

Vastalux

ENERGY BERHAD (Co. No. 789373-V)

(Company No:- 789373-V)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 57,232,000 NEW ORDINARY SHARES OF RM0.25 EACH COMPRISING OF: -

- 12,000,000 NEW ORDINARY SHARES OF RM0.25 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 4,240,000 NEW ORDINARY SHARES OF RM0.25 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE SENIOR MANAGEMENT, BUSINESS ASSOCIATES, DIRECTORS AND PROMOTERS OF THE VEB GROUP; AND
- 40,992,000 NEW ORDINARY SHARES OF RM0.25 EACH AVAILABLE FOR PLACEMENT TO SELECTED INVESTORS.

AND

- OFFER FOR SALE OF 26,000,000 ORDINARY SHARES OF RM0.25 EACH AVAILABLE FOR PLACEMENT TO SELECTED INVESTORS; AND
- RESTRICTED OFFER FOR SALE OF 7,000,000 ORDINARY SHARES OF RM0.25 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE EMPLOYEES OF THE VEB GROUP AND ITS SUBSIDIARIES.

AT AN ISSUE/OFFER PRICE OF RM0.75 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO ITS LISTING ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser, Managing Underwriter and Sole Placement Agent



INVESTMENT BANK BERHAD (20657-W)

FOR INFORMATION CONCERNING CERTAIN RISK FACTOR WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 3 HEREOF



(Our vessels carrying out services at our client's offshore platforms)



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PROSPECTUS



(The above depict our crew and vessels operating at client's facilities)

Moving Ahead, Staying Ahead

This Prospectus is dated 22 August 2008

RESPONSIBILITY STATEMENTS

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF VASTALUX ENERGY BERHAD ("VEB" OR THE "COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAIN HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENTS HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT AND/OR CASHFLOW ESTIMATE/FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT AND OR CASHFLOW ESTIMATE/FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

KAF INVESTMENT BANK BERHAD, BEING THE PRINCIPAL ADVISER, MANAGING UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THIS INITIAL PUBLIC OFFERING AND ARE SATISFIED THAT ANY PROFIT FORECAST (FOR WHICH THE DIRECTORS OF VEB ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

STATEMENTS OF DISCLAIMER

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THE SECURITIES OF THIS CORPORATION IS CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH-ADVISORY COUNCIL ("SAC") OF THE SC BASED ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 OF VEB AND THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC OF THE SC, AND THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, EITHER ON THE LAST FRIDAY OF THE MONTH OF MAY OR NOVEMBER.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for VEB's entire enlarged share capital on the Second Board of Bursa Securities are set out below: -

<u>Date</u>	<u>Event</u>
22 August 2008	: Issue of Prospectus/Opening date of the IPO
28 August 2008	: Closing date of the IPO
2 September 2008	: Tentative date for balloting of applications
3 September 2008	: Tentative allotment date of shares
12 September 2008	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 28 AUGUST 2008 OR FOR SUCH FURTHER PERIOD OR PERIODS AS THE DIRECTORS AND/OR PROMOTERS OF VEB TOGETHER WITH THE MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY DECIDE.

SHOULD THE CLOSING DATE AND TIME OF APPLICATION BE EXTENDED, THE DATES AND TIMES FOR THE BALLOTING OF APPLICATIONS, ALLOTMENT OF SHARES AND LISTING OF VEB'S ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD MIGHT BE EXTENDED ACCORDINGLY. THE CHANGES TO THE APPLICATION PERIOD UNDER THE INITIAL PUBLIC OFFERING WILL BE NOTIFIED TO THE PUBLIC VIA AN ADVERTISEMENT EACH IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH DAILY NEWSPAPER.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings: -

Act	: The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
Acquisition or Acquisition of VSB	: The acquisition by VEB of 5,000,000 ordinary shares of RM1.00 only each representing 100% of the issued and paid up share capital of VSB, for the total consideration of RM27,799,999 satisfied by the issuance of 111,199,996 new VEB Shares at an issue price of RM0.25 per VEB Share, completed on 30 April 2008
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Application	: The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
Application Form(s)	: The printed Application Form(s) for the application for the IPO Shares
ATM	: Automated Teller Machine
Board or Board of Directors	: Board of Directors of VEB
Bursa Depository or Depository	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W), a subsidiary of Bursa Securities
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
Carigali Hess	: Carigali Hess Operating Company Sdn Bhd (Company No. 296234-M), formerly known as Carigali Triton Operating Company Sdn Bhd
Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	: Capital Markets and Services Act 2007
Co-Adviser	: Efficient Frontier Capital Advisors Sdn Bhd (Company No. 606043-M)
DOSH	: Department of occupational safety and health
EBIDTA	: Earnings before interest, depreciation, taxation and amortisation
EFCASB	: Efficient Frontier Capital Advisors Sdn Bhd (Company No. 606043-M)
Electronic Share Application	: An application for the IPO Shares by Malaysian Public through Participating Financial Institutions' ATM
EMEPMI	: ExxonMobil Exploration and Production Malaysia Inc

DEFINITIONS (Cont'd)

EPS	: Earnings per share
FIC	: Foreign Investment Committee
FIC Guidelines	: FIC's Guidelines on Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests
FSO	: Floating Storage and Offshore Vessel
FPE	: Financial Period Ended
FYE	: Financial Year Ended/Ending
HSE	: Health, Safety and Environment
HUC	: Hook-up and Commissioning
Independent Assessment	: Independent Assessment of the Offshore Supporting Services for the Oil and Gas Industry, focusing on Offshore Hook-up and Commissioning, and Topside Maintenance
Independent Business and Market Research Consultants	: Vital Factor Consulting Sdn Bhd (Company No. 266797-T)
IPO	: Initial Public Offering, collectively the Offer for Sale, Restricted Offer for Sale and Public Issue
IPO Price	: RM0.75 for each IPO Share
IPO Shares	: Collectively, the Public Issue Shares, Offer Shares and Restricted Offer Shares
IRB	: Inland Revenue Board
Issues Guidelines	: SC's Policies and Guidelines on Issue/Offer of Securities
Issue Shares	: New VEB Shares to be issued by the Company pursuant to the Public Issue
KAF Investment Bank	: KAF Investment Bank Berhad (Company No. 20657-W)
Listing	: Admission to the Official List and the listing of and quotation for the entire issued and paid share capital of VEB of RM51,560,000 comprising 206,240,000 Shares on the Second Board of Bursa Securities
Listing Requirements	: The Listing Requirements of Bursa Securities
Listing Scheme	: Collectively, the Acquisition of VSB, Rights Issue, Public Issue, Offer for Sale, Restricted Offer for Sale and Listing
LGAST	: Labuan Gas Terminal
LPD	: 15 July 2008, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia

DEFINITIONS (Cont'd)

Managing Underwriter	:	KAF Investment Bank
MI	:	Minority interest
MIDFCCS or Issuing House	:	MIDF Consultancy & Corporate Services Sdn Bhd (Company No. 11324-H)
MITI	:	Ministry of International Trade and Industry, Malaysia
MUSB	:	Merak Utama Sdn Bhd (Company No. 746910-W), a 75% owned subsidiary of VSB
Murphy	:	Murphy Sarawak Oil Company Ltd (Company No. 993918-P)
N/A	:	Not applicable
NTA	:	Net tangible assets
OEM	:	Original Equipment Manufacturer
Offer For Sale or Offer	:	Offer for sale by the Offerors of 26,000,000 Shares at an offer price of RM0.75 per Share payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Price	:	RM0.75 for each Offer Share
Offer Share(s)	:	The 26,000,000 Shares which are the subject of the Offer For Sale
Offerors or Promoters	:	Collectively, Mohamad Nor Bin Abdul Rashid, Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar
Official List	:	Official List of the Second Board of Bursa Securities
PAT	:	Profit after taxation
Participating Financial Institution(s)	:	Refers to the participating financial institutions for Electronic Share Application as listed in Section 14 of this Prospectus
PBT	:	Profit before taxation
PCSB	:	PETRONAS Carigali Sdn Bhd (Company No. 39275-U)
PE Multiple	:	Price earnings multiple
PETRONAS	:	Petroleum Nasional Berhad (Company No. 20076-K)
PMO	:	Peninsular Malaysian Operations
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Principal Adviser	:	KAF Investment Bank
PTVE	:	PT Vastalux Energy (Deed of Establishment No. 39 dated 10 October 2007) an 80% owned subsidiary of VSB and currently established as a non-limited liability company in Indonesia. Upon the approval of the Minister of Law & Human Rights of Indonesia, which is pending, PTVE will legally obtain the status as a limited liability legal entity

DEFINITIONS (Cont'd)

Public Issue	: Public issue of 57,232,000 Shares at an issue price of RM0.75 per Share payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	: The 57,232,000 new Shares which are the subject of the Public Issue
QA/QC	: Quality assurance/quality control
Record of Depositors	: A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules
Reporting Accountants / Auditors	: Messrs. Wan Nadzir & Co. (AF1234)
Restricted Offer For Sale or Restricted Offer	: Restricted Offer for Sale by the Offerors of 7,000,000 Shares at an offer price of RM0.75 per Share payable in full upon application, subject to the terms and conditions of this Prospectus
Restricted Offer Price	: RM0.75 for each Restricted Offer Share
Restricted Offer Share(s)	: The 7,000,000 Shares which are the subject of the Restricted Offer For Sale
Rights Issue	: The non-renounceable rights issue of 37,808,000 new Shares representing 18.33% of the enlarged issued and paid up share capital of VEB at an issue price of RM0.25 per Share to the existing shareholders of VEB on the basis of approximately 34 Rights Shares for every 100 existing Shares held
Rights Issue Shares	: The 37,808,000 new Shares issued pursuant to the Rights Issue
RM and sen	: Ringgit Malaysia and sen respectively
SAC	: Shariah Advisory Council
SC	: Securities Commission
SCA	: Securities Commission Act 1993
Securities Account	: An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Senior Management	: Collectively, A. Bakar Bin A. Wahab, Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi and Annuar Bin Tumar
Share(s) or VEB Share(s)	: Ordinary share(s) in VEB of RM0.25 each
Sole Placement Agent	: KAF Investment Bank
Solicitors	: Messrs Lee Choon Wan & Co
Substantial Shareholder(s)	: Shareholder(s) holding 5% or more equity interest in the Company
TA Securities	: TA Securities Holdings Berhad (Company No. 14948-M)
TMM	: Topside major maintenance

DEFINITIONS (Cont'd)

UK	: United Kingdom
Underwriters	: Collectively, KAF Investment Bank and TA Securities
Underwriting Agreement	: The Underwriting Agreement dated 13 June 2008 between the Company and the Underwriters for the underwriting of 52,992,000 Public Issue Shares for an underwriting commission of 1.25% of the IPO price of RM0.75 per share
USA or US	: United States of America
USD	: United States Dollar
VEB or Company	: Vastalux Energy Berhad (Company No. 789373-V)
VEB Group or Group	: Vastalux Energy Berhad and its subsidiaries
VCSB	: Vastalux Capital Sdn Bhd (Company No. 710571-W), a wholly owned subsidiary of VSB (the entire issued and paid-up share capital of VCSB are currently held on trust by KAF Trustee Berhad on behalf of VSB)
VECSB	: Vastalux E&C Sdn Bhd (Company No. 555158-H), a wholly owned subsidiary of VSB
Vendors of VSB	: Collectively, Mohamad Nor Bin Abdul Rashid, Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar
V-FACSB	: V-Factor Sdn Bhd (Company No. 824356-T), a wholly owned subsidiary of VSB
VFSB	: Vastalux Fabricators Sdn Bhd (Company No. 648276-H), a wholly owned subsidiary of VSB
Vital Factor	: Vital Factor Consulting Sdn Bhd (Company No. 266797-T)
VMSB	: Vastalux Marine Sdn Bhd (Company No. 708716-P), a wholly owned subsidiary of VSB
VOSSB	: Vastalux Onshore Services Sdn Bhd (<i>formerly known as Vastalux Offshore Solutions Sdn Bhd</i>) (Company No. 651533-M), a wholly owned subsidiary of VSB
VSB	: Vastalux Sdn Bhd (Company No. 356570-K), a wholly owned subsidiary of VEB
VSB Group	: Vastalux Sdn Bhd and its subsidiaries
VSSB	: Vastalux Offshore Services Sdn Bhd (Company No. 706875-W), a wholly owned subsidiary of VSB
YA	: Year of Assessment

GLOSSARY OF TECHNICAL TERMS

Barrel	:	The most commonly used unit in measuring and pricing crude oil or other petroleum products. 1 Barrel is the equivalent to 158.97 litres.
Christmas Tree	:	The assembly of valves, pipes and fittings used to control the flow of hydrocarbons from a well. This term is coined because its set-up of various valves makes it look like a tree, with the valves bearing "gifts" in the form of hydrocarbons, thus the term Christmas Tree.
Crude Oil	:	The unrefined portion of petroleum that exists in a liquid state in natural underground reservoirs and remains in a liquid state at atmospheric pressure and temperature. Crude Oil may contain small quantities of non-hydrocarbons.
Deep sea	:	Informally defined by the oil and gas industry as water depth between 500 meters and 1,500 meters.
Fabrication	:	Fabrication is the term generally applied to the value-added process of constructing machines and structures out of various raw materials, primarily metal.
Floating Production, Storage and Offload ("FPSO") Vessel	:	A production platform or facility based on a purpose-built or modified vessel, generally moored to the sea floor, capable of producing and processing hydrocarbons from sub-sea wells, as well as storing and offloading the hydrocarbons onto shuttle tankers.
Hook-up and Commissioning	:	The interconnection and interfacing of systems such as structures, modules and equipment, and commissioning of these systems including inspection and testing, and ensuring all the systems are operational effectively, efficiently and safely on the platform.
Hydrocarbons	:	A wide range of chemical compounds comprising hydrogen and carbon. Hydrocarbon also refers to, and is used interchangeably with, oil and gas.
Hydrocarbon Reserve	:	Those quantities of hydrocarbons which are anticipated to be commercially recoverable from known accumulations from a given date forward.
Jacket	:	Structure that is installed on the seabed, on which the Topside or Module rests.
Jack-up Platform	:	Mobile platforms with legs that can be raised and lowered. Legs are lowered and anchored to the sea floor during operation.
Marine Vessel Costs	:	Costs which include hiring or owning and maintaining vessels and other operating costs such as consumables, catering, marine crew (including medic and crane operator), catering crew and other relevant costs required for the normal operation of vessels.
Mooring System	:	A system designed to secure a vessel, FPSO, or any floating production system to the sea floor by means of buoys, chains, anchors and other equipment.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- Natural Gas** : A naturally occurring mixture of hydrocarbon gasses. Methane (CH₄) is the chief constituent of most natural gas (constituting as much as 85% of some natural gases). Impurities can also be present in large proportions, including carbon dioxide, helium, nitrogen and hydrogen sulphide.
- Petroleum** : A complex mixture of a naturally occurring hydrocarbon compounds found in rock. Petroleum may be in gaseous, liquid or solid states, but the term generally refers to liquid crude oil. Impurities such as sulphur, oxygen and nitrogen are common in petroleum.
- Platform** : An immobile structure that is installed in a marine environment (i.e. offshore) is known as a Platform. Platforms provide a base for drilling and/or production activities.
- Production Platform** : The structure on which hydrocarbons are extracted in a marine environment. There are 4 distinct types of rig platforms - Immobile Platforms; Semi-submersible Platforms; Jack-up Platforms; and Floating Production, Storage and Offload (FPSO) vessels.
- Production Sharing Contract or PSC** : In a production-sharing contact between a contractor and a host government, the contractor typically bears all risks and costs for petroleum exploration, development, and production. In return, if the exploration is successful, the contractor is given the opportunity to recover its investment from production, subject to specific limits and terms. The contractor also receives a stipulated share of the production remaining after cost recovery, referred to as profit hydrocarbons. Ownership is retained by the host government. However, the contractor normally receives title to the prescribed share of the volumes as they are produced. Reserves consistent with the cost recovery plus profit hydrocarbons that are recoverable under the terms of the contract are typically reported by the upstream contractor.
- Semi-submersible Platform** : Floating offshore structure that has hulls or pontoon-like structures submerged in the water, but not resting on the seafloor. Semi-submersible Platforms are either self propelled, or towed to a drilling site, and are either anchored or dynamically positioned over the site, or both. Semi-submersible Platforms can be used as drilling and production platforms, depending on the equipment with which they equipped. When fitted with a drilling package, they may be called "semi-submersible drilling rigs".
- Single Buoy Mooring (SBM) System** : Mooring system secured to the sea floor that is utilised to hold FPSO. Also contains equipment to allow for the transfer of hydrocarbons stored on FPSO onto another vessel, typically a tanker.
- Skid** : A structure on which equipment is affixed, and which can be lifted.
- Topside** : Generally the portion of Immobile Platforms, Semi-submersible Platforms, and Jack-up Platforms that is permanently above the surface. Typically houses all the equipment and systems required for self-sufficient hydrocarbon production. Key equipment and systems include drilling rig, wellhead and Christmas Tree, power generating machinery, storage and offloading facilities, and crew accommodations.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- Topside Maintenance** : Refers to maintenance, repair and modification work done on platforms including minor facilities upgrade, procurement of materials, assembly and pre-fabrication, load-out or sea-fastening, installation, inspection, blasting and painting, and testing of various systems and equipment to meet optimum operational, production and safety requirements.
- Top-of-Jacket** : The portion of the Jacket that is above the water surface and below the platform floor.
- Ultra-deep sea** : Informally defined by the oil and gas industry as water deeper than 1,500 metres.
- Welding** : Welding is a fabrication process that joins materials, usually of metal or thermoplastic, by causing coalescence. Welding is often done by melting the work-pieces and adding a filler material to form a pool of molten material that cools to become a strong joint. Sometimes pressure is also used in conjunction with heat, or by itself, to produce the weld.

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INTERPRETATION

All references to “VEB” and the “Company” in this Prospectus are to Vastalux Energy Berhad.

In this Prospectus, words denoting the singular shall include the plural number and vice versa, words denoting any gender shall include all genders, words denoting persons shall include natural persons, firms, companies, bodies corporate and unincorporated bodies, and a reference to a Section is a reference to the relevant section of this Prospectus.

Unless otherwise indicated, any reference in this Prospectus to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification).

In this Prospectus, references to the “Government” are to the Government of Malaysia.

In this Prospectus, references to “a person who is deemed connected” with another are references to such persons as defined under Section 122A of the Companies Act. A person shall be deemed connected to a Director or Substantial Shareholder of VEB if he is:

- (a) A member of that Director’s or Substantial Shareholders’ family, which is defined to include his spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister; or
- (b) A body corporate which is associated with that Director or Substantial Shareholder; or
- (c) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that Director or Substantial Shareholder or member of his family is a beneficiary; or
- (d) A partner of that Director or Substantial Shareholder, or a partner of a person connected with the Director or Substantial Shareholder.

“A body corporate is associated with a Director or Substantial Shareholder” if:

- (a) The body corporate is accustomed or is under an obligation, whether formal or informal, or its Directors or Substantial Shareholders are accustomed, to act in accordance with the directions, instructions or wishes of that Director or Substantial Shareholder; or
- (b) That Director or Substantial Shareholder has a controlling interest in the body corporate; or
- (c) That Director or Substantial Shareholder or persons connected with him, or that Director or Substantial Shareholder and persons connected with him, are entitled to exercise, or control the exercise of, not less than fifteen per centum of the votes attached to voting shares in the body corporate.

Any reference in this Prospectus to a time or day shall be a reference to that time or day in Malaysia, unless otherwise stated.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two decimal places. Any numeric discrepancies in the tables between the amounts listed and the totals are due to rounding.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as “believes”, “plans”, “expects”, “intend”, “forecast”, “estimate” and similar expressions, are used to identify such forward-looking statements. These forward-looking statements represent the Company’s views and beliefs with respect to the future of the VEB Group, and do not constitute a guarantee of the future performance of the VEB Group. The Company is not obliged to provide any update or revision to any forward-looking statement to reflect any change in the Company’s views and beliefs or any change in events, conditions or circumstances on which those statements are based, as the case may be.

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Nationality / Profession
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Independent Non-Executive Chairman	No. 2, Jalan USJ 6/2C, 47610 Subang Jaya, Selangor Darul Ehsan	Malaysian / Director
Dato' Mohamed Salleh Bin Bajuri	Independent Non-Executive Director	No. 277, Jalan Damansara, Damansara Heights, 50480 Kuala Lumpur	Malaysian / Director
Munawir Bin Mohammad	Non-Independent Non-Executive Director	No. 2, Jalan BK2/3, Bandar Kinrara, 47100 Puchong Selangor Darul Ehsan	Malaysian / Director
Mohamad Nor Bin Abdul Rashid	Executive Vice Chairman	30-P1-2, Bukit Desa Condo Taman Desa 55100 Kuala Lumpur	Malaysian / Director
Nor Sabri Bin Hamzah	Managing Director/Chief Executive Officer	No. 9, Jalan SK-02 Taman Sri Kenari, 43000 Kajang Selangor	Malaysian / Director
Azman Bin Abd Ghafar	Executive Director	No. 128, Jalan BK 4/3 Bandar Kinrara 47100 Puchong Selangor	Malaysian / Director

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CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Dato' Mohamed Salleh Bin Bajuri	Chairman of Audit Committee	Independent Non-Executive Director
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Member of Audit Committee	Independent Non-Executive Director
Munawir Bin Mohammad	Member of Audit Committee	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Chairman of Remuneration Committee	Independent Non-Executive Director
Dato' Mohamed Salleh Bin Bajuri	Member of Remuneration Committee	Independent Non-Executive Director
Nor Sabri Bin Hamzah	Member of Remuneration Committee	Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Chairman of Nomination Committee	Independent Non-Executive Director
Dato' Mohamed Salleh Bin Bajuri	Member of Nomination Committee	Independent Non-Executive Director
Munawir Bin Mohammad	Member of Nomination Committee	Non-Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Rasyidi Bin Md Deris
MIA 17368
No. 13C, 3rd Floor Block 1
Worldwide Business Park
Jalan Tinju 13/50, Section 13
40675 Shah Alam
Selangor Darul Ehsan
Telephone No. : 03-5513 7502
Facsimile No. : 03-5513 7512
- REGISTERED / HEAD OFFICE** : Level 7, Tower Block
Plaza Dwi Tasik
No. 21, Jalan Sri Permaisuri
Bandar Sri Permaisuri
56000 Cheras
Kuala Lumpur
Telephone No. : 03-9172 6666
Facsimile No. : 03-9172 4588
E-mail : enquiry@vastalux.com.my
Website : http://www.vastalux.com.my
- SHARE REGISTRAR AND ISSUING HOUSE** : MIDF Consultancy & Corporate Services Sdn Bhd (11324-H)
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03-2173 8888
Facsimile No. : 03-2173 8677
- AUDITOR AND REPORTING ACCOUNTANT** : Wan Nadzir & Co. (AF1234)
Chartered Accountants
No. 1C, 3rd Floor Block 1
Worldwide Business Park
Jalan Tinju 13/50, Section 13
40675 Shah Alam
Selangor Darul Ehsan
Telephone No. : 03-5511 7512
Facsimile No. : 03-5512 7513
- SOLICITORS FOR THE IPO** : Lee Choon Wan & Co.
Advocates & Solicitors
No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Telephone No. : 03-2093 0078
Facsimile No. : 03-2094 1750
- PRINCIPAL BANKERS** : Ambank Bank Berhad (8515-D)
No. 221& 223, Jalan Besar
Salak South
57100 Kuala Lumpur
Telephone No. : 03-7980 9179
Facsimile No. : 03-7981 1478
- : Bank Islam (M) Berhad (98127-X)
No. 2 & 4, Jalan 6C/7
Bandar Baru Bangi
43650 Selangor Darul Ehsan
Telephone No. : 03-8925 8490
Facsimile No. : 03-8925 6168

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS (Cont'd)** :
- CIMB Bank Berhad (13491-P)**
 No. 2 Wisma RKT
 Ground Floor, Jalan Raja Abdullah
 50300 Kuala Lumpur
 Telephone No. : 03-2691 5260
 Facsimile No. : 03-2693 4477
 - Malayan Banking Berhad (3813-K)**
 Suite 163-0-14, Tingkat Bawah
 Wisma Mahsing
 163, Jalan Sg. Besi
 57100 Kuala Lumpur
 Telephone No. : 03-9221 9841
 Facsimile No. : 03-9221 9824
 - RHB Bank Berhad (6171-M)**
 K-156-C, Jalan Sulaiman
 Chukai, Kemaman
 Terengganu Darul Iman
 Telephone No. : 09-8592 824
 Facsimile No. : 09-8593 771
 - Bank Muamalat Malaysia Sdn Bhd (6175-W)**
 Ground Floor, 18 Jalan Tuanku Abdul Rahman
 50100 Kuala Lumpur
 Telephone No. : 03-2697 7077
 Facsimile No. : 03-2697 7010
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** :
- Vital Factor Consulting Sdn Bhd (266797-T)**
 75C & 77C Jalan SS22/19
 Damansara Jaya
 47400 Kuala Lumpur
 Telephone No. : 03-7728 0248
 Facsimile No. : 03-7728 7248
- PRINCIPAL ADVISER, MANAGING UNDERWRITER AND SOLE PLACEMENT AGENT** :
- KAF Investment Bank Berhad (20657-W)**
 Level 14, Chulan Tower
 No. 3, Jalan Conlay
 50450 Kuala Lumpur
 Telephone No. : 603-2168 8800
 Facsimile No. : 603-2168 8009
- UNDERWRITER** :
- TA Securities Holdings Berhad (14948-M)**
 Menara TA One
 22 Jalan P. Ramlee
 50250 Kuala Lumpur
 Telephone No. : 603-20721277
 Facsimile No. : 603-20316608
- LISTING SOUGHT** :
- Second Board of Bursa Securities**
- SHARIAH STATUS** :
- Approved by the SAC of the SC**

1. SUMMARY INFORMATION

(Company No. 789373-V)
(Incorporated in Malaysia under the Companies Act, 1965)

THE FOLLOWING SUMMARY INFORMATION SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS AND SHOULD BE READ AND UNDERSTOOD IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE PUBLIC ISSUE.

1.1 HISTORY AND BUSINESS

VEB was incorporated in Malaysia under the Companies Act, 1965 on 22 September 2007 as a public company under the name of Vastalux Energy Berhad. VEB is principally an investment holding company. The principal activities of its subsidiary companies are as detailed below: -

Name of Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Interest (%)	Principal Activities
<u>Subsidiary of VEB</u>				
Vastalux Sdn Bhd	23 August 1995 /Malaysia	5,000,000	100	Provision of offshore and onshore hook-up and commissioning, offshore topside and onshore facilities maintenance services, offshore and onshore minor fabrication works and charter of marine vessel.
<u>Subsidiaries of VSB</u>				
Vastalux Capital Sdn Bhd	22 September 2005 /Malaysia	2*	100	Entity for fund raising activities.
Vastalux Offshore Services Sdn Bhd (formerly known as Liputan Baiduri Sdn Bhd)	18 August 2005 /Malaysia	2	100	Provision of offshore and onshore hook-up and commissioning services.
Vastalux Onshore Services Sdn Bhd (formerly known as Vastalux Offshore Solutions Sdn Bhd)	6 May 2004 /Malaysia	2	100	Onshore construction of oil and gas plants.
Vastalux E&C Sdn. Bhd. (formerly known as Bidi Enterprise Sdn Bhd)	2 August 2001 /Malaysia	2	100	Provision of offshore topside and onshore facilities maintenance services.

1. SUMMARY INFORMATION (Cont'd)

Name of Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Interest (%)	Principal Activities
Vastalux Fabricators Sdn Bhd (formerly known as Mandarin Enhance Sdn Bhd)	8 April 2004 /Malaysia	500,000	100	Minor fabrication works.
Vastalux Marine Sdn Bhd (formerly known as Amber Mission Sdn Bhd)	6 September 2005 /Malaysia	2	100	Intended for charter of marine vessel.
V-Factor Sdn Bhd	7 July 2008 /Malaysia	100,000	100	Currently dormant. For future holding of vessel operation licenses to be secured from PETRONAS.
Merak Utama Sdn Bhd	11 September 2006 /Malaysia	100,000	75	Provision of underwater structural inspection services.
PT Vastalux Energy ^	10 October 2007 /Indonesia	USD1,000,000	80	Provision of offshore and onshore oil and gas supporting services in Indonesia.

Notes: -

* The entire issued and paid-up share capital of VCSB are currently held on trust by KAF Trustee Berhad on behalf of VSB pursuant to the Share Trust Deed dated 16 December 2005 between KAF Trustee Berhad and VSB.

^ PT Vastalux Energy (Deed of Establishment No. 39 dated 10 October 2007) an 80% owned subsidiary of VSB and currently established as a non-limited liability company in Indonesia. Upon the approval of the Minister of Law & Human Rights of Indonesia, which is pending, PTVE will legally obtain the status as a limited liability legal entity.

As part of the incorporation exercise of VEB as an investment holding company, it acquired 100% shareholding in Vastalux Sdn Bhd ("VSB") on 30 April 2008. VSB was established in 1995 and started its business operations in 1998 as a small sub-contractor in the Malaysian oil and gas industry. Its founding members are Mohamad Nor Bin Abdul Rashid and Nor Sabri Bin Hamzah. It deals mainly in supply of offshore manpower, equipment and materials and minor fabrication work. Since then it has grown into a full scale main contractor licensed by PETRONAS, the National Oil Company of Malaysia and has been directly involved in diverse areas of the oil and gas industry.

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

1. SUMMARY INFORMATION (Cont'd)

1.2 COMPETITIVE ADVANTAGES

The competitive advantages of the VEB Group in the oil and gas industry include the following: -

- PETRONAS approved licences and registrations;
- Established track record;
- Strong in-house engineering skills;
- High standards of quality;
- In-house minor fabrication facilities and workshop; and
- Own Marine Vessel.

Further details on VEB Group's competitive advantages are set out in Section 4.2.4 of this Prospectus.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF VEB

The Promoters, Substantial Shareholders and Directors of the Group are as follows: -

- VEB's Promoters are Mohamad Nor Bin Abdul Rashid, Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar. Except for Azman Bin Abd Ghafar, they are also the Substantial Shareholders.
- The Directors and key management of VEB are as follows: -

Name	Designation
Directors	
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Independent Non-Executive Chairman
Dato' Mohamed Salleh Bin Bajuri	Independent Non-Executive Director
Munawir Bin Mohammad	Non-Independent Non-Executive Director
Mohamad Nor Bin Abdul Rashid	Executive Vice Chairman
Nor Sabri Bin Hamzah	Managing Director/Chief Executive Officer
Azman Bin Abd Ghafar	Executive Director
Key Management	
A. Bakar Bin A. Wahab	Business Development Director
Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi	General Manager, Corporate Services and Asset Division
Annuar Bin Tumar	General Manager, Operations
Isaharuddin Bin Alwi	Senior Manager, Contract and Planning Division
Ahmad Zaki Bin Talib	Finance Manager
Ahmad Suhairi Bin Dapat	HSE Manager
Azhar Bin Yayah	Head, QA/QC

Further details of the Promoters, Substantial Shareholders, Directors and key management of VEB are set out in Section 5 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)**1.4 PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008**

The following table sets out a summary of the proforma consolidated income statements of the Group for the past three (3) financial years and FPE 31 March 2007 and 31 March 2008, prepared on the assumption that the current structure of the Group has been in existence from the beginning of the earliest period presented. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in Sections 9.1 and 9.4 of this Prospectus.

Financial Year	Financial Year Ended 31 December			Financial Period Ended 31 March	
	2005 RM '000	2006 RM '000	2007 RM '000	# 2007 RM '000	2008 RM '000
Revenue	77,339	143,212	143,231	28,805	40,771
Gross profit	13,229	24,777	30,852	5,082	8,419
EBITDA	7,212	18,535	22,168	3,361	7,119
Depreciation	(1,318)	(2,427)	(1,985)	(168)	(211)
Amortisation	-	(252)	(406)	(55)	(101)
Interest expenses	(784)	(5,705)	(6,518)	(1,614)	(1,324)
Interest income	196	2,392	2,303	693	501
PBT	5,306	12,543	15,562	2,217	5,984
Taxation	(1,776)	(3,820)	(4,836)	(681)	(1,397)
PAT	3,530	8,723	10,726	1,536	4,587
MI	7	9	(20)	6	(8)
Net profit attributable to equity holders of the Company	3,537	8,732	10,706	1,542	4,579
No of ordinary shares of RM0.25 each in issue ('000) *	111,200	111,200	111,200	111,200	111,200
Net earning per share (sen)	3.18	7.85	9.62	1.38	4.12
Gross Profit Margin	17.1%	17.3%	21.5%	17.6%	20.7%
PBT Margin	6.9%	8.8%	10.9%	7.7%	14.7%

Notes: -

- (1) The proforma consolidated income statements have been prepared for illustrative purposes only to present the results of the Group had the transaction set out in Sections 9.1 and 9.4 of this Prospectus been effected prior to the earliest period presented, and after taking into consideration the proposed internal group reorganization i.e. Acquisition. Further details on this are highlighted in Section 9.4.
 - (2) There are no exceptional and extraordinary items for the financial years under review.
- * Based on the issued paid-up share capital of 111,200,000 Shares immediately prior to the Rights Issue and Public Issue.
- # Unaudited and stated for comparative purpose only.

Detailed information and commentaries on the Proforma Consolidated Income Statements are set out in Sections 9.1 and 9.4 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)**1.5 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**

The Proforma Consolidated Balance Sheets as at 31 March 2008 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of VEB, had the Listing Scheme been effected on that date.

	VEB Audited Balance Sheet as at 31.03.08 (RM'000)	Proposals			
		Proforma I	Proforma II	Proforma III	Proforma IV
		After Acquisition (RM'000)	After Rights Issue (RM'000)	After IPO (RM'000)	After Utilisation of Proceeds (RM'000)
NON-CURRENT ASSETS					
Property, plant and equipment	-	23,384	23,384	23,384	23,384
Prepaid lease land	-	10,857	10,857	10,857	10,857
Goodwill on consolidation	-	55	55	55	55
Deferred tax assets	-	28	28	28	28
Deferred expenditure	-	952	952	952	952
	-	35,276	35,276	35,276	35,276
CURRENT ASSETS	^	194,649	204,101	247,025	222,965
LESS: CURRENT LIABILITIES	8	137,007	137,007	139,566	118,953
Net current assets	(8)	57,642	67,094	107,459	104,012
LESS: NON-CURRENT LIABILITIES					
Long term borrowings	-	9,131	9,131	9,131	5,684
Bonds	-	50,000	50,000	50,000	50,000
Deferred tax liabilities	-	887	887	887	887
	-	60,018	60,018	60,018	56,571
	(8)	32,900	42,352	82,717	82,717
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY					
Share capital	^	27,800	37,252	51,560	51,560
Share premium	-	-	-	26,057	26,057
Other reserve	-	4,447	4,447	4,447	4,447
Retained earnings / (Accumulated losses)	(8)	-	-	-	-
Shareholders' equity	(8)	32,247	41,699	82,064	82,064
MINORITY INTEREST	-	653	653	653	653
Total Equity	(8)	32,900	42,352	82,717	82,717
NTA attributable to the equity holders of the Company	(8)	32,192	41,644	82,009	82,009
Number of Ordinary Shares in issue of RM0.25 each ('000)	*	111,200	149,008	206,240	206,240
NTA per Share (Sen)	-	28.95	27.95	39.76	39.76

1. SUMMARY INFORMATION (Cont'd)

Notes: -

- (1) Proforma I is based on the assumptions that the Acquisition has been effected.
- (2) Proforma II incorporates Proforma I and the Rights Issue of 37,808,000 Shares at the issue price of RM0.25 each to selected shareholders.
- (3) Proforma III incorporates Proforma II and the Public Issue of 57,232,000 Shares in VEB at an issue price of RM0.75 per Share.
- (4) Proforma IV incorporates Proforma III and the effects of the utilisation of proceeds.
- * Denotes 4 units of ordinary shares of RM0.25 each.
- ^ Denotes RM1.00.

Detailed Proforma Consolidated Balance Sheets is set out in Sections 9.2 and 9.4 of this Prospectus.

1.6 SUMMARY OF MATERIAL RISK FACTORS

The following are a list of some of the material risk factors (which may not be exhaustive) as extracted from Section 3 of this Prospectus which applicants for the Public Issue/Offer Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Public Issue/Offer Shares: -

No.	Risk Factors
Section 3.1	Risks Relating to the Industry in which the VEB Group Operates
	(i) Sustained Fall in the Market Price of Hydrocarbons;
	(ii) Depletion of Hydrocarbon Resources;
	(iii) Political, Social, Economic and Regulatory Considerations; and
	(iv) Change in PETRONAS Policy.
Section 3.2	Risks Relating to the Operations and Business of the VEB Group
	(i) Business Risks;
	(ii) Dependence on Long-Term Contracts;
	(iii) Dependence on Key Personnel;
	(iv) Dependence on Major Customers;
	(v) Competitive Risks;
	(vi) Financial Risks;
	(vii) Investment Activities Risk;
	(viii) Foreign Exchange Risk;
	(ix) Control by Substantial Shareholders;
	(x) Related Party Transaction/Conflict of Interest; and
	(xi) Breakout of Fire, Energy Crisis and other Emergencies.
Section 3.3	Risks Relating to Investment in the Shares of VEB
	(i) No Prior Market for the Shares of VEB;
	(ii) Capital Market Risks;
	(iii) Achievability of Profit Forecast;
	(iv) Disclosure Regarding Forward-Looking Statements; and
	(v) Delay In or Abortion of Listing.

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

1. SUMMARY INFORMATION (Cont'd)**1.7 PROFIT AND DIVIDEND FORECAST****1.7.1 Consolidated Profit Forecast for the Financial Year Ending 31 December 2008**

FYE 31 December	Forecast 2008 (RM'000)
Revenue	169,552
Consolidated PBT	22,964
Taxation	(6,672)
Consolidated PAT	16,292
MI	(54)
Consolidated PAT after MI	16,238
Less: Pre-acquisition profit	(3,419)
	<u>12,819</u>
Enlarged issued share capital ('000)	206,240
Gross EPS (sen) ⁽¹⁾	11.1
Net EPS (sen) ⁽²⁾	7.9
Gross PE Multiple (times) ⁽³⁾	6.7
Net PE Multiple (times) ⁽³⁾	9.5

Notes: -

- (1) Based on the consolidated PBT before deducting pre-acquisition profit and based on enlarged share capital.
- (2) Based on the consolidated PAT after MI before deducting pre-acquisition profit and based on enlarged share capital.
- (3) Based on the IPO price of RM0.75 per ordinary share.

Further information of the Consolidated Profit Forecast is set out in Section 9.8 of this Prospectus.

1.7.2 Dividend Forecast and Policy

FYE 31 December	Forecast 2008
Gross dividend per Share (sen)	⁽¹⁾ 2.5
Gross dividend yield (%)	⁽²⁾ 3.4
Net dividend cover (times)	3.3

Notes: -

- (1) Based on the enlarged share capital.
- (2) Based on the IPO price of RM0.75 per Share.

Further information of the dividend forecast and dividend policy is set out in Section 9.11 of this Prospectus. It is the intention of the Board, subject to the factors set out in Section 9.11, to distribute 30% of the Group's annual profit attributable to the equity holders of the Company as gross dividends.

1. SUMMARY INFORMATION (Cont'd)**1.8 PRINCIPAL STATISTICS RELATING TO THE IPO**

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

	Number of ordinary shares of RM0.25 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	400,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
• Existing Shares	149,008,000	37,252,000
• New ordinary shares to be issued pursuant to the Public Issue *	57,232,000	14,308,000
ENLARGED SHARE CAPITAL	206,240,000	51,560,000
• Existing ordinary shares to be offered pursuant to the Offer For Sale	26,000,000	6,500,000
• Existing ordinary shares to be offered pursuant to the Restricted Offer For Sale	7,000,000	1,750,000
• IPO Price		RM0.75
• Market Capitalisation		154,680,000

Note: -

* Including 2,540,000 new Shares issued to the Promoters and Directors, which are excluded from calculation for public spread.

The Issue/Offer Price is RM0.75 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus. Further details of the particulars of the IPO are set out in Section 2 of this Prospectus.

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1. SUMMARY INFORMATION (Cont'd)**1.9 UTILISATION OF PROCEEDS**

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

	Timeframe for Utilisation upon Listing	Amount (RM'000)
1. Capital Expenditure: * #		
(i) Development and Construction of Fabrication Yard and Yard Facilities	Within 24 Months	3,000
(ii) Finance/Part Finance the Acquisition of Marine Vessel(s)	Within 12 months	10,000
2. Retirement of bank borrowings	Immediate	21,501
3. Working Capital: *		
(i) Expansion of Business and Markets	Within 24 Months	10,000
(ii) Existing Operations	Within 12 months	5,316
4. Estimated Listing Expenses ^ #	Immediate	2,559
Total Proceeds		52, 376

Notes: -

- * Should any of items 1 and 3 occur prior to the IPO, triggering the Group to resort to financing, the IPO proceeds shall be used to repay the said financing.
- ^ The estimated listing expenses which wholly consist of expenses in connection with the issuance of shares of VEB will be debited against the share premium account.
- # The balance of unutilised funds for item 1 will be utilised for items 3 (i) and/or 3 (ii). If item 4 is higher than estimated, the deficit will be funded out of the portion allocated for item 3 and vice versa.

Further details of the utilisation are set out in Section 2.6 of this Prospectus.

1.10 SHARIAH STATUS

The SAC of the SC has on 16 May 2008 classified the securities of VEB as Shariah-compliant based on the audited consolidated financial statements for the FYE 31 December 2007 of VEB and the Shariah criteria adopted by the SAC of the SC.

Further information on the Shariah status of VEB is set out in Section 2.1.2 of this Prospectus.

2. PARTICULARS OF THE IPO

This Prospectus is dated 22 August 2008. The IPO is subject to the terms and conditions of the Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the CCM who takes no responsibility for its contents.

The approval of the SC for the IPO, as set out in Section 6.1, obtained vide its letter dated 30 April 2008, shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

An application will be made to the Bursa Securities within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the entire issued and fully paid-up shares of VEB failing which any allotment made on an application to subscribe for VEB Shares pursuant to the Prospectus shall be void and the Company shall repay without interest, all monies received from the applicant. These VEB 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 the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been dispatched 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 enlarged issued and fully paid-up VEB Shares on the Second Board of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest within 14 days 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 the Company is notified by or on behalf of the Bursa Securities within the aforesaid time frame. If such monies are not repaid within the said period, the provision of sub-section 243 (2) of the Capital Markets & Services Act, 1993 shall apply accordingly

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

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications or Internet Share Application must have a CDS Account. In the case of an applicant by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In the case of an applicant by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, the Company must have at least 25% of the total number of VEB Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 VEB shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned without interest, if the said permission is not granted.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions 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 the Company or of its Shares.

2. PARTICULARS OF THE IPO (Cont'd)

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 VEB. 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 VEB 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. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and the Company takes no responsibility for the distribution of this Prospectus and the offer of any part of the Issue Shares outside Malaysia which may be restricted by law in certain jurisdictions. 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 in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or other professional advisers.

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2. PARTICULARS OF THE IPO (Cont'd)**2.1 SHARE CAPITAL**

	Number of ordinary shares of RM0.25 each	Share capital (RM)
AUTHORISED SHARE CAPITAL	400,000,000	100,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:		
• Existing Shares	149,008,000	37,252,000
• New ordinary shares to be issued pursuant to the Public Issue *	57,232,000	14,308,000
ENLARGED SHARE CAPITAL	206,240,000	51,560,000
• Existing ordinary shares to be offered pursuant to the Offer For Sale	26,000,000	6,500,000
• Existing ordinary shares to be offered pursuant to the Restricted Offer For Sale	7,000,000	1,750,000
• IPO Price		RM0.75
• Market Capitalisation		154,680,000

Note: -

* Including 2,540,000 new Shares issued to the Promoters and Directors, which are excluded from calculation for public spread

The Issue/Offer Price is RM0.75 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus.

2.1.1 Class of Shares, Ranking and Rights

There is only one (1) class of shares in the Company, namely, ordinary shares of RM0.25 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with the other existing issued Shares of the Company 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 the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the 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 the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and 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, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each Share held.

2. PARTICULARS OF THE IPO (Cont'd)

2.1.2 Shariah Status

VEB has voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC of the SC as part of the process of determining its Shariah status at Listing.

The SAC of the SC has on 16 May 2008 classified the securities of VEB as Shariah-compliant based on the audited consolidated financial statements for the FYE 31 December 2007 of VEB and the Shariah criteria adopted by the SAC of the SC.

2.2 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

- (i) To provide the Group with immediate funds for investment in equipment, facilities and expansion of its business and markets as well as working capital thus increasing the Group's capacity for future business growth. This is crucial as the Group aspires to participate in a greater spectrum of the value chain of the oil and gas industry both locally and overseas in view of the very bullish industry outlook driven by historic high oil prices;
- (ii) To provide an opportunity for the eligible employees and business associates who have contributed to the success of the Group as well as the public and investors to participate in VEB's equity and the continuing growth of the VEB Group;
- (iii) To further increase the Group's visibility and presence as a provider of supporting specialised services in the oil and gas industry through its listing status; and
- (iv) To enable the Group to gain access to the equity capital market to raise funds for future expansion, diversification, modernisation and the overall continued growth of the Group.

2.3 DETAILS OF THE IPO

Upon completion of the Rights Issue, the Company will undertake the Public Issue, Offer For Sale and Restricted Offer For Sale in conjunction with its Listing on the Second Board of Bursa Securities.

2.3.1 Public Issue

The Public Issue comprises the issuance of 57,232,000 Issue Shares at an issue price of RM0.75 per Share payable in full on Application upon such terms and conditions as set out in this Prospectus. The Public Issue will be allocated and allotted in the following manner: -

(i) Public

12,000,000 Public Issue Shares will be made available for application by individuals, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

2. PARTICULARS OF THE IPO (Cont'd)**(ii) Eligible Senior Management, Business Associates, Directors and Promoters of the Group**

4,240,000 Public Issue Shares will be reserved for the eligible Senior Management, business associates, Directors and Promoters of the VEB Group.

The Public Issue Shares to be allocated to nine (9) eligible Senior Management, business associates, Directors and Promoters of the Group is based on the following criteria as approved by the Company's Board of Directors: -

- (a) Designation and position;
- (b) Length of service; and
- (c) Performance and contribution.

Details of the pink form allocation for the eligible Senior Management, business associates, Directors and Promoters of the Group are as follows: -

Name	Designation	Pink Form Allocation
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Independent Non-Executive Chairman	90,000
Dato' Mohamed Salleh Bin Bajuri	Independent Non-Executive Director	80,000
Munawir Bin Mohammad	Non- Independent Non-Executive Director	70,000
Nor Sabri Bin Hamzah	Managing Director/ Chief Executive Officer	650,000
Azman Bin Abd Ghafar	Executive Director	1,650,000
A. Bakar Bin A Wahab	Business Development Director	700,000
Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi	General Manager, Corporate Services and Asset Division	500,000
Annuar Bin Tumar	General Manager, Operations	300,000
Syed Mohd Alwi Bin Syed Mustaffa *	N/A	200,000
TOTAL		4,240,000

Note: -

- * A business associate of the Group.

iii) Places

40,992,000 Public Issue Shares will be available for placement to selected investors.

2. PARTICULARS OF THE IPO (Cont'd)**2.3.2 Offer For Sale**

The Offer For Sale comprises the offer for sale by the Offerors of 26,000,000 VEB Shares held by them collectively at an offer price of RM0.75 which is payable in full on application upon such terms and conditions as set out in this Prospectus. The Offer Shares will be allocated or placed out to selected investors or placees.

2.3.3 Restricted Offer For Sale

The Restricted Offer For Sale comprises the restricted offer for sale by the Offerors of 7,000,000 VEB Shares held by them collectively at an offer price of RM0.75 which is payable in full on application upon such terms and conditions as set out in this Prospectus. The Restricted Offer Shares will be allocated to 112 eligible employees of the Group.

In summary, the IPO Shares will be allocated in the following manner: -

	Public Issue Shares	Offer Shares	Restricted Offer Shares	Total IPO Shares
Public	12,000,000	-		12,000,000
Eligible Senior Management, Business Associates, Directors and Promoters of VEB	4,240,000 *	-		4,240,000
Investors	40,992,000	26,000,000		66,992,000
Eligible Employees	-		7,000,000	7,000,000
Total	57,232,000	26,000,000	7,000,000	90,232,000

Note: -

* For calculation of public shareholding spread, the amount will exclude 2,540,000 shares allocated to the Promoters and Directors.

2.3.4 Clawback and Reallocation

12,000,000 IPO Shares available for application by the Public and 40,992,000 IPO Shares available for application by selected investors under the private placement ("Private Placement") are underwritten. The IPO Shares reserved for the Senior Management, business associates, Directors and Promoters of the VEB Group, the Offer Shares available for application by selected investors under the Private Placement and the Restricted Offer Shares reserved for the eligible employees of the VEB Group are not underwritten. Irrevocable undertakings from the Senior Management, business associates, Directors, Promoters and eligible employees of the Group have been obtained whilst the Sole Placement Agent will procure irrevocable undertakings from the selected investors to take up the IPO Shares available for application under the Private Placement.

2. PARTICULARS OF THE IPO (Cont'd)

In the event of an under-subscription of the Public Issue Shares by the Public, the unsubscribed IPO Shares will be made available to selected investors under Private Placement, or vice versa. Any IPO Shares which are not taken up by eligible Senior Management, business associates, Directors, Promoters and eligible employees of the Group will be reoffered to the Group's eligible employees. Subsequently, any of the IPO Shares reoffered which are not taken up will be made available for application by the Public under Section 2.3.1 (i) via balloting and/selected investors via Private Placement. Any further IPO Shares not subscribed for up to a maximum of 52,992,000 will be made available for subscription by the Underwriters in proportions specified in the Underwriting Agreement dated 13 June 2008.

2.4 MINIMUM SUBSCRIPTION

The minimum level of subscription for the IPO Shares shall be 57,232,000 which basically implies full subscription of all the Public Issue Shares*.

Note: -

* For calculation of public shareholding spread, the amount will exclude 2,540,000 shares allocated to the Promoters and Directors.

The basis of arriving at the minimum level of subscription takes into account the required minimum public shareholding spread and the level of funding needed by VEB.

2.5 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM0.75 per IPO Share was determined and agreed upon by the Company, the Offerors and KAF Investment Bank as the Principal Adviser and Managing Underwriter based on various factors including the following: -

- (i) The Group's financial operating history and conditions and financial position as outlined in Section 9 of this Prospectus;
- (ii) The future plans and prospects of the Group as detailed in Section 4.8 of this Prospectus;
- (iii) The prospects of the industry in which the Group operates as outlined in Section 4.5 of this Prospectus;
- (iv) The FYE2008 forecast net PE Multiple of 9.5 times based on the forecast net EPS of 7.9 sen based on the enlarged issued and paid-up share capital of 206,240,000 VEB Shares;
- (v) The Proforma Consolidated NTA of VEB as at 31 March 2008 of RM0.40 per share based on the enlarged issued and paid-up share capital of 206,240,000 VEB Shares; and
- (vi) The prevailing favourable market conditions in the oil and gas industry in which VEB operates in, with a forecasted annual growth of approximately 8% to 10% for the next 5 years, as explained in Section 11 of this Prospectus.

2. PARTICULARS OF THE IPO (Cont'd)

However, investors should also note that the market price of VEB Shares upon listing on Bursa Securities is subject to the vagaries of the market forces and other uncertainties which may affect the market price of VEB Shares being traded. Investors should form their own views on the valuation of the IPO Share before deciding to invest in the IPO Shares.

2.6 UTILISATION OF PROCEEDS

The Rights Issue and the Public Issue will raise gross proceeds of approximately RM9.5 million and RM42.9 million respectively as follows, which shall accrue to the Company in full: -

	Gross Proceeds (RM)
Rights Issue	9,452,000
Public Issue	42,924,000
Total	52,376,000

The Company intends to utilise the Rights Issue and Public Issue proceeds raised in the following manner: -

	Timeframe for Utilisation upon Listing	Amount (RM'000)
1. Capital Expenditure: * #		
(i) Development and Construction of Fabrication Yard and Yard Facilities	Within 24 Months	3,000
(ii) Finance/Part Finance the Acquisition of Marine Vessel(s)	Within 12 months	10,000
2. Retirement of bank borrowings	Immediate	21,501
3. Working Capital: *		
(i) Expansion of Business and Markets	Within 24 Months	10,000
(ii) Existing Operations	Within 12 months	5,316
4. Estimated Listing Expenses ^ #	Immediate	2,559
Total Proceeds		52,376

Notes: -

* Should any of items 1 and 3 occur prior to the IPO, triggering the Group to resort to financing, the IPO proceeds shall be used to repay the said financing.

^ The estimated listing expenses which wholly consist of expenses in connection with the issuance of shares of VEB will be debited against the share premium account.

The balance of unutilised funds for item 1 will be utilised for items 3 (i) and/or 3 (ii). If item 4 is higher than estimated, the deficit will be funded out of the portion allocated for item 3 and vice versa.

2. PARTICULARS OF THE IPO (Cont'd)**(1) Capital Expenditure****(i) Development and construction of fabrication yard and yard facilities**

VEB Group plans to utilise approximately RM3.0 million of the total proceeds to develop and construct fabrication yard and yard facilities. This will provide savings to the Company as it is cheaper to own a fabrication yard as opposed to renting. The proposed yard is the VEB Group's land located at Teluk Kalung (please refer to Section 8.1.1 No. 2 of this Prospectus). Development of the land is estimated to cost RM6.0 million, which will be contributed by IPO proceeds amounting to approximately RM3.0 million while the remaining balance of RM3.0 million will be financed by financial institutions. Development works will commence in September 2008 and is expected to be fully completed in August 2009. Owning the 40,000 sq m yard at Teluk Kalung as compared to renting an equivalent yard space in Kemaman Supply Base will provide savings of about RM440,000 per year.

(ii) Acquisition of marine vessel(s)

VEB Group plans to acquire marine vessel(s), preferably a workboat for a sum of up to RM63.0 million. It is estimated a sum of RM10.0 million of the total proceeds will contribute towards part financing of the vessel while the remaining balance of RM53.0 million will be sourced from financial institutions. Owning a workboat for the purpose of in-house utilisation for provision of HUC will provide an estimated savings of RM2.24 million per annum as opposed from chartering from third parties. Furthermore, the Group has the option to charter the vessel out to third parties and generate additional source of revenue.

(2) Retirement of bank borrowings

VEB Group will also retire most of its bank borrowings amounting to approximately RM21.5 million to reduce its financial leverage. By repaying these borrowings, the Group will be able to produce an interest savings of approximately RM843,000 for the FYE 2008.

Details of the bank borrowings and the gearing effects before and after repayment are as follows:-

As at 31 March 2008	RM'000
Bank overdraft	
RHB Bank Berhad	2,850
United Overseas Bank Berhad	504
Malayan Banking Berhad	1,182
Bank Islam Malaysia Berhad	1,969
Bank Muamalat Malaysia Berhad	394
Ambank (M) Berhad	937
	7,836

2. PARTICULARS OF THE IPO (Cont'd)

As at 31 March 2008	RM'000
Bills payable	
Ambank (M) Berhad	253
Bank Islam Malaysia Berhad	2,934
RHB Bank Berhad	6,205
	9,393
Term loan	
Bank Muamalat Malaysia Berhad	1,548
RHB Bank Berhad	1,224
	2,772
Finance creditors	
Southern Finance Berhad	24
Public Bank Berhad	200
Ambank (M) Berhad	132
Hong Leong Bank Berhad	80
Orix Credit Sdn Bhd	1,065
	1,500
TOTAL	21,501

	Proforma assuming the Listing Scheme had been effected on 31 March 2008	After the IPO and utilisation of proceeds
	(RM'000)	(RM'000)
Deposits with licensed banks	53,160	53,160
Cash and bank balances	6,156	6,156
Bank overdrafts	(10,724)	(2,888)
Cash and cash equivalents ^	48,592	56,428
Borrowings: -		
- Short term borrowings:-	35,668	25,180
Bills payable	9,695	180
Bonds	25,000	25,000
Finance creditor	509	-
Term loans	464	-
- Long term borrowings:-	59,131	55,954
Bills payable	-	-
Bonds	50,000	50,000
Finance creditor	869	-
Term loans	8,262	5,954
Total Borrowings (including bank overdrafts)	105,523	84,022
Less: Deposit pledge	(45,398)	(45,398)
	60,125	38,624
Shareholders' funds	32,247	82,064
Gearing ratio (Gross) (Times) @	3.27	1.02
Gearing ratio (Net) (Times) ^	1.86	0.47

Notes: -

^ Including deposits pledged for repayment of bonds within 12 months.

@ Based on all interest bearing debts over shareholders' funds.

^ Based on net borrowings arrived at after deducting the deposits specifically pledged for a long term borrowing i.e. Bonds.

2. PARTICULARS OF THE IPO (Cont'd)

In addition, this will reduce its borrowing exposure mainly to the Sukuk Musyarakah, issued at RM100.0 million in nominal value on 23 December 2005, which currently stands at RM75.0 million after the first series of RM25.0 million was repaid on 23 December 2007. The Sukuk Musyarakah carries a lower funding cost, compared to bank borrowings, with locked-in profit rates ranging from 4.75% to 5.75% per annum. The Group's proforma net gearing ratio will improve from 1.86 times to 0.47 times after retirement of the bank borrowings as shown in the table above.

The bank borrowings include a loan facility currently outstanding at RM1,548,217 related to a bungalow unit which is being leased to Mohamad Nor Bin Abdul Rashid, the Group's founder, who is also currently in the process of making the purchase of the bungalow unit from the Group (please refer to Section 13.4 VSB (vii) in relation to material contracts for further details). In the event the purchase is completed prior to the IPO completion and thus full settlement of the loan facility, the IPO proceeds earmarked for the retirement of the said loan facility will be channelled towards working capital for expansion of business and markets described below.

(3) Working Capital**(i) Expansion of Business and Markets**

To ensure sustainable earnings growth, the Management recognises the need for business and market expansion locally and overseas. For this purpose, the Group intends to further invest in expansion of existing and new businesses and to finance projects' working capital when the Group undertakes its various new projects both domestically and internationally and also for the purpose of bidding for projects. This would also include land acquisition for developing yard facilities to cater for the overall business growth of the Group. The Group has allocated RM10.0 million of the proceeds towards this purpose and has also identified certain countries in the Asian region as mentioned in Section 4.8 where prospects for a successful replication of the Group's core business are good.

(ii) Existing Operations

Of the total proceeds, approximately RM5.3 million will be used as general working capital relating to the VEB Group's daily operations, including payment of trade creditors, salaries, purchases and operating expenses. This would further enhance the cash flow position of the Group.

(4) Estimated Listing Expenses

The Group will utilise approximately RM2.6 million to finance all expenses and fees incidental to the Listing, which include underwriting commission, brokerage, professional fees, authorities' fees, advertising and other fees.

2. PARTICULARS OF THE IPO (Cont'd)

The estimated Listing expenses are as follows: -

Estimated listing expenses	(RM'000)
Fees to authorities	113
Professional fees *	827
Underwriting commission, selling commission and brokerage fees	1273
Printing, advertising and other miscellaneous expenses ^	346
Total	2,559

Notes: -

* Including fees for the Principal Adviser, Reporting Accountants, Solicitors, Independent Business and Market Research Consultant and other professional advisors as well as the Issuing House.

^ Any unutilised amount shall be used for working capital purposes of the Group.

The Offer For Sale and Restricted Offer For Sale will raise gross proceeds of RM24.75 million which shall accrue entirely to the Offerors in their respective proportions. No part of the proceeds raised under the Offer For Sale and Restricted Offer For Sale will be received by the Company.

The Offerors shall bear all expenses relating to the Offer For Sale and Restricted Offer For Sale such as transfer fees and cost incidental to the transfer of Offer Shares to the successful placees and the transfer of Restricted Offer Shares to the eligible employees of the VEB Group. The Offerors shall also bear the placement fees and selling commission at the rate of 0.80% and 1.25% respectively of up to the total of 26,000,000 Offer Shares at the IPO Price of RM0.75 per Share to be placed out successfully by the Sole Placement Agent to the placees.

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the proceeds from the Public Issue by the Group is expected to have a financial impact on the Group as follows: -

(i) Increase in revenue from business expansion

The Group will use the proceeds to acquire marine vessel(s) which can be chartered out to external parties when not utilised by the Group, thus creating additional source of revenue for the Company.

(ii) Improve financing capability

The Group will have wider capital base to tap from for its business expansion purposes.

(iii) Improve profit margin as a result of:-

(a) savings from owning the marine vessel(s) as opposed to chartering;
and

(b) savings from owning yard facilities as opposed to renting.

2. PARTICULARS OF THE IPO (Cont'd)

2.8 UNDERWRITING AND SELLING COMMISSIONS AND BROKERAGE

VEB had entered into a conditional underwriting agreement with KAF Investment Bank and TA Securities on 13 June 2008 ("Underwriting Agreement") to underwrite the 12,000,000 IPO Shares to be issued to the Public and 40,992,000 IPO Shares to be issued to selected investors. The Underwriters have agreed to severally but not jointly underwrite 52,992,000 Issue Shares, upon the terms and subject to the conditions as contained in the Underwriting Agreement. Underwriting commission is payable by VEB in respect of the Public Issue at the rate of 1.25% of the total underwritten Shares of 52,992,000 at the IPO Price of RM0.75 per Share to the Underwriters.

Selling commission is also payable by VEB to the Managing Underwriter and/or Sole Placement Agent in respect of the Public Issue at the rate of 1.25% of the total underwritten Shares of 52,992,000 at the IPO Price of RM0.75 per Share to be successfully issued to the Public and placed out successfully by the Sole Placement Agent to the places.

Brokerage is payable by the Company in respect of the Public Issue made available for application at the rate of 1.00% of the IPO Price of RM0.75 per Share described in Section 2.3.1 (i) herein, in respect of successful applications which bear the stamp of KAF Investment Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

2.9 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 13 June 2008 ("**Underwriting Agreement**"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

Underwriting Commitment

Clause 2.2

The obligation of each Underwriter is several and no Underwriter shall be responsible for any failure by any other Underwriter to meet its obligation nor shall such failure relieve the Company, or the other Underwriter of their respective obligations and further, nothing in this Underwriting Agreement shall be construed as constituting or evidencing a partnership between the Managing Underwriter, the Underwriters or any of them.

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2. PARTICULARS OF THE IPO (Cont'd)**Conditions Precedent for Underwriting****Clause 5.1**

Unless waived by the Underwriters (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriters under this Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-

- (a) the Bursa Securities having agreed in principle to the listing of and quotation for (on terms satisfactory to the Underwriters) the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities;
- (b) the subscription for and the issuance of the Issue Shares pursuant to and in accordance with the provisions hereof and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the Bursa Securities);
- (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the CMSA and subsequent lodgement of the Prospectus with the Companies Commission of Malaysia;
- (d) all other necessary approvals and consents required in relation to the Public Issue, the Offer for Sale, the Issue Shares and the Offer Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (e) the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (f) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Underwriting Agreement or which proves to be incorrect in any material respect;
- (g) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or business or operations of the Company or its subsidiaries or in the prospects or future financial condition or business or operations of the Company or its subsidiaries (which in the reasonable opinion of the Underwriters, is or will be material in the context of the Public Issue and Offer for Sale and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and
- (h) the Underwriters receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving this Underwriting Agreement and authorising a person or persons to sign on behalf of the Company, this Underwriting Agreement.

2. PARTICULARS OF THE IPO (Cont'd)

Clause 5.2

In the event any of the conditions set forth in *Clause 5.1* are not satisfied within three (3) months from the date of this Underwriting Agreement, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Underwriting Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

Termination

Clause 12

12.1 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, cancel and withdraw their commitment to underwrite the Underwritten Shares if:-

- (a) in the event that the approval of the Bursa Securities for the admission of the Company to the official list of the Second Board of the Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities is withdrawn or procured but subject to the conditions not acceptable to the Underwriters;
- (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in *Clauses 3 and 4*, 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
- (c) there is failure on the part of the Company to perform any of its obligations herein contained; or
- (d) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Underwriting Agreement which, in the reasonable opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or

2. PARTICULARS OF THE IPO (Cont'd)

(f) 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; or
- (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the 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, 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 Group as a whole, the success of the Public Issue which has or is likely to have the effect of making any material part of this Underwriting Agreement incapable of performance in accordance with its terms.

12.2 In the event that this Underwriting Agreement is terminated pursuant to *Clause 12.1*, the Underwriters and the Company may confer with a view to deferring the Public Issue by amending the terms of this Underwriting Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to enter into a fresh agreement.

12.3 Upon any such notice(s) being given pursuant to *Clause 12.1*, the Underwriters shall be released and discharged from their obligations hereunder whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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 general and specific risks of the following investment considerations: -

3.1 RISKS RELATING TO THE INDUSTRY IN WHICH THE VEB GROUP OPERATES

(i) Sustained Fall in the Market Price of Hydrocarbons

Hydrocarbons, including crude petroleum and natural gas, are internationally traded commodities which price fluctuates with the constant interaction between supply and demand for hydrocarbons. Factors such as geopolitical factors and unforeseen supply disruptions may also influence the market price of hydrocarbons.

Activities in the oil and gas industry are, to some degree, affected by fluctuations in the market price of hydrocarbons, for instance: -

- Activities tend to increase during periods of sustained high hydrocarbon prices. This is due to elevated production activities, as well as increased activities in exploration and development; and
- Activities tend to decline during periods of sustained low hydrocarbon prices. This is due to lower production activities, as well as temporarily reducing or shutting down production from reserves that are no longer commercially viable. However exploration activities will still continue.

There is a risk that sustained lower price of hydrocarbons will negatively affect activities in the oil and gas industry, leading to lower demand for supporting products and services, including offshore hook-up and commissioning, topside maintenance services.

However the maintenance of offshore structures and platform is affected to a lesser degree due to the nature of the industry. There will always be a requirement for maintenance services to ensure that the integrity of the existing and aging offshore structures and platforms are not compromised.

OPEC, a grouping that includes many of the world's largest petroleum producing nations, has some influence on the price of hydrocarbons through their control of a sizable proportion of the world's production capacity and reserves. Although the influence of OPEC over the market price of hydrocarbons is not absolute, OPEC has a vested interest in ensuring that hydrocarbon prices do not collapse, and as such, are likely to actively attempt to sustain hydrocarbon prices at an 'acceptable' level.

(Source: Independent Assessment prepared by Vital Factor)

3. RISK FACTORS (Cont'd)

(ii) Depletion of Hydrocarbon Resources

All hydrocarbon deposits are non-renewable, in that it is not possible to regenerate these hydrocarbons within a reasonable timeframe once they have been extracted. As such, Hydrocarbon resources in all hydrocarbon producing regions, including Malaysia, will eventually be depleted. It is likely that demand for supporting products and services in Malaysia, including offshore hook-up and commissioning, and topside maintenance services will be adversely affected after oil and gas industry exploration and production activities ceases in Malaysia.

In mitigation, the relatively long period of time before current reserves crude oil (including condensates) and natural gas in Malaysia are expected to be completely depleted enables oil and gas Industry companies, including providers of offshore hook-up and commissioning, and topside maintenance services, to diversify into other industries and/or venture into overseas markets. As at 1 January 2008, Malaysia's reserves of crude oil (including condensates) amounted to 5.5 billion barrels of oil equivalent ("boe"), and reserves of natural gas amounted to 14.7 billion boe in Malaysia. As at 1 January 2007, hydrocarbon reserves in Malaysia are expected to sustain production as follows: -

- Production of crude oil (including condensates) for 22 years; and
- Production of natural gas for 38 years.

The relatively long period of time before current reserves crude oil (including condensates) in Malaysia are expected to be completely depleted enables oil and gas industry organisations, including local providers of offshore hook-up and commissioning, and topside maintenance services, to diversify into other industries and/or venture into overseas markets. The National Depletion Policy introduced in 1980 to safeguard the exploitation of the natural oil reserves by postponing development and control the production of major oil fields (with reserves of 400 million barrels or more) will also ensure that extraction is carefully managed and sustained over the long term. Current reserve estimates tend to be conservative and may underestimate the actual amount of hydrocarbons that is ultimately extracted, as they do not take into account the following: -

- the existence of currently undiscovered hydrocarbon reserves;
- technological advances that increases the amount of hydrocarbons that may be commercially extracted from existing reserves; and
- technological advances that enable production from previously inaccessible regions.

As such, activity in the oil and gas industry in Malaysia may very well continue beyond the currently estimated date of complete hydrocarbon reserve depletion.

(Source: Independent Assessment prepared by Vital Factor)

(iii) Political, Social, Economic and Regulatory Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia and any other countries where the VEB Group may market its products and services, or sources its supplies, could materially affect the financial and operational condition or the overall profitability of the VEB Group. Other political and economic uncertainties include the risk of war, terrorism, riots, outbreak of harmful diseases, expropriation, nationalisation, renegotiation, or nullification of existing contracts, changes in rates of interest and methods of taxation, changes in import tariff policies and currency exchange controls.

3. RISK FACTORS (Cont'd)

Whilst VEB will continue to take effective measures such as maintain strict compliance to all acts, requirements and regulation under which it operates prudent financial management and increase the efficiency of its operating procedures, there is no assurance that adverse political, economic and regulatory conditions will not materially affect the Company.

(iv) Change in PETRONAS Policy

A fundamental change in PETRONAS policy with regards to regulating the oil and gas industry in Malaysia can take either one of two forms: -

- Liberalisation of the oil and gas industry; and
- Nationalisation of the oil and gas industry.

PETRONAS may liberalise the oil and gas industry by: -

- Removing licensing requirements for the provision of all supporting products and services;
- Loosening licensing requirements such that it becomes easier to obtain a licence; and
- Allowing foreign suppliers to operate in Malaysia without restrictions and the need to operate with a local partner.

Liberalising the oil and gas industry in this manner will negatively impact incumbent organisations by increasing competition in the industry. Nationalisation of the oil and gas industry will prevent all private companies from operating in the oil and gas industry in Malaysia.

In mitigation, Malaysia as an open market and dependent on foreign investments is not likely to nationalise any industry for fear of frightening off foreign investments. Currently, despite the restrictions of licensing and registration, there exists competition. In the event of any liberalisation, existing organisations would not be any worst off as they have been operating in a competitive environment already. On the contrary, the liberalisation of the oil and gas industry may provide benefits to existing organisations as they may be able to enter new areas that leverage from their existing strengths and customer base.

(Source: Independent Assessment prepared by Vital Factor)

3.2 RISKS RELATING TO THE OPERATIONS AND BUSINESS OF THE VEB GROUP

(i) Business Risks

The Group is subject to certain risk inherent to the oil and gas industry. These may include shortage in skilled workforce, increase in cost of workforce and operating cost, changes in general economic, business and credit conditions and changes in Government policies.

The Group has taken steps to mitigate the risks through continuous effort to maintain and source for experienced and technically trained workforce. The Group keep abreast with new technology and continuously improve its products and services to meet customers' demand and expectations. Further, the Group maintain good relationship with its current suppliers, stockist and OEMs.

3. RISK FACTORS (Cont'd)

(ii) Dependence on Long-Term Contracts

In Malaysia, only companies that are licensed or registered by PETRONAS are allowed to bid for projects in the oil and gas industry. Companies that provide services to the oil and gas industry in Malaysia commonly secure their contract through an open-tender basis.

VEB Group's business is primarily based on contractual agreements on specific projects between the Group and its customers. This is in accordance with normal industry practices in the oil and gas industry in Malaysia. VEB Group currently has five long-term contracts with PETRONAS and PSC operators, including PCSB, PCSB – PMO, Carigali Hess, Murphy and PETRONAS Methanol (Labuan) Sdn Bhd. Based on its existing long-term contracts, the VEB Group's order book would be up to year 2010.

On 9 October 2007, the VEB Group obtained a letter of award from Murphy for the 'Provision of Minor Engineering and Maintenance Services for Murphy's Shallow Water Production Operations'. In addition, the Group has successfully secured a contract from PCSB in May 2008 for the provision of hook-up and commissioning services, which expires in 2010.

The management is confident that with its proven track record and experience in the required areas of expertise, it would be in a better position to continue to win over new contracts in the oil and gas industry. Nevertheless, there is no assurance that the VEB Group performance will not be affected by the absence of long-term contracts.

(iii) Dependence on Key Personnel

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management. The Group will strive to continue attracting and retaining skilled personnel to support its business operation and has made efforts to train its staff. As a result of this, the Group has enjoyed the support of management staff with long-term service.

The Group is headed by an experienced, dedicated and dynamic management team with almost all of its key personnel having been in the industry for more than 10 years. They are trained and possess relevant knowledge and experience for this industry and can provide synergy and growth to the Group.

The success of the Group's business was achieved through the deliberate and careful planning of the Directors with the support of the Group's key management team.

The VEB Group has in place a management succession plan to ensure business continuity. VEB Group's management succession plan is based on a two-pronged approach: -

- Grooming functional/department managers for succession to senior positions; and
- Grooming existing staff and hiring new staff for functional management.

3. RISK FACTORS (Cont'd)**(iv) Dependence on Major Customers**

For the FYE 31 December 2007, the VEB Group's top customers, PCSB accounted for 32.6% of the Group's total revenue and 40.5% of revenue from PCSB (Peninsular Malaysia Operation). The Group's business is dependent on PCSB. However this is a common feature among operators that provide services in the upstream oil and gas industry in Malaysia.

In mitigation, PCSB has been a customer of the VEB Group since 2003, indicating a stable business relationship. This will provide the basis for a continuing business relationship. VEB Group has been a provider of a range of offshore supporting services to PCSB over the past three years including offshore and onshore hook-up and commissioning services for various types of offshore structures and systems, offshore topside maintenance services for 32 offshore platforms, two FPSO and two FSO facilities and onshore facilities maintenance services for onshore gas terminals.

In addition, the VEB Group has successfully secured a contract from PCSB in May 2008 for the provision of hook-up and commissioning services, which expires on 2010. This further strengthens the continuing relationship between PCSB and VEB Group.

PCSB is a subsidiary of PETRONAS, which is entrusted with developing and adding value to all the oil and gas resources in Malaysia. As such PETRONAS and its subsidiaries are principal operators in the Malaysian oil and gas industry, and will inevitably be a major source of revenue for the VEB Group and any other oil and gas players in Malaysia. PETRONAS through its subsidiaries, such as PCSB, are major operators in the Malaysian oil and gas industry. PCSB is a major PSC operator in Malaysia, therefore dependency on this company is common in the oil and gas industry in Malaysia.

In addition, the Group's business strategy which focuses on both the upstream and downstream sectors of the oil and gas industry will provide the Group with a sustainable business model. Some of the on-going and future business expansion plans are: -

- In June 2007, the Group has successfully secured a RM34 million contract from PETRONAS Methanol (Labuan) Sdn Bhd to undertake the procurement, construction and commissioning (PCC) for Labuan Gas Terminal (LGAST) and pipeline project for Gas Receiving Terminal (GRT) 1 and 2, which is located in Labuan, East Malaysia.
- In the second quarter of 2007, the Group has commenced the business of chartering of marine vessel. The Group plans to purchase an additional marine vessel by 2008 that has a capacity of accommodating 160 to 180 people.
- The Group plans to expand its geographical coverage to provide Offshore and onshore hook-up and commissioning, and offshore topside and onshore facilities maintenances to other markets outside of Malaysia. In October 2007, the Group has incorporated a company in Indonesia in preparation for addressing opportunities in Indonesia. Subsequently in February 2008, the Group has successfully gained access into Indonesia and secured its first job for the installation of gas pipeline of EPC Greater Jakarta Distribution Main Line under IFB-2 project, which is owned by PT Perusahaan Gas Negara.