



TAS OFFSHORE BERHAD

(Company No. 810179-T)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 77,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN TAS OFFSHORE BERHAD ("SHARES") AT AN ISSUE PRICE OF RM0.90 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:-

- I. 3,500,000 SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TAS OFFSHORE BERHAD AND ITS SUBSIDIARY ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE GROUP'S SUCCESS;
- II. 9,000,000 SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- III. 21,500,000 SHARES AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS; AND
- IV. 43,000,000 SHARES AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AND

OFFER FOR SALE OF 11,000,000 SHARES AT AN OFFER PRICE OF RM0.90 PER SHARE AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

IN CONJUNCTION WITH THE LISTING OF TAS OFFSHORE BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD



TAS OFFSHORE BERHAD

(Company No. 810179-T)

Lot 111-112, Sungai Ma'aw Road,
Sg. Bidut, 96000 Sibul, Sarawak, Malaysia.

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Adviser, Sole Underwriter and Sole Placement Agent

OSK

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER,
SEE "RISK FACTORS" SET OUT IN SECTION 4 OF THIS PROSPECTUS**

RESPONSIBILITY STATEMENT

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

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

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED OUR IPO. HOWEVER, THIS IS NOT AN INDICATION THAT THE SC RECOMMENDS THE IPO.

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

THE VALUATION APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SC, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SECURITIES. YOU SHOULD NOT TAKE THE AGREEMENT BY OUR SOLE UNDERWRITER TO UNDERWRITE THE IPO AS AN INDICATION OF THE MERITS OF OUR SHARES.

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

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

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

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT <http://www.bursamalaysia.com>.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE FROM THE WEBSITES OF RHB BANK BERHAD AT www.rhbbank.com.my AND MALAYAN BANKING BERHAD AT www.maybank2u.com.my (VIA HYPERLINK TO BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com) AND ON THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com AND CIMB BANK BERHAD AT www.cimbclicks.com.my.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/ PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER PRINTED COPY.

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

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

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

- I. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SUBSEQUENTLY, COMMUNICATED OR DISSEMINATED IN ANY MANNER TO OTHER PARTIES.
- II. WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

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

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISER TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. WE AND OUR ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT AN IPO OF THE IPO SHARES BASED ON THIS PROSPECTUS FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE IPO SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF THE IPO SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. WE AND OUR ADVISER REQUIRE YOU TO BE INFORMED OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE IPO SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

INDICATIVE TIMETABLE

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

| Events | Tentative Dates |
|--------------------------------------------------|------------------------|
| Opening of application for the IPO Shares | 31 July 2009 |
| Closing of application for the IPO Shares | 17 August 2009 |
| Balloting of the applications for the IPO Shares | 19 August 2009 |
| Allotment of the IPO Shares | 25 August 2009 |
| Tentative Listing Date | 28 August 2009 |

Note:-

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS OUR DIRECTORS, PROMOTERS AND/ OR OFFEROR TOGETHER WITH OUR UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE.

IN THE EVENT THE CLOSING DATE FOR APPLICATION IS EXTENDED, WE WILL ADVERTISE THE NOTICE OF THE EXTENSION IN A WIDELY-CIRCULATED ENGLISH AS WELL AS BAHASA MALAYSIA NEWSPAPERS PRIOR TO THE ORIGINAL CLOSING DATE OF THE APPLICATION. FOLLOWING THIS, THE DATES FOR THE BALLOTING OF THE APPLICATION FOR THE IPO SHARES, ALLOTMENT OF THE IPO SHARES AND LISTING WOULD BE EXTENDED ACCORDINGLY.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

| | | |
|----------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Act" | : | The Companies Act, 1965 |
| "Acquisition" | : | The acquisition by TAS Offshore of the Sale Shares from the Vendors for a total purchase consideration of RM51,500,000 to be satisfied via the issuance of 103,000,000 new TAS Offshore Shares to the Vendors |
| "ADA" | : | Authorised Depository Agent |
| "AGM" | : | Annual General Meeting |
| "Application Form" | : | Printed application form for application of the IPO Shares |
| "ATM" | : | Automated Teller Machine |
| "Authorised Financial Institution(s)" | : | The authorised financial institution(s), namely RHB Bank Berhad, CIMB Investment Bank Berhad, CIMB Bank Berhad and Malayan Banking Berhad, participating in the Internet Share Application with respect to payments for the Issue Shares |
| "Board" | : | Our Board of Directors |
| "Bursa Depository" | : | Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W) |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad (Company No. 635998-W) |
| "CCM" | : | Companies Commission of Malaysia |
| "CDS" | : | Central Depository System |
| "Central Depositories Act" | : | The Securities Industry (Central Depositories) Act, 1991 |
| "CMSA" | : | Capital Markets and Services Act, 2007 |
| "Director(s)" | : | A natural person who holds a directorship in an executive or non-executive capacity in our Company |
| "EBIDTA" | : | Earnings before interest, depreciation, taxation and amortisation |
| "Electronic Prospectus" | : | Copy of this Prospectus that is used, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs or floppy disks |
| "Electronic Share Application(s)" | : | Application(s) for the IPO Shares through a Participating Financial Institution's ATM |
| "EPS" | : | Earnings per Share |
| "FIC" | : | Foreign Investment Committee |

DEFINITIONS (CONT'D)

| | | |
|----------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "FPE" | : | Financial period ended/ ending |
| "FYE" | : | Financial year ended/ ending |
| "GDP" | : | Gross domestic product |
| "Internet Participating Financial Institution(s)" | : | Participating financial organisation(s) in the Internet Share Application |
| "Internet Share Application" | : | Application for the Issue Shares through an online shares application service provided by Internet Participating Financial Institutions |
| "IPO" | : | Initial Public Offering comprises the Public Issue and the Offer for Sale, collectively |
| "IPO Price" | : | Issue Price and Offer Price, collectively |
| "IPO Shares" | : | Issue Shares and Offer Shares, collectively |
| "Issue Price" | : | RM0.90 for each Issue Share |
| "Issue Share(s)" | : | All or part of the 77,000,000 new TAS Offshore Shares to be issued pursuant to the Public Issue, subject to the terms and conditions of the Prospectus |
| "LAT" | : | Loss after taxation |
| "LBT" | : | Loss before taxation |
| "Listing" | : | Admission to the official list of the Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of TAS Offshore comprising 180,002,000 TAS Offshore Shares on the Main Market of Bursa Securities |
| "Listing Scheme" | : | The Acquisition, Public Issue, Offer for Sale and Listing, collectively |
| "LPD" | : | 19 June 2009, being the latest practicable date prior to the issuance of this Prospectus |
| "Malaysian Public" | : | Citizens of Malaysia, permanent residents of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia |
| "Market Day(s)" | : | Any day between Monday and Friday (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities |
| "MI" | : | Minority interest |
| "MIH" | : | Malaysian Issuing House Sdn Bhd (Company No. 258345-X) |
| "MITI" | : | Ministry of International Trade and Industry |
| "NA" | : | Net assets |

DEFINITIONS (CONT'D)

| | | |
|-------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "NBV" | : | Net book value |
| "NMDSB" | : | Nguong Mee Dockyard Sdn Bhd (Company No. 79195-D) |
| "NTA" | : | Net tangible assets |
| "Offeror" | : | Datuk Lau Nai Hoh |
| "Offer for Sale" | : | Offer for sale by the Offeror of 11,000,000 TAS Offshore Shares, representing approximately 6.1% of the enlarged issued and paid-up share capital of TAS Offshore at the Offer Price, subject to the terms and conditions of the Prospectus |
| "Offer Price" | : | RM0.90 for each Offer Share |
| "Offer Share(s)" | : | 11,000,000 TAS Offshore Shares to be offered pursuant to the Offer for Sale, subject to the terms and conditions of the Prospectus |
| "Official List" | : | The official list of the Main Market of Bursa Securities |
| "OSK" | : | OSK Investment Bank Berhad (Company No. 14142-V) |
| "PAT" | : | Profit after taxation |
| "Participating Financial Institution(s)" | : | Participating financial institution(s) for the Electronic Share Application |
| "PBT" | : | Profit before taxation |
| "PRC " | : | The People's Republic of China |
| "Promoters" | : | Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Lau Choo Chin and Ng Cheng Lee, collectively |
| "Property Assets" | : | Eight (8) parcels of land on Lots 22, 100, 111, 112 Block 1 Sibu Town District, Sibu Grant No. 1217, 1218, Sibu Occupation Ticket No. 2202 and 20175 together with 3-storey Office cum Utility, 3-Storey Walk-Up Flat 1, 3-Storey Walk-Up Flat 2, 1-Storey Utility Hanger 1, 1-Storey Utility Hanger 2, 1-Storey Equipment/ Substation/ Guard House and 1-Storey Toilet Block erected thereon |
| "Public Issue" | : | Public issue of 77,000,000 new TAS Offshore Shares, representing approximately 42.8% of the enlarged issued and paid-up share capital of TAS Offshore at the Issue Price, subject to the terms and conditions of the Prospectus |
| "RM" and "Sen" | : | Ringgit Malaysia and sen, respectively |
| "ROC" | : | Registrar of Companies, Malaysia |
| "Rules" | : | Rules of the Central Depository |
| "Sale Share(s)" | : | 1,000,000 TAS Shares, representing 100% of the issued and paid-up share capital of TAS |
| "SC" | : | Securities Commission |

DEFINITIONS (CONT'D)

| | | |
|----------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "SC Guidelines" | : | The Guidelines on the Offering of Equity and Equity-Linked Securities |
| "SGD" | : | Singapore Dollar |
| "TAS" | : | Tuong Aik Shipyard Sendirian Berhad (Company No. 575152-H) |
| "TASSB" | : | Tuong Aik (Sarawak) Sdn Bhd (Company No. 35383-X) |
| "TAS Share(s)" | : | Ordinary share(s) of RM1.00 each in TAS |
| "TAS Offshore" or the "Company" | : | TAS Offshore Berhad (Company No. 810179-T) |
| "TAS Offshore Group" or the "Group" | : | TAS Offshore and its subsidiary company |
| "TAS Offshore Share(s)" or "Share(s)" | : | Ordinary share(s) of RM0.50 each in TAS Offshore |
| "UAE" | : | United Arab Emirates |
| "Underwriting Agreement" | : | Underwriting agreement dated 30 June 2009 entered into between TAS Offshore and OSK for the underwriting of 52,000,000 Issue Shares under the Public Issue |
| "US" | : | United States of America |
| "USD" | : | United States Dollar |
| "Valuer" | : | VPC Alliance (Sarawak) Sdn Bhd, a firm of independent registered valuers |
| "Vendors" | : | Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Lau Choo Chin and Ng Cheng Lee, collectively |

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GLOSSARY OF TECHNICAL TERMS

- "Anchor Handling Tug" or "AHT"** : Anchor handling tugs are vessels with high horsepower capable of towing rigs, platforms and other steel structures and secure them at specific locations. AHT are primarily used in the offshore Oil and Gas Industry. They are commonly equipped with powerful winches, other anchor handling equipment, and an open stern to allow anchors to be brought on deck. They are sometimes referred to as anchor handling Offshore Support Vessels or anchor handling vessels
- "Anchor Handling Tug Supply Vessel"** : Anchor handling tug supply vessels are similar to anchor handling tugs and perform similar anchor handling tasks, but are constructed with larger open deck space to enable the ship to also transport supplies
- "Barge"** : A barge is a type of vessel that is primarily designed for transporting cargo. It does not have its own propulsion system
- "CAD"** : Computer Aided Design
- "Classification Society"** : Within the Shipbuilding Industry, classification societies are non-governmental organisations that promote the safety and protection of the environment of ships and offshore structures. There are currently ten (10) full members of the International Association of Classification Societies, including Bureau Veritas, Germanischer Lloyd, and Nippon Kaiji Kyokai, and one associate member
- "Global Positioning System" or "GPS"** : Global Positioning System is a navigational system that uses a constellation of satellites to enable a GPS receiver to accurately determine its location, speed, direction and time. GPS is operated by the US Government, and is available for free for civilian use
- "CNC"** : Computer Numerical Control
- "Gross Tonnage" or "GT"** : Gross Tonnage is a measure of the overall size of a vessel. GT refers to the volume of all of the vessel's enclosed space (from keel to funnel) measured to the outside of the hull framing. One (1) GT is equivalent in volume to 100 cubic feet (2.83 cubic metres). Gross Tonnage has replaced Gross Register Tonnage as a measure of the overall size of a vessel but it is still a widely used term
- "Gross Register Tonnage" or "GRT"** : Gross Register Tonnage represents the total internal volume of a vessel, with some exemptions for non-productive spaces such as crew cabins. One (1) GRT is equal in volume to 100 cubic feet (2.83 cubic metres). GRT has been replaced by Gross Tonnage, but is still a widely used term
- "Hull"** : A hull refers to the body of the ship, and provides the buoyancy that keeps the ship from sinking
- "Naval Architect"** : A naval architect is a professional engineer who is responsible for the design, construction, and/ or repair of naval vessels. Among other responsibilities, naval architects create the engineering drawing of all new vessels
- "Offshore Support Vessel"** : An Offshore Support Vessel is a vessel that is primarily designed to support offshore Oil and Gas Industry platforms. Examples of Offshore Support Vessels include Anchor Handling Tugs, Anchor Handling Tug Supply Vessels, Supply Vessels, Utility Vessels and other vessels
- "R&D"** : Research and development

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- "Utility Vessel"** : An utility vessel is a general purpose Offshore Support Vessel that is designed to provide utility or general support services (except anchor handling services) to offshore Oil and Gas Industry platforms
- "Ship"** : In general, a ship refers to a large watercraft that is capable of navigation in the open ocean, away from the coast. Within the context of this report, the term "ship" may be used interchangeable with the term "vessel"
- "Shipbuilding"** : Shipbuilding refers to the activities related to the construction of ships. Modern shipbuilding activities include, among many others, the cutting, bending and welding of metal, installation of power and propulsion systems, the installation of other machinery and equipment, and testing and commissioning
- "Shipbuilding Yard"** : A shipbuilding yard refers to an area designated for shipbuilding activities, and equipped as such
- "Supply Vessel"** : A supply vessel is a vessel that is primarily designed to transport supplies to support offshore Oil and Gas Industry platforms
- "Tugboat"** : A tugboat is a vessel that is primarily designed to manoeuvre or tow other vessels
- "Watercraft"** : A watercraft is a vehicle that is designed to move across or through water, including freshwater and saltwater

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PRESENTATION OF INFORMATION

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

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

Any references to "our Company" or "the Company" or "TAS Offshore" in this Prospectus are to TAS Offshore Berhad (810179-T), reference to "Our Group" or "the Group" or "TAS Offshore Group" are to TAS Offshore Berhad and its subsidiary and reference to "we", "us", "our" and "ourselves" are to our Company. Unless the context otherwise requires, reference to "Management" are to our Directors as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Business and Market Research Consultants. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industries in which we operate. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

| Name | Address | Occupation | Nationality |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------|--------------------|
| Datu Haji Mohammed Sepuan Bin Anu <i>(Independent Non-Executive Chairman)</i> | No 3, Taman Ros Jalan Perupok Kampung Pinang Jawa 93050 Kuching Sarawak | Company Director | Malaysian |
| Datuk Lau Nai Hoh 拿督刘乃好 <i>(Managing Director/ Executive Director)</i> | Lot 100 Jalan Sg Ma'aw Sg. Bidut 96000 Sibul Sarawak | Company Director | Malaysian |
| Lau Choo Chin 刘子征 <i>(Deputy Managing Director/ Executive Director)</i> | Lot 100 Jalan Sg Ma'aw Sg. Bidut 96000 Sibul Sarawak | Company Director | Malaysian |
| Tan Sri Dato' Seri Mohd Jamil Bin Johari <i>(Independent Non-Executive Director)</i> | No 22, SS23/19D Taman SEA 47400 Petaling Jaya Selangor | Company Director | Malaysian |
| Ling Ka Chuan 林家全 <i>(Independent Non-Executive Director)</i> | No 24, Lot 6825 Lorong Taman Hui Sing 7 93350 Kuching Sarawak | Company Director | Malaysian |
| Lau Kiing Yiing 刘恭勇 <i>(Independent Non-Executive Director)</i> | No 3, 1 st Floor Lorong Pahlawan 7A2 96000 Sibul Sarawak | Company Director | Malaysian |

AUDIT COMMITTEE

| Name | Designation | Directorship |
|-----------------------------------|--------------------|---------------------------------------|
| Lau Kiing Yiing | Chairman | Independent Non-Executive Director |
| Ling Ka Chuan | Member | Independent Non-Executive Director |
| Datu Haji Mohammed Sepuan Bin Anu | Member | Independent Non-Executive Chairman |

1. CORPORATE DIRECTORY (CONT'D)

REMUNERATION COMMITTEE

| Name | Designation | Directorship |
|-------------------|--------------------|---------------------------------------|
| Ling Ka Chuan | Chairman | Independent Non-Executive Director |
| Lau Kiing Yiing | Member | Independent Non-Executive Director |
| Datuk Lau Nai Hoh | Member | Managing Director/ Executive Director |

NOMINATION COMMITTEE

| Name | Designation | Directorship |
|-------------------|--------------------|---------------------------------------|
| Ling Ka Chuan | Chairman | Independent Non-Executive Director |
| Lau Kiing Yiing | Member | Independent Non-Executive Director |
| Datuk Lau Nai Hoh | Member | Managing Director/ Executive Director |

COMPANY SECRETARY : Pauline Kon Suk Khim (MAICSA 7014905)
 2nd Floor, Lot 144
 Jalan Petanak
 93100 Kuching
 Sarawak
 Tel: 082-248491
 Fax: 082-253857

REGISTERED OFFICE : Lot 111 & 112
 Jalan Sg Ma'aw
 Sg. Bidut
 96000 Sibu
 Sarawak
 Tel: 084-310211
 Fax: 084-319139

HEAD OFFICE : Lot 111 & 112
 Jalan Sg Ma'aw
 Sg. Bidut
 96000 Sibu
 Sarawak
 Tel: 084-310211
 Fax: 084-319139
 Website: www.tasoffshore.com
 E-mail: general@tasoffshore.com

1. CORPORATE DIRECTORY (CONT'D)

- AUDITORS AND REPORTING ACCOUNTANTS** : Folks DFK & Co (AF 0502)
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel: 03-2273 2688
Fax: 03-2274 2688
- LEGAL ADVISOR FOR THE IPO** : Alvin Chong & Partners Advocates
Lots 176 & 177 (2nd floor)
Jalan Song Thian Cheok
93100 Kuching
Sarawak
Tel: 082-410111
Fax: 082-411333
- VALUER** : VPC Alliance (Sarawak) Sdn Bhd (101995-X)
Lots 216 & 217 (2nd Floor)
Jalan Haji Taha
PO Box 3019
93758 Kuching
Sarawak
Tel: 082-419200
Fax: 082-429315
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel: 03-7728 0248
Fax: 03-7728 7248
- PRINCIPAL BANKERS** : United Overseas Bank (Malaysia) Bhd (271809-K)
No. 8, Lorong 7A, Jalan Pahlawan
Jaya Li Hua Commercial Centre
96000 Sibu
Sarawak
Tel: 084-216089
Fax: 084-217089
- Public Bank Berhad (6463-H)
2, 4 & 6, Lorong 2, Jalan Tuanku Osman
96000 Sibu
Sarawak
Tel: 084-316511
Fax: 084-335739
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : OSK Investment Bank Berhad (14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2333 8333
Fax: 03-2175 3217

1. CORPORATE DIRECTORY (CONT'D)

| | | |
|------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISSUING HOUSE | : | Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2693 2075 Fax: 03-2693 0858 |
| SHARE REGISTRAR | : | Symphony Share Registrars Sdn Bhd (378993-D) 26 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2721 2222 Fax: 03-2721 2530 |
| LISTING SOUGHT | : | Main Market of Bursa Securities |

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2. PROSPECTUS SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND THE IPO AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 Our History

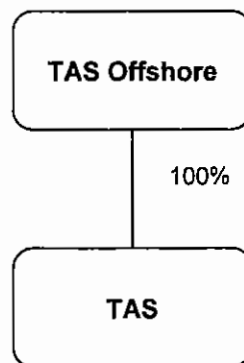
We were incorporated in Malaysia on 18 March 2008 under the Act as a public limited company under the name of TAS Offshore Berhad. We were incorporated and commenced as an investment holding company to facilitate our Listing.

As part of our Listing Scheme, we had, on 26 November 2008 entered into a Share Sale agreement with the Vendors to acquire the entire issued and paid-up share capital of TAS for a purchase consideration of RM51,500,000. Through our wholly-owned subsidiary, TAS, we are principally involved in Shipbuilding and ship repairing.

The vessels that are constructed by us are built in accordance with stringent international maritime standards. We currently construct vessels under the governance of Bureau Veritas, Nippon Kaiji Kyokai, and Germanisher Lloyd classification bodies.

Our achievements have been recognised by external bodies whereby in 2006, TAS was awarded "2nd Position out of the Top 10 Golden Bull Award 2006" organised by Nanyang Siang Pau, Malaysian Chinese language daily newspaper.

The present corporate structure of our Group is as follows:-



Further information on our history, Group structure, Listing Scheme and achievements are set out in Section 5 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.2 Ownership and Management

Our Promoters, Directors, substantial shareholder and key management are set out below:-

2.2.1 Promoters

| Name | Designation |
|----------------------|----------------------------------------------|
| Datuk Lau Nai Hoh | Managing Director/ Executive Director |
| Datin Hii Kiong Thai | - |
| Lau Choo Chin | Deputy Managing Director/ Executive Director |
| Ng Cheng Lee | Senior Production Manager |

2.2.2 Substantial Shareholder

| Name | Designation |
|-------------------|---------------------------------------|
| Datuk Lau Nai Hoh | Managing Director/ Executive Director |

2.2.3 Directors

| Name | Designation |
|------------------------------------------|----------------------------------------------|
| Datu Haji Mohammed Sepuan Bin Anu | Independent Non-Executive Chairman |
| Datuk Lau Nai Hoh | Managing Director/ Executive Director |
| Lau Choo Chin | Deputy Managing Director/ Executive Director |
| Tan Sri Dato' Seri Mohd Jamil Bin Johari | Independent Non-Executive Director |
| Ling Ka Chuan | Independent Non-Executive Director |
| Lau Kling Yiing | Independent Non-Executive Director |

2.2.4 Key Management

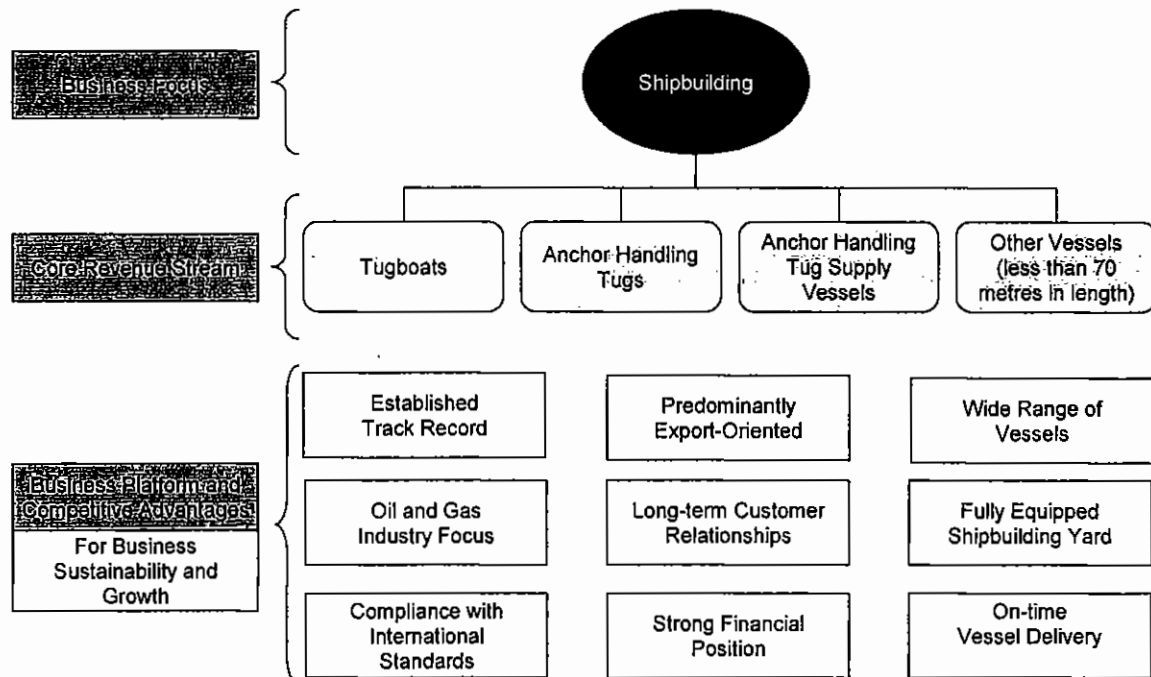
| Name | Designation |
|--------------------------|----------------------------------------------|
| Datuk Lau Nai Hoh | Managing Director/ Executive Director |
| Lau Choo Chin | Deputy Managing Director/ Executive Director |
| Ng Cheng Lee | Senior Production Manager |
| Tan Shang Hai | Corporate Planning & Development Manager |
| Hii Chai Hung | Group Accountant |
| Christina Wong Siew Ping | Human Resources and Administration Manager |
| Lau Choo Kuang | Procurement and Inventory Manager |
| Lau Siew Ling | Finance Manager |
| Lau Chu Hua | Electronic Data Processing Manager |

A detailed description of our Promoters, Directors, substantial shareholder and key management and their direct and indirect shareholdings in our Company, are set out in Section 8 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.3 Business Model

Our business model can be depicted as follows:-



2.3.1 Business Focus

We are primarily involved in Shipbuilding where we have in place all the resources and facilities including engineers and skilled workers, Shipbuilding Yard, and machinery and equipment to construct fully functional vessels. All of the vessels constructed by us comply with international standards.

2.3.2 Core Revenue Stream

Our core revenue stream is focused on building various types of vessel less than 70 metres in length. In addition, we are able to undertake conversions of vessels, for example from deck barge to container vessel, as well as repair of vessels.

The vessels constructed by our Group are predominantly sold to overseas customers showing a strong indication that our Group can comply with the requirements of overseas customers in addition to being internationally competitive and established.

2. PROSPECTUS SUMMARY (CONT'D)

2.3.2 Business Platform and Competitive Advantages

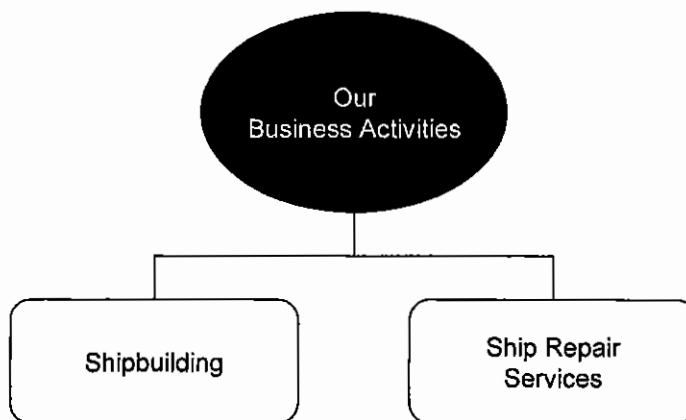
Our business is supported by a strong platform of strengths and competitive advantages to sustain the business as well as to support growth. These key competitive advantages are as set out below:-

- i. Established track record;
- ii. Predominantly Export-Oriented;
- iii. Wide Range of Vessels;
- iv. Oil and Gas Industry Focus;
- v. Long-term Customer Relationship;
- vi. Fully Equipped Shipbuilding Yard;
- vii. Compliance with International Standards;
- viii. Strong Financial Position; and
- ix. On-time Vessel Delivery.

Further information on our business model are set out in Section 6.1 of this Prospectus.

2.4 Business Activities

Our business activities are depicted below:-



Our principal business activity is in Shipbuilding whilst our secondary business is in the provision of ship repair services.

2.4.1 Shipbuilding

Since the commencement of our Shipbuilding activities, we have successfully built over 150 vessels for both the overseas and local markets. We currently construct vessels in a range of sizes, ranging from 23 metres to 60 metres in length. As at LPD, we primarily constructed Tugboats, Anchor Handling Tugs and Anchor Handling Tug Supply Vessels.

2. PROSPECTUS SUMMARY (CONT'D)

2.4.1.1 Shipbuilding Activities

Our main Shipbuilding activities include:-

- i. Hull and superstructure construction;
- ii. Propulsion and power system installation;
- iii. Communication, navigation and surveillance systems installation;
- iv. Machinery and equipment installation;
- v. Interior fit-out;
- vi. Painting; and
- vii. Vessel testing and commissioning.

2.4.1.2 Type of Vessels Constructed by Us

- i. Tugboats;
- ii. Anchor Handling Tugs;
- iii. Anchor Handling Tug Supply Vessels; and
- iv. Other vessels.

2.4.2 Ship Repair Services

The slipway and afloat ship repairing services currently provided by us include:-

- i. Routine marine engine, machinery and equipment inspection and maintenance;
- ii. Routine piping and wiring inspection and maintenance;
- iii. Repainting;
- iv. Repairing damage from minor marine accidents; and
- v. Installing equipment.

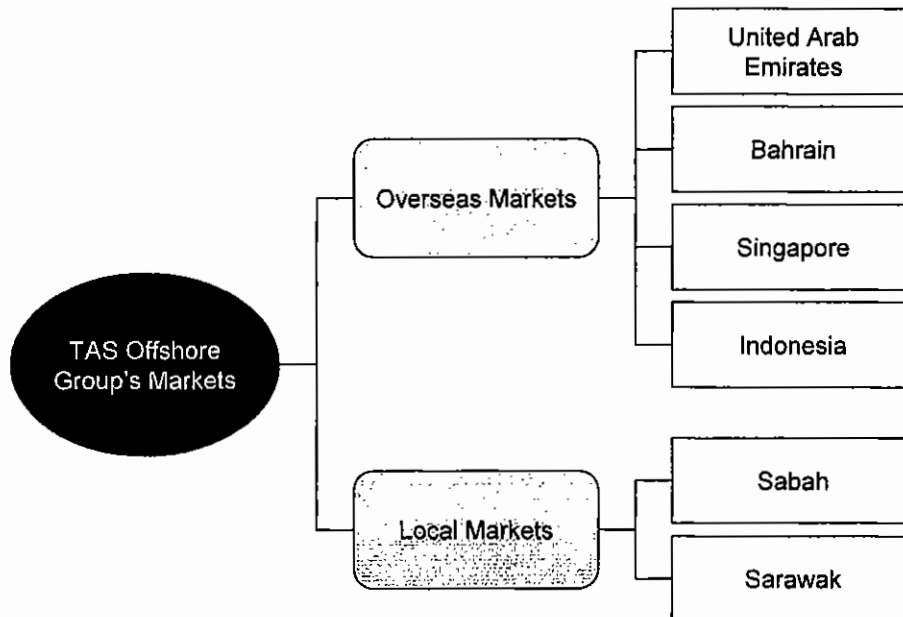
Further information on our business activities are set out in Section 6.2 of this Prospectus.

2.5 Our Principal Markets

Our business is predominantly export-oriented which provides us with the global market as the platform to sustain and grow the business. Our predominant export coverage is an indication of our ability to meet the needs, specifications and standards of international customers.

2. PROSPECTUS SUMMARY (CONT'D)

Our local and overseas markets can be depicted as follows:-



Further information on our principal markets are set out in Section 6.4 of this Prospectus.

2.6 Technologies Employed

The following are the technologies employed which relate to our Shipbuilding, multidiscipline engineering and other related fields of our Shipbuilding activities:-

- i. Hydrodynamic hull technology;
- ii. Welding technology;
- iii. Mechanical engineering; and
- iv. Electrical engineering.

Further information on our technologies employed are set out in Section 6.8 of this Prospectus.

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2. PROSPECTUS SUMMARY (CONT'D)

2.7 Financial Highlights

2.7.1 Income statements

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) FYE 31 May 2008 and the ten (10)-month FPE 31 March 2008 and 31 March 2009, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter included in the proforma consolidated financial information set out in Sections 13 and 15 of this Prospectus.

| | FYE 31 May 2006 | FYE 31 May 2007 | FYE 31 May 2008 | Ten (10)- month FPE 31 March 2008 ^{*1} | Ten (10)- month FPE 31 March 2009 |
|---------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 68,808 | 74,239 | 121,346 | 82,276 | 110,056 |
| Gross profit | 9,981 | 16,218 | 19,967 | 14,408 | 22,117 |
| Other operating income | 103 | 1,193 | 1,536 | 1,241 | 1,920 |
| Operating profit | 8,175 | 15,382 | 17,954 | 13,023 | 20,603 |
| Finance costs | (36) | (40) | (47) | (42) | (57) |
| PBT | 8,139 | 15,342 | 17,907 | 12,981 | 20,546 |
| Taxation | (296) | (613) | (1,869) | (1,133) | (4,792) |
| PAT | <u>7,843</u> | <u>14,729</u> | <u>16,038</u> | <u>11,848</u> | <u>15,754</u> |
| EBIDTA | 9,429 | 16,572 | 19,294 | 14,079 | 21,953 |
| Number of ordinary shares in TAS Offshore had TAS Offshore Group been in existence ('000) ^{*2} | 103,002 | 103,002 | 103,002 | 103,002 | 103,002 |
| Gross profit margin (%) | 14.51 | 21.85 | 16.45 | 17.51 | 20.10 |
| PAT margin (%) | 11.40 | 19.84 | 13.22 | 14.40 | 14.31 |
| EPS (sen) | | | | | |
| - Basic | 7.61 | 14.30 | 15.57 | 11.50 | 15.29 |
| - Diluted ^{*3} | - | - | - | - | - |

Notes:-

^{*1} Unaudited and included for the purposes of comparison only

^{*2} Based on the issued and paid-up share capital of 103,002,000 ordinary shares of RM0.50 each immediately prior to the Public Issue

^{*3} Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial years and period under review

^{*4} There were no exceptional or extraordinary items throughout the financial years and period under review

2. PROSPECTUS SUMMARY (CONT'D)

2.7.2 Balance sheets

The following table sets out a summary of the proforma consolidated balance sheets based on our audited consolidated financial statements as at 31 March 2009 to show the effects of the Acquisition, the Public Issue, the Offer for Sale and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 March 2009. The proforma consolidated balance sheets are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in Section 15 of this Prospectus.

| | As at 31 March 2009 RM'000 | Proforma I After the Acquisition RM'000 | Proforma II After I and the Public Issue and Offer for Sale RM'000 | Proforma III After II and utilisation of proceeds RM'000 |
|----------------------------------------|-------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | - | 12,772 | 12,772 | 22,772 |
| Prepaid land lease payments | - | 10,096 | 10,096 | 10,096 |
| | - | 22,868 | 22,868 | 32,868 |
| Current assets | | | | |
| Inventories | - | 20,284 | 20,284 | 20,284 |
| Amount due from contract customers | - | 42,870 | 42,870 | 42,870 |
| Trade receivables | - | 13,503 | 13,503 | 13,503 |
| Other receivables | 890 | 14,218 | 14,218 | 13,328 |
| Tax recoverable | - | - ^{*1} | - ^{*1} | - ^{*1} |
| Cash and bank balances | - ^{*1} | 7,055 | 76,355 | 64,245 |
| | 890 | 97,930 | 167,230 | 154,230 |
| TOTAL ASSETS | 890 | 120,798 | 190,098 | 187,098 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 1 | 51,501 | 90,001 | 90,001 |
| Share premium | - | - | 30,800 | 27,800 |
| (Accumulated losses)/ Retained profits | (17) | 1,230 | 1,230 | 1,230 |
| Total equity | (16) | 52,731 | 122,031 | 119,031 |
| Non-current liabilities | | | | |
| Hire purchase payables | - | 69 | 69 | 69 |
| Term loans (secured) | - | 1,001 | 1,001 | 1,001 |
| Deferred tax liabilities | - | 2,870 | 2,870 | 2,870 |
| | - | 3,940 | 3,940 | 3,940 |
| Current liabilities | | | | |
| Amount due to contract customers | - | 11,102 | 11,102 | 11,102 |
| Trade payables | - | 24,767 | 24,767 | 24,767 |
| Other payables | 906 | 3,097 | 3,097 | 3,097 |
| Hire purchase payables | - | 167 | 167 | 167 |
| Term loans (secured) | - | 281 | 281 | 281 |
| Bank overdraft (secured) | - | 2,164 | 2,164 | 2,164 |
| Other bank borrowings (secured) | | | | |
| - Bankers' acceptances | - | 645 | 645 | 645 |
| - Revolving credit | - | 19,663 | 19,663 | 19,663 |
| Taxation | - | 2,241 | 2,241 | 2,241 |
| | 906 | 64,127 | 64,127 | 64,127 |

2. PROSPECTUS SUMMARY (CONT'D)

| | As at 31 March 2009 RM'000 | Proforma I After the Acquisition RM'000 | Proforma II After I and the Public Issue and Offer for Sale RM'000 | Proforma III After II and utilisation of proceeds RM'000 |
|-------------------------------------|-------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Total liabilities | 906 | 68,067 | 68,067 | 68,067 |
| TOTAL EQUITY AND LIABILITIES | 890 | 120,798 | 190,098 | 187,098 |
| Number of shares ('000) | 2 | 103,002 | 180,002 | 180,002 |
| (NL)/ NA (RM'000) | (16) | 52,731 | 122,031 | 119,031 |
| (NL)/ NA per share (RM) | (8.00) | 0.51 | 0.68 | 0.66 |
| (NTL)/ NTA (RM'000) ² | (16) | 42,635 | 111,935 | 108,935 |
| (NTL)/ NTA per share (RM) | (8.00) | 0.41 | 0.62 | 0.61 |
| Total borrowings (RM'000) | - | 23,990 | 23,990 | 23,990 |
| Gearing ratio (times) | - | 0.45 | 0.20 | 0.20 |

Notes:-

¹ Negligible

² For the purposes of calculating NTA, the prepaid land lease payments have been excluded as such payments are treated as intangible assets

Further details of our financial information are set out in Section 12 of this Prospectus.

2.8 Principal Statistics Relating to Our IPO

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

| | RM |
|-----------------------------------------------------------------------------|--------------------|
| i. Share capital | |
| Authorised share capital:- | |
| 200,000,000 TAS Offshore Shares | <u>100,000,000</u> |
| Issued and paid-up share capital as at the date of this Prospectus:- | |
| 103,002,000 TAS Offshore Shares | 51,501,000 |
| Shares to be issued pursuant to the Public Issue:- | |
| 77,000,000 TAS Offshore Shares | 38,500,000 |
| Enlarged issued and paid-up share capital upon admission | |
| 180,002,000 TAS Offshore Shares | <u>90,001,000</u> |
| Shares to be offered pursuant to the Offer for Sale | |
| 11,000,000 TAS Offshore Shares | <u>5,500,000</u> |
| ii. IPO Price for each IPO Share | 0.90 |
| iii. Market capitalisation of our Company based on the IPO Price | 162,001,800 |

2. PROSPECTUS SUMMARY (CONT'D)

RM

iv. Proforma NTA based on our Proforma Consolidated Balance Sheets as at 31 March 2009

| | |
|---------------------------------------------------|-------------|
| Proforma NTA upon Listing ^{*1} | 108,934,962 |
| Proforma NTA per Share upon Listing ^{*2} | 0.61 |

v. Classes of Shares and ranking

We have only one (1) class of shares, namely ordinary shares of RM0.50 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued and paid-up ordinary shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Notes:-

^{*1} After taking into account our Public Issue of 77,000,000 new TAS Offshore Shares at the Issue Price and after deducting estimated listing expenses of RM3,000,000

^{*2} Based on our enlarged issued and paid-up share capital after our Public Issue of 180,002,000 TAS Offshore Shares

Further details on our IPO are set out in Section 3 of this Prospectus.

2.9 Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to approximately RM69,300,000 will accrue entirely to us and are expected to be utilised in the following manner:-

| Details of Utilisation | Timeframe for utilisation upon Listing | Amount RM'000 |
|----------------------------------|----------------------------------------|---------------|
| Expansion of existing operations | Within 36 months | 10,000 |
| Working capital | Within 36 months | 56,300 |
| Estimated listing expenses | Upon Listing | 3,000 |
| | | 69,300 |

Further details of our utilisation of proceeds are set out in Section 3.9 of this Prospectus.

2.10 Risk Factors

An investment in shares listed or to be listed on Bursa Securities involves a number of risks. You should rely on your own evaluations and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to the other information contained elsewhere in this Prospectus, before applying for any of the IPO Shares, which are the subject of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:-

i. Risks relating to our IPO

- no prior market for our Shares
- delay in or abortion of our Listing
- continued control by our Promoters

ii. Risks relating to our operations

- dependence on major customers
- dependence on key geographical markets
- dependence on major suppliers
- business risk
- competition risk
- dependence on Directors and key personnel
- long lead-time for marine engines
- risk of industrial disputes
- insurance coverage of assets
- breakdown of fire, energy crisis and other emergency crisis
- foreign exchange risks

iii. Risks relating to our industry

- dependence on the Oil and Gas Industry
- decline in shipping charter rates
- availability of main raw materials
- fluctuating price of steel
- dependency on imports
- risk of termination of contracts
- risk of delay in vessel delivery

iv. Other risks

- political, economic and regulatory risk
- downturn in the global economy
- investment activities risk
- forward-looking statements

Further details on the risk factors are set out in Section 4 of this Prospectus.

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3. DETAILS OF THE IPO

3.1 Introduction

This Prospectus is dated 31 July 2009.

We have obtained the SC's approval on 11 March 2009 in respect of the IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO.

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

An application for the Listing shall be made to Bursa Securities within three (3) Market Days from the date of this Prospectus for admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities failing which any allotment of our Shares made pursuant to acceptance of applications for the IPO Shares shall be void and shall be repaid without interest all monies received from such application. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

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

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

Pursuant to the requirements of Bursa Securities, at least 25% of the total number of our Shares for which listing is sought must be in the hands of 1,000 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to meet this public shareholding requirement at the point of Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In such event, we will return in full, without interest, monies paid in respect of all successful applications for the IPO.

You must have a CDS account when applying for the IPO Shares. In the case of an application by way of Application Form, you should state your CDS account in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account at an ADA prior to making an application for our IPO Shares.

3. DETAILS OF THE IPO (CONT'D)

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services with Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Internet Share Application.

You should rely on the information contained in this Prospectus. Neither us, our Offeror nor our Adviser have authorised anyone to provide you with the information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

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

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to subscribe for any IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation is not authorised or lawful. This Prospectus shall also not be used to make an offer or invitation of our Shares to any person to whom it is unlawful to do so.

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

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

3.2 Purposes of the IPO

Our purpose and objective of the IPO are as follows:-

- i. To raise funds for our continued operation and expansion, details of which are elaborated in Section 3.9 below;

3. DETAILS OF THE IPO (CONT'D)

- ii. To enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities;
- iii. To enable us to gain access to the capital market for our future expansion and growth; and
- iv. To provide an opportunity for the investing community, including the Malaysian Public, Directors and employees of our Group and persons who have contributed to the success of our Group, to participate in our equity and continuing growth.

3.3 Share Capital

| | RM |
|----------------------------------------------------------------------------------------------------------------|--------------------|
| Authorised share capital:- 200,000,000 TAS Offshore Shares | <u>100,000,000</u> |
| Issued and paid-up share capital as at the date of this Prospectus:- 103,002,000 TAS Offshore Shares | 51,501,000 |
| Shares to be issued pursuant to the Public Issue:- 77,000,000 TAS Offshore Shares | 38,500,000 |
| Enlarged issued and paid-up share capital upon admission 180,002,000 TAS Offshore Shares | <u>90,001,000</u> |
| Shares to be offered pursuant to the Offer for Sale 11,000,000 TAS Offshore Shares | <u>5,500,000</u> |
| Market capitalisation of our Company based on the IPO Price | 162,001,800 |

You are to pay in full on application the IPO Price of RM0.90 for each IPO Share.

We have only one (1) class of shares, namely ordinary shares of RM0.50 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

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

You are entitled to vote at any of our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present in the general meeting, who is a shareholder shall have one (1) vote, and on poll, every shareholder presents in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every Share held. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3. DETAILS OF THE IPO (CONT'D)

3.4 Opening and Closing of Applications

Your applications will be accepted from 10.00 a.m. on 31 July 2009 and will close at 5.00 p.m. on 17 August 2009 or such other later time and date or dates as our Directors and our Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

3.5 Indicative Timetable

The indicative timing of events leading up to the Listing is set out below:-

| Events | Tentative Dates |
|----------------------------------------------|-----------------|
| Opening of application for the IPO Shares | 31 July 2009 |
| Closing of application for the IPO Shares | 17 August 2009 |
| Balloting of applications for the IPO Shares | 19 August 2009 |
| Allotment of the IPO Shares | 25 August 2009 |
| Tentative Listing date | 28 August 2009 |

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application will close at the date stated above or such later date as our Directors, Promoters and/ or Offeror together with our Underwriter in their absolute discretion may decide.

In the event the closing date for application is extended, we will advertise the notice of the extension in a widely-circulated English as well as Bahasa Malaysia newspapers prior to the original closing date of the application. Following this, the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

3.6 Details of the IPO

We will undertake the Public Issue and Offer for Sale in conjunction with our Listing on the Main Market of Bursa Securities.

3.6.1 Public Issue

Our Public Issue of a total of 77,000,000 Issue Shares, representing approximately 42.8% of our enlarged issued and paid-up share capital, at an issue price of RM0.90 per Issue Share shall be payable in full on application subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the manner as set out below:-

i. Our eligible Directors, employees and persons who have contributed to the success of our Group

3,500,000 Issue Shares representing 1.9% of our enlarged issued and paid-up share capital will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

3. DETAILS OF THE IPO (CONT'D)

All of the 3,500,000 Issue Shares have been allocated to eligible Directors and employees based on their respective position, length of service and degree of contribution to the success of our Group and to persons who have contributed to the success of our Group based on their levels of contribution. Based on the criteria, there are 128 Directors, employees and persons who have contributed to the success of our Group, who are eligible to take up the reserved Issue Shares.

Details of the proposed allocation to our Directors are as follows:-

| Directors | Designation | Number of Shares allocated |
|------------------------------------------|----------------------------------------------|----------------------------|
| Datu Haji Mohammed Sepuan Bin Anu | Independent Non-Executive Chairman | 15,000 |
| Datuk Lau Nai Hoh | Managing Director/ Executive Director | - |
| Lau Choo Chin | Deputy Managing Director/ Executive Director | 100,000 |
| Tan Sri Dato' Seri Mohd Jamil Bin Johari | Independent Non-Executive Director | 10,000 |
| Ling Ka Chuan | Independent Non-Executive Director | 10,000 |
| Lau Kiing Yiing | Independent Non-Executive Director | 10,000 |

ii. Malaysian Public

9,000,000 Issue Shares representing 5.0% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public.

iii. Placement to identified investors

21,500,000 Issue Shares representing 11.9% of our enlarged issued and paid-up share capital will be made available for application by way of placement to identified investors.

iv. Placement to Bumiputera investors approved by the MITI

43,000,000 Issue Shares representing 23.9% of our enlarged issued and paid-up share capital will be made available for application by way of placement to Bumiputera investors approved by the MITI.

3.6.2 Offer for Sale

11,000,000 Offer Shares, representing 6.1% of our enlarged issued and paid-up share capital, at an offer price of RM0.90 per Offer Share will be offered for sale by way of placement to Bumiputera investors approved by the MITI.

3. DETAILS OF THE IPO (CONT'D)

All the 52,000,000 Issue Shares comprising 9,000,000 Issue Shares available for application by the Malaysian Public and 43,000,000 Issue Shares available for application by way of placement to Bumiputera investors approved by the MITI in respect of subsections 3.6.1 (ii) and (iv) of this Prospectus have been fully underwritten by our Sole Underwriter.

The 36,000,000 IPO Shares comprising 3,500,000 Issue Shares available for application by our eligible Directors, employees and persons who have contributed to our Group's success, 21,500,000 Issue Shares available for application by way of placement to identified investors and 11,000,000 Offer Shares available for application by way of placement to the Bumiputera investors approved by the MITI in respect of subsection 3.6.1 (i), (iii) and 3.6.2 of this Prospectus are not underwritten. Irrevocable undertakings have been obtained from selected investors to take up the 21,500,000 Issue Shares and 11,000,000 Offer Shares available under the private placement and Offer for Sale respectively.

Any Issue Shares not subscribed for by the Bumiputera investors approved by the MITI shall be made available for application by the Malaysian Bumiputera public as part of the IPO balloting process. Thereafter, any Issue Shares that were reallocated to the Malaysian Bumiputera public as part of the IPO balloting process and not taken up shall be made available for application by the Malaysian Public. Any unsubscribed Issue Shares not taken up by the Malaysian Public will then be offered to the identified investors under the placement, if there is demand.

The minimum number of TAS Offshore Shares to be subscribed after the IPO is all the IPO Shares available under the IPO in order for us to meet the public spread requirement i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List.

All our IPO Shares to be issued/ offered pursuant to the IPO shall rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

3.7 Basis of Arriving at the IPO Price

Prior to the IPO, there has been no public market for our Shares. The IPO Price of RM0.90 per IPO Share was determined and agreed upon by our Directors, Offeror together with OSK, our Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration the following factors:-

- i. Our operating history and the nature of our business as described in Sections 5 and 6 of this Prospectus;
- ii. The future prospects of the industry in which we operate in, future plans and strategies and our prospects as described in Section 7 of this Prospectus;
- iii. Our financial history as described in Section 12 of this Prospectus. Our Group recorded a proforma consolidated PAT of approximately RM16.04 million for the FYE 31 May 2008. Based on our issue/ offer price of RM0.90 per issue/ offer share and our enlarged issued and paid-up share capital upon Listing of approximately 180 million TAS Offshore Shares, our net EPS is approximately RM0.09, which translates into a proforma net price-earnings multiple of approximately 10 times;

3. DETAILS OF THE IPO (CONT'D)

- iv. Our Group's proforma consolidated NA of approximately RM119.03 million or RM0.66 per Share after the Listing and the utilisation of the proceeds raised from the Public Issue assuming the Listing was completed on 31 March 2009; and
- v. The prevailing market conditions which include amongst others, current market trends and investor sentiments; and
- vi. To make the IPO Price affordable to the general public as well as to increase liquidity.

Our Directors, Offeror together with OSK are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

You should note that the market price of our Shares upon listing on the Main Market of Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of the IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares.

3.8 Market Capitalisation upon Listing

Based on the IPO Price of RM0.90 per IPO Share and our enlarged issued and paid-up share capital of 180,002,000 Shares, our market capitalisation upon Listing will be RM162,001,800.

3.9 Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to approximately RM69,300,000 will accrue entirely to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

The proceeds from our Public Issue are expected to be utilised in the manner as set out below:-

| Details of Utilisation | Timeframe for utilisation upon Listing | Notes | Amount RM'000 |
|----------------------------------|----------------------------------------|-------|---------------|
| Expansion of existing operations | Within 36 months | (i) | 10,000 |
| Working capital | Within 36 months | (ii) | 56,300 |
| Estimated listing expenses | Upon Listing | (iii) | 3,000 |
| | | | 69,300 |

Notes:-

i. Expansion of existing operations

The proceeds used for expansion of existing operations will be utilised for the acquisition of equipments and machineries such as gantry cranes and upgrading of existing shipyards to ensure smooth running of our operations, to improve the infrastructure and operation efficiency of our shipyard as well as to increase our production capabilities.

3. DETAILS OF THE IPO (CONT'D)

ii. Working capital

The proceeds earmarked for working capital will be utilised to finance our day to day operations which includes, amongst others, general expenses, purchase of raw materials and repayment of creditors and payment of staff related expenses. The proceeds utilised will improve our liquidity and fund our operating expenses.

Part of the proceeds raised from the Public Issue will be used to fund our planned new "build, own and sell ships" and "build, own and charter ships" business activities, which we may undertake depending on market conditions which include, amongst others, demand for ships and chartering services. These new business activities will allow us to diversify our business and are expected to enhance our revenue stream. These new business activities require huge sum of capital outlay and are capital intensive in nature. For example, the working capital requirements to construct a vessel, depending on the length of the vessel, ranges between RM17 million to RM28 million. We have commenced our "build, own and sell ships" activity in 2009 and we plan to begin our "build, own and charter ships" activity in 2010. In the event the planned "build, own and charter ships" activity could not be carried out, we will utilise these proceeds to fund our "build, own and sell ships" activity.

A vessel constructed under the "build, own and sell" basis is usually more marketable and command a higher premium as compared to a vessel built upon a secured contract. Customers are able to immediately take possession on a functioning vessel rather than waiting for approximately one (1) year to one and a half (1.5) years before a contracted vessel is fully completed.

Notwithstanding the fact that we have limited experience in chartering business, we will actively seek partners with established vessel chartering operators to provide our vessel chartering services.

Pending the utilisation of the proceeds from the Public Issue for the abovementioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions or short term money market instruments.

iii. Estimated listing expenses

We will bear all expenses and fees incidental relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, which include underwriting commission, brokerage fees, placements fees, professional fees, and other fees.

In the event of an excess/ deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

Our Offeror will bear all expenses and fees incidental relating to the Offer for Sale.

3.9.1 Financial Impact Arising from the Utilisation of Proceeds

We expect the utilisation of proceeds from the Public Issue to:-

i. Increase efficiency and productivity

Our Group will use the proceeds to expand our current capabilities and capacity, to upgrade our shipyard and further expansion and venture into the build, own and sell/ charter ships activities. This will enhance the revenues of our Group as our business base expands over the next few years. These new business opportunities will give our Group added flexibility in terms of utilisation of human capital and assets of our Group.

ii. Enhancement of capital structure

It is our objective to minimise our gearing to enable our Group to have the flexibility to invest in new facilities and projects and to raise financing as and when the opportunities arise.

Pending the utilisation of the proceeds from the Public Issue for the abovementioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions or short term money market instruments.

3. DETAILS OF THE IPO (CONT'D)

3.10 Underwriting Commission, Brokerage, Placement Fees and Listing Expenses

3.10.1 Underwriting Commission

OSK, as our Sole Underwriter has agreed to underwrite 52,000,000 Issue Shares comprising 9,000,000 Issue Shares to be made available for application by the Malaysian Public and 43,000,000 Issue Shares to be made available for application by way of placement to Bumiputera investors approved by the MITI. We will pay an underwriting commission at the rate of 1.0% of the issue price of RM0.90 for each Issue Share in respect of the 52,000,000 Issue Shares.

There is a *force majeure* clause in the Underwriting Agreement dated 30 June 2009 which allows our Underwriter to withdraw from its obligation under the underwriting arrangement under adverse circumstances. An extract of the *force majeure* clause is provided below:-

"Notwithstanding anything herein contained, the Underwriter may in its reasonable opinion at any time before the Closing Date, by notice in writing delivered to the Company terminate the obligations of the Underwriter under this Agreement upon the occurrence of the following events:

- (i) changes in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Public Issue and the listing of and quotation for the Offer Shares;*
- (ii) national disorder, outbreak of war, Act of God or the declaration of a state of national emergency;*
- (iii) material changes in law, regulation, directive, policy or ruling in any jurisdiction which may seriously affect the business of the Group;*
- (iv) the Kuala Lumpur Composite Index has dropped to below 700 points and has stayed below 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive; or*
- (v) the imposition of any moratorium, suspension, or material restriction on trading in all securities generally on Bursa Malaysia Securities Berhad for three (3) consecutive Market Days;*

and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 19, and of the Underwriting Commission in Clause 12 incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder."

3. DETAILS OF THE IPO (CONT'D)

3.10.2 Brokerage Fee

We will pay the brokerage fee in respect of the Issue Shares at the rate of 1.0% of the issue price of RM0.90 per Issue Share in respect of successful applications which bear the stamps of either OSK, a participating organisation of Bursa Securities, a member of Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association and/or MIH. Brokerage fee in respect of the Offer Shares shall be borne by the Offeror.

3.10.3 Placement Fee

We will pay our Sole Placement Agent a placement fee at the rate of 1.75% of the value of the Issue Shares at the issue price of RM0.90 per Issue Share to be placed out to placees identified by our Sole Placement Agent and a placement fee at the rate of 0.5% of the Issue Shares at the issue price of RM0.90 per Issue Share to be placed out to placees identified by our Group. Placement fee in respect of the Offer Shares shall be borne by our Offeror.

3.10.4 Listing Expenses

Listing expenses are estimated at approximately RM3,000,000 with the following estimated breakdown:-

| | RM |
|---------------------------------|-------------------------|
| Professional fees | 850,000 |
| Fees payable to authorities | 150,500 |
| Underwriting and placement fees | 900,000 |
| Brokerage fees | 81,000 |
| Printing and advertising fees | 500,000 |
| Issuing house expenses | 130,000 |
| Miscellaneous | 388,500 |
| Total | <u>3,000,000</u> |

3.11 Salient Terms of the Underwriting Agreement

The other salient terms as extracted from our Underwriting Agreement with the Underwriter are as follows:-

"4. CONDITIONS PRECEDENT

The obligations of the Underwriter under this Agreement shall be conditional upon the following:-

- (a) *this Agreement having been duly executed by all the parties hereto and duly stamped;*
- (b) *the issue of the Public Issue Shares having been approved by the Securities Commission and or any other relevant authority and the shareholders of the Company in General Meeting;*

3. DETAILS OF THE IPO (CONT'D)

- (c) *the listing of and quotation for the Offer Shares/ issued and paid up capital of the Company on the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn and the Underwriter being reasonably satisfied that such listing and quotation shall be granted within fourteen (14) clear Market Days after an application for quotation is made to the Stock Exchange;*
- (d) *the Prospectus being in form and substance satisfactory to the Underwriter;*
- (e) *the Prospectus having been registered with the Securities Commission and lodged with the CCM within one (1) month from the date of this Agreement, or within such other period as the parties may mutually agree in writing;*
- (f) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue or the occurrence of any event rendering untrue, inaccurate or incorrect any of the representations or warranties contained in Clause 5(1) hereof;*
- (g) *there shall not have occurred, on or prior to the Closing Date, any breach of and or failure to perform any of the undertakings contained in Clause 5(1) hereof;*
- (h) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;*
- (i) *the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*
- (j) *the delivery of the following documents to the Underwriter on or before the Closing Date:*
 - (i) *such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and the listing of and quotation for the Offer Shares and/or the Underwritten Shares; and*
 - (ii) *a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(j)(i) above;*

3. DETAILS OF THE IPO (CONT'D)

- (k) *the Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company; and/or*
- (l) *the Prospectus having been issued within three (3) month of the date hereof or within such extended period as may be consented to in writing by the Underwriter;*
- (m) *an application being made to the Stock Exchange within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the Stock Exchange (where applicable).*

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (1) *The commitment of the Underwriter to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite,*
 - (A) *the Company, hereby jointly and severally represent and warrant to the Underwriter:-*
 - (a) *that each of the Company and its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and, to the best of its knowledge and belief, no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and or manager or judicial manager of the Company or any of its subsidiaries or of any of their respective assets or undertakings;*
 - (b) *that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriter prior to the date hereof:-*
 - (i) *neither the Company nor any of its subsidiaries is in default under or in breach of any agreement to which it is bound or the terms of any licence, permit, approval, consent, directive, legislation or regulation of any relevant authority (including the Stock Exchange and the Securities Commission) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Public Issue and the listing of and quotation for the Offer Shares; and*

3. DETAILS OF THE IPO (CONT'D)

- (ii) *there is no litigation, arbitration, administrative proceedings or winding-up proceedings (including investigations by Bursa Securities and or the Securities Commission), criminal charge or investigation current or pending, or to the best knowledge of the Company (after due and careful enquiry) threatened against the Company or any of its subsidiaries, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Public Issue and the listing of and quotation for the Offer Shares; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto and the Group is not subject to the provisions of any injunction, judgment, decree or order of any court, regulatory body, administrative agency or other governmental body;*
- (c) *that other than indebtedness contested in good faith by the Company or any of its subsidiaries as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, pending which with the lapse of time, or the fulfilment of any conditions, or the giving of any notice, may result in any such indebtedness becoming payable;*
- (d) *that the audited accounts of the Group have been prepared in accordance with all applicable laws and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Group as a whole for the financial years or the periods (as the case may be) set out in Section 11 of the First Schedule hereto and the Group has made adequate provisions for and or appropriate disclosures of all known material liabilities, whether actual or contingent, of the Group as a whole as at such dates and has complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since the date set out in Section 12 of the First Schedule hereto there has been no material adverse change in the financial position of the Company or the Group taken as a whole, save as may be disclosed in the Prospectus or prior to the Closing Date, in any public announcement or publicly available documents or as has been disclosed to the Underwriter prior to the date of this Agreement;*
- (e) *that all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement, the issue, listing of and quotation for the Offer Shares and any other matters contemplated thereby:-*

3. DETAILS OF THE IPO (CONT'D)

- (i) *have been or will be unconditionally obtained prior to the Closing Date;*
- (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriter by the due date therefor; and*
- (iii) *are and will remain in full force and effect;*

and all other actions will be taken by the Company to comply with all legal and other requirements necessary to ensure that the foregoing actions will not infringe any existing laws or the terms of any such consent, approval or authorisation;

- (f) *that the authorisation of the Offer Shares (including the Underwritten Shares) and the issue thereof on the terms and conditions of the Prospectus and the compliance by the Company with their terms and the terms of this Agreement:-*

- (i) *do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any existing law, regulation or listing requirements applicable to or affecting the Company or any of its subsidiaries/the Public Issue; and*
- (ii) *do not and will not conflict with, or result in a breach, or infringe the terms of, or constitute a default under any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any part of the undertakings, assets, properties or revenues of the Company or any of its subsidiaries is bound or affected;*

and Public Issue or as the case may be, the execution and issue or delivery by the Company of this Agreement, the Prospectus and the Underwritten Shares and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate actions of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent required) and upon due execution of this Agreement or deposit or credit of the Offer Shares into the Securities Accounts, the obligations assumed hereunder will constitute legally valid, binding and enforceable obligations of the Company in accordance with their respective terms;

3. DETAILS OF THE IPO (CONT'D)

- (g) *the Prospectus has been or will be (as the case may be) reviewed and approved by the directors and promoters of the Company, and the same have collectively and individually accepted full responsibility for the accuracy of the information contained therein and the Directors of the Company have made or will make as the case may be all reasonable enquiries to ensure that all facts material for the Prospectus have been disclosed, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements in the Prospectus false or misleading;*
- (h) *that the Prospectus:-*
- (i) *will comply in all material respects with the CMSA, CA and/or any other applicable law and any rules, regulations and guidelines thereunder including without limitation, the Guidelines on the Offering of Equity and Equity Linked Securities and the Prospectus Guidelines issued by the SC, as well as the Listing Requirements of the Stock exchange, as may be amended from time to time and shall be in form and substance satisfactory and acceptable to and registrable with the Securities Commission and all other relevant authorities (where applicable);*
 - (ii) *will contain all information which is material in the context of the Public Issue and such information as contained therein will be true, complete, and accurate in all material respects;*
 - (iii) *will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Public Issue and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;*
- (i) *that all information supplied or to be supplied to the Underwriter for the purpose of or in connection with the underwriting of the Underwritten Shares including but not limited to any information supplied or to be supplied in connection with the application for listing of and quotation for the Offer Shares or for the purpose of the Prospectus is or will be true, complete and accurate in all material respects and nothing has been furnished, supplied or omitted from such information which would or might make any of the information materially untrue, incomplete, inaccurate, misleading or which would or might be expected to materially affect the willingness of the Underwriter to underwrite or subscribe for or sell the Underwritten Shares;*

3. DETAILS OF THE IPO (CONT'D)

- (j) *that every statement of forecasts, expressions of opinion, intention and expectation (including profit forecasts, if any) which have been disclosed in the listing applications and in the Prospectus in connection with the issue of the Offer Shares are or will be truly, fairly, reasonably and honestly held by the Directors and promoters of the Company and have been made or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;*
- (k) *that there has not been, as at any time hereafter up to and including the Closing Date, any circumstances or situations which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Public Issue;*
- (l) *that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriter prior to the date hereof, neither the Company nor any other company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Public Issue, might be material for disclosure nor has any event occurred or any fact been discovered which will render inaccurate, untrue or incorrect any of the representations, warranties and undertakings contained herein if they were repeated on and as of the Closing Date;*
- (m) *that all taxes (whether income tax, property tax or otherwise) of the Group, in particular but not limited to, all taxes which are material in the context of the Public Issue, for which the Company or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the audited accounts of the Company or the Group; all the returns, notices or information which are required to be made or given by the Company or the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;*
- (n) *that the Company has such authorised share capital and issued capital as disclosed in the Prospectus; and save as disclosed in the Prospectus, the respective issued share capital of the Company has been duly authorised and validly issued and fully paid, have been issued in compliance with the laws of its place of incorporation, and the same are not subject to any lien, charge, mortgage, pledge or other encumbrances which have been created by the Company;*

3. DETAILS OF THE IPO (CONT'D)

- (o) *that, save as disclosed in the Prospectus, there are no outstanding securities convertible into or exchangeable for any ordinary or other share in the Company, or warrants, rights or options to purchase, acquire or subscribe from the Company any ordinary or other share in the Company, or obligations or commitment which accords to any person the right to contribute or call for the allotment or issue of, any ordinary or other shares of the Company;*
- (p) *the Company and each of its subsidiaries own or possess licences, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), rely on a combination of trademarks, service marks, trade names or other intellectual property (collectively referred to as "Intellectual Property") necessary to carry on the business now operated by them, and domain name registrations, common law copyright restrictions to protect its brand names and logos, marketing designs and internet domain names and neither the Company nor its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would materially affect the business, operations or the prospect of the Group;*
- (q) *that the records, statutory books and books of accounts of the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or the Registrar of Companies (as the case may be) or other relevant authorities have been duly and correctly delivered or made;*
- (r) *that all the assets of the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature; in respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;*
- (s) *that the Offer Shares are free from all claims, charges, liens and other encumbrances, and shall rank pari passu in all respects with the then existing Shares except that they shall not be entitled to any dividends, rights, allotments and or distributions, the entitlement date of which is prior to the Closing Date;*

3. DETAILS OF THE IPO (CONT'D)

- (t) *all information supplied to the relevant authorities in relation to the Listing Exercise and the Offer Shares is or will be true, complete and accurate in all respects and nothing material has been/will be omitted from such information which would or might make any of the information misleading or which would or might affect the decision of the relevant authorities in making their respective decisions;*
- (u) *there are currently no labour disputes with the employees of the Company or any of its subsidiaries and to the best knowledge of the Company, there are no labour disputes which are imminent, which may reasonably be expected to materially affect the business, operations, financial condition or the prospects of the Group;*
- (v) *save as disclosed in the Prospectus, the Group does not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on the Listing Exercise or the listing and quotation of the Offer Shares;*
- (w) *no information has been withheld from the Underwriter which would/may in any way affect the Underwriter's willingness or decisions to underwrite the Underwritten Shares;*
- (x) *subject to Clause 10 hereof, there will be no variation between the prospectus in the form attached hereto and the Prospectus in the form registered with the Securities Commission and lodged with the CCM without the prior written consent of the Underwriter;*
- (B) *the Company hereby irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:-*
 - (a) *to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution/offer of the Offer Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;*
 - (b) *to comply with all the conditions, if any, imposed by the Securities Commission and any other relevant authority for the listing of and quotation for the entire Offer Shares on the Stock Exchange;*
 - (c) *to give to the Underwriter any and all information which the Underwriter may reasonably require in respect of the accounts or affairs of the Company or the Group or in connection with the Public Issue;*
 - (d) *to fix the Closing Date as determined by the Board of Directors of the Company provided that any extension of the Closing Date shall only be granted subject to prior written consent of the Underwriter and relevant authorities if required;*

3. DETAILS OF THE IPO (CONT'D)

- (e) *to do all other things and sign or execute such other documents as may reasonably be required in order to complete the Public Issue;*
- (f) *not to publish any amendments or supplements to the Prospectus which the Underwriter has not previously been notified in writing of or to which the Underwriter or its legal adviser shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (g) *to notify in writing and discuss with the Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriter hereunder;*
- (h) *not to make public any information which will or is likely to affect the market price of the Shares without the prior written notice to and the prior written consent of the Underwriter even if such disclosure is required by law, the Listing Requirements of Bursa Securities, or by any other regulatory requirements;*
- (i) *to promptly and without any delay whatsoever notify the Underwriter in writing of any breach of any of the representations, warranties or undertakings or of any facts, information, situations or circumstances which the Company, in its reasonable opinion, believes may materially and adversely affect the financial condition or the business of the Company and or the Group as a whole, or the success of the Public Issue and without prejudice to the generality of the foregoing representations, warranties or undertakings, the Company will take such steps as may be reasonably requested by the Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;*
- (j) *to apply for and obtain the approval-in-principle of the Stock Exchange for the admission to the Official List of the Stock Exchange and for the dealing in and quotation for all the Offer Shares before the Closing Date and will comply with all requirements and provisions of the CA, CMSA and the Listing Requirements of the Stock Exchange and all other applicable laws, rules, regulations, guidelines and the requirements of all other relevant authorities in relation to the listing of and quotation for the Offer Shares including without limitation, the Guidelines on the Offering of Equity and Equity Linked Securities and the Prospectus Guidelines issued by the SC, as well as the Listing Requirements of Bursa Securities, as may be amended from time to time; the Company shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;*

3. DETAILS OF THE IPO (CONT'D)

- (k) to ensure that the Group will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;*
 - (l) to notify the Underwriter in writing of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;*
 - (m) to furnish in writing or deliver to the Underwriter all information and documents which the Underwriter may reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein; and*
 - (n) to do all other things and sign or execute such other documents as may reasonably be required by the Underwriter.*
- (2) The Underwriter represents and warrants to and for the benefit of the Company that:-*
 - (a) it has the power to enter into, exercise its rights and perform and comply with its obligations under this Agreement;*
 - (b) its obligations under this Agreement are valid, binding and enforceable in accordance with its terms.*
- (3) Each party may at their discretion waive in whole or in part with or without terms or conditions any breach of any of the representations, warranties and undertakings herein contained without prejudicing their respective rights hereunder.*

14. TERMINATION

- (1) Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date (save for sub-paragraph (e) (iii) below, wherein notice may be given on the Closing Date or immediately after), terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if:-*
 - (a) any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or*
 - (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Underwriter within ten (10) Market Days from the date the Company is notified by the Underwriter of such breach; or*

3. DETAILS OF THE IPO (CONT'D)

- (c) *there is failure on the part of the Company to perform any of its obligations herein contained; or*
- (d) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
- (e) *there shall have occurred, or happened any of the following circumstances:-*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, virus, strikes, lock-outs, fire, explosion, flooding, tsunami, civil commotion, sabotage, acts of war or accidents); or*
 - (iii) *The Kuala Lumpur Composite Index has dropped to below 700 points and has stayed below 700 points for at least 5 consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive;*

which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the distribution or sale of the Offer Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- (2) *In the event that this Agreement is terminated pursuant to Clause 14(1)(e), the Underwriter and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

15. CONSEQUENCES OF TERMINATION

In the event of termination pursuant to Clause 14(1) hereof, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect subject to the following:-

- (a) *the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to or in connection with such termination shall remain;*

3. DETAILS OF THE IPO (CONT'D)

- (b) *the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11 and 12 hereof shall remain;*
- (c) *the indemnity provisions in favour of the Underwriter in Clause 16 below; and*
- (d) *subject thereto, each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter;*

Provided that the Underwriter may at their discretion waive compliance with or modify any of the provisions of this Clause without prejudice to their powers, rights and remedies under this Agreement."

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4. RISK FACTORS

NOTWITHSTANDING OUR PROSPECTS AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE PARTICIPATING IN THE IPO.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

4.1 Risks Relating to Our IPO

4.1.1 No Prior Market for our Shares

Prior to this IPO, there has been no prior market for our Shares. There can be no assurance that an active market in our Shares will be developed or be sustained after the IPO and Listing. Our IPO Price was determined by agreement between our Directors, our Offeror and our Adviser, Sole Underwriter and Sole Placement Agent based on several factors and may not be an indication of the market price of our Shares upon or subsequent to our Listing. We can give no assurance that the market price of our Shares will not decline below the IPO Price. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to our operating and financial history, our proforma consolidated NTA per Share, our earnings potential, our quality and strength of the management team, prevailing market conditions, sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results and sales levels, and general industry conditions or the world-wide economy.

In addition, in recent years, the stock market in general has experienced extreme price fluctuations which have often been unrelated to the operating performance of the companies. Such fluctuations may adversely affect the market price of our Shares.

4.1.2 Delay in or abortion of our Listing

The success of our listing on the Main Market of Bursa Securities is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

- i. Our Sole Underwriter fail to honour their respective obligations pursuant to the terms and conditions of the Underwriting Agreement;
- ii. The identified institutional and individual investors for the placement tranche fail to acquire the IPO Shares allocated to them; and
- iii. We are unable to meet the public shareholding spread requirements i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List.

In the event of the failure of our Listing on the Main Market of Bursa Securities, all monies paid in respect of any application accepted from you will be returned in full without interest within 14 days, failing which, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4. RISK FACTORS (CONT'D)

4.1.3 Continued control by our Promoters

Upon completion of this IPO, our Promoters namely, Datuk Lau Nai Hoh, Datin Hii Kiong Thai, Ng Cheng Lee and Lau Choo Chin will collectively hold an aggregate of 92,001,998 TAS Offshore Shares, representing approximately 51.1% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together, will be our controlling shareholders and have voting control over us and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/ or by the relevant authorities.

Nevertheless, we have appointed four (4) independent directors to ensure any future transactions involving related parties are entered into on arms-length basis, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

4.2 Risks Relating to Our Operations**4.2.1 Dependence on Major Customers**

For the FYE 31 May 2008, our business is somewhat dependent on our top two (2) customers, Zakher Marine International Inc. and Awal Marine Services Est. W.L.L., contributing 29.5% and 15.6% respectively towards our Group's revenue. For the ten (10)-month FPE 31 March 2009, our two (2) largest customers were Awal Marine Services Est. W.L.L. and Zakher Marine International Inc., contributing 18.5% and 17.5% of our Group's total revenue respectively. The loss of these major customers may adversely affect our operating results.

Nevertheless, Zakher Marine International Inc. has been dealing with our Group for the past six (6) years, which indicates that there is a stable business relationship with this customer. As at the LPD, we have seven (7) vessels under constructions for Zakher Marine International Inc., indicating the confidence placed by our customer in our Group.

Although Awal Marine Services Est. W.L.L. is a new customer and has only been dealing with the Group for two (2) years, the management is confident of a continuing business relationship with the company.

To prevent over-dependency on any single customer, we have broadened our customer base with approximately 37 customers as at the LPD. In addition, we enjoy a long-term business relationship with our customers. This is reflected by six (6) of our Group's top 20 customers (during the ten (10)-month FPE 31 March 2009), have been dealing with us for five (5) years or more.

4.2.2 Dependence on Key Geographical Markets

The top three (3) markets that contributed to our Group's revenue comprised the UAE, Singapore and Bahrain markets, representing 33.4%, 32.5% and 15.6% respectively of our Group's total revenue for the FYE 31 May 2008 and 19.1%, 47.0% and 28.0% respectively of our Group's total revenue for the ten (10)-month FPE 31 March 2009. Any adverse changes in the political, economic and regulatory arena of these countries may affect our customers, and hence our profitability.

4. RISK FACTORS (CONT'D)

Our Group may diversify by exporting our vessels to other geographic markets. In this instance, our Group can leverage off our existing customer base in the UAE to develop new customers in the Middle East, particularly in the Oil and Gas Industry. Other regional markets may also be tapped, such as Indonesia, Thailand and Vietnam. In addition, we can diversify into serving customers in the Malaysian market, including customers in the Oil and Gas Industry.

4.2.3 Dependence on Major Suppliers

We source our raw materials and components and subcontracted services from a variety of suppliers, locally and imported. Currently, our top two (2) suppliers namely, Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd (both companies are collectively joint ship builders) and HG Metal Manufacturing Ltd, accounted for 21.0% and 16.8% respectively of our Group's purchases for the FYE 31 May 2008 and 11.5% and 13.2% respectively of our Group's purchases for the ten (10)-month FPE 31 March 2009.

Even so, we have not been dependent on Union Resources & Engineering Co. Ltd (formerly known as Yunnan Machinery Imp. & Exp. Co. Ltd) and Nanjing East Star Shipbuilding Co. Ltd for our past business operations as they first became our supplier only during the FYE 31 May 2008. In addition, we source subcontracted works from two (2) other suppliers from among our top 20 suppliers. For the ten (10)-month FPE 31 March 2009, we had a total of 29 suppliers of sub-contracted works.

On the other hand, HG Metal Manufacturing Ltd has been our supplier for ten (10) years, indicating a long-term and stable business relationship. To further mitigate our dependency, we also purchase steel plates, steel bars, pipes and other types of steel products from five (5) other suppliers from among our top 20 suppliers. During the ten (10)-month FPE 31 March 2009, we had a total of 13 other suppliers of steel plates, pipes and other steel products.

Our Group has not encountered any major problems in sourcing for raw materials and components and subcontracted services as we have established a close working relationship with our suppliers. Majority of our major suppliers have been dealing with us for more than ten (10) years.

4.2.4 Business Risk

Our business is subject to certain risks inherent in the industry at large. These may include, amongst others, entry of new players, shortage in skilled workforce, increase in cost of labour, cost of operations and raw materials, changes in government policies affecting the industries, changes in general economic and business and credit conditions.

Whilst we seek to limit these risks through employment of highly skilled technical personnel, implementing prudent business strategies and carrying out continuous review of our operations, there can be no assurance that any change to these risks would not have a material adverse impact on our business.

4. RISK FACTORS (CONT'D)

4.2.5 Competition Risk

The Shipbuilding Industry is a competitive industry, with both local and foreign players operating in the Malaysian market. These players range from large multinational companies to large local companies to small and medium enterprises. Competitive factors include price and quality of services, capability to construct ships in accordance with technical requirements of the relevant classification societies, financial strengths to compete and grow the business, established track record, and quality management system certification.

While competition is expected to remain stiff, the threat from potential new entrants is relatively low due to the high barriers of entry inherent in the industry, such as high capital costs, meeting the technical requirements of the relevant classification societies, extensive licensing requirements, proven track record of established market players, technical skills and the complexity of the business.

4.2.6 Dependence on Directors and Key Personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our existing Directors and key personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our personnel, we will continuously consider appropriate measures so as to attract and retain our key personnel. Our Company believes that by offering a competitive salary package, training and conducive working environment should mitigate this risk further. We believe that by increasing our profile through our Listing, we will be able to attract more qualified personnel to continuously play an active role in the growth of our Company.

4.2.7 Long Lead-Time for Marine Engines

Currently there is a long lead-time for the delivery of marine engines. It is common for the lead-time to be one (1) to two (2) years from orders being given to taking physical delivery of the engines. The long lead-time gives rise to the risk of delays in completing the construction of vessels, which may incur holding costs. In addition, there is a risk that we may not be able to secure orders from customers who require delivery of vessels within a short timeframe.

In mitigation, we commonly time our delivery of vessels to customers by taking into consideration the delivery of engines. We also purchase some popular engines and hold them in stock to cater for short lead-time orders. In addition, our competitors also face the same issue with long lead-time for delivery of engines, and thus we are not worse off than our competitors.

4.2.8 Risk of Industrial Disputes

Majority of our workforce comprise of shipyard workers. Although none are a member of any trade unions, there exists the risk of industrial disputes should our workers be dissatisfied with their pay or conditions at work. This would result in the disruption of our operations, loss of invaluable time and increased costs.

4. RISK FACTORS (CONT'D)

In order to avoid such disputes from occurring, our management is dedicated in keeping our workers satisfied by remunerating fairly and ensuring fair treatment to our workers. If any potential conflicts should arise, our management shall seek to resolve it immediately.

4.2.9 Insurance Coverage on Assets

Our Group believes that we have adequate coverage on our assets. Although we review our insurance policies on a regular basis to ensure that there is adequate coverage on our assets, there can be no assurance that the coverage would be adequate for the replacement cost of our assets or any consequential loss arising therefrom.

4.2.10 Breakout of Fire, Energy Crisis and Other Emergencies

We believe that we have adequate safety and fire-fighting equipment installed at our premises to ensure that the risk of fire is contained. In addition, most of the tools and equipment, project materials and consumables are located within our shipyard where high security and safety procedures are strictly enforced.

4.2.11 Foreign Exchange Risks

Fluctuations in foreign exchange rates will have an impact on the prices of imported materials used such as steel and machineries, which may have an impact on our profitability.

Any future significant fluctuations in exchange rates may have a significant impact on the revenue and earnings of our Company. As at the LPD, we use financial instruments to hedge our exposure against transactions in foreign currencies, where applicable and we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

4.3 Risks Relating to Our Industry

4.3.1 Risks Arising from the Global Financial Crisis

In view of the current global financial crisis which has impacted the local and global economy as well as the recent decline in the price of crude oil, the outlook of the Shipbuilding Industry in Malaysia may be challenging in the short to medium term.

The short-term effect of a decline in crude oil prices and the global financial crisis is expected to be less severe than the expected long-term effect. While it is expected to be some negative effect on the short-term outlook for the Shipbuilding Industry in Malaysia, the effect on shipbuilders is expected to be moderated by working on existing contracts. However, a prolonged decline in the global price of crude oil is expected to have a somewhat more negative effect on the long-term outlook of the Shipbuilding Industry in Malaysia as oil and gas industry operators adjust to the lower prices by reducing their long-term capital investment plans and exploration activities. The long-term outlook of the Shipbuilding Industry in Malaysia is also expected to be materially affected should the global financial crisis be prolonged. For instance, we may be adversely affected by, amongst others, the cancellation of existing contracts and a reduction in the number of new contracts secured.

4. RISK FACTORS (CONT'D)

Nonetheless, our business has not been materially affected since the beginning of the global financial crisis and the decline in the price of crude oil as we have not experienced any termination of contracts from our customers as at the LPD. Based on our existing order books in hand, we have approximately 28 on-going contracts (including nine (9) new contracts secured since 1 June 2008 until the LPD) for our Shipbuilding activities which shall keep us occupied until year 2011. In the event that the global financial crisis is prolonged, we will continue to boost our marketing activities in order to secure more contracts which include amongst others, attending maritime, oil and gas and related exhibitions as well as advertising our products and services in printed publications.

However, there is no assurance that a prolonged global financial crisis and a sustained decline in the price of crude oil will not have a negative effect on the business of our Group.

4.3.2 Dependence on the Oil and Gas Industry

As approximately 53.3% and 48.6% of our total revenue for the FYE 31 May 2008 and the ten (10)-month FPE 31 March 2009 respectively were derived from the construction of Anchor Handling Tugs and Anchor Handling Tug Supply Vessels for the Oil and Gas Industry, we are somewhat dependent on the performance of the industry, which is affected by the fluctuations in the market price of hydrocarbons (including crude petroleum and natural gas) and depletion of hydrocarbon resources, amongst others.

The global price of crude oil fell from a high of just under USD150 per barrel in July 2008 to approximately USD70 per barrel as at early June 2009. This may reduce activity within the Oil and Gas Industry and thus reduce demand for Offshore Support Vessels like Anchor Handling Tugs and Anchor Handling Tug Supply Vessels.

Should there be a drop in demand for vessels from the Oil and Gas Industry, our Group is able to build other types of vessels, for example, Tugboats and Barges, ferries, landing crafts and workboats, which are used by other industries.

Currently, our Group has the experience, capabilities and facilities to build vessels for other end-user industries like the Timber, Coal Mining, Fishing and Port Industries.

4.3.3 Decline in Shipping Charter Rates

Any prolonged and/ or steep decline in ship charter rates is likely to reduce the demand for ship or vessel construction, which may have an impact on operators in the Shipbuilding Industry.

The Baltic Exchange Dry Index ("BDI") is an index that provides an assessment of the price of moving dry bulk by sea, and is regarded as a general benchmark for global charter rates for commercial ships. Since peaking at around 11,600 points during the first quarter of 2008, the BDI has fallen to approximately 3,000 points, or by approximately 75%, as at early June 2009.

4. RISK FACTORS (CONT'D)

Nonetheless, the risk is mitigated as the oil and gas industry support vessels such as Anchor Handling Tugs and Anchor Handling Tug Supply Vessels are designed to perform specialised tasks that often cannot be performed by other types of vessels. As a result, the impact on the charter rates for these vessels may be less as compared to the overall global charter rate trend for commercial ships in general.

Operators with the capability to build a wide range of vessels that can be used in a wide range of industries are in a better position to shift their production to focus on building the types of ships for which there is demand.

4.3.4 Availability of Main Raw Materials

The main raw materials used to construct ships or vessels, including steel plates, bars and other steel products are primarily imported. Therefore any disruptions in the supply of these commodities may impact on the Shipbuilding Industry.

While many of these raw materials are imported, the statistics suggest that Malaysian users do not face shortages in importing these steel raw materials. For the import of flat-rolled products of iron or non-alloy steel, not clad, plated or coated, import value increased at an average annual rate of 17.0% between 2004 and 2008. In 2008, import value increased by 41.9% to reach RM5.9 billion.

For the import of iron and steel bars, rods, angles, shapes and sections, import value increased at an average annual rate of 19.4% between 2004 and 2008. In 2008, import value increased by 24.6% to reach RM3.3 billion.

As we are in a strong financial position, we may be able to purchase and maintain stocks of the key raw materials. As these types of raw materials are also internationally traded commodities, they can be sourced from a number of suppliers or trading houses overseas. Nevertheless there can be no assurance that a disruption in the supply of main raw materials will not impact on our Group's business.

4.3.5 Fluctuating Price of Steel

Steel is a major component for the construction of ships. The price of steel was experiencing an upward trend over the recent years and lately has been declining.

A higher steel price may result in more expensive steel vessels, making them less affordable resulting in reducing demand. A fluctuating steel price would make accurate pricing difficult. Operators may be uncompetitive if their prices are too high or may obtain a low profit margin if their prices are too low.

Steel is a widely traded commodity and any increase or fluctuation in the price of steel will affect the Shipbuilding Industry. Hence, no shipbuilder will have a sustainable advantage over other shipbuilders.

With some exceptions of small and pleasure crafts, there are no practical substitutes for steel. As such, the demand for steel vessels would be mainly driven by economic activities of the user industries, for example, oil and gas, logistics, transportation and shipping industries, and not so much as the price of steel.

4. RISK FACTORS (CONT'D)

4.3.6 Dependency on Imports

The Shipbuilding Industry in Malaysia is reliant on imports for the supply of certain grades of steel plates, bars and other steel products that are not manufactured in Malaysia. The Shipbuilding Industry in Malaysia is also reliant on imports for the supply of marine engines, as there are currently no manufacturers of marine engines operating in Malaysia. Any interruptions in the supply of imported steel products and marine engines may disrupt the Shipbuilding Industry in Malaysia.

Although the Shipbuilding Industry in Malaysia is reliant on imports, as set out in Section 4.3.4 of this Prospectus, the statistics suggest that Malaysian users do not face shortages in importing these steel raw materials. For the import of flat-rolled products of iron or non-alloy steel, not clad, plated or coated, import value increased at an average annual rate of 17.0% between 2004 and 2008. In 2008, import value increased by 41.9% to reach RM5.9 billion.

For the import of iron and steel bars, rods, angles, shapes and sections, import value increased at an average annual rate of 19.4% between 2004 and 2008. In 2008, import value increased by 24.6% to reach RM3.3 billion.

Between 2003 and 2007, the import value of marine propulsion engines increased by an average annual rate of 17.3%. In 2007, the import value of marine propulsion engines increased by 55.1% to reach RM386.0 million.

The Shipbuilding Industry is not dependent on any individual country for the supply of steel, as steel is a widely produced and traded commodity. Similarly, the Shipbuilding Industry is not dependent on marine engine manufacturers located in any individual country, as marine engines are available from a range of manufacturers located in a number of countries worldwide.

4.3.7 Risk of Termination of Contracts

The global financial crisis and decline in crude oil prices may increase the risk that our customers cancel or are otherwise unable to fulfil their contractual obligations to us. Our Group's business may be adversely affected by such an event.

To mitigate this risk, we collect a portion of the contract value upfront as a deposit upon executing contract with our customers. Subsequently, we bill our customers progressively as works on their ships are carried out. We include relevant and reasonable clauses in our contracts with our customers to protect our interests, which include, amongst others, allowing us to rescind the contract and retain any deposits and progressive payments made by our customers. As at LPD, we have not received any cancellations on contracted ships.

Nonetheless, there is no assurance that our Group will not receive any cancellations on contracted ships in the future and that we will be able to sell the ships that may come into our possession from unfulfilled contracts to third-party buyers. In addition, there is also no assurance that the funds received from selling ships that may come into our possession from unfulfilled contracts, together with deposits and progressive payments received from the original customer, will meet the cost of constructing the ship.

4. RISK FACTORS (CONT'D)

4.3.8 Risk of Delay in Vessel Delivery

The risk of a project exceeding its estimated time of completion gives rise to potential rescission of contract or late delivery compensation for breach of contract. This may arise due to external factors which may fall beyond the control of our Group, for example delay in the arrival of raw materials and components. Thus, this would have a direct impact on our profitability.

As this is potentially damaging to our reputation, our management stresses the importance of a detailed building and workflow plan and securing construction materials in adequate quantities to ensure timely delivery. As such, our Group has taken adequate measures and placed orders in advance for key raw materials. In addition, we maintain a diversified group of suppliers to reduce any dependency on a single supplier.

4.4 Other Risks

4.4.1 Political, Economic and Regulatory Risk

Our financial and business prospects and the industry in which we operate in, will depend to some degree on the developments in the political and regulatory front in Malaysia. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the Governments' policies such as licensing regulation.

We will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's business.

4.4.2 Downturn in the Global Economy

Any prolonged and/ or widespread downturn in the global economy is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy resulting in a decrease in the level of international trade is likely to reduce demand for ship or vessel construction. Thus, a slowdown in the global economy may have some impact on the Shipbuilding Industry through a reduction in new ship or vessel construction.

The Malaysian government's pro-active policies in mitigating the negative impact of global economic downturn through stimulus packages to boost domestic spending and demand have previously been successful in countering a slowdown in the local economy.

4.4.3 Investment Activities Risk

Our Group may invest in new ventures or activities in order to increase our revenue base and ultimately enhance our shareholders' value. As such, there is a potential risk that these new investments may have longer than expected gestation period or may not be entirely successful. In this event, we may take time to recover or be unable to recover our initial investments. In addition, new ventures may cause our Group to seek additional capital, which may or may not be available on satisfactory terms.

As such, to mitigate this risk in the future, we will exercise due care in the evaluation of such ventures. Nevertheless, there can be no assurance that such ventures will yield positive returns to our Group.

4. RISK FACTORS (CONT'D)

4.4.4 Forward-Looking statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumption made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors set out in Section 4 of this Prospectus. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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5. INFORMATION ON OUR GROUP

5.1 Our History and Business

We were incorporated in Malaysia on 18 March 2008 under the Act as a public limited company under the name of TAS Offshore Berhad. We were incorporated as an investment holding company to facilitate the Listing and commenced operations as an investment holding company through the acquisition of TAS on 3 April 2009. Through our wholly-owned subsidiary, TAS, we are involved in Shipbuilding and ship repairing.

Our history can be traced back to 1977 with the incorporation of TASSB. TASSB was initially a supplier of marine coatings and a provider of shipping services before diversifying into Shipbuilding and ship repairing in 1991. In 2002, TAS was incorporated to undertake Shipbuilding and ship repairing activities. TAS initially started with ship repairing activities before the Shipbuilding and ship repairing operations of TASSB were transferred to TAS in 2004.

Datuk Lau Nai Hoh is the Managing Director and founder of our Group. Since the commencement of the Shipbuilding operations of TASSB in the early 1990s, Datuk Lau Nai Hoh has been instrumental in the growth and development of our Group. With approximately 17 years of experience in the Shipbuilding Industry, Datuk Lau Nai Hoh has successfully led the Group to become a reputable player in the industry.

In 2004, TAS acquired its current Shipbuilding Yard covering 12.3 acres in Sungai Bidut in Sibu, Sarawak. The yard provides us with the capacity to construct an average of 23 units of vessels per year (actual number will depend on the types of vessel constructed) based on an eight (8)-hour shift. We have the capabilities to construct a range of vessels including Tugboats, Anchor Handling Vessels, landing craft, barges, ferries, workboats, utility/ support vessels and offshore supply vessels. In the same year, TAS obtained pioneer status from MITI, which was valid from 1 August 2003 to 31 July 2008.

The vessels that are constructed by us are built in accordance with stringent international maritime standards. We currently construct vessels under the governance of Bureau Veritas, Nippon Kaiji Kyokai, and Germanischer Lloyd classification bodies.

Our achievements have been recognised by external bodies whereby in 2006, TAS was awarded "2nd Position out of the Top 10 Golden Bull Award 2006" organised by Nanyang Siang Pau, Malaysian Chinese language daily newspaper.

As part of our emphasis on quality, TAS received ISO 9001:2000 certification on 23 August 2007 issued by Bureau Veritas Certification Malaysia.

For the FYE 31 May 2008, our Group's export revenue was derived from Singapore, UAE, Bahrain and Indonesia, which represented 89.1% of our Group's total revenue whilst for the ten (10)-month FPE 31 March 2009, our export revenue was derived from the same countries, which represented 98.8% of our Group's total revenue. Since the commencement of our Shipbuilding activities in the early 1990s, we have established ourselves as a reputable shipbuilder.

5. INFORMATION ON OUR GROUP (CONT'D)

5.2 Share Capital and Changes in Share Capital

As at the LPD, we have an authorised share capital of RM100,000,000 comprising 200,000,000 TAS Offshore Shares, of which RM51,501,000 comprising 103,002,000 TAS Offshore Shares have been issued and fully paid-up. Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be RM90,001,000 comprising 180,002,000 TAS Offshore Shares.

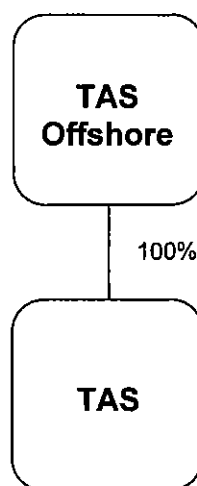
The details of the changes in our issued and paid-up share capital since our date of incorporation are as follows:-

| Date of allotment | No. of TAS Offshore Shares | Par Value RM | Consideration | Cumulative issued and paid-up share capital RM |
|-------------------|----------------------------|--------------|---------------------------|------------------------------------------------|
| 18.03.2008 | 2,000 | 0.50 | Cash | 1,000 |
| 03.04.2009 | 103,000,000 | 0.50 | Acquisition of subsidiary | 51,501,000 |

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of our Company.

5.3 Group Structure

As at the LPD, our corporate structure is as follows:-



Our subsidiary and its principal activities are as follows:-

| Subsidiary | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|------------|---------------------------------|-------------------------------------|-----------------------------|-----------------------------------------------------|
| TAS | 27.03.2002 Malaysia | 1,000,000 | 100 | Shipbuilding, ship repairs and maintenance services |

5. INFORMATION ON OUR GROUP (CONT'D)

5.4 Subsidiary Company

TAS was incorporated in Malaysia on 27 March 2002 under the Act as a private limited company under its present name. TAS is principally involved in Shipbuilding, ship repairs and maintenance services and commenced operations in year 2002.

As at the LPD, the authorised share capital of TAS is RM10,000,000 comprising 10,000,000 TAS Shares, of which RM1,000,000 comprising 1,000,000 TAS Shares have been issued and fully paid-up. The details of the changes in the issued and paid-up share capital of TAS since incorporation are as follows:-

| Date of allotment | No. of TAS Shares | Par Value RM | Consideration | Cumulative issued and paid-up share capital RM |
|-------------------|-------------------|--------------|---------------|------------------------------------------------|
| 27.03.2002 | 20,000 | 1.00 | Cash | 20,000 |
| 18.08.2004 | 280,000 | 1.00 | Cash | 300,000 |
| 15.12.2004 | 700,000 | 1.00 | Cash | 1,000,000 |

As at the date of this Prospectus, there are no outstanding warrants, options, convertible securities or uncalled capital of TAS.

As at the LPD, TAS does not have any subsidiary or associated company.

5.5 Restructuring and Listing Scheme

In conjunction with, and as an integral part of our Listing, we have implemented a restructuring exercise, which was approved by the SC on 11 March 2009, involving the following:-

5.5.1 Acquisition

In conjunction with the Listing, we had, on 26 November 2008 entered into a conditional share sale agreement with the Vendors for the acquisition of 1,000,000 TAS Shares, representing 100% of the issued and paid-up share capital of TAS for a total consideration of RM51,500,000 ("Purchase Consideration").

The Purchase Consideration was satisfied via the issuance of 103,000,000 new TAS Offshore Shares at par ("Consideration Shares") to the Vendors in the manner as set out below:-

| | Shareholdings in TAS | | Consideration Shares received | |
|----------------------|----------------------|--------------|-------------------------------|--------------|
| | No. of TAS Shares | % | No. of TAS Offshore Shares | % |
| Datuk Lau Nai Hoh | 985,667 | 98.6 | 101,523,701 | 98.6 |
| Datin Hii Kiong Thai | 9,333 | 0.9 | 961,299 | 0.9 |
| Lau Choo Chin | 3,000 | 0.3 | 309,000 | 0.3 |
| Ng Cheng Lee | 2,000 | 0.2 | 206,000 | 0.2 |
| TOTAL | 1,000,000 | 100.0 | 103,000,000 | 100.0 |