.</p> <p>The depreciated replacement cost of the building is derived from the estimation of reconstructing a building of same kind and design as when new based on current market prices for materials, labour and present construction techniques and</p>

12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
 JORDAN LEE & JAAFAR

9) Lot 1339 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
	<p><i>For the purpose of this valuation exercise, as the assumptions made under Basis II of our valuation report referenced C.JLJ/SC/2007/001 (Report 3b of 5) have been realized, valuation assessment made under Basis II will take precedence over the valuation assessment made under Basis I.</i></p>	<p>deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.</p> <p><u>Investment Method</u></p> <p>In the Investment Method the annual rental income presently received or expected to command over a period of time relating to the lease of the subject property is estimated and deducting therefrom the expenses or outgoings incidental to the ownership of the subject property to obtain the net annual rental value. This net annual income is then capitalised by an appropriate capitalisation rate or years purchase figure to adjust the income into the present capital value of the subject property.</p> <p>The relevant capitalisation rate is chosen based on the investment rate of return to be expected from the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE • JAAFAR

## 9) Lot 1339 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
		<p>In assessing the Market Value of the subject property, we have adopted the <b>Comparison/Cost Method</b> and the <b>Investment Method</b> in determining the Market Value of the subject property.</p> <p>Due to the private and confidential nature of the tenancy agreement for the rental comparables, full information regarding the details of the tenancy terms and conditions are not fully disclosed. Thus, we have perused the Investment Method as a check method while adopting the <b>Comparison/Cost Method</b> as our primary method of Valuation.</p>

## 10) Lot 1340 Block 4 Miri Concession Land District

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of improved/serviced industrial land with a double-storey office block cum storage/workshop building.</p> <p><b>Postal Address :</b></p> <p>Lot 1340, Jalan Cattleya 1, Krokop/Piasau Industrial Estate, 98000 Miri, Sarawak.</p>	<p><b>Site :</b></p> <p>The subject site is an improved/serviced industrial land, rectangular in shape and contains a titled land area of approximately 4,039.0 square metres. The rear boundary of the subject land enjoys frontage onto Miri river.</p>	<p><b>Market Value :</b></p> <p><b>Basis :</b></p> <p>Improved/serviced industrial lands disregarding all the building structures thereon.</p> <p>RM1,425,000/-</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 10) Lot 1340 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 60 years expiring on December 31, 2027</p> <p>Locality : "North Krokop, Miri"</p> <p>Classification/ Category : "Mixed Zone Land / Town Land"</p> <p>Express Conditions : "Industrial"</p> <p>Registered Proprietor : "Sealink Sendirian Berhad"</p> <p>Restrictions &amp; Special Conditions:-</p> <p>i) This land is to be used for industrial purposes only; and</p> <p>ii) The erection of a building in accordance with plans and specifications approved by the Miri District Council shall be completed within 12 months from the date of registration of this lease</p>	<p>The land is generally flat in topography. It is levelled to the frontage road and the adjoining lots. The subject land has a cement rendered floor throughout.</p> <p>The boundaries of the subject property are defined by spandek sheets/chain-linked fencing except for the rear portion which is not demarcated by any form of fencing. The entrance to the subject property is via its adjoining property, Lot 1339 which is secured with a pair of metal gate hinged onto two (2) concrete posts.</p> <p><b>Buildings :</b></p> <p>The subject site has been improved with a double-storey office block cum storage/workshop building.</p> <p>The double-storey office building is constructed of steel portal framework with I-steel column, reinforced concrete columns and concrete floor slabs for ground floor and the wet area on the first floor. The remaining areas on the first floor are constructed of timber panels resting on concrete joists. The building has a pitched roof overlaid with color-bond trimdek roofing. It occupies a total floor area of approximately 432.0 square metre.</p> <p>The storage/workshop building annexed to the office block is also constructed of steel portal framework with I-steel column, reinforced concrete columns and concrete floor slabs. It has a pitched roof overlaid with color-bond trimdek roofing. The workshop has an eave height of 6.35 metres and occupies a total floor area of approximately 1,476.0 square metres.</p> <p>The building is about 29 years old. However, it was refurbished about 10 years ago by the previous owner.</p>	<p><b>Basis II</b></p> <p>ON THE ASSUMPTIONS THAT THE BUILDINGS ARE CONSTRUCTED IN ACCORDANCE WITH THE PROPOSED SUBMITTED BUILDING PLANS AND SPECIFICATIONS [(WHICH ARE MORE FULLY DESCRIBED UNDER PARAGRAPH 10.00 OF OUR REPORT AND VALUATION REFERENCED C/JLJ/SC/2007/001 (REPORT 3b of 5)) AND THEREAFTER ISSUED WITH OCCUPATION PERMITS (CERTIFICATE OF FITNESS FOR OCCUPATION).</p> <p>RM2,330,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p> <p><b>Method of Valuation</b></p> <p><b>Comparison Method</b></p> <p>The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 10) Lot 1340 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Location :</b></p> <p>The subject property is situated within the locality known as Krokop, Miri. It is situated approximately 4.0 kilometres to the north-east of Miri City Centre.</p>	<p>It is to note that as at the date of our inspection, occupation permit (certificate of fitness for occupation) for the subject property has yet to be issued by relevant authorities. Nevertheless, the issuance of the said certificate is deemed to be forth coming as the client has verbally informed us that they are in the process of submitting the building plans for approval. A copy of the submission letter to Jabatan Bomba Dan Penyelamat Malaysia, Miri referenced M.C.C/PW-129/2007/322 on November 12, 2007 is attached to our report and valuation.</p> <p><b>Existing use :</b></p> <p>The Subject Property is currently unoccupied.</p> <p><b>Planning :</b></p> <p>The occupation permit (certificate of fitness for occupation) has yet to be issued.</p> <p><i>Remarks: However, subsequently after the date of submission of our formal report and valuation, the subject property was issued with the Occupation Permit (Certificate of Fitness for Occupation) dated January 31, 2008 bearing approved plan no. MCC/PW-129/2007/322 vide letter reference 296/1 in MCC/PW-125/2008.</i></p> <p><i>For the purpose of this valuation exercise, as the assumptions made under Basis II of our valuation report referenced CJLJ/SC/2007/001 (Report 3b of 5) have been realized, valuation assessment made under Basis II will take precedence over the valuation assessment made under Basis I.</i></p>	<p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p><b>Cost Method</b></p> <p>In the Cost Method, the value of the land is added to the replacement cost of the building and other site improvements.</p> <p>The value of the site is determined by comparison with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject land as an improved site.</p> <p>The depreciated replacement cost of the building is derived from the estimation of reconstructing a building of same kind and design as when new based on current market prices for materials, labour and present construction techniques and deducting therefrom</p>

12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
 JORDAN LEE • JAAFAR

10) Lot 1340 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
		<p>the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.</p> <p><u>Investment Method</u></p> <p>In the Investment Method the annual rental income presently received or expected to command over a period of time relating to the lease of the subject property is estimated and deducting therefrom the expenses or outgoings incidental to the ownership of the subject property to obtain the net annual rental value. This net annual income is then capitalised by an appropriate capitalisation rate or years purchase figure to adjust the income into the present capital value of the subject property.</p> <p>The relevant capitalisation rate is chosen based on the investment rate of return to be expected from the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the subject property.</p>

## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 10) Lot 1340 Block 4 Miri Concession Land District (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
		<p>In assessing the Market Value of the subject property, we have adopted the <b>Comparison/Cost Method</b> and the <b>Investment Method</b> in determining the Market Value of the subject property.</p> <p>Due to the private and confidential nature of the tenancy agreement for the rental comparables, full information regarding the details of the tenancy terms and conditions are not fully disclosed. Thus, we have perused the Investment Method as a check method while adopting the <b>Comparison/Cost Method</b> as our primary method of Valuation.</p>

## 11) Country Lease 205316669, District of Labuan, Wilayah Persekutuan

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Subject Property :</b></p> <p>The subject property is a plot of unconverted development land</p> <p><b>Postal Address :</b></p> <p>Nil</p>	<p><b>Site :</b></p> <p>The subject site comprises two (2) separate plots of unconverted development land. The subject site is separated by Jalan Ranche-Ranche Lama. One small portion of the land encompassing approximately 0.83 acre on the eastern boundary of the smaller parcel has been acquired. Hence, the combined land area of Country Lease 205316669 is 10.17 acres.</p>	<p><b>Market Value :</b></p> <p>RM4,260,000/-</p> <p><b>Date of Valuation :</b></p> <p>December 14, 2007</p>



## 12. VALUATION CERTIFICATE (Cont'd)

**COLLIERS**  
JORDAN LEE & JAAFAR

## 11) Country Lease 205316669, District of Labuan, Wilayah Persekutuan (continued)

Property Identification	General Description of Property	Market Value (as at December 14, 2007)
<p><b>Title Particulars :</b></p> <p>Tenure : Leasehold interest for 999 years expiring on August 2, 2865</p> <p>Locality : "Kampung Rancho-Rancho"</p> <p>Expressed Conditions : "Nil"</p> <p>Registered Proprietor : "Bristol View Sdn. Bhd."</p> <p>Restrictions &amp; Special Conditions : "Nil"</p> <p><b>Location :</b></p> <p>The subject property is located within the locality known as Kg Rancho- Rancho. It is located to the south-west of the Labuan Town Centre.</p>	<p>The physical terrain of the bigger parcel is low-lying and flat throughout through earth-leveling work. The site has been cleared from its original state of vegetations.</p> <p>The physical terrain of the smaller parcel is generally flat to gently sloping towards the eastern boundary. The smaller parcel is currently overgrown with coconut trees and other fruit trees.</p> <p>The site boundaries are not defined by any form of demarcation.</p> <p><b>Existing use :</b></p> <p>The Subject Property is currently vacant.</p> <p><b>Planning :</b></p> <p>The Subject Property is not restricted to any usage. However, our enquiries at the Labuan Development Authority revealed that the subject property falls within the area zoned for industrial use.</p>	<p><b>Method of Valuation :</b></p> <p><b>Comparison Method</b></p> <p>The Comparison Method entails a study and analysis of recent transactions and quoted offers for sale of similar properties in the vicinity.</p> <p>The characteristics, merits and demerits of these properties are noted and diligent adjustments thereof are then made to reflect the differences to arrive at an acceptable degree of comparability and the value of the subject property.</p> <p>Due to the lack of rental evidence of vacant industrial lands, we have thus perused the <b>Comparison Method</b> as the only method to determine the Market Value of the subject property.</p>

**13. DIRECTORS' REPORT**

*(Prepared for inclusion in the Prospectus)*



**SEALINK INTERNATIONAL BERHAD (800981-X)**

**Mailing Address:**  
CDT 139, 98009 Miri, Sarawak  
Email: sealink@asiasealink.com

**Registered Office:**  
Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak, Malaysia  
Tel: +6085651778 Fax: +6085-652480

**23 JUN 2008**

The Shareholders of  
**SEALINK INTERNATIONAL BHD.**  
Lot 1035, Block 4, MCLD  
Piasau Industrial Area  
98000 Miri, Sarawak

Dear Sir/Madam,

On behalf of the Board of Directors of Sealink International Berhad ("SIB" or "Company"), I wish to report after due enquiry by the Board of Directors of SIB, that between the period from 31 December 2007 (being the date to which the last audited financial statements of the Company and its subsidiaries ("Group") has been made up) to the date of this letter (being a date not earlier than 14 days before the issuance of this Prospectus), that: -

- (a) The business of our Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) There are no contingent liabilities by reason of any guarantees or indemnities given by our Group;
- (e) There have been, since the latest audited financial statements of our Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings, in which the Directors are aware of; and
- (f) Save as disclosed in this Prospectus, there have been, since the last financial statements of our Group, no material changes in the published reserves or any unusual factors affecting the profits of our Group.

Yours faithfully,  
For and on behalf of the Board of Directors  
**SEALINK INTERNATIONAL BHD.**

**Yong Foh Choi**  
Non-Independent Managing Director



## 14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 14.1 SHARE CAPITAL

- (i) No shares will be allocated or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) We only have one (1) class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Sections 2.3, 4.1.3, 4.1.4 and 4.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- (iv) Save for the Public Issue Shares reserved for the eligible Directors, employees and business associates of our Group as disclosed in Section 2.3 of this Prospectus, no person or Director or employee of our Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries.
- (v) Save as disclosed in Sections 2.3, 4.1.3, 4.1.4 and 4.3 of this Prospectus, no ordinary shares or debentures of our Company and our subsidiaries have been issued or are proposed to be fully or partly paid-up for otherwise than in cash within the two (2) years immediately preceding the date of this Prospectus.
- (vi) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (vii) Neither our Company nor our subsidiaries have any outstanding convertible debt securities as at the date of this Prospectus.

### 14.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used or as defined in our Articles of Association.

#### **TRANSFER AND TRANSMISSION OF SECURITIES**

- 26(a) Subject to the provisions of any law or regulation, including the Act, the Listing Requirements, these Articles, the Central Depositories Act and the Rules with respect to the transfer of Deposited Securities, any Member may transfer all or any of his shares in such form and manner as is prescribed in accordance with the law and which is prescribed and approved by the Stock Exchange. The transferor shall remain the holder of the shares transferred until the transfer is registered or duly effected in accordance with the law and the name of the transferee is entered in the Register and/or the Record of Depositors (where applicable) in respect thereof.
- 26(b) The transfer of any listed Security or class of listed Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to the 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 Securities.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- 27(b) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a 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 transferred, the transfer may, as between the transferor and transferee be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees 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.
31. In the case of the death of a Member, the legal representatives of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share which had been held by him.
32. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy, so long as this does not contravene any law. Provided always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the shares may be carried out by the person becoming so entitled.

**REMUNERATION OF DIRECTORS**

98. The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that: -
- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
  - (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
  - (c) 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. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;
  - (d) any fees paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

99. (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall be by a fixed sum, and not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

**VOTING AND BORROWING POWERS OF DIRECTORS**

103. (a) The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property or assets of the Company (both present and future) including its uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
120. Subject to Article 119 above, a Director may contract with and be interested in any contract or proposed contract with the Company and subject to the Act, shall not be liable to account for any profit made by him by reason of any such contract PROVIDED ALWAYS that the nature of the interest of the Director in any such contract be declared at a meeting of the Directors. A Director shall not vote in respect of any contract 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.
122. Subject to the Act, the Listing Requirements and these Articles, 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 himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

**CHANGES IN CAPITAL OR VARIATION OF RIGHTS**

The provisions in SIB's Article of Association as to the change in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows: -



**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

8. Subject to the Listing Requirements, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by Proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by Proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.
9. Subject to the Act and the Listing Requirements, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, 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 in all respects *pari passu* therewith.

**ALTERATION OF CAPITAL**

47. Power to increase capital

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid-up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

51. Alteration of Capital

The Company may by ordinary resolution: -

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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52. Power to reduce capital

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

**14.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of our Company are set out in the Corporate Directory Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) Save as disclosed in Section 2.3 and Section 2.8 of this Prospectus, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by our Company or 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 our Company or our subsidiaries or in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no Directors, proposed Directors, promoters or experts is or are entitled to receive any such payment.
- (iv) Other than salary and employment related benefits as disclosed in Section 5.2.3 of this Prospectus, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any Directors.  
  
Save and except for the dividends, remuneration and benefits for services rendered in all capacities to our Company as detailed in Section 5.2.3 of this Prospectus, there are no other amounts paid or intended to be paid or given to any of our Promoters, substantial shareholders or Directors, within two (2) years preceding the date of this Prospectus.
- (v) Save as disclosed in Section 7 of this Prospectus, none of our Directors and/or substantial shareholders has interest in any subsisting contract or arrangement, which is significant to the business of our Company or our Group taken as a whole.
- (vi) Except as disclosed in Section 5.1 and 5.2 of this Prospectus, our Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over our Company and our subsidiaries.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****14.4 MATERIAL CONTRACTS**

Save for the agreements pertaining to the Acquisitions and Underwriting Agreement referred to in Section 15 of this Prospectus and the contracts as disclosed below, as at LPD, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by our Company and our subsidiaries within two (2) years preceding the date of this Prospectus: -

- (a) Tender and Contract document (Tender No. SPPH/02/2008) dated 30 January 2008 for the purchase of Lot 482, Block 4, Miri Concession Land District, submitted by SSB to Sarawak Plantation Property Holding Sdn Bhd at a tender price of RM9,031,460 and the Notification of Award of Tender No. SPPH/02/2008 dated 14 March 2008 for Lot 482, Block 4, Miri Concession Land District by Sarawak Plantation Property Holding Sdn Bhd to SSB at a tender price of RM9,031,460. The Memorandum of Sale is pending execution by the parties.
- (b) Deed of Novation dated 19 January 2008 between SSB, SHSB and SIB of which in consideration of SSB disposing of its shares in SSSB ("Sale Shares") to SIB at the price of Ringgit Malaysia Sixteen Million Eighty Four Thousand Two Hundred (RM16,084,200) ("Consideration") in accordance with the terms and conditions contained in the Conditional Sale and Purchase Agreement ("CSPA") dated 19 January 2008, SIB hereby undertakes to allot to SHSB SIB Shares ("Consideration Shares") all credited as fully paid-up in SIB on the completion date as defined in CSPA and in consideration of SIB's such undertaking and in consideration of Ringgit Malaysia Seven Hundred and Twelve Thousand Five Hundred only (RM712,500) to be paid by SHSB to SSB upon the completion date, SSB hereby undertakes to acknowledge receipt of the Consideration under the CSPA on the completion date and the SIB shall have no obligation or liability owed to SSB in relation to the Consideration and/or Consideration Shares under the CSPA and SSB further undertakes to release and discharge SIB from all claims and demands whatsoever in respect of the Consideration and/or Consideration Shares on the completion date.
- (c) Sale of Shares Agreement dated 31 December 2007 entered between SSB and SHSB of which SSB sold the shares in SGTESB to SHSB for a purchase consideration of RM1,100,000 and the purchase consideration is to be settled by way of promissory note dated 4 January 2008 issued by SHSB to SSB;
- (d) Deed of Novation dated 31 December 2007 entered between SSB and SHSB and SGTESB of which SGTESB novates its debt due to SSB in the sum of RM2,582,366.89 to SHSB;
- (e) Sale and Purchase of Shares Agreement dated 1 October 2007 entered between Castletown Ltd of British West Indies (10,000 shares), Tang Lung Yik (20,000 shares), Hua Hung Sawmill Company Sdn Bhd (20,000 shares), Yong Foh Choi (10,000 shares) (collectively known as "the Vendors) and SPSB of which the Vendors sold to SPSB their shares in BVSB for RM3.5 million to be settled by cash;
- (f) Sale and purchase agreement dated 24 September 2007 entered between SLTSB and SSSB of which SLTSB sold to SSSB all that parcel of land together with a single storey office cum workshop building thereon and appurtenances thereof situate at Krokop North, Miri containing 4,059 square metres, more or less and described as Lot 1339 MCLD for a purchase consideration of RM2,459,000 and the purchase consideration is to be settled by a letter of indebtedness dated 24 September 2007 issued by SSSB to SLTSB;



**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (g) Sale and purchase agreement dated 24 September 2007 entered between SSB and YFC & Sons of which the SSB sold to YFC & Sons 20013/43836<sup>th</sup> undivided share in all that parcel of land together with building thereon and appurtenances thereof situate at Jalan Krokop, Miri containing 1.7739 hectares, more or less and described as Lot 2980, Block 5, MCLD, subject to the two (2) Memoranda of Charges Instrument Nos.L2580/2006 and L2581/2006 for RM3 million and RM7.5 million in favour of Malayan Banking Berhad, for a purchase consideration of RM3,030,000 and the purchase consideration is to be settled by a letter of indebtedness dated 24 September 2007 issued by YFC & Sons to SSB;
- (h) Sale and purchase of shares agreement dated 21 September 2007 entered between Lim Jun Ten, Sim Chin Tian, Lila Binti Mohamad (collectively known as "the **Vendors 2**") and SSSB of which the Vendors 2 sold to the SSSB all of their total 500,000 shares in ASSB for RM100,000 to be settled by cash and SSSB shall also be fully liable and responsible to pay at its own costs and expenses for the land premium of RM2,114,790 for the alienation of Lot 288, Block 1, Kuala Baram Land District to ASSB. The Supplementary Agreement dated 13 March 2008 entered between the Vendors 2 and SSSB of which SSSB shall also take over the amount due from the previous directors, namely Lim Jun Ten, Sim Chin Tian, Lila Binti Mohamad to ASSB in the sum of RM495,281;
- (i) Settlement Agreement of Ships' Caring dated 8 June 2007 entered between SSB and Nantong Huigang Shipbuilding Co. Ltd and Nantong Huigang Ship Propelled Co. Ltd of which parties agreed, inter alia, that in consideration of Nantong Huigang Shipbuilding Co. Ltd and Nantong Huigang Ship Propelled Co. Ltd delivering the two (2) vessels Sealink Maju 4 and Sealink Maju 5 to SSB in Shanghai not later than 15 June 2007, SSB agreed to pay to Nantong Huigang Shipbuilding Co. Ltd and Nantong Huigang Ship Propelled Co. Ltd the total compensation for the costs and berth fees etc. of RMB1,500,000 and the total compensation are to be settled by cash;
- (j) Agreement dated 8 June 2007 entered between SSB and Nantong Huigang Shipbuilding Co. Ltd of which parties agreed, inter alia, that in consideration of SSB taking the possession, delivery, sailing and managing of the two (2) vessels Sealink Maju 4 and Sealink Maju 5, SSB agreed to pay to Nantong Huigang Shipbuilding Co. Ltd the sum of RMB460,000 and the fees which occurred during the attachment (RMB1,000,000) (the total amount of these two sums is RMB1,460,000) and the total amount is to be settled by cash;
- (k) Sale and Purchase of Shares Agreement dated 2 November 2006 entered between Ling Tung Hui and Ling Tung Chuong ("**Vendors 3**") and SESSB of which the Vendors 3 sold to SESSB their total of 25,000 shares in BMISB for RM1,402,969 to be settled by cash; and
- (l) Memorandum of sublease dated 7 June 2006 entered between SSSB ("**Landlord**") and SESSB ("**Tenant**") of which the Landlord agreed to sublease to the Tenant for Lot 816, Block 1, Kuala Baram Land District for a period of twenty (20) years from 1 October 2005 to 30 September 2025 and a total rental for the twenty (20) years is RM6,420,000 and is to be settled monthly in cash as per the terms in the Memorandum of Sublease.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****14.5 MATERIAL LITIGATIONS**

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Company or our subsidiaries: -

- (a) SSB purchased two tugs (which it named Sealink Maju 4 and Sealink Maju 5) (the "Vessels") from Zhejiang Tianlong Import & Export Co Ltd ("ZTIECL"). The Vessels were provisionally registered in the name of ESSB. The Vessels were wrongly attached by an Order of Court issued by Shaoxing Intermediate Court on the application of a Shaoxing Tianlong Import & Export Co Ltd ("STIECL") on 25 Jan 2006 who alleged, inter alia, the Vessels belonged to ZTIECL. The case has moved to Ningbo Maritime Court. SSB also filed a claim against STIECL for loss of use of the Vessels due to the latter's wrongful attachment of the Vessels. The Ningbo Maritime Court held on 25 July 2006 that the Vessels were in fact owned by SSB by virtue of the sale of the Vessels by ZTIECL and that STIECL shall release the Vessels. Ningbo Maritime Court further awarded USD1,000 per day damage in favour of SSB for the period that the Vessels were wrongly attached. STIECL appealed to the Zhejiang Provincial High Court. The Zhejiang Provincial High Court held on 25 April 2007 that SSB is the owner of the Vessel and the Vessels shall be released to SSB. However, Zhejiang Provincial High Court did not award any damage to SSB for wrongful detention. Being unsatisfied with the decision of the Zhejiang Provincial High Court, SSB applied to the Supreme Court of the People's Republic of China for a review of the former's decision. There has been no application for review on the part of the STIECL on the decision that the Vessels are owned by SSB;
- (b) SSB and ESSB also started a fresh claim in the Ningbo Maritime Court against STIECL for various damages due to the latter's wrongful attachment of the Vessels (the "2nd Action"). The 2nd Action is for RMB9 million at the time the claim was mounted and is subject to upward revision after SSB has completed its repairs on the Vessel; and
- (c) GSB as the owners of "Sealink Pacific 101" ("the Vessel") entered into a Bareboat Charterparty dated 14 March 2005 with Consolidated Pipe Carriers Pte. Ltd of Singapore ("CPC") as charterers in respect of the Vessel.

CPC has provided GSB with a Bank Guarantee for the sum of USD150,000 and paid the outstanding chartering fee due under the Bareboat Charterparty as the expiry of the Bareboat charterparty on 27 March 2008. CPC has not paid chartering fee for CPC's extended use of the Vessel after 27 March 2008, which GSB asserts has been agreed between parties at the rate of SGD2,400 per day or part thereof up to 11 May 2008. CPC has alleged that CPC is entitled to set off the chartering fee as CPC carried out various repairs to the Vessel which amount to USD355,151. GSB has been advised that such a set off is without legal basis, for reason given below: -

Under Clause 13 of the Bareboat Charterparty, CPC is obliged to, subject to the approval of the Owners or Owners underwriters, effect all insured repairs, undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances taken out by GSB. Clause 13 further provides that CPC is to be secured reimbursement through the underwriters of the Vessel for such expenditures upon presentation of accounts. Accordingly, CPC claims that it will only pay the outstanding chartering fee once CPC has been reimbursed for the costs of the repairs by the underwriters of the Vessel.

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

It is pertinent to note, however, that there is no provision in the Bareboat Charterparty which entitles CPC to deduct or set off from chartering the amount that it has incurred for repairs carried out to the Vessel.

Further, the underwriters have recently approved the claims made for the repairs carried out to the Vessel (less some deductibles).

It is also GSB's contention that apart from the unpaid hire, they have suffered, inter alia, loss of profit and damages as the vessel was redelivered late and not in the same condition as at the time of delivery to CPC, fair wear and tear excepted.

The action in the High Court of Singapore has been stayed in favour of arbitration and both GSB and CPC are still in discussions as to how best to resolve this claim.

### **14.6 GENERAL INFORMATION**

During the last financial year and the current financial year to date, there were no: -

- (i) public take-over offers by third parties in respect of our Company's Shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

### **14.7 CONSENTS**

The written consent of the Adviser, Sole Underwriter and Sole Placement Agent, Auditors and Reporting Accountants, Company Secretaries, Principal Bankers, Solicitors, Registrars and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letters relating to the Consolidated Profit Forecast and the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the respective Registered Valuers to the inclusion in this Prospectus of their names and Valuation Certificates in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Research Consultants to the inclusion in this Prospectus of their names and Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

### **14.8 DOCUMENTS FOR INSPECTION**

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

- (a) The Memorandum and Articles of Association of our Company;
- (b) The material contracts referred to in Sections 14.4 of this Prospectus;
- (c) The Directors' Report and Accountants' Report as included herein;