
1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 History And Business

Tanjung was incorporated in Malaysia under the Act on 11 August 2004 as a public company. It is principally an investment holding company, whilst its subsidiaries and associated company are principally involved in the provision of integrated services to the oil and gas and related industries in Malaysia, which comprises the provision of engineering equipment and spare parts, marine services, maintenance services and other support services.

The business first commenced with the incorporation of TOS which commenced operations in March 1990. TOS was then mainly involved with a Norwegian offshore drilling contractor namely, Odjfell Drilling & Consulting Co. for contract drilling of exploratory and development wells in East Malaysia.

In a conscious effort to provide more comprehensive services to the oil and gas industry, the Group expanded its business to include supply of equipment and spare parts in the mid-1990s. In 1994, the Group secured the exclusive agency for the OEM compressors from EBARA which granted Tanjung the exclusive right to sell and distribute EBARA's range of compressors in Malaysia. Since then, it had secured other exclusive agencies for a wide range of engineering equipment and parts such as compressors, turbines, pumps and control valves in Malaysia.

The Group commenced its marine support services in May 1995 by securing a contract from Carigali Triton Operating Company Sdn Bhd, for the charter of an anchor handling tug supply vessel. Since then, the Group has expanded its fleet of vessels, with the latest being the acquisition of MV Tanjung Jara in 2003, a vessel equipped with modern equipment and facilities for anchor handling, tug boat and supply services. The vessel has since been servicing ExxonMobil based on a long term contract. In addition to two (2) other leased vessels, Tanjung is currently commissioning another two (2) new vessels in anticipation of increasing demand for local marine service providers and has immediate plans to commission up to four (4) units of offshore support vessels.

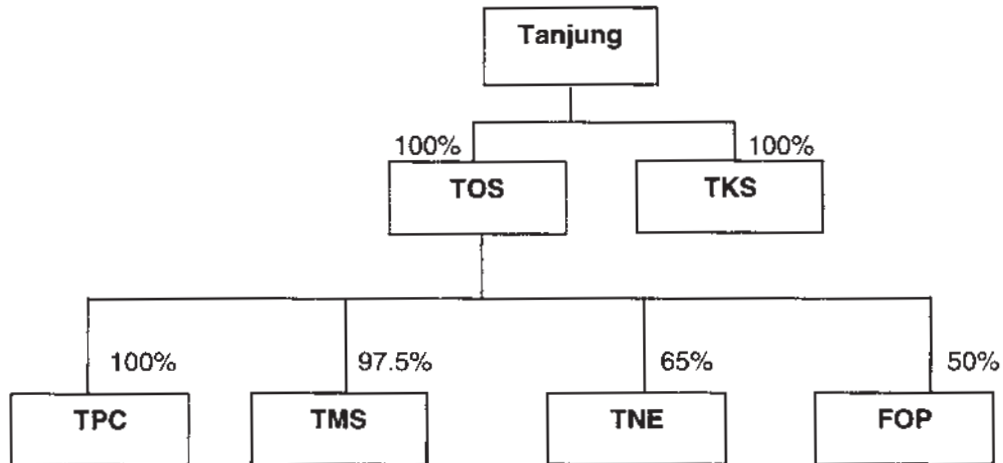
On 24 May 1996, TMS was incorporated to provide other support services to the oil and gas industry such as manpower, maintenance and repair works on oil and gas platforms and onshore plants. As various PSCs within Malaysia approach maturity, the management of Tanjung envisages that there is a growing need for various maintenance and repair works to be carried out for the oil and gas platforms. Hence, the set up of the Tanjung Group's operation centre in Teluk Kalong and support centres at the Kemaman Supply Base in Terengganu and Miri, Sarawak was timely. The operation centre and support services had and would continue to enable the Tanjung Group to provide efficient and effective services to the abovementioned oilfield operators in the long term.

To further enhance the provision of other support services of the Tanjung Group, the Company has also on 20 December 2004 set up a new support centre in Manjung, Perak to provide various support services to the Royal Malaysian Navy and power generation plants situated within the vicinity.

1. INFORMATION SUMMARY (CONT'D)

Todate, the Tanjung Group has grown to become a reputable integrated oil and gas service provider within the Malaysian oil and gas industry. It holds all the necessary licences issued under PETRONAS and other authorities, and has continuously secured various contracts from oilfield operators in Malaysia including, amongst others, Petronas Carigali, Petronas Gas, Petronas Dagangan, Petronas Penapisan, BASF Petronas Chemicals, ExxonMobil, Sarawak Shell, Sabah Shell, Talisman and Murphy Oil.

The corporate structure of Tanjung Group is set out below:-



The details of the subsidiaries and associated company of Tanjung are as follows:-

Company	Date And Place Of Incorporation	Issued And Fully Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activity
TOS	28.04.1983 Malaysia	7,500,000	100.0	Integrated service provider to the oil and gas and related industries.
TPC	17.10.1991 Malaysia	450,000	100.0	Provision of engineering and professional manpower services to the oil and gas and related industries.
TMS	24.05.1996 Malaysia	2,000,000	97.5	Provision of maintenance services to the oil and gas and related industries.
TNE	7.03.1997 Malaysia	100,000	65.0	Provision of project management services to the engineering and energy industries.
FOP	3.06.2003 Malaysia	USD 50,000	50.0	Ownership of vessel.
TKS	17.09.1994 Malaysia	2	100.0	Provision of ship management services to the oil and gas and related industries.

Further details on the history and business of the Tanjung Group are set out in Section 4.

1. INFORMATION SUMMARY (CONT'D)**1.2 Promoters, Substantial Shareholders, Directors, And Key Management And Key Technical Personnel****1.2.1 Promoters/ Substantial Shareholders**

The Promoters/substantial shareholders of Tanjung are Omar Bin Khalid and Abdullah Bin Hashim. Their designations and shareholdings in Tanjung upon completion of the IPO are as follows:-

Name	Designation	No. Of Tanjung Shares			
		Direct	%	Indirect	%
Omar Bin Khalid	Managing Director	40,949,850	48.75	[^] 242,000	0.29
Abdullah Bin Hashim	-	13,649,950	16.25	-	-

[^] Deemed interested by virtue of Section 122A of the Act

1.2.2 Board Of Directors

The Directors of Tanjung and their designations and shareholdings in Tanjung upon the completion of the IPO are set out below.

Name	Designation	No. Of Tanjung Shares			
		Direct	%	Indirect	%
Y.B. Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	* 200,000	0.24	-	-
Omar Bin Khalid	Managing Director	40,949,850	48.75	[^] 242,000	0.29
Hamidon Bin Md Khayon	Executive Director	* 150,000	0.18	-	-
Y.B. Haji Ab. Wahab Bin Haji Ibrahim	Independent Non-Executive Director	* 200,000	0.24	-	-
Edwane Cheah Bin Abdullah	Independent Non-Executive Director	* 200,000	0.24	-	-

* Based on the assumption of subscription of all their pink form allocations pursuant to the Listing Scheme.

[^] Deemed interested by virtue of Section 122A of the Act

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)**1.2.3 Key Management And Key Technical Personnel**

The designations and shareholdings of the key management and key technical personnel of Tanjung upon the completion of the IPO are set out below.

Name	Designation	No. Of Tanjung Shares			
		* Direct	%	Indirect	%
Zaaba Bin Sedek	Manager, Aftermarket Services	185,000	0.22	-	-
Muhammad Sabri Bin Ab. Ghani	Manager, Application Engineering	150,000	0.18	-	-
Ahmad Bin Khalid	Manager, Marine Vessels	147,000	0.18	^ 40,959,850	48.76
Farah Liza Wati Binti Jumail	Senior Accounts Executive	115,000	0.14	-	-
Abdul Mutalib Bin Idris	Director, TMS	50,000	0.06	-	-
Joachim Tan Seow Hoe	Manager, Corporate Finance	8,000	0.01	-	-
Khairiri Bin Abdul Karim	Director, TMS	50,000	0.06	-	-
Hassan Bin Haji Ali	Director, TKS	90,000	0.11	-	-

* Based on the assumption of subscription of all their pink form allocations pursuant to the Listing Scheme.

^ Deemed interested by virtue of Section 122A of the Act

Detailed information on the Promoters, substantial shareholders, Directors, and key management and key technical personnel are set out in Section 5.

1.3 Exclusive Agencies and Licenses

The Tanjung Group is the exclusive agent and holds exclusive rights to supply various advanced engineering equipment in Malaysia, such as gas turbines (Siemens), compressors (EBARA), switchgears (ABB), centrifugal pumps and a range of other parts that are largely used in the exploration, development, production and maintenance operations of oil and gas platforms.

TOS holds a Domestic Shipping Licence issued by the Domestic Shipping Licensing Board of the MOT. The Group is also registered with Petronas to provide various support services to the oil and gas industry in Malaysia and is registered with the MOF as a Government-approved contractor and supplier with Bumiputera contractor status. The Group is also registered with the CIDB and is permitted to carry out offshore construction works as well as general civil engineering works and mechanical engineering works.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)

1.4 Financial Highlights

The following table sets out a summary of the proforma audited consolidated results of the Group for the past five (5) financial years ended 31 December 2004, prepared on the assumption that the Group had been in existence throughout the period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus.

	←———FYE 31 December———→				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	90,804	117,560	254,211	210,856	223,800
Gross Profit	2,764	4,540	9,336	13,973	15,532
Profit before finance costs, taxation, depreciation and amortisation	1,734	2,464	5,972	8,982	9,872
Net finance costs	(8)	(23)	(49)	(29)	(107)
Depreciation and amortisation	(85)	(271)	(450)	(577)	(678)
Profit before taxation and share of associated company's result	1,641	2,170	5,473	8,376	9,087
Share of associated company's result	-	-	-	599	1,788
Net profit before taxation	1,641	2,170	5,473	8,975	10,875
Taxation	(417)	(598)	(1,991)	(2,577)	(2,529)
Adjustment pursuant to MASB 25	-	(64)	(2)	(18)	-
Profit from ordinary activity	1,224	1,508	3,480	6,380	8,346
Minority interest	-	39	11	24	(12)
Net profit after taxation	1,224	1,547	3,491	6,404	8,334
Number of Tanjung Shares assumed in issue ('000) *	36,423	36,423	36,423	36,423	36,423
Gross EPS (sen)	4.51	5.96	15.03	24.64	29.86
Net EPS (sen)	3.36	4.25	9.58	17.58	22.88

Note:

* The number of ordinary shares assumed in issue throughout the financial years under review is the number of ordinary shares in issue after Acquisition of TOS i.e. 36,423,136 ordinary shares of RM0.50 each.

The detailed commentaries on the historical performance of the Tanjung Group is set out in the Accountants' Report included in Section 11 of this Prospectus.

1. INFORMATION SUMMARY (CONT'D)**1.5 Summary Of Proforma Consolidated Balance Sheet As At 31 December 2004**

The following information is extracted from the Proforma Consolidated Balance Sheets of Tanjung set out in Section 9.8 and should be read in conjunction with the notes thereto.

	Audited accounts as at 31 December 2004 (RM'000)	(I) After Acquisitions (RM'000)	(II) After (I) and Rights Issue (RM'000)	(III) After (I), (II) and Public Issue and Offer for Sale (RM'000)
PROPERTY, PLANT AND EQUIPMENT	-	36,403	36,403	36,403
INTANGIBLE ASSETS ASSOCIATED COMPANY	-	55	55	55
	-	2,459	2,459	2,459
CURRENT ASSETS				
Inventories	-	720	720	720
Trade receivables	-	28,410	28,410	28,410
Other receivables, deposits and prepayments	-	3,807	3,807	3,807
Amount owing by associated company	-	2,795	2,795	2,795
Fixed deposits with licensed banks	-	1,009	1,009	1,009
Cash and bank balances	0.1	493	14,281	38,581
	0.1	37,234	51,022	75,322
CURRENT LIABILITIES				
Trade payables	-	25,354	25,354	25,354
Other payables and accruals	16.9	1,038	1,038	1,038
Special dividend payable	-	4,265	4,265	4,265
Hire purchase and lease creditors	-	118	118	118
Amount owing to Director	-	1,000	1,000	1,000
Short term loan	-	3,684	3,684	3,684
Bank overdraft	-	2,228	2,228	2,228
Provision for taxation	-	2,541	2,541	2,541
	16.9	40,228	40,228	40,228
NET CURRENT ASSETS	(16.8)	(2,994)	10,794	35,094
	(16.8)	35,923	49,711	74,011

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)

FINANCED BY:				
Share capital	0.1	18,212	32,000	42,000
Share premium	-	-	-	14,300
Accumulated profit	(16.9)	38	38	38
Shareholders equity	(16.8)	18,250	32,038	56,338
Minority Interest	-	36	36	36
LONG-TERM LIABILITIES				
Hire purchase creditors	-	122	122	122
Term loan	-	17,409	17,409	17,409
Deterred taxation	-	106	106	106
	(16.8)	35,923	49,711	74,011
Number of Tanjung Shares assumed in issue ('000)	0.2	36,423	64,000	84,000
NTA	(16.8)	18,195	31,983	56,283
NTA per Tanjung Share (RM)	(84)	0.50	0.50	0.67

Notes: -

- (1) The Company has declared special interim dividends on 28 February 2005 amounting to RM4.265 million for FYE 31 December 2004 to existing shareholders of TOS. The special interim dividends are expected to be paid subsequent to the issuance of Tanjung's prospectus.
- (2) TOS has acquired an additional 5% equity interest in TNE subsequent to FYE 31 December 2004. As the effect on the said acquisition is immaterial, it has not been included in the proforma balance sheets of Tanjung above.
- (3) The amount owing by the Tanjung Group to a director amounting to RM1 million has been subsequently repaid on 21 February 2005.

The detailed Proforma Consolidated Balance Sheets of Tanjung as at 31 December 2004 are set out in Section 9.8 of this Prospectus.

1.6 Auditors' Qualifications

The audited financial statements of Tanjung and its subsidiaries were not subject to any auditors' qualification for the five (5) financial years ended 31 December 2004.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)**1.7 Summary of Material Risk Factors**

An investment in the shares to be listed on Bursa Securities involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and inherent in the business of the Group.

Prospective investors should rely on their own evaluations and to carefully consider the risk factors before buying any of the IPO Shares, which are the subject of this Prospectus. The risk factors that should be considered includes, but are not limited to the following: -

- (i) Industry Risks
- (ii) Operational Risks
- (iii) Dependency on Major Customers
- (iv) Unexpected Vessel Breakdown
- (v) Termination by Principals
- (vi) Competition
- (vii) Licenses and Registrations
- (viii) Political, Economic and Regulatory Considerations
- (ix) Government Regulations on Foreign Labour
- (x) Foreign Currency Fluctuations
- (xi) Dependence on Directors and Key Management
- (xii) Expansion Plans
- (xiii) Control by Certain Shareholders
- (xiv) Profit Forecast
- (xv) No Prior Market for Tanjung Shares
- (xvi) Failure/ Delay in the Listing Exercise
- (xvii) Admission to the Official List of Bursa Securities not granted
- (xviii) Volatility in the Price of Tanjung Shares
- (xix) Forward-looking Statements

Further details of these risk factors are set out in Section 3 of this Prospectus.

1.8 Principal Statistics Relating To The IPO

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

Share Capital

	No. Of Tanjung Shares	Share Capital (RM)
Authorised Share Capital	100,000,000	50,000,000
Issued And Fully Paid-Up Share Capital	64,000,000	32,000,000
New Tanjung Shares to be issued pursuant to the Public Issue	20,000,000	10,000,000
Enlarged Share Capital	84,000,000	42,000,000
Existing Tanjung Shares to be offered pursuant to the Offer For Sale	9,400,000	4,700,000

There is only one (1) class of shares in Tanjung, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the existing Tanjung Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

1. INFORMATION SUMMARY (CONT'D)**IPO Price**

The IPO Price is RM1.30 per Share payable in full upon application/ acceptance, subject to the terms and conditions of this Prospectus.

Proforma Consolidated NTA As At 31 December 2004

	NTA (RM'000)	NTA Per Tanjung Share (RM)
Based on enlarged issued and fully paid-up share capital of 84,000,000 Tanjung Shares (After the Listing Scheme and deducting estimated listing expenses of RM1.7 million)	56,283	0.67

Proforma Consolidated Profit Forecast

	FYE 31.12.2005
Revenue (RM'000)	294,177
PAT and minority interest (RM'000)	11,516
Number of Tanjung Shares upon completion of IPO ('000)	84,000
Net EPS (sen)	13.71
PE multiple based on IPO Price of RM1.30 per Tanjung Share (times)	9.48

Further details of the Proforma Consolidated Profit Forecast of Tanjung for the FYE 31 December 2005 are set out in Section 9.5 of this Prospectus.

Dividend Forecast

	FYE 31.12.2005
Gross dividend per Tanjung Share (sen)	2.00
Net dividend per Tanjung Share (sen)	1.44
Gross dividend yield based on IPO Price of RM1.30 per Tanjung Share (%)	1.54
Net dividend yield based on IPO Price of RM1.30 per Tanjung Share (%)	1.11
Net dividend cover (times)	9.52

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)**1.9 Proposed Utilisation Of Proceeds**

The total gross proceeds from the Rights Issue and Public Issue will be utilised by the Group in the following manner:-

No.	Purpose	RM '000	Estimated timeframe for utilisation (from receipt of proceeds upon listing)
(i)	Part finance the commissioning of vessels	18,000	Within 24 months
(ii)	Setting up of new operation centre	6,000	Within 24 months
(iii)	Repayment of bank borrowings	10,000	Within 6 months
(iv)	Estimated listing expenses	1,700	Within 3 months
(v)	Working capital	4,088	Within 24 months
	Total	39,788	

Tanjung will bear all expenses incidental to the Listing including underwriting commission, brokerage, registration fee, the SC's fees, professional fees, advertising and printing costs and other fees the aggregate of which is estimated to be approximately RM1.7 million.

The Offer for Sale will raise gross proceeds of RM12,220,000. This amount shall accrue to the Offerors only and no part of the proceeds is receivable by Tanjung. The Offerors shall bear all expenses such as brokerage, registration fee and share transfer fee relating to the Offer Shares.

Further details of the proceeds raised and their utilisation are set out in Section 2.7 of this Prospectus.

1.10 Working Capital, Borrowings, Material Litigation, Contingent Liabilities And Material Commitments**(i) Working Capital**

The Directors of Tanjung are of the opinion that, after taking into account the funds to be generated from the Group's operations, current cash flow position, the banking facilities available and the net proceeds from the Listing Scheme, the Tanjung Group will have adequate working capital for a period of 12 months from the date of issue of this Prospectus.

(ii) Borrowings

As disclosed in Section 9.4.2, as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the total outstanding borrowings of the Tanjung Group, amounted to approximately RM46.08 million. All its outstanding borrowings are interest-bearing liabilities, and relate to borrowings from local financial institutions.

1. INFORMATION SUMMARY (CONT'D)

The outstanding borrowings can be analysed further as follows:-

Type Of Borrowings	Outstanding Amount As At 15 April 2005 (RM'000)
Short-term	
- Overdraft	3,862
- Trade Facilities	3,384
- Others	159
Long-term	
- Term Loan	38,670
Total	46,075

The Directors of Tanjung confirm that there has been no default on payments of either interest and/ or principal sums in respect of any borrowings throughout the last financial year ended 31 December 2004 and up to 15 April 2005.

(iii) Material Litigation

As at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of Tanjung Group, and the Directors of Tanjung have no knowledge of any proceeding pending or threatened against the Tanjung Group, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of the Tanjung Group.

(iv) Contingent Liabilities

Save as disclosed below, as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Directors of the Tanjung Group are not aware of any contingent liability which, upon becoming enforceable, may materially affect the profit or net asset value of the Tanjung Group.

The Inland Revenue Board has notified TOS of a withholding tax liability totalling RM1,028,709 ("**Tax Liability**") vide its letter dated 18 October 2004. The Tax Liability arose due to late payment to IRB by TOS of a portion of the withholding taxes due, as a result of certain computational errors. An application has been made by the Company for a waiver for the Tax Liability.

As at 15 April 2005, being the latest practicable date prior to the printing of this prospectus, the aforesaid waiver is pending approval from the IRB. The Tax Liability has been disclosed as a contingent liability in the financial statements of Tanjung for the FYE 31 December 2004.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (CONT'D)**(v) Material Commitments**

Save as disclosed below and Section 9.4.5, as at 15 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Tanjung Group has no other material commitments.

Material Commitment	RM ('000)
Construction of new 60-metre anchor handling, tug and supply vessel (contracted)	33,000
Construction of new 45-metre utility vessel (contracted)	22,000
Total	55,000

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO

This Prospectus is dated 6 May 2005.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the forms of application, has also been lodged with the ROC who takes no responsibility for its contents.

The approval of the SC for the Listing Scheme obtained via its letters dated 25 February 2005 and 28 March 2005, shall not be taken to indicate that the SC recommends the IPO. Investors should rely on their own evaluation to assess the merits and risks of the IPO.

Application has been made to Bursa Securities for admission to the Official List and for the listing of and quotation for the entire issued and fully paid-up share capital of Tanjung on the Second Board of Bursa Securities. These Shares will be admitted to the Official List on the Second Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of the entire issued and fully paid-up share capital of Tanjung on the Second Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned in full without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that Tanjung is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

The SC and Bursa Securities assumes no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the Official List of the Second Board of Bursa Securities is not to be taken as an indication of the merits of Tanjung or of its shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed Tanjung Shares as a prescribed security. In consequence thereof, the IPO Shares issued or offered through this Prospectus will be deposited directly with Bursa Depository, and any dealings in these shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

In the case of an application by way of an Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In a case of an application by way of Electronic Share Application, only an applicant who is an individual can make an Electronic Share Application, and the applicant shall furnish his CDS Account number to the Participating Financial Institutions by keying his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by Tanjung and the Offerors. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Tanjung Group since the date hereof.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares, or an offer to sell the IPO Shares, in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

2. DETAILS OF THE IPO (CONT'D)

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2.1 Opening And Closing of Application

The Application for the IPO Shares will open at 10.00 am on 6 May 2005 and will remain open until 5.00 pm on 13 May 2005 or for such further period or periods as the Directors, Promoters and/or Offerors of Tanjung, together with the Managing Underwriter may in their absolute discretion decide. Late applications will not be accepted.

Should the closing date of the aforesaid application be extended, the dates for the balloting, allotment and listing of Tanjung's entire issued and paid-up share capital on the Second Board of Bursa Securities might be extended accordingly. Any changes to the application period for the Public Issue and Offer For Sale will be notified to the public via an advertisement in a widely circulated daily Bahasa Malaysia and English newspapers.

2.2 Critical Dates Of The IPO

Event	Tentative Date
Issue of Prospectus/ opening date of the IPO	6 May 2005
Closing date of the IPO*	13 May 2005
Tentative date for balloting of applications	17 May 2005
Tentative date for despatching Notices of Allotment of the new Tanjung Shares to successful applicants	25 May 2005
Tentative listing date on Bursa Securities	26 May 2005

* The closing date of the IPO may be extended for further period or periods as the Directors, Promoters and/or Offerors of Tanjung, together with the Managing Underwriter in their absolute discretion may decide.

2.3 Purposes Of The IPO

The purposes of the IPO are as follows:-

- i) To obtain a listing of and quotation for the entire issued and fully paid-up share capital of RM42,000,000 of Tanjung on the Second Board of Bursa Securities;
- ii) To provide an opportunity for Malaysian investors and institutions, and the eligible Directors and employees of the Group, to participate in the equity and continuing growth of the Tanjung Group;
- iii) To raise funds for use in the operations of the Tanjung Group, details of which are elaborated in Section 2.7;
- iv) To enhance the corporate reputation of the Group, and to assist in expanding its customer base; and
- v) To enable Tanjung Group to gain access to the capital markets for funds, for its future expansion and continued growth.

2. DETAILS OF THE IPO (CONT'D)

2.4 Share Capital

	No. Of Tanjung Shares	Share Capital (RM)
Authorised Share Capital	100,000,000	50,000,000
Issued And Fully Paid-Up Share Capital	64,000,000	32,000,000
New Tanjung Shares to be issued pursuant to the Public Issue	20,000,000	10,000,000
Enlarged Share Capital	84,000,000	42,000,000
Existing Tanjung Shares to be offered pursuant to the Offer For Sale	9,400,000	4,700,000

There is only one (1) class of shares in Tanjung, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the existing Tanjung Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which may be issued by Tanjung in the future, the holders of Tanjung Shares shall, in proportion to the amount paid-up on the Tanjung Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions, and the whole of any surplus in the event of liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of Tanjung in person or by proxy or by attorney. On a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote. On a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Tanjung Share held.

2.5 Details Of The IPO

Public Issue

The Public Issue of 20,000,000 new ordinary shares, representing 23.80% of the enlarged issued and paid-up share capital of Tanjung, at an issue price of RM1.30 per Tanjung Share are payable in full upon application subject to the terms and conditions as set out in this Prospectus and will be allocated in the following manner:-

(i) Malaysian Public via Balloting

6,000,000 Public Issue Shares representing 7.14% of the enlarged issued and paid-up share capital of Tanjung will be made available for application by the Malaysian Public, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Selected Investors via Placement

11,680,000 Public Issue Shares representing 13.90% of the enlarged issued and paid-up share capital of Tanjung will be placed out to selected investors who have been identified.

2. DETAILS OF THE IPO (CONT'D)**(iii) Eligible Employees and Directors of the Group**

2,320,000 Public Issue Shares representing 2.76% of the enlarged issued and paid-up share capital of Tanjung will be reserved for the eligible employees and Directors of the Group.

This portion of the Public Issue Shares has been allocated to 97 eligible employees and Directors of the Group based on the following criteria as approved by the Company's Board of Directors:-

- (a) At least eighteen (18) years old;
- (b) Job position;
- (c) Length of service; and
- (d) Job performance.

Details of the Directors' pink form allocation are as follows:-

Name of Directors	Designation	Pink form allocation (No. of Shares)
Y.B. Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	200,000
Hamidon Bin Md Khayon	Executive Director	150,000
Y.B. Haji Ab. Wahab Bin Haji Ibrahim	Independent Non-Executive Director	200,000
Edwane Cheah Bin Abdullah	Independent Non-Executive Director	200,000
Total allocation to Directors		750,000

Offer For Sale

In aggregate, the Offerors, will offer for sale, 9,400,000 Tanjung Shares, representing approximately 11.19% of the enlarged issued and fully paid-up share capital of Tanjung, at an offer price of RM1.30 per Tanjung Share by way of private placement to selected investors that have been identified.

In summary, the Public Issue Shares and the Offer Shares will be allocated in the following manner: -

	Public Issue		Offer For Sale	
	No. of Shares	%	No. of Shares	%
(a) Malaysian Public (<i>via balloting</i>)	6,000,000	7.14	-	-
(b) Selected investors (<i>via placement</i>)	11,680,000	13.90	9,400,000	11.19
(c) Eligible Directors and employees of the Group	2,320,000	2.76	-	-
	20,000,000	23.80	9,400,000	11.19

2. DETAILS OF THE IPO (CONT'D)

Based on the table above, all the Public Issue Shares available for application by the Malaysian Public and the eligible employees and Directors of the Group in (a) and (c) respectively have been fully underwritten. The IPO Shares available for application by selected investors in (b) are not underwritten. The Sole Placement Agent has received irrevocable undertakings from the selected investors to take up the IPO Shares available for their application.

Any portion of the Public Issue Shares which are not taken up by eligible employees and Directors of the Group in (c) will be made available for application by selected investors via placement. Any remaining Public Issue Shares not subscribed for will be made available for subscription by the Underwriters.

In the event of an under-subscription of the Malaysian Public portion of the Public Issue Shares in (a), the unsubscribed portion will be made available for application by selected investors via placement. Any remaining Public Issue Shares not subscribed for will be made available for subscription by the Underwriters.

2.6 Basis Of Arriving At The IPO Price

The IPO Price is RM1.30 per Tanjung Share. The price was determined and agreed upon by Tanjung, the Offerors, and AmMerchant Bank as the Adviser and Managing Underwriter, based on various factors which include the following:-

- (i) The Group's financial operating history and conditions and financial position as outlined in Sections 9.1 and 9.2 of this Prospectus;
- (ii) The prospects of the industry in which the Group operates as outlined Section 4.6.7 of this Prospectus;
- (iii) The future plans and prospects of the Group as outlined Section 4.7 of this Prospectus;
- (iv) The forecast net PE Multiple of 9.48 times, based on the proforma consolidated forecast net EPS of 13.71 sen for the FYE 31 December 2005, and the IPO Price of RM1.30 per Tanjung Share; and
- (v) The Proforma Consolidated NTA per Tanjung Share as at 31 December 2004 of RM0.67 based on the enlarged issued and fully paid-up share capital of 84,000,000 Tanjung Shares.

The Directors of Tanjung, the Offerors and AmMerchant Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, investors should note that the market price of Tanjung Shares upon listing on Bursa Securities is subject to the vagaries of the market forces and other uncertainties which may affect the price of the Tanjung Shares when they are traded.

Investors should form their own views on the valuation of the securities and the reasonableness of the bases used.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)

2.7 Utilisation of Proceeds

All proceeds of the Rights Issue and Public Issue after deducting the related estimated expenses, have accrued/ will accrue to Tanjung. No part is receivable by the Offerors. The gross proceeds of the aforesaid issues are approximately RM39.79 million. The Company shall bear all expenses relating to the Rights Issue and Public Issue, and all other expenses and fees incidental to the listing of and quotation for the entire issued and fully paid-up share capital of Tanjung on the Second Board of Bursa Securities, estimated at RM1.7 million.

In summary, the gross proceeds of approximately RM39.79 million accrued/ accruing to Tanjung from the Rights Issue and Public Issue will be utilised in the following manner:-

No.	Purpose	RM ('000)	Estimated timeframe for utilisation (from receipt of proceeds upon listing)
(i)	Part finance the commissioning of vessels	18,000	Within 24 months
(ii)	Setting up of new operation centre	6,000	Within 24 months
(iii)	Repayment of bank borrowings	10,000	Within 6 months
(iv)	Estimated listing expenses	1,700	Within 3 months
(v)	Working capital	4,088	Within 24 months
	Total	39,788	

Tanjung will bear all expenses incidental to the Listing including underwriting commission, brokerage, registration fee, the SC's fees, professional fees, advertising and printing costs and other fees the aggregate of which is estimated to be approximately RM1.7 million.

The Offer for Sale will raise gross proceeds of RM12,220,000. This amount shall accrue to the Offerors only and no part of the proceeds is receivable by Tanjung. The Offerors shall bear all expenses such as brokerage, registration fee and share transfer fee relating to the Offer Shares.

There is no minimum subscription to be raised from the IPO. All the IPO Shares, save for the 11,680,000 Tanjung Shares allocated to identified placees and the 9,400,000 Offer For Sale Shares, have been fully underwritten.

Brief details of the utilisation of proceeds from the Rights and Public Issue are as follows:-

(i) Part Finance the Commissioning of Vessels

The Company has immediate plans to enhance its marine services capabilities and capacity by commissioning up to four (4) new units of offshore support vessels. In line with the trend of greater oil and gas activities such as exploration and development activities in the industry, the Group has been actively promoting its maritime services and thus, the acquisition of new vessels is in anticipation of the additional maritime and related services scheduled to be provided to various oil and gas operators in Malaysia.

2. DETAILS OF THE IPO (CONT'D)

The commissioning of the abovementioned vessels would cost up to approximately RM120 million (cost per unit is estimated to be approximately RM30.0 million) where apart from the Rights and Public Issue proceeds, the commissioning costs would be financed via internally generated funds and/or bank borrowings.

(ii) Setting-up of New Operation Centres

To further enhance the Group's maintenance services and in anticipation of the exploration and development of the oil and gas fields in Gumusut, Kikeh, Kakap and Malikai oilfields in Sabah and Sarawak, as well as to tap into the existing maintenance market in East Malaysia, the Tanjung Group plans to set up an operation centre in Labuan. The operation centre which will be constructed on a suitable piece of land to be identified, will be used to service its range of existing and potential oil and gas operators within the region. Various support services such as equipment handling, warehousing facilities, workshop, servicing and communication facilities would be put in place to enable the provision of efficient and timely support to the oil and gas operators.

(iii) Repayment of Bank Borrowings

As at 15 April 2005, the Group has total borrowings and overdrafts facilities of approximately RM46.08 million, all of which are interest bearing. The repayment of bank borrowings of RM10 million is expected to facilitate the timely utilisation of cashflows and at the same time, reduce its interest expense.

(iv) Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for the enlarged issued and fully paid-up share capital of Tanjung on the Second Board of Bursa Securities are as follows:-

Description	RM'000
Professional fees *	633
Fees to authorities	77
Issuing house fee and disbursement	100
Brokerage, placement and underwriting commission	470
Advertising and printing	250
Miscellaneous **	170
Total	*** 1,700

Note:-

* The estimated professional fees include among others, fees of Adviser, Reporting Accountants, Solicitors, Valuers and Independent Market Researcher.

** Other incidental or related expenses in connection with the IPO.

*** Any unutilised amount from the above stated purposes shall be used for working capital.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)

(v) Working Capital

The working capital requirement of the Tanjung Group is expected to increase in tandem with the projected growth and expansion plans of the Group. The Group shall utilise approximately RM4.09 million from the proceeds of the IPO as additional working capital to finance the Group's daily operational activities as well as to capitalise on investment opportunities that may arise from time to time, both locally and overseas.

2.8 Financial Impact Of Utilisation Of Proceeds

The utilisation of proceeds by the Group is expected to impact the Group's financials as follows: -

(i) Interest savings

Without the proceeds from the IPO, the Group is expected to incur the incremental borrowings of approximately RM29.79 million. As such, with the proceeds from the IPO, and based on an assumed interest rate of 7.4%, it is expected to result in a total notional interest saving of approximately RM2.2 million p.a.

(ii) Increase efficiency and productivity

Part of the utilisation of proceeds allocated for the enhancement of marine and maintenance services is expected to significantly increase the Group's productivity in terms of the larger number of operators it can potentially service simultaneously and the increased efficiency in the delivery of its services. This would contribute positively to the profitability of the Group. The consolidated profit forecast of Tanjung Group for the FYE 31 December 2005 is set out in Section 9.5.

(iii) One-stop integrated oil and gas service provider

The proceeds raised from the Rights Issue and Public Issue would enable the Group to complement its expansion plans and in anticipation of increased demand from its customers. The acquisition of new vessels and the successful setting-up of a new operation centre would enable the Group to provide the complete range of products and services as an integrated oil and gas service provider in various strategic locations, enabling it to capture a larger market in Malaysia as well as potentially overseas.

2.9 Underwriting Commission And Brokerage

AmMerchant Bank, AmSecurities Sdn Bhd and Malaysian International Merchant Bankers Berhad, as the Underwriters, have agreed to underwrite the 8,320,000 Public Issue Shares to be offered to eligible Directors and employees of the Group, and the Malaysian Public via balloting. Underwriting commission of 1.5% of the IPO Price is payable by the Company, to the Underwriters.

Brokerage is payable by Tanjung in respect of the Public Issue Shares and by the Offerors in respect of the Offer Shares made available for application by the Malaysian Public at the rate of 1.0% of the IPO Price in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

2. DETAILS OF THE IPO (CONT'D)**2.10 Salient Terms Of The Underwriting Agreement**

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 8 April 2005, including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

Clause 3 (Representations and Warranties by the Company)

"As a condition of the agreement by the Underwriters to underwrite the Underwritten Shares and in consideration thereof, the Company hereby represents, warrants and undertakes to the Underwriters that: -

- (a) the Directors have made all reasonable enquiries to ensure 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 statement in the Prospectus false or misleading.*
- (b) the Prospectus:-*
 - (i) will comply in all material respects with the Companies Act 1965, the SC Act and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC and all other relevant authorities;*
 - (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;*
- (c) the Public Issue and compliance by the Company with 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 of its subsidiaries or any existing law, regulation or listing requirements applicable to or affecting the Company or any of its subsidiaries or the Public Issue; and*
 - (ii) do not and will not 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 is a party or by which the Company or its subsidiary or any part of the undertakings, assets, properties or revenues of the Company or any of its subsidiaries is bound or affected.*

2. DETAILS OF THE IPO (CONT'D)

- (d) *save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof:-*
- (i) *there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by Bursa Securities and the SC), criminal charge or investigation current or pending, or to the 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; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and*
 - (ii) *neither the Company or any of its subsidiaries are in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including Bursa Securities and the SC) 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.*
- (e) *no circumstances or situations have arisen and/or are existing, 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;*
- (f) *each of the Company and its subsidiaries 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;*
- (g) *save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof, neither the Company nor its subsidiary have 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;*
- (h) *no information has been withheld from the Underwriters which would or is likely to affect the Underwriters' willingness or decision to underwrite the Underwritten Shares;*
- (i) *all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the issue of the Issue Shares and any other matters contemplated hereby:-*
- (i) *have been or will be unconditionally obtained by the due date therefor; or*
 - (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriters by the due date therefore;*
 - (iii) *and are or will remain in full force and effect;*
- (j) *all information furnished or supplied or to be furnished or supplied to the Underwriters for the purpose of or in connection with the Public Issue is true, complete and accurate in all respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriters to underwrite the Underwritten Shares;*

2. DETAILS OF THE IPO (CONT'D)

- (k) every statement of forecast, opinion, intention and expectation (including the profit forecast) made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been 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;
- (l) the Public Issue or as the case may be, the execution and delivery by the Company, of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate action 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 it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;
- (m) the Company and each of 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 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 any of their respective assets or undertakings;
- (n) the accounts of the Company and its subsidiaries have been prepared in accordance with the law 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 Company and the Group as a whole for the financial years ended 31 December 2000 to 31 December 2004 and as at the date of this Agreement, as the case may be, and the Company and the Group have made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Company and the Group as a whole at such dates and have 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 31 December 2004 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 and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Underwriters prior to the date of this Agreement;
- (o) other than indebtedness contested in good faith by the Company 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 subsidiaries and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time, or the fulfillment of any condition, or the giving of any notice, may result in any such indebtedness becoming so payable;

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)

- (p) *save as disclosed in the Prospectus, all taxes (whether income tax, property tax or otherwise) of the Company and the Group, in particular but not limited to, all taxes which are material in the context of the Public Issue, for which the Company and/or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the accounts; 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;*
- (q) *the records, statutory books and books of accounts of the Company and 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 Companies Commission of Malaysia (CCM) or the Registrar of Companies (as the case may be) or other relevant authorities have been duly and correctly delivered or made;*
- (r) *all material assets of the Company and 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) *there will be no variation between the Prospectus in the form attached hereto and the Prospectus in the form registered by the SC without the prior written consent of the Managing Underwriters.*
- (t) *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 conditions or the prospect of the Company and each of its subsidiaries.*
- (u) *Save as disclosed in the Prospectus, the Company and each of its subsidiaries do 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 and quotation of the Public Issue.*

3.02 Undertakings by the Company

The Company 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 of the Issue Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;*

2. DETAILS OF THE IPO (CONT'D)

- (b) *to apply for and obtain the approval of Bursa Securities for the admission of the Company to the Official List of Bursa Securities and for the listing of and quotation for the entire issued and paid up share capital of the Company on the Second Board of Bursa Securities before the Closing Date and to comply with all requirements and provisions of the Companies Act 1965, the SC Act, Bursa Securities Listing Requirements and all other applicable laws, rules and regulations and the requirements of all other relevant authorities;*
- (c) *to comply with all the conditions, if any, imposed by the SC, ECU, MITI and Bursa Securities and any other relevant authority for the listing of and quotation for the entire issued and paid up share capital of the Company on the Second Board of Bursa Securities;*
- (d) *to promptly and without any delay whatsoever notify the Managing Underwriter who shall thereafter inform the other Underwriters of any breach of any of the representations, warranties or agreements or of any facts, information, situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect 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, to take such steps as may be reasonably requested by the Managing Underwriter and/or the Underwriters (as the case may be) to remedy and/or publicise the same, at any time prior to the Closing Date;*
- (e) *to give to the Underwriters any or all information which the Underwriters may require in respect of the accounts or affairs of the Company or the Group in connection with the Public Issue or the other proposals contained in the Prospectus and the documents (if any) attached thereto*
- (f) *to fix the Closing Date together with the Managing Underwriter;*
- (g) *to do all other things and sign or execute such other documents as may reasonably be required by the Managing Underwriter and/or the Underwriters (as the case may be).*
- (h) *to use its best endeavours to procure the fulfillment of the conditions precedent in Clause 4.*

3.03 Effect of Representations and Warranties

- (a) *The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause 3 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, the Company irrevocably and unconditionally undertakes with the Underwriters that it shall: -*
 - (i) *hold and keep the Underwriters fully and effectively indemnified and shall save them harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriters may incur or suffer or which may be brought against the Underwriters as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in*

2. DETAILS OF THE IPO (CONT'D)

particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriters or its nominees pursuant to provisions of this Agreement, into the securities accounts in the CDS of the Underwriters (unless the Underwriters shall have been advised in writing of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to Clause 3.03(a)(ii) below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriters to terminate this Agreement pursuant to the provisions of Clause 6;

- (ii) forthwith notify the Managing Underwriter who shall thereafter inform the other Underwriters 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 Underwriters hereunder;
 - (iii) not publish any amendment or supplement to the Prospectus which the Underwriters has not previously been notified in writing of or to which the Underwriters or their legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;
 - (iv) to notify in writing and discuss with the Underwriters 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 Underwriters hereunder;
 - (v) to the extent permitted by law, not make public any information which will or is likely to affect the market price of the Issue Shares without prior written notice to and the prior written consent of the Underwriters unless required to do so by law.
- (b) If any action, proceeding, claim or demand shall be brought or asserted against the Underwriters in respect of which indemnity is sought from the Company, then the Underwriters and/or the Managing Underwriter (as the case may be) shall notify the Company in writing thereof, and the Company shall to the extent required by the Underwriters and/or the Managing Underwriter and permitted by law assume the defence thereof on behalf of and/or in the name of the Underwriters and/or Managing Underwriter, including the employment of legal advisers selected by the Managing Underwriter and/or the Underwriters (as the case may be), and the Company shall bear all fees and expenses in relation thereto or arising therefrom. The Managing Underwriter and/or Underwriters (as the case may be) shall have the right to select separate legal advisers to assume such legal defence and otherwise to participate in the defence of such action, proceeding, claim or demand on behalf of the other Underwriters, and the Company shall bear all fees and expenses of such separate legal advisers in relation thereto and arising therefrom.

2. DETAILS OF THE IPO (CONT'D)

- (c) *At any time prior to the Closing Date, the Company shall at the request of the Managing Underwriter and/or Underwriters furnish or deliver to the Managing Underwriter and/or the Underwriters (as the case may be) all information and documents which the Underwriters may reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.*

3.04 Representations, Warranties and Undertakings by the Underwriters

The Underwriters severally undertake with and represent and warrant to the Company that: -

- (a) *they will duly observe and comply with all applicable laws and regulations in each jurisdiction in which they may offer or sell the Issue Shares;*
- (b) *their obligations under this Agreement constitute the legal, valid and binding obligations of the Underwriters enforceable by the Company against the Underwriters in accordance with its terms; and*
- (c) *subject to compliance by the Company with the terms hereof, they will consent to the inclusion of their names in the Prospectus in the form and context in which they appear in the Prospectus.*

3.05 Representations and Warranties to Survive Agreement

- (a) *The representations and warranties set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date of credit of such shares in the respective CDS accounts by the BMD referred to in Clause 2.08 above;*
- (b) *The rights and remedies conferred upon the Underwriters by the aforesaid representations, warranties, agreements and indemnities shall continue in full force and effect notwithstanding the completion of the issue and subscription of the Underwritten Shares.*

3.06 Underwriters Entitled to Elect to be Discharged in Case of Breach

- (a) *In the event of any material breach of the warranties, representations or undertakings herein set out or failure on the part of the Company to perform any of the obligations herein contained or any change rendering any of the said representations, warranties, obligations or undertakings inaccurate in any material respect coming to the notice of the Managing Underwriter and/or the Underwriters prior to the Closing Date, the Managing Underwriter shall be entitled (but not bound) by notice in writing to the Company to elect or treat such breach, failure or change as releasing or discharging it and the Underwriters from their obligations hereunder PROVIDED THAT the Company shall remain liable for the payment of the Underwriting Commission and the Management Fee pursuant to Clause 2.6 as well as all costs and expenses referred to in Clause 3.03(a)(i) and Clause 7.02 hereof AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the right of the Managing Underwriter and/or the Underwriters to treat any further or other breach, failure or change as releasing and discharging the Managing Underwriter and the Underwriters from their obligations as aforesaid.*

2. DETAILS OF THE IPO (CONT'D)

- (b) On delivery of such a notice pursuant to Clause 3.06(a), this Agreement shall become void and each Party's rights and obligations hereunder shall cease and none of the parties (except for the liability of the Company in respect of payment of the Underwriting Commission, the Management Fee pursuant to clause 2.6 and all costs and expenses referred to in Clause 3.03(a)(i) and Clause 7.02 incurred prior to or in connection with such termination) shall have any claim against each other. Thereafter the Underwriters and the Company shall confer with a view to deferring the Public Issue or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company or the Underwriters shall not be under any obligation to enter into such new agreement.

3.07 Withdrawal or Non-Procurement of Approval for Listing by Bursa Securities

The Underwriters shall have the right to terminate this Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company in the event that the approval of Bursa Securities for the listing of and quotation for the Issue Shares on the Second Board of Bursa Securities is withdrawn or not procured or procured but subject to conditions not acceptable to the Managing Underwriter and/or the Underwriters and upon such termination the liabilities hereto of the Company and the Underwriters shall become null and void and none of the Parties shall have a claim against each other save that each Party shall return any moneys paid to the other or others under this Agreement within forty-eight (48) hours of the receipt of such notice Provided that the Company shall remain liable for the payment of the Underwriting Commission and Management Fee pursuant to Clause 2.06 and for the payment of all costs and expenses referred to in Clause 3.03(a)(i) and 7.02 hereof.

3.08 Change in Circumstances

Notwithstanding anything herein contained the Underwriters or any of them acting through the Managing Underwriter may at any time before the Closing Date, by notice in writing to the Company, propose to terminate its obligations under this Agreement if in its reasonable opinion there shall have been such a change in national or international monetary, financial, political or economic conditions or in market condition (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God as would in its reasonable opinion materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)

3.09 Post Closing Obligations

In the event that all or any of the Public Issue are not listed on the Bursa Securities due to the act, default or omission of the Company, upon the expiry of two (2) months from the Closing Date, the Underwriters may issue a notice in writing ("Rectification Notice") to the Company requiring the Company to rectify the same within one (1) month from the date of receipt of the Rectification Notice, failing which the Underwriters shall be entitled to the refund of the remittances from the Company referred to in Clause 2.02 (subject to the issuance of a notice in writing to such effect ("Refund Notice") by the Managing Underwriter to the Company) within seven (7) days from the date of receipt of the Refund Notice by the Company."

Clause 4 (Conditions Precedent)

"4.01 The obligations of the Underwriters under this Agreement shall be conditional upon:

- (a) *the SC having approved the Prospectus and Bursa Securities having agreed in principle on or prior to the Closing Date to the listing of and quotation for all the issued ordinary share capital of the Company on the Second Board of Bursa Securities on terms satisfactory to the Managing Underwriter and the Managing Underwriter being reasonably satisfied that such listing and quotation will be granted three (3) clear business days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from BMD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;*
- (b) *there not having been, on or prior to the Closing Date, in the opinion of the Managing 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 Company from that set forth in the Prospectus which in the opinion of the Managing Underwriter (whose opinion is final and binding) is material in the context of the issuance of the Issue Shares or the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations, warranties or undertakings contained in this Agreement as though they had been given or made on such date;*
- (c) *upon the Company's application, the registration with the SC and lodgment with the CCM, of the Prospectus together with copies of all documents required by the SC Act and the issue by the SC of the relevant certificate of registration;*
- (d) *the issuance of the Prospectus within two (2) months from the date of this Agreement or such other date as the parties may mutually agree upon in writing;*
- (e) *the delivery to the Managing Underwriter prior to the date of issuance of the Prospectus of*
 - (i) *a certified true copy by an authorized officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorizing the execution of this Agreement and the issuance of the Prospectus; and*

2. DETAILS OF THE IPO (CONT'D)

- (ii) *a certificate in the form or substantially in the form contained in the Third Schedule dated the day of the Prospectus signed by the duly authorized officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 3.01 hereof.*
- (f) *the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company;*
- (g) *the Managing Underwriter having been satisfied that adequate arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 7.02;*
- (h) *the Public Issue is 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;*
- (i) *the Managing Underwriter having been satisfied that the company has complied and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;*
- (j) *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the Public Issue and the lodgement of the Prospectus with the CCM on or before its release;*
- (k) *the offering of the Issue Shares having been approved by the SC and Bursa Securities (approval as regards the listing of the entire issued and paid up share capital of the Company) and or any other relevant authority or authorities; and*
- (l) *this Agreement having been duly executed by all Parties and stamped.*

If any of the conditions stipulated in Clause 4 (a) to (l) above are not satisfied on or before the Closing Date, the Underwriters shall thereupon be entitled, to terminate this Agreement by notice in writing to the Company and in that event the parties hereto shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Company shall remain liable for the payment of the Underwriting Commission and Management Fee and of all other costs and expenses including but not limited to those referred to in Clause 3.03(a)(i) and Clause 7.02 hereof."

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)**Clause 5 (Force Majeure)**

"Notwithstanding anything herein contained the Underwriters may at any time be entitled to terminate their obligations under this Agreement with a notice in writing delivered to the Company on the occurrence of all or any of the matters stated in this Clause 5 on or before the Closing Date if the success of the Public Issue is, in the opinion of the Managing Underwriter (whose opinion is final and binding), seriously jeopardised by:

- (a) any Government requisition or other occurrence of any nature whatsoever which in the opinion of the Managing Underwriter (whose opinion is final and binding) seriously affects or will seriously affect the business and/or financial position of the Company;*
- (b) any change or any development involving a prospective change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Managing Underwriter prejudice materially the success of the Public Issue and its distribution or sale (whether in the primary or in respect of dealings on the secondary market); or*
- (c) any breach of the representations, warranties and undertakings referred to in Clause 3 hereof or withholding of information of a material nature from the Managing Underwriter and/or Underwriters; or*
- (d) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Managing Underwriter and/or Underwriters has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company; or*
- (e) any event or series of events beyond the reasonable control of the Managing Underwriter (including without limitation acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to the underwriting hereof; or*
- (f) the imposition of any moratorium, suspension or material restriction on trading in securities generally in Bursa Securities due to exceptional financial circumstances or otherwise.*

On delivery of such a notice by any of the Underwriters to the Company and confirmation of such a notice by facsimile or by hand, this Agreement shall be terminated and the obligations of the Underwriter under this Agreement shall be discharged accordingly. In the event of any such termination under this Clause 5, the Company shall bear all the cost and expenses incurred under this Agreement including but not limited to those stated in Clause 7.02 hereof."

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)**Clause 6 (Termination)**

"6.01 Notwithstanding anything herein contained, the Underwriters and/or the Managing Underwriter (as the case may be) may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if :-

- (a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, and/or conditions precedent contained in Clause 4 not met, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or*
- (b) there is failure on the part of the Company to perform any of its obligations herein contained; or*
- (c) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*
- (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company; 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 (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 foreign exchange controls or the occurrence of any combination of any of the foregoing;*
 - (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 Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

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

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. DETAILS OF THE IPO (CONT'D)

6.02 *Upon any such notice(s) being given pursuant to Clause 6.01, the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment of the Underwriting Commission, the Management Fee and in respect of its obligations and liabilities under Clause 3.03(a)(i) and Clause 7.02 for the payment of damages, losses, liabilities, claims, charges, proceedings, expenses, actions, demands costs and/or expenses already incurred by the Underwriters prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach."*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. RISK FACTORS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risk factors: -

3.1 Industry Risks

(i) Dependence On Oil and Gas Operators

The Tanjung Group is an integrated oil and gas service provider to both the upstream and downstream sectors of the oil and gas industry. Whilst the general oilfield services sector is largely dependent on the upstream sector of the oil and gas industry, the relationship is mutually beneficial as the services sector is essential to the upstream exploration and extraction activities. In other words, the services sector and the upstream sector of the oil and gas industry are inter-dependent.

The Group is dependent on PETRONAS, as the latter is the sole entity with legal title to the Malaysian crude oil and gas deposits under the Petroleum Development Act 1974. Any investment to undertake the exploration and extraction of crude oil and gas in Malaysia takes the form of PSC(s) with PETRONAS. Apart from that, the national oil company also governs and oversees the licensing, safety, contractual and workscope of all oil and gas service providers that are operating in Malaysia.

The Tanjung Group has continuously maintained a good working relationship with PETRONAS as well as other oil and gas operators and has established its reputation as a reliable, effective and efficient integrated oil and gas support service provider. In addition, the Group's dependence on the upstream sector of the industry is mitigated in view of the expected increase of its activities in the downstream sector in the near future, hence expanding its coverage of the oil and gas industry.

(ii) Global Oil Price Fluctuations

Crude oil and gas is vulnerable to price fluctuations due to international trading and speculation of the commodity. Exploration of crude oil reserves will tend to slow down when prices fall to a level where such activities are not commercially viable for oil and gas operators. Production and extraction of crude oil will continue so long as it remains profitable for the operators within the industry. Thus, a prolonged period of lower oil and gas prices may discourage various exploration and extraction activities resulting in lower demand for services provided by oil and gas support companies such as the Tanjung Group.

On the other hand, during periods of upward movements in oil prices, it is expected that there will be an increase in the production and extraction activities which may result in a higher demand for services offered by the aforesaid support companies.

The Tanjung Group seeks to limit these risks through, inter alia, securing long term contract agreements in terms of provision of engineering equipment and spare parts, marine services, drilling services as well as other related support services to the various oilfield operators throughout Malaysia and the surrounding region especially ASEAN. The Group also maintains close working relationships with the oilfield operators through customised after sale services and constantly keeping abreast with the latest technologies to remain competitive in the oil and gas support service industry. However, there can be no assurance that any changes to these aforesaid risks will not have adverse effects on the Group's overall business.

3. RISK FACTORS (CONT'D)

3.2 Operational Risks

The Tanjung Group is susceptible to various operational risks such as accidents and fire-breakouts which may occur to its vessels, rigs, warehouses or operation centres.

The Tanjung Group seeks to limit the above operational risks through the implementation of the following plans and risk management practices: -

- (i) the Group's facilities such as its operation centre and warehouse at Teluk Kalong, Kemaman in Terengganu and support centres at the Kemaman Supply Base in Terengganu, in Miri, Sarawak and Manjung, Perak are equipped with the regulatory basic fire fighting equipment such as fire extinguishers and hose reels. Employees are also trained on the use of these equipment as well as the proper fire fighting techniques. In addition, the Group has purchased fire insurance coverage on its properties, warehouses, vessels and equipment.
- (ii) to cope with power failure, the Group has its own generators to provide sufficient electricity for its day-to-day operations at its warehouse and operation centres. Although any prolonged disruption of electricity would affect the overall operation efficiencies of the Group, the risk of disruptions to its day to day operations are mitigated by the use of its power generators;
- (iii) the Group ensures that it has equipment and spare parts to cope with unexpected emergencies at any one time, such as storage of adequate stocks for use in the maintenance of equipment such as turbines and compressors, cash liquidity to meet liabilities due, and close working relationships with its business associates and principals to obtain timely support services during critical situations. Additionally, the Group has in place insurance policies for the breakdown of equipment and its vessels. The management of the Group also holds regular meetings and discussions to identify and mitigate any foreseeable problems in its business operations; and
- (iv) the Tanjung Group also ensures that its vessels that are currently servicing its customers off the coasts of Terengganu and Sarawak meets all the safety requirements stipulated in various licences issued by the relevant authorities such as the MOT and PETRONAS. The Tanjung Group also conducts various in-house training and briefing updates on safety requirements on a continuous basis. All of Tanjung Group's personnel are required to undergo a formal construction and industrial safety course and training so as to ensure that all employees on fieldwork are aware of the safety rules and regulations set by PETRONAS, MOT, and all relevant oilfield operators and authorities. By complying with the aforesaid rules and safety requirements issued by the relevant authorities, the Tanjung Group also minimises the risks of the commercial operations of the vessel being affected by any breakdown or damage.

Although the Board has taken reasonable steps to mitigate the operational risks as described above, there can be no assurance that the above measures taken will be adequate in the event of an emergency and that it will not have adverse effects on the Group's business.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. RISK FACTORS (CONT'D)

3.3 Dependency on Major Customers

Unlike other businesses in different industries, Tanjung is currently operating in a highly specialised industry with only a few major oil and gas operators worldwide. For FYE 31 December 2004, the Group's top five (5) customers accounted for approximately 93% of the Group's revenue. Notwithstanding this, a large portion of the contracts secured by the Group from these international oil and gas operators allows the customers to unilaterally terminate the contract. No assurance can be given that the loss of any one or more of these major customers or contracts would not adversely impact the Group's operating results.

However, the Group's dependency on major customers and/ or the risk of losing a contract is mitigated by the following: -

- (i) historically, the Group has not been solely dependent on a limited field of customers as it had been able to secure contracts from a range of oilfield operators and the types of contracts secured are of various service categories such as provision of engineering equipment, spare parts, marine services as well as other support services and product lines;
- (ii) although a large portion of the Group's revenue during the said period had been generated from the top five (5) customers, contributions to its overall bottom line are actually spread over a larger customer base;
- (iii) increasing number of oil and gas operators such as Conoco Philips, Petrofac (Malaysia-PM304) Ltd, CS Mutiara Petroleum Sdn Bhd and Newfield Peninsula/ Sarawak PLC have commenced/ plans to commence operations in Malaysia. Moving forward, this would enable Tanjung, as an integrated oil and gas service provider, to offer its services to these oilfield operators hence expanding its customers base;
- (iv) the Group's relationship with its major customers had been established and nurtured over a period exceeding thirteen (13) years. This long-term business relationship implies a satisfactory and beneficial customer-supplier relationship and forms the basis of continuous business in future;
- (v) notwithstanding that some oilfields may switch to different operators, the Group is positioned to continue the provision of its services to the said oilfield. This is possible as the new operator will still require the Group's expertise for scheduled maintenance on the equipment and facilities that the Group had installed and serviced in the past on that particular oilfield; and
- (vi) the Group is the exclusive agent and holds exclusive rights for the supply of various equipment and parts necessary for the development and operations of oilfield structures and facilities in Malaysia.

3.4 Unexpected Vessel Breakdown

The breakdown of the Group's vessels is difficult to predict with any certainty and may incur substantial costs. Although, the Group has insured its vessels for such repairs on damages due to accidents and certain events, the vessels are not insured for "loss of hire" and such downtime is not recoverable and if such repair involves an extended period of time, loss of revenue may be substantial.

3. RISK FACTORS (CONT'D)

However, as the Group's existing fleet of vessels are well maintained and is managed under a programmed maintenance schedule, such unexpected repair costs and downtime should be minimal. The Tanjung Group has continuously undertaken preventive maintenance on its vessels with additional attention to safety, which contributes towards mitigating unexpected repair costs due to breakdowns or accidents.

3.5 Termination by Principals

As at 15 April 2005, the Tanjung Group is the exclusive agent or representative in Malaysia for a range of equipment such as compressors, turbines, control valves and pumps as well as a range of spare parts for the oil and gas industry. The manufacturer or producer of these engineering equipment and spare parts are mostly foreign based. Therefore, there is a risk of termination of the aforesaid agency or exclusive licenses in the event that certain conditions stipulated in the "agency" agreements are not met or breached by the Tanjung Group. If such termination occurs, it would materially affect the profitability of the Tanjung Group. However, the Tanjung Group seeks to limit the risk of termination of the abovementioned agency or principal agreements by maintaining close working relationship and ensuring that all conditions are fulfilled at all times.

3.6 Competition

The Tanjung Group faces competition from other local and foreign service providers in the oil and gas industry in Malaysia. Although there is competition between the local licensed service providers in the industry, the threat from new entrants is relatively low due to moderately high barriers to entry in terms of initial capital investment and working capital resources, technical expertise, skilled workforce and the requirements for licenses and registrations with PETRONAS, Bank Negara and the MOF. However, there is no guarantee that the Group is insulated from competition from the existing or newly appointed licensed local service providers in Malaysia.

Apart from that, Tanjung also faces competition from foreign vessels and rig suppliers which have joint-venture agreements with the local licensed vessel and rig suppliers that provide various maritime services to the oilfield operators in Malaysia.

Although there is no assurance that the Group will always be able to maintain its existing market share in the future, nevertheless, it has several competitive advantages over its competitors. The Group has managed to implement several strategic measures, including continuous update with the latest technology for its range of equipment and parts and also continuously looking at ways to improve its operation processes in order to increase workflow efficiency. Furthermore, the Group maintains its competitive advantage by ensuring high safety standards, technical expertise, prompt delivery, consistent quality and price competitiveness of its products and services.

3.7 Licenses and Registrations

The Group's qualification to tender for and secure various oil and gas projects in Malaysia is dependent on the licenses and registrations as set out in Section 4.5.2 of this Prospectus. All of these licenses and registrations are valid for certain periods of time with the renewal based on the Group's compliance with those requirements imposed by the relevant authorities. There is no assurance that these licenses and registrations will be renewed when they expire. The Group, however, will continue to ensure that it is in compliance with the requirements at all times, and is confident about the on-going renewals, as there have been no instances of failure to obtain the renewals in the past.

3. RISK FACTORS (CONT'D)

3.8 Political, Economic and Regulatory Considerations

The Tanjung Group's business, prospect, financial condition and level of profitability may be affected by the development of the economic, political and regulatory environment in Malaysia. Any adverse developments or uncertainties in the latter could materially and adversely affect the former.

Political and economic uncertainties include (but are not limited to) risk of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, unfavourable changes in the Governments' policies such as changes in interest rates, methods of taxation, exchange controls, or the introduction of new regulations, import duties and tariffs.

Whilst the Group practices prudent financial management and efficient operating procedures, there is no assurance that any change to the aforesaid factors will not have adverse effects on the business operations of the Tanjung Group.

3.9 Government Regulations on Foreign Labour

Government regulations on foreign labour may affect the operations of the Tanjung Group in certain highly specialised projects. As the oil and gas support services tend to require specialised and skilled foreign labour, the introduction of regulations that limit the recruitment of foreign workers coupled with the limited skilled-labour market may pose a challenge to many companies in sourcing quality personnel within the industry. As at 15 April 2005, the Group employs 33 foreign contract workers who are sourced from the USA, UK, Australia and France with the necessary specialised knowledge and expertise to ensure quality in the products and services provided to customers.

In view of the above, the Group seeks to limit the reliance on foreign labour through the Group's commitment to provide its local employees with the opportunity for training and career advancement. In addition, the Group continuously improves productivity and efficiencies via the latest available technologies and back-office improvements to further mitigate the risk of skilled labour shortage. Nonetheless, there can be no assurance that further Government regulations regarding foreign labour will not have effects on the Group's business.

3.10 Foreign Currency Fluctuations

The Group imports a wide range of equipment and spare parts for its business operations from various countries, subjecting its purchase costs to foreign exchange fluctuations. In this aspect, the Group mitigates its exposure to foreign exchange fluctuations through back-to-back purchase and selling arrangements between its customers and the foreign suppliers. As a result, the Group's purchase costs and currency transacted is matched to the revenues generated from the supply of the Group's products, thus forming a natural hedge.

In addition to the above, the Group's revenues are mainly quoted in USD, the said exposure is mitigated as the RM is pegged at RM3.80/USD1.00, which was imposed by the Malaysian Government on 1 September 1998. However, there can be no assurance that the exchange rate peg will remain or that further foreign exchange fluctuations of other foreign currencies will not adversely affect the Group's business.

3. RISK FACTORS (CONT'D)

3.11 Dependence on Directors and Key Management

The management of the Tanjung Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any of the Tanjung Group's Directors or key members of the senior management, could adversely affect the Group's performance and/ or the Group's ability to maintain its competitive edge, as the oil and gas and related activities of the Group requires a highly skilled workforce. In this respect, to a certain degree, the Group's ability to attract and retain its highly skilled workforce is crucial to sustain the efficiency level of operations within the Group.

Hence, the Tanjung Group has always maintained a conducive working environment and a comprehensive human resource strategy which includes competitive compensation package as well as a structured succession plan. Efforts are also made to train the existing staff members to further support the senior management and/ or to shoulder further responsibilities in preparation for long term expansion and success in its future endeavours. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

3.12 Expansion Plans

As part of the Tanjung Group's expansion plan, it is looking into expanding its oil and gas services both within and outside the Malaysian borders. As various multinational oilfield operators have operations in different parts of the world, it is imminent that the Group will venture overseas to continue to provide the critical oil and gas support services to the oilfield operators and remain profitable. Higher level of investments coupled with more sophisticated machines would be purchased to improve the quality and range of the Group's support services to the increasingly complex tasks of extracting crude oil and gas by these oilfield operators.

Nevertheless, even though the Tanjung Group exercises prudence and conducts detailed market research and analysis prior to making any investment decision, there can be no assurance that such future investments will always be successful.

3.13 Control by Certain Shareholders

Following the Public Issue and Offer for Sale, the Promoters and major shareholders of Tanjung, namely Encik Omar Bin Khalid and Encik Abdullah bin Hashim will collectively hold 65% of the Company's enlarged issued and paid-up share capital of Tanjung. As a result, these shareholders, if acting together, will still be able to, in the foreseeable future, influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting and deliberating on such matters by law and/ or by the relevant authorities.

Nonetheless, Tanjung has appointed three (3) independent directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on an arms length basis and on terms that are not unfavourable to the Company. An audit committee is also in place ensuring that the accounting policies of the Group are in line with generally accepted accounting principles and are consistently applied.

3. RISK FACTORS (CONT'D)

3.14 Profit Forecast

This Prospectus contains the consolidated profit forecast of the Tanjung Group for the FYE 31 December 2005, based on the assumptions which the Directors of Tanjung believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. Owing to the inherent uncertainties underlying the profit forecast and given that events and circumstances do not occur as expected, there can be no assurance that the forecast contained herein will be achieved and actual results may be materially different from the forecast.

The expected contract income for the forecast year ending 31 December 2005 has been derived partly from contracts which have not yet been awarded to the Tanjung Group. As these contracts are still in the tendering process, there is a certain degree of uncertainty on the above assumption. In the event that certain material projects tendered are not awarded to the Group, the consolidated forecasted results and operations of the Tanjung Group may be adversely affected. Nevertheless, in these circumstances, the management of the Group is confident that its current resources will be successfully deployed to other contracts that may arise from time to time.

3.15 No Prior Market for Tanjung Shares

Prior to this IPO, there has been no public market for Tanjung Shares. There can be no assurance that an active market for Tanjung's Shares will develop upon its listing on the Second Board of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price of RM1.30 per IPO Share has been determined after taking into consideration a number of factors including, but not limited to, the Group's operating and financial history and conditions, prospects of the industry in which the Group operates and the prevailing market conditions. There can be no assurance that the IPO Price will correspond to the price at which Tanjung Shares will trade on the Second Board of Bursa Securities upon or subsequent to its listing or that an active market for Tanjung Shares will develop and continue to develop upon or subsequent to its listing.

3.16 Failure / Delay in the Listing Exercise

The listing exercise is also exposed to the risk that it may fail or be delayed should the following events occur:

- (a) the identified investors fail to subscribe for the portion of Issue/ Offer Shares placed to them;
- (b) the Underwriters exercise their rights pursuant to the Underwriting Agreement and discharge themselves from their obligations thereunder; or
- (c) the Company is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing.

Although the Directors of Tanjung will endeavour to ensure compliance by the Tanjung Group of the various listing requirements, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

3. RISK FACTORS (CONT'D)**3.17 Admission to the Official List of Bursa Securities Not Granted**

The IPO Shares of Tanjung Group are currently not listed on Bursa Securities or any other stock exchanges. An application has been made to Bursa Securities for admission to the Official List of Bursa Securities and for the listing of and quotation for the entire issued and fully paid-up share capital of the Company on the Second Board of Bursa Securities, including the IPO Shares. Acceptance of applications will be conditional upon permission being granted by Bursa Securities accordingly within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided the Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe. As such, monies paid in respect of any applications accepted will be returned in full without interest if the said permission is not granted within the aforesaid timeframe.

3.18 Volatility in the Price of Tanjung Shares

As with any other quoted securities, the market price of Tanjung Shares upon being listed on Bursa Securities may fluctuate widely. Such market price fluctuations are influenced by a host of factors, including the perceived prospects of the Group and the oil & gas industry in general; the Group's actual financial and operating results against those expected/ anticipated by investors and analysts; changes in analysts' recommendations or forecasts; and changes in general economic or market conditions.

3.19 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 estimates and assumptions made by the Board of Tanjung 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, general economic and business conditions, competition, the impact of new laws and regulations affecting the Tanjung Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the Tanjung Group will be achieved.

Given the risks and uncertainties that may cause the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, the Company advises the investors not to place undue reliance on those statements. The Tanjung Group is not warranting or representing to investors that the Group's actual future results, performance or achievements will be as stated in those statements.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK