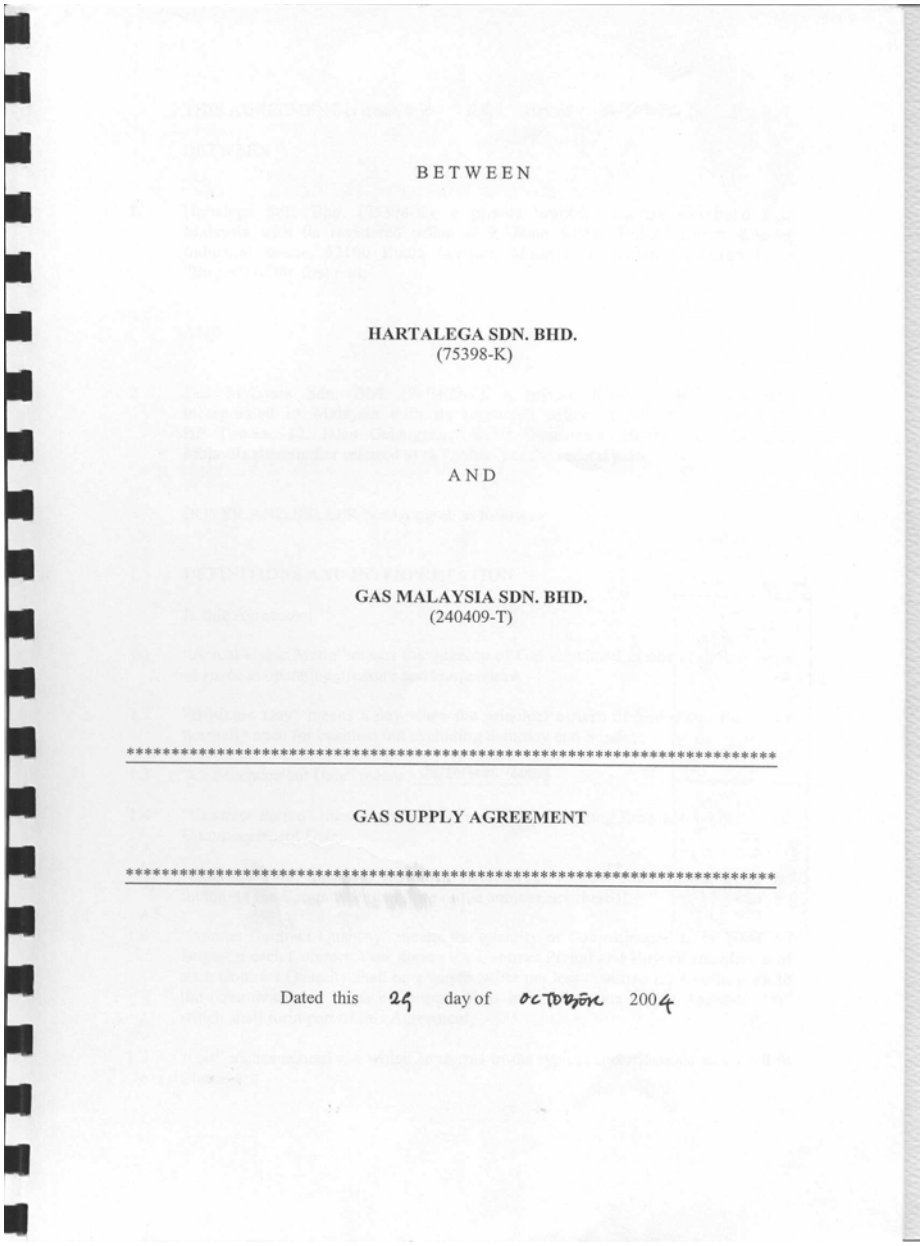
Comparison of per unit Energy Cost (RM/GJ) between Natural Gas in Malaysia and Fuel Oil

	Unit	Value	Reference
Gross Heating Value of natural gas	MJ/Sm^3	35.10	Gas Supply Agreement
Maximum gross heating value of natural gas	MJ/Sm^3	48.10	Gas Supply Agreement
Cost of Natural Gas	RM/Sm^3	0.49	Gas Supply Agreement
Per unit energy cost of natural gas	**RM/GJ**	**13.96**	
Density of Light Fuel Oil	kg/m^3	991.00	Specifications sheet from Shell
Gross Heating Value of Light Fuel Oil	MJ/kg	43.00	Specifications sheet from Shell
Gross Heating Value of Light Fuel Oil	GJ/m^3	42.61	
Gross Heating Value of Light Fuel Oil	MJ/*l*	0.04	
Cost of Light Fuel Oil	RM/*l*	1.45	Quotation from Shell dated 30.08.2007
Per unit energy cost of Light Fuel Oil	**RM/GJ**	**34.03**	

Gas Supply Agreement between Hartalega and Gas Malaysia



BETWEEN

HARTALEGA SDN. BHD.
(75398-K)

AND

GAS MALAYSIA SDN. BHD.
(240409-T)

****

GAS SUPPLY AGREEMENT

****

Dated this 29 day of OCTOBER 2004

THIS AGREEMENT is made this 24 day of October 2004

BETWEEN

1. Hartalega Sdn. Bhd. (75398-K), a private limited company incorporated in Malaysia with its registered office at 9, Jalan Kuang Bulan, Taman Kepong Industrial Estate, 52100 Kuala Lumpur, Malaysia (hereinafter referred to as "Buyer") of the first part;

AND

2. Gas Malaysia Sdn. Bhd. (240409-T), a private limited liability company incorporated in Malaysia with its registered office at 10th Floor, Block B, HP Towers, 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur, Malaysia (hereinafter referred to as "Seller") of the second part.

BUYER AND SELLER hereby agree as follows:-

635503

1. **DEFINITIONS AND INTERPRETATION**

In this Agreement

1.1 "Actual Cubic Metre" means the quantity of Gas contained in one (1) cubic metre of space at operating pressure and temperature.

1.2 "Business Day" means a day when the principal offices of Seller and Buyer are normally open for business but excluding Saturday and Sunday;

1.3 "Commencement Date" means October 2004

1.4 "Contract Period" means a period of 5 years commencing from and including the Commencement Date;

1.5 "Contract Year" means a period of twelve (12) months commencing from and including the Commencement Date or the anniversary thereof;

1.6 "Annual Contract Quantity" means the quantity of Gas estimated to be taken by Buyer in each Contract Year during the Contract Period and Buyer's calculation of such Contract Quantity shall be given to Seller not less than two (2) months prior to the commencement of each Contract Year in the form set out in Appendix "A" which shall form part of this Agreement;

1.7 "Gas" means natural gas which conforms to the typical specifications as set out in Clause 4;

3.5 Buyer has the right to require Seller to engage a Meter examiner to examine the Meter at the cost of Buyer and if the Meter is found to be damaged, out of order or to register inaccurately as provided in the Gas Supply Regulations 1997, Seller shall reimburse Buyer for such cost of examination and proceed to repair or replace the Meter at the cost of Seller and the parties shall forthwith use their best endeavours to determine the quantity of Gas supplied by Seller when the Meter was damaged, out of order or registering inaccurately (hereinafter referred to as "the Relevant Period") provided always that all invoices rendered or to be rendered by Seller shall, unless otherwise waived by Seller, be unaffected and remain payable on due date by Buyer without deductions or set off whatsoever.

3.6 In the event that the quantity of Gas supplied as determined by the parties under Clause 3.5 is found to be more than the quantity invoiced in the Relevant Period, Seller shall invoice and Buyer shall pay for the balance of such quantity of Gas but if such quantity determined is less than the quantity so invoiced, Seller shall credit the account of Buyer with Seller for such amount overcharged.

4. QUALITY OF GAS

4.1 The quality of Gas to be supplied shall be in accordance with the following specifications (hereinafter collectively referred to as the "Quality Specifications"):

a) the Gas shall have a minimum Gross Heating Value (Volume Based) of thirty-five decimal one (35.1) MJ per Standard Cubic Metre and a maximum Gross Heating Value (Volume Based) of forty-eight decimal one (48.1) MJ per Standard Cubic Metre.

b) for the delivery of Gas at a rate commensurate with the daily quantity the approximate content of total Sulphur in the Gas shall be five decimal seven (5.7) miligram per Standard Cubic Metre.

c) the Gas shall have a maximum hydrocarbon dew point of ten degrees Celsius (10° C) at five thousand six hundred (5,600) kPa and maximum specific gravity of zero decimal seven five (0.75).

4.2 a) If at any time the Gas supplied fails to conform with the Quality Specifications Seller shall immediately notify Buyer of such deficiency.

b) In the event Seller notifies Buyer of such deficiency in accordance with paragraph a), Buyer may either:

i) refuse to accept such quality deficient Gas until the Quality Specifications are restored or

ii) continue to accept such quality deficient Gas.

In either event described in i) and ii) above, Seller shall not be liable for any loss or damage to Buyer whatsoever.

4.3 Seller shall immediately after any such failure in quality inform Buyer and give a probable duration of the failure and use its best endeavours to correct the quality deficient Gas.

5. GAS CHARGES

5.1 Total Gas charges for any Month during the Contract Period shall be computed in accordance with the tariff specified in Appendix B.

5.2 If at the end of a Contract Year the total quantity of Gas taken is different from the Contract Quantity for that Contract Year to the extent that the tariff specified in Appendix B no longer applies then Seller reserves the right to vary the above-mentioned tariff in order to reflect the Buyer's increased or reduced consumption or any other special circumstances.

5.3 Notwithstanding whatever is stated above the tariff specified in Appendix B is subject to revision by the Government of Malaysia.

6. COMPUTATION OF REIMBURSABLE COSTS

6.1 The details of the Reimbursable Costs shall be computed by Seller as set out in Appendix C. The Reimbursable Costs so computed by Seller shall save for manifest error, be conclusive, final and binding on Buyer and Seller.

7. PAYMENT

7.1 Seller will render invoices for Gas supplied hereunder and Buyer shall pay any such invoices promptly but in any event not later than the due date which shall be the 25th day of the calendar month following the month covered by such invoice.

7.2 If payment has not been received by Seller by the due date, the unpaid balance shall on and from the due date bear interest at the rate of one percent (1%) per Month and Seller may in its discretion exercise its rights to reduce, cease or disconnect the supply of Gas to Buyer or terminate this Agreement pursuant to Clause 11.

7.3 In the event that any of Buyer's cheques is dishonoured for other than technical reasons, Buyer shall:-

7.3.1 Replace such dishonoured cheque with a bank draft of the same amount and in addition pay Seller a handling charge equal to 1% of the value of the dishonoured cheque, and

7.3.2 Payment shall be made by bank draft until notified otherwise by Seller.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

SIGNED by
KUAN MUN KENG) 

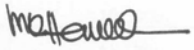
for and on behalf of

Hartalega
Sdn Bhd (75398-K)

Hartalega Sdn. Bhd.
(75398-K)

FACTORY
7 Kawasan Perusahaan Suria
45600 Batang Berjuntai
Selangor Darul Ehsan, Malaysia.
Tel: 603-32710277 / 603-32710178 Fax: 603-32710135
E-Mail: [illegible] @hartalega-bb.com.my

in the presence of :
KUAN MUN LEONG) 

SIGNED by
Muhamad Noor Hamid
Chief Executive Officer) 

for and on behalf of

Gas Malaysia Sdn. Bhd.
(240409-T)

in the presence of:
Zamri Hasan
General Manager, Marketing) 

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APPENDIX " B "

PRICING AND GAS CONSUMPTION CALCULATION

- **Tariff Price**

  - Unit Charge = RM 0.49/Sm^3
  - Minimum Volume = 25,000 Sm^3/month

- **Total Gas Charge per month** = Unit Charge x Quantity of Gas Supplied by Seller in the relevant Month

- **Quantity of Gas Supplied by Seller in the relevant Month shall be calculated as follows:-**

  Calorific Value Ratio x Volume in Standard Cubic Metre (Sm^3)

- **Conversion of Actual Cubic Metre (m^3) to Standard Cubic Metre (Sm^3).**

  Supply Pressure = 420 kPa.g
  Supply Temperature = 24.50 °C
  Compressibility Factor = 0.9917

$$Vc = Va \times \frac{Ps + 101.325}{101.325} \times \frac{273.15 + 15°C}{273.15 + Ts} \times \frac{1}{Z}$$

Where;

Vc	=	Volume in Standard Cubic Metre (Sm^3).
Va	=	Volume in Actual Cubic Metre (m^3).
Ps	=	Supply Pressure (kPag)
Ts	=	Supply Temperature (°C)
Z	=	Compressibility Factor
101.325	=	1 Atmospheric Pressure (kPa)
273.15	=	Absolute Temperature (K)
15°C	=	Temperature at Standard Condition

Quotation from Shell Dated 30.08.2007

30/08 '07 13:44 FAX 603 20912969 SHELL(M)TRADING S/B-OCF 001/001

30-Aug-2007

Confidential

Hartalega Sdn Bhd
7 Kawasan Perusahaan Suria
45600 Batang Berjuntai
Selangor

A/c no : 10222206

Attn : Mr Yong Pat Chau / Ms Catherine Ng / Pn Intan

Tel no : 03 - 32710277 / 03 - 32710178
Fax No : 03 - 32710135

Shell Malaysia Trading Sdn Bhd
(Co.No. 6087-M)
Bangunan Shell Malaysia
5th Floor, DIC/222C
Changkat Semantan, Damansara Heights
50490 Kuala Lumpur

Tel : 03-2091 2724
Fax: 03-2091 2814
H/P : 012-391 3211

Dear Valued Customer,

PRICE REVISION

We wish to inform you that the price for our product has been revised as follows :

Product :	Delivered Price excluding Duty (RM per 100 Ltr)	Government Duty (RM per 100 Ltr)	Delivered price + Gov Duty (RM per 100 Ltr)	Effective Date
Shell Diesoline	196.00	0.00	196.00	03.09.2007
Shell Light Fuel Oil	145.00	-	145.00	03.09.2007
Shell Medium Fuel Oil	142.00	-	142.00	03.09.2007

The price above is tied to market prevailing rate and will fluctuate accordingly. We will give you notice of any price change in future.

Above price is EXCLUSIVE of Government Duty.

For order, please contact our Customer Service Centre :-
Tel : 1-300-88-1338
Fax : 1-300-88-7303 (Fuels) Fax : 1-300-88-7800 (Lubes)

For Technical inquiries, please contact our Technical Call Centre :-
Tel : 03-2053 6306

Please feel free to contact us if you require any further clarification.

Yours Faithfully,
for Shell Malaysia Trading Sdn Bhd

Shereen

Shereen Hamid
Telesales Account Assistant
Email add : shereen.abd-hamid@shell.com

Specifications of Light Fuel Oil

Shell Light Fuel Oil

Shell Light Fuel Oil is used as a fuel for industrial equipment such as boilers, furnaces, ovens, heaters etc. It is normally used in average-sized installations where a lower viscosity industrial fuel oil is desirable and the fuel handling system is not particularly elaborate. It is available in Peninsular Malaysia only.

Specifications

Property	Unit	Limit	Method
Density @ 15°C	kg/l	0.991 max	D1298
Kinematic Viscosity, @ 50°C	cSt	80 max *	D445/I P71
Sulphur	% wt	3.5 max	D1552/ 4294
Flash point, PMCC	°C	62 min	D93
Pour point	°C	24 max	D97
Water	% v	0.5 max	D95
Sediment	% wt	0.15 max	D473
Gross Calorific Value	MJ/ kg	43.0 MJ/kg (typical)	D4868

* Approx. 600 secs. Redwood 1 at 100°F

\# May be calculated as per MS 122:1998:

$$Q_{gr} = (51.916 - 8.792\rho^2)\left[1 - \frac{(x+y+s)}{100}\right] + \frac{9.42s}{100}$$

where,

x = % *water*

y = % *ash*

s = % *sulphur*

ρ = *density of fuel @ 15°C*

Safety

Shell Light Fuel Oil has a flash point of min. 62°C. At ambient temperature, however, it does not produce vapour concentrations high enough to cause a safety hazard.

In the event of FIRE, dry powder, BCF or carbon dioxide extinguishers may be used. Do not use water jets as this will only cause the product to spread on top of the water.

Health

The normal conditions of storage and use of fuel oils will afford little opportunity for a health hazard, provided prolonged or repeated skin contact is avoided. Prolonged and repeated skin contact will cause "Dermatitis". It is, however, possible for hydrogen sulphide to be found in a confined space under certain circumstances, depending upon the nature of the oil.

These fuels are usually handled at elevated temperature and skin contact under such circumstances could produce a burn.

Precautions

In order to avoid skin contact with the fuel oil, appropriate working clothing must be worn (gloves, goggles, impervious overalls, aprons and boots).

Emergency Treatment

Ingestion : Do not induce vomiting. Protect the airway if vomiting begins. Give ¼ litre of milk to drink; if not available give water. The main hazard following accidental ingestion is aspiration of the liquid into the lungs, and children are more susceptible to this than adults. *Send to the hospital immediately.*

Eye Contact : Wash with copious amounts of water for at least 10 minutes.

Skin Contact : Drench the skin immediately with water. Remove contaminated clothing and wash all contaminated areas of skin with soap and water.

Inhalation : Move to fresh air. Keep the patient warm and at rest. If there is loss of consciousness, give oxygen. If breathing has stopped, give artificial respiration. ***Send to the hospital.***