

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TASHIN HOLDINGS BERHAD (“TASHIN HOLDINGS” OR “COMPANY”) DATED 25 JUNE 2019 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M&A Securities Sdn Bhd (“M&A Securities”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Tashin Holdings take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or 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.

Close of Application

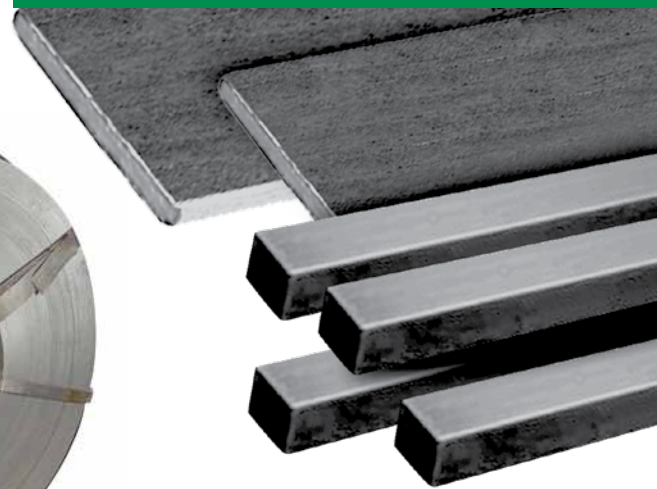
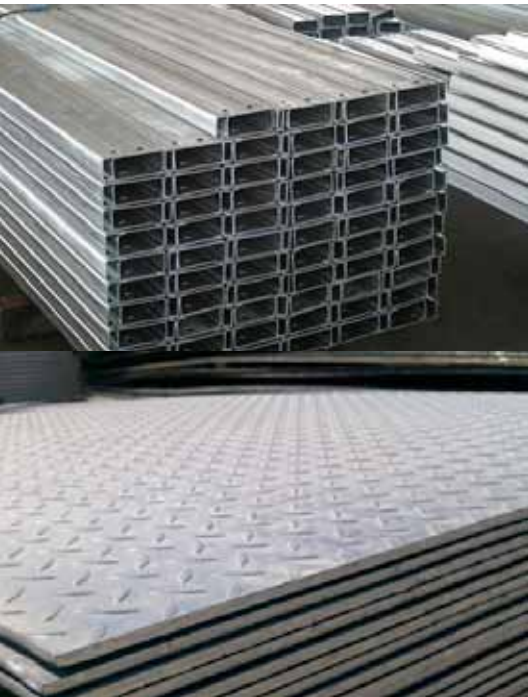
Applications will be accepted from 10.00 a.m. on 25 June 2019 and will close at 5.00 p.m. on 19 July 2019. In the event there is any change to the timetable, Tashin Holdings will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



TASHIN

TASHIN HOLDINGS BERHAD
(COMPANY NO. 1242878-H)
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

PROSPECTUS

TASHIN

TASHIN HOLDINGS BERHAD

(Company No. 1242878-H)

(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 59,329,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
 - 17,449,600 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 8,724,800 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS DIRECTORS AND EMPLOYEES OF PRESTAR RESOURCES BERHAD ("PRESTAR") AND ITS SUBSIDIARIES;
 - 17,449,600 NEW SHARES AVAILABLE FOR APPLICATION BY THE ENTITLED SHAREHOLDERS OF PRESTAR; AND
 - 15,705,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI")
- (II) OFFER FOR SALE OF 55,489,000 EXISTING SHARES IN THE FOLLOWING MANNER:
 - 19,194,100 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MITI; AND
 - 36,294,900 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.58 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent



M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters

M+Online

MALACCA SECURITIES SDN BHD (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Apex

JF APEX SECURITIES BERHAD (47680-X)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus has been registered by the SC. The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 133.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SECURITIES COMMISSION MALAYSIA.

TASHIN

TASHIN HOLDINGS BERHAD

(Company No. 1242878-H)

(Incorporated in Malaysia under the Companies Act 2016)

Plot 40, Lorong Perusahaan Maju 7,
Kawasan Perusahaan 4,
13600 Prai,
Penang, Malaysia.

Phone : 604 - 509 0888
Fax : 604 - 507 7100, 604 - 508 8100, 604 - 507 9100
Email : enquiries@tashin.com.my

www.tashin.com.my

PROSPECTUS
THIS PROSPECTUS IS DATED 25 JUNE 2019

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being the Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent to our IPO (as defined herein), 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 our IPO.

The SC had, vide its letter dated 21 December 2018, approved the resultant equity structure of Tashin Holdings Berhad under the equity requirement for public listed companies pursuant to our Listing.

This Prospectus, together with the Application Forms (as defined herein), have also been lodged with the ROC (as defined herein) who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the corporation.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 12 December 2018. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, is responsible.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Forms and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Tentative Dates
Entitlement Date	20 June 2019
Issuance of this Prospectus/Opening of Application for our IPO	25 June 2019
Closing Date	19 July 2019
Balloting of the Application for our IPO Shares	24 July 2019
Allotment of our IPO Shares to successful applicants	30 July 2019
Date of Listing	1 August 2019

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Tashin Holdings" and the "Company" in this Prospectus are to Tashin Holdings Berhad (1242878-H). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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 thousandth or 2 decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the IMR. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. Third party projections, including the projections from the IMR, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products and services;
- (b) Our business strategies and prospects;
- (c) Our financial position; and
- (d) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 11 - Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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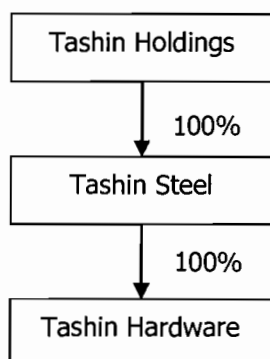
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Tashin Hardware"	:	Tashin Hardware Sdn Bhd (642549-V), a wholly-owned subsidiary of Tashin Steel
"Tashin Holdings" or "Company"	:	Tashin Holdings Berhad (1242878-H)
"Tashin Holdings Group" or "Group"	:	Tashin Holdings and its subsidiaries, collectively
"Tashin Steel"	:	Tashin Steel Sdn Bhd (471094-P), a wholly-owned subsidiary of Tashin Holdings

A diagrammatic illustration of our Group structure is as follows:



GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016
"Acquisition of Tashin Steel"	:	Acquisition by Tashin Holdings of the entire share capital of Tashin Steel for a purchase consideration of RM144,830,999 which was wholly satisfied by the issuance of 289,661,998 new Shares at an issue price of RM0.50 per Share. The Acquisition of Tashin Steel was completed on 9 April 2019 and resulted in Tashin Steel becoming a wholly-owned subsidiary of Tashin Holdings
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor"	:	M&A Securities
"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus

DEFINITIONS (Cont'd)

"ATM"	:	Automated Teller Machine
"Board"	:	Board of Directors of Tashin Holdings
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"Closing Date"	:	The date adopted in the Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"DDWG"	:	Due diligence working group for the purpose of our IPO
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"Entitled Shareholders of Prestar"	:	Shareholders of Prestar whose names appear in the Record of Depositors of Prestar as at 5:00 p.m. on the Entitlement Date and who are eligible to apply for the Issue Shares under the Restricted Offering
"Entitlement Date"	:	20 June 2019, being the date as at the close of business on which the names of the Entitled Shareholders of Prestar (save for the Excluded Shareholders) must appear on the Record of Depositors of Prestar to be eligible to apply for the Issue Shares under the Restricted Offering
"EPS"	:	Earnings per share

DEFINITIONS (Cont'd)

"Excluded Shareholders"	:	Shareholders of Prestar whose names appear on its Record of Depositors who fall under any one of the following categories as at 5.00 p.m. on the Entitlement Date:
		(i) persons with a registered address in jurisdictions outside Malaysia;
		(ii) persons located in jurisdictions outside Malaysia in which acceptance under the Proposed Restricted Offering would result in the contravention of the laws of such jurisdictions; or
		(iii) persons who are, in the opinion of our Board (on the advice of our legal advisers), necessary or expedient to be excluded from participating in the Restricted Offering by reason of legal or regulatory requirements
"Fabulous Essence"	:	Fabulous Essence Sdn Bhd (229698-T), a substantial shareholder of Prestar
"Formula Naga"	:	Formula Naga Sdn Bhd (437714-W)
"FYE(s)"	:	Financial year(s) ended/ending 31 December, as the case may be
"GP"	:	Gross profit
"GST"	:	Goods and Services Tax
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (1058128-V), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Industry Overview of the Steel Market and Steel Processing Industry in Malaysia" dated 13 June 2019
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 15
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising our Public Issue and Offer for Sale
"IPO Price"	:	Our issue/offer price of RM0.58 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	:	The Issue Share(s) and Offer Share(s), collectively
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)"	:	The 59,329,000 new Share(s) to be issued pursuant to our Public Issue and subject to the terms and conditions of this Prospectus

DEFINITIONS (Cont'd)

"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"Joint Underwriter(s)"	:	Collectively, M&A Securities, Malacca Securities Sdn Bhd (16121-H) and JF Apex Securities Berhad (47680-X)
"LPD"	:	27 May 2019, being the latest practicable date for ascertaining certain information contained in this Prospectus
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM179,241,821 comprising 348,991,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue, Offer for Sale and Listing, collectively
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Managing Underwriter"	:	M&A Securities
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry Malaysia
"MM"	:	Milimetre
"MT"	:	Metric tonne
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	The offer for sale by our Selling Shareholders of 55,489,000 Offer Shares at our IPO Price by way of private placement to selected Bumiputera investors approved by the MITI and selected investors
"Offer Shares"	:	55,489,000 existing Shares to be offered pursuant to our Offer for Sale
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 15
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation

DEFINITIONS (Cont'd)

"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 8,724,800 Issue Shares to our eligible Directors and employees as well as Directors and employees of the Prestar Group pursuant to the Public Issue
"Placement Agent"	:	M&A Securities
"Prestar"	:	Prestar Resources Berhad (123066-A), a company listed on the Main Market of Bursa Securities
"Prestar Group"	:	Prestar and its subsidiaries
"Promoters"	:	Collectively, Prestar and Formula Naga
"Prospectus"	:	This prospectus dated 25 June 2019 in relation to our IPO
"Public Issue"	:	The public issue of 59,329,000 Issue Shares at our IPO Price
"Restricted Offering"	:	Offer of 17,449,600 Issue Shares to the Entitled Shareholders of Prestar
"RMCD"	:	Royal Malaysian Customs Department
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Selling Shareholders"	:	Prestar and Formula Naga, which are undertaking the Offer for Sale
"Shares" or "Tashin Holdings Shares"	:	Ordinary shares in Tashin Holdings
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"sqm"	:	Square metre
"sq ft"	:	Square foot
"Underwriting Agreement"	:	The underwriting agreement dated 14 May 2019 entered into between our Company, Managing Underwriter and Joint Underwriters pursuant to our IPO
"USA"	:	United States of America
"Vendors"	:	Prestar and Formula Naga, collectively
"Y.K. Toh Property"	:	Y.K. Toh Property Sdn Bhd (88507-K), a substantial shareholder of Prestar

Currencies

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

DEFINITIONS (Cont'd)**Technical Glossary**

Angle bar	:	A type of steel bar that has cross section in right angle or "L" shape
Angular patterns	:	A regular pattern of lines, diamond, round or oval shapes that are embossed on checkered plates
Annealing	:	A form of heat treatment where steel is heated to a specified temperature before being cooled at a slow and controlled rate, causing changes in properties such as strength and hardness
C Purlin	:	A horizontal steel beam that has cross section in "C" shape
Checkered plates	:	Steel sheets with embossed surface in angular patterns which provides skid resistance
Cold rolled steel coils	:	Hot rolled steel coils that have undergone further rolling at room temperature to reduce thickness and increase strength and hardness
Electro-galvanised steel coils	:	Steel coils that have been coated with a thin layer of zinc through the electroplating process, a process that uses electric current to reduce dissolved metal ions so that they form a thin metal coating on the steel coils
Expanded metals	:	Steel sheets that have been cut and stretched into mesh form
Flat bars	:	Steel bars in rectangular shape produced from wire rods
Flat steel	:	Steel products in flat shapes, which includes steel slabs, hot rolled steel coils and cold rolled steel coils
Galvanised steel coils	:	Steel coils that have been coated with a layer of zinc; comprises electro-galvanised steel coils and hot-dip galvanised steel coils
Galvannealed steel coils	:	Steel coils that have gone through the processes of galvanising and annealing
Guard rails	:	Rails built along the sides of roads to prevent vehicles or people from falling off; or in the middle of two opposite directions of an expressway to reduce the possibility of collisions between vehicles travelling in opposite directions
Hot-dip galvanised steel coils	:	Steel coils that have been coated with a relatively thicker layer of zinc as compared to electro-galvanised steel, by dipping the steel in a tank of molten zinc
Hot rolled pickled and oiled coils	:	Hot rolled coils that have been treated with acid to remove unwanted impurities on the surface such as stains, rusts and oxide layers; and applied with oil to create a protection layer and prevent rusting
Hot rolled steel coils	:	Rolling of steel slabs under high temperature into steel coils
Levelling	:	A process to flatten steel surfaces through a leveller machine

DEFINITIONS (Cont'd)

Metal roofing sheet	:	A corrugated metal sheet which is light in weight and used as roofing material
Metal stamping	:	A process to stamp, press, punch, bend and cut metal sheets into shapes
Pliable	:	Flexible and easily forged or shaped
Reinforcement bars	:	Finished steel bar products used to reinforce concrete
Round bar	:	A type of steel bar in round shape that has a smooth surface
Shearing	:	A process where steel coils are cut across the width to produce steel sheets in different lengths
Slit coils	:	Steel coils that have been slit or cut lengthwise to produce coils with narrower or customised widths
Slitting	:	A process where steel coils are cut lengthwise to create slit coils, which are strip of steels that are narrower in width
Square bars	:	Steel bars in square shape produced from wire rods
Steel pipes	:	Hollow tubes made from steel that are widely used in construction and civil engineering industries, as well as in underground water systems
Steel plates	:	Steel slabs that are rolled under high temperature
Steel sheets	:	Flat steel sheets that are formed from the shearing of steel coils
Temper rolling	:	A process to improve the flatness of steel, and reduce the tendency to stretch and strain the steel
Uncoiling	:	A process of unwinding steel from its coiled form
Upstream flat steel producers	:	Integrated steel mills producing flat steel products such as hot rolled steel coils and cold rolled steel coils
Wire mesh	:	A finished steel product made from welding a series of parallel longitudinal wires to parallel cross wires with the required spacing
Wire rods	:	A semi-finished long steel product produced by the rolling of steel billets, an intermediary steel product, and used in the manufacturing of steel wires

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Address	Nationality
Dato' Kalsom Binti Abd. Rahman (F)	Independent Non-Executive Chairperson	No. 5, Jalan SS 21/3 Damansara Utama 47400 Petaling Jaya Selangor	Malaysian
Lim Choon Teik (M)	Managing Director	28, Jalan Bagan 4 Taman Bagan 13400 Butterworth Penang	Malaysian
Foong Kok Chuin (M)	Executive Director / Chief Financial Officer	25, Lorong Permai 2 Taman Bukit Gambir 11700 Gelugor Penang	Malaysian
Sim Puei Chun (M)	Senior Independent Non-Executive Director	7, Solok Pantai Jerjak 11900 Bayan Lepas Penang	Malaysian
Khaw Chooi Kee (F)	Independent Non-Executive Director	21, Bay Garden Medan Bayan Indah 11900 Bayan Lepas Penang	Malaysian
Rusdy Bin Ishak (M)	Independent Non-Executive Director	10, Jalan Sutera 2/2 Taman Sutera 43000 Kajang Selangor	Malaysian
Ir. Tan Tiong Ben (M)	Independent Non-Executive Director	63, Jalan USJ 5/1A UEP Subang Jaya 47610 Subang Jaya Selangor	Malaysian
Dato' Toh Yew Peng (M)	Non-Independent Executive Director	2, Jalan SS 25/1 Taman Megah 47301 Petaling Jaya Selangor	Malaysian
Toh Yew Seng (M)	Non-Independent Executive Director	18, Jalan USJ 2/2N 47600 Subang Jaya Selangor	Malaysian
Koay Kah Ee (M)	Non-Independent Executive Director	41, Jalan BU 1/3 Bandar Utama Damansara 47800 Petaling Jaya Selangor	Malaysian

Notes:

M refers to male
F refers to female

1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Khaw Chooi Kee	Chairman	Independent Non-Executive Director
Rusdy Bin Ishak	Member	Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Kalsom Binti Abd. Rahman	Chairman	Independent Non-Executive Chairperson
Sim Puei Chun	Member	Senior Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Sim Puei Chun	Chairman	Senior Independent Non-Executive Director
Dato' Kalsom Binti Abd. Rahman	Member	Independent Non-Executive Chairperson
Rusdy Bin Ishak	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Rusdy Bin Ishak	Chairman	Independent Non-Executive Director
Khaw Chooi Kee	Member	Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

REGISTERED OFFICE

: Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur

 Telephone number: 03-2084 9000

HEAD OFFICE

: Plot 40
 Lorong Perusahaan Maju 7
 Kawasan Perusahaan 4
 13600 Prai, Penang

 Telephone number: 04-509 0888

EMAIL ADDRESS AND WEBSITE

: Email address: enquiries@tashin.com.my
 Website: www.tashin.com.my

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : **Chua Siew Chuan** (MAICSA 0777689)
(Chartered Secretary, Fellow of Malaysian Institute of Chartered Secretaries and Administrators)
- Chin Mun Yee** (MAICSA 7019243)
(Chartered Secretary, Associate of Malaysian Institute of Chartered Secretaries and Administrators)
- Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
- Telephone number: 03-2084 9000
- AUDITORS** : **BDO PLT (LLP0018825-LCA and AF 0206)**
- Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
- Telephone number: 03-2616 2888
- Partner: Lee Wee Hoong
(Chartered Accountant, Malaysian Institute of Accountants and Member of Certified Practising Accountant Australia)
- REPORTING ACCOUNTANTS FOR OUR IPO** : **BDO PLT (LLP0018825-LCA and AF 0206)**
- Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
- Telephone number: 03-2616 2888
- Partner: Law Kian Huat
(Chartered Accountant, Malaysian Institute of Accountants, Fellow Member of Institute of Chartered Accountants in England & Wales, Fellow Member of the Association of Chartered Certified Accountants and Member of the Kampuchea Institute of Certified Public Accountants and Auditors)
- PRINCIPAL ADVISER, SPONSOR, MANAGING UNDERWRITER, JOINT UNDERWRITER AND PLACEMENT AGENT** : **M&A Securities Sdn Bhd (15017-H)**
- Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone number: 03-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

- JOINT UNDERWRITERS** : **Malacca Securities Sdn Bhd (16121-H)**
- No. 1, 3 & 5, Jalan PPM 9
Plaza Pandan Malim, (Business Park)
Balai Panjang 75250 Melaka
- Telephone number: 06-337 1533
- JF Apex Securities Berhad (47680-X)**
- Level 6, Menara Apex
Off Jalan Semenyih, Bukit Mewah
43000 Kajang, Selangor
- Telephone number: 03-8736 1118
- SOLICITORS FOR OUR IPO** : **Wong Beh & Toh**
- Level 19
West Block
Wisma Golden Eagle Realty
No. 142-C, Jalan Ampang
50450 Kuala Lumpur
- Telephone number: 03-2713 6050
- ISSUING HOUSE** : **Tricor Investor & Issuing House Services Sdn Bhd (11324-H)**
- Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur
- Telephone number: 03-2783 9299
- SHARE REGISTRAR** : **Securities Services (Holdings) Sdn Bhd (36869-T)**
- Level 7, Menara Milenium
Jalan Damanlela,
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
- Telephone number: 03-2084 9000/03-2084 9168

1. CORPORATE DIRECTORY (Cont'd)

**INDEPENDENT MARKET
RESEARCHER**

**: Smith Zander International Sdn Bhd
(1058128-V)**

15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur

Telephone number: 03-2732 7537

Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science from Memorial University of
Newfoundland, Canada)

LISTING SOUGHT

: ACE Market of Bursa Securities

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 12 December 2018, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to the Listing.	To be complied prior to the Listing
2.	Submission of the following information in respect of the moratorium on the shareholdings of the Promoters to the Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares. 	Complied
3.	Approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements.	To be complied
5.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements on the first day of Listing.	To be complied
6.	In relation to the public offering to be undertaken by Tashin Holdings please announce at least 2 Market Days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche, in format prescribed; and (iv) Disclosure of placees who become substantial shareholders of Tashin Holdings arising from the public offering, if any. <p>and to ensure that the overall distribution of Tashin Holdings' securities is properly carried out to provide an orderly trading in the secondary market.</p>	To be complied
7.	Tashin Holdings/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List of the ACE Market is completed.	To be complied

2. APPROVALS AND CONDITIONS (Cont'd)

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 21 December 2018, approved the resultant equity structure of Tashin Holdings under the equity requirement for public listed companies pursuant to our Listing.

The equity structure of Tashin Holdings before and after our Listing shall be as follows:

Category of shareholders	As at 28 May 2018		After IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 43,623,900	12.50
Non-Bumiputera	2	100.0	305,367,100	87.50
Malaysians	2	100.0	348,991,000	100.0
Foreigners	-	-	-	-
TOTAL	2	100.0	348,991,000	100.0

Note:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

Proposed allocation	No. of Shares
Public Issue	
(i) Bumiputera public investors via balloting	8,724,800
(ii) Private placement to selected Bumiputera investors approved by MITI	15,705,000
Offer for Sale	
(iii) Private placement to selected Bumiputera investors approved by MITI	19,194,100
Total	43,623,900

2.1.3 MITI

The MITI had vide its letters dated 28 March 2019 and 16 April 2019, approved the allocation of Shares to selected Bumiputera investors.

2.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Tashin Holdings Shares held by our Promoters as follows:

- (a) The moratorium applies to the entire shareholdings of our Promoters after the Offer for Sale for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");

2. APPROVALS AND CONDITIONS (Cont'd)

- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our total number of issued ordinary shares remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of those Tashin Holdings Shares held under moratorium.

Details of our Promoters and their Shares which will be subject to the abovementioned moratorium, are set out below:

Promoters	Moratorium shares during the First 6-Month Moratorium⁽¹⁾		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	⁽²⁾%	No. of Shares	⁽²⁾%
Prestar	118,656,619	34.00	79,575,961	22.80
Formula Naga	115,516,379	33.10	77,469,989	22.20
	234,172,998	67.10	157,045,950	45.00*

Notes:

(1) After the Offer for Sale.

(2) Based on the enlarged share capital of 348,991,000 Shares.

* 157,045,950 Shares representing 45.0% of our enlarged share capital held by our Promoters are under moratorium during the Second 6-Month Moratorium in compliance with Section 2.2(b) above.

The moratorium has been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

The shareholders of Formula Naga, namely, Lim Choon Teik, Lee Meng Yim, Chong Ping Chin, Lim Koh Yeong and Khoo Teng Lye have undertaken not to sell, transfer or assign their shareholdings in Formula Naga during the moratorium period.

Under the Listing Requirements, where the promoter is an unlisted corporation, the shareholders of the promoter are required to provide undertakings that they will not sell, transfer or assign their securities in the unlisted corporation during the moratorium period. As Prestar is listed on the Main Market of Bursa Securities, the shareholders of Prestar are not required to provide such undertakings.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL STATISTICS RELATING TO OUR IPO

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

No. of Shares to be issued under the Public Issue	59,329,000
No. of Shares to be offered under the Offer for Sale	55,489,000
IPO Price/Offer Price per Share (RM)	0.58

Further details on our IPO are set out in Section 4.

Our Promoters' entire shareholdings after IPO will be under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months.

Further details on the moratorium on our shares are set out in Section 2.2.

3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia on 14 August 2017 under the Act as a public limited company under the name of Tashin Holdings Berhad. We were incorporated as a special purpose vehicle to facilitate the listing of our subsidiaries, Tashin Steel and Tashin Hardware on the ACE Market.

Our Group is principally involved in the:

- (i) Processing (ie, slitting and shearing) of steel coils into slit coils and steel sheets;
- (ii) Manufacturing of steel products comprising, steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins; and
- (iii) Trading of steel products including steel plates, steel pipes, round bars, angle bars and wire mesh.

Our steel processing and manufacturing operations allow us to offer a range of steel products to various industries such as automotive, manufacturing, engineering and construction. We also sell to steel stockists.

For the past 4 FYEs 2015 to 2018, approximately 99.0% of our revenue is derived locally while less than 1.0% of our revenue is from foreign sales.

3. PROSPECTUS SUMMARY (Cont'd)

3.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (a) We offer a range of steel products that support various industries such as automotive, manufacturing, engineering and construction. As such, we are able to capture growth opportunities in various end user markets.
- (b) We maintain long-term relationships with customers and suppliers who support our Group's growth and expansion throughout 18 years of being in the steel industry.
- (c) We emphasise on product quality to ensure customer satisfaction for recurrent purchase orders from our existing customers and maintaining long-term business relationships with our customers.
- (d) We have an experienced management team, led by our Managing Director, Lim Choon Teik, who is responsible for determining the overall strategic direction and business development of our Group. Lim Choon Teik has 51 years of working experience in steel industry and 37 years of management experience.

Further details of our competitive strengths are set out in Section 6.8.

3.4 BUSINESS STRATEGIES AND PROSPECTS

A summary of our business strategies and prospects are set out below:

- (a) Our Group intends to expand our steel manufacturing activities to include the manufacturing of wire mesh. We intend to utilise RM4.10 million from the proceeds of the IPO to acquire 5 new wire mesh production lines with a combined effective production capacity of 24,000 MT per annum. We expect to commence the production of wire mesh upon completion of the construction of the new factory, within 24 months upon receipt of our listing proceeds.
- (b) We aim to increase our production volume by carrying out the following:
 - (i) we intend to utilise RM1.80 million for the purchase of a new slitting line for steel processing which will allow us to slit the steel coils into larger size slit coils of up to 1,600 mm width as our current slitting lines are able to slit the steel coils into slit coils with a maximum of 1,550 mm width only; and
 - (ii) In order for us to further improve our effective capacity and increase our production volume, we require additional floor space for storage of raw materials and finished products. We foresee the need to expand our storage area as we expect the production volume for our existing business to continue to increase, which will likely lead to a shortage of storage area in the future. As such, we intend to expand storage space at our existing and proposed new factories to cater for higher production volume.
- (c) We aim to increase the efficiency of our steel processing and steel manufacturing business by further automating our packing process. We plan to purchase 5 additional packing machines within 6 months upon receipt of our listing proceeds and they will be placed in our existing factory to automate the packing process of steel pipes and slit coils.

Further details on our business strategies and prospects are set out in the Section 6.18.

3. PROSPECTUS SUMMARY (Cont'd)

3.5 RISK FACTORS

An investment in our Shares is subject to risks. A summary of some of the more important risks is set out below. A more detailed description of the risks associated with our Group and IPO can be found in the Section 8.

Investors should read and understand all the risk factors before making a decision to invest in our Shares.

- (a) Our high GP margin for FYE 2016 and FYE 2017 were due the continued increase in average selling prices which is positively correlated with global steel coil prices. In addition, we had benefited from tax savings in the form of capital reinvestment allowance of RM2.28 million for FYE 2015 and RM5.53 million for FYE 2016.

We wish to highlight that:

- (i) our GP margin will not be sustainable if there is a significant decrease in global steel coil prices going forward which will reduce our average selling prices. As such, the historical trend of our GP margin does not reflect our future GP margin trend; and
- (ii) in the past FYE 2015 and FYE 2016, our effective tax rates were lower than the statutory tax rates as we benefited from capital reinvestment allowance.

As part of our future plans, we plan to acquire 5 wire mesh manufacturing lines. We plan to apply for capital reinvestment allowance which if successfully applied, will result in a lower effective tax rates.

However, once the capital reinvestment allowance is fully utilised, we will no longer benefit from such tax savings, hence our effective tax rates will be higher.

- (b) We are subject to fluctuations in the price of steel coils, being our raw materials. The price of our raw materials fluctuates according to global steel prices. Raw materials are the largest component in the cost of sales, consistently constituting more than 90% of our total cost of sales. Any fluctuations on the global steel prices may lead to a rise in our cost of production as well as our carrying cost for maintaining our inventories. If we are unable to pass on this increase in raw material cost to our customers, we will bear the increasing costs and this may have a material impact on our financial results.
- (c) We face competition from other industry players within the steel processing and steel manufacturing industry which may impact our revenue and profitability as we may be forced to be more price competitive in order to secure sales orders. Generally, we compete in product pricing, range and quality of products, service offerings, ability to deliver on timely manner and availability of stock, amongst others.
- (d) We are subject to foreign exchange fluctuation risks which may impact the costs of our raw materials as a substantial amount of our raw material purchases are denominated in USD. A depreciation of the RM against the USD will lead to higher costs of raw material in RM and may adversely affect our financial performance as it would reduce our GP margin.

In the FYE 2018, our purchases from overseas suppliers amounted to RM100.46 million. Our exposure to foreign exchange risk for imports of raw materials is typically 3 months starting from the confirmation of purchase orders to shipment.

3. PROSPECTUS SUMMARY (Cont'd)

For illustration, assuming:

- Our Group did not hedge our exposure by entering into forward contracts;
- The fluctuation of RM against the USD is 5% for a period of 3 months (from January 2018 to March 2018); and
- The additional costs resulted from foreign exchange fluctuations are not passed to our customers.

This will result in a gain or loss in GP of approximately RM5.02 million, depending on the direction of foreign exchange movement between RM and USD.

- (e) We are dependent on CSC Steel Sdn Bhd, our major supplier, for the supply of certain grades of cold rolled coils. If we are unable to continue to purchase from CSC Steel Sdn Bhd in the future, we will need to import these grades of cold rolled coils which are subject to import duties of 15%. Over the past 4 FYEs, the average annual purchase from CSC Steel Sdn Bhd amounted to RM78.05 million. If we were to import the same amount of certain grades of cold rolled coils which we have been purchasing from CSC Steel Sdn Bhd, we will incur an import duty of 15% which would translate to an additional cost of RM11.71 million annually. This may increase our cost of raw materials and our exposure to foreign exchange as transactions will be paid mostly in USD which may materially and adversely affect our profitability if we unable to pass down the cost to our customers on a timely manner.

3.6 DIRECTORS, KEY SENIOR MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Kalsom Binti Abd. Rahman	Independent Non-Executive Chairperson
Lim Choon Teik	Managing Director
Foong Kok Chuin	Executive Director / Chief Financial Officer
Sim Puei Chun	Senior Independent Non-Executive Director
Khaw Chooi Kee	Independent Non-Executive Director
Rusdy Bin Ishak	Independent Non-Executive Director
Ir. Tan Tiong Ben	Independent Non-Executive Director
Dato' Toh Yew Peng	Non-Independent Non-Executive Director
Toh Yew Seng	Non-Independent Non-Executive Director
Koay Kah Ee	Non-Independent Non-Executive Director
Key Senior Management	
Tan Keng Hor	Assistant General Manager of steel manufacturing and trading
Ma Swi Teok	Assistant General Manager of steel processing
Goo Kong Hua	Assistant General Manager of factory operations

3. PROSPECTUS SUMMARY (Cont'd)

The details of our Promoters and substantial shareholders are as follows:

Name / Country of incorporation	Principal activities	⁽¹⁾ Before IPO		Offer Shares offered		After IPO	
		No. of Shares	%	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Prestar* / Malaysia	Property investment and investment holding in companies involved in manufacturing of steel related products	147,727,619	51.00	29,071,000	8.33	118,656,619	34.00
Formula Naga / Malaysia	Investment holding of shares	141,934,379	49.00	26,418,000	7.57	115,516,379	33.10

Notes:

* Prestar is listed on the Main Market of Bursa Securities. Prior to the Acquisition of Tashin Steel, Tashin Steel and Tashin Hardware were subsidiaries of Prestar.

⁽¹⁾ After completion of the Acquisition of Tashin Steel but before the Public Issue and Offer for Sale.

⁽²⁾ Based on our enlarged share capital of 348,991,000 Shares after the IPO.

Further details of the ultimate beneficial owners of Prestar and Formula Naga are set out in Section 5.1.2.

Some of our Directors and shareholders have interest, directly or indirectly, in other businesses or corporations carrying on a similar or related trade as our Group. Full details of their involvement are set out in Section 10.1.

3.7 UTILISATION OF PROCEEDS

The gross proceeds arising from the Public Issue of approximately RM34.41 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	⁽¹⁾ Estimated timeframe for utilisation	RM'000	%
Land acquisition and construction of new factory			
- Land acquisition	9 months	7,200	20.92
- Construction of new factory	24 months	10,350	30.08
Purchase of machinery and equipment for:			
- manufacturing of wire mesh	24 months	4,100	11.92
- a slitting line	6 months	1,800	5.23
- 5 packing machines	6 months	1,800	5.23
General working capital	12 months	5,961	17.32
Estimated listing expenses	1 month	3,200	9.30
		34,411	100.00

3. PROSPECTUS SUMMARY (Cont'd)

Note:

(1) From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.10.

The gross proceeds arising from the Offer for Sale of approximately RM32.18 million shall accrue entirely to our Selling Shareholders.

3.8 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.8.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights of our historical audited combined statements of profit or loss and other comprehensive income for the FYEs 2015 to 2018:

	Audited			
	FYE 2015	FYE 2016	FYE 2017	FYE 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	212,284	214,741	257,701	260,545
Cost of sales	(196,419)	(185,247)	(221,568)	(235,385)
GP	15,865	29,494	36,133	25,160
PBT	4,987	14,585	21,671	14,829
PAT	4,160	12,184	15,715	11,281
EBIT	7,740	16,831	23,737	17,527
EBITDA	10,319	19,487	26,942	21,197
GP margin (%)	7.47	13.73	14.02	9.66
PBT margin (%)	2.35	6.79	8.41	5.69
PAT margin (%)	1.96	5.67	6.10	4.33
Effective tax rate (%)	16.58	16.46	27.48	23.93
EPS (sen) ⁽¹⁾	1.44	4.21	5.43	3.89
Key financial ratios				
Trade receivable turnover period (days)	86	97	81	72
Trade payable turnover period (days)	15	27	53	45
Inventory turnover period (days)	119	130	139	130
Current ratio (times)	1.75	2.06	1.75	3.51
Gearing ratio (times)	0.63	0.29	0.35	0.12

Note:

(1) Calculated based on our PAT divided by the share capital of 289,662,000 Shares before our IPO.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

3. PROSPECTUS SUMMARY (Cont'd)**Import Duty Investigation by the RMCD**

In May 2016, 4 Bills of Demand were issued by RMCD to Proton and Tashin Steel for a total of RM3.66 million, of which RM0.45 million was been paid via the deduction of GST credit balance. In FYE 2017, a further RM0.35 million has been paid via the deduction of GST credit balance and in FYE 2018, RM0.50 million has been paid via cash.

In July 2018, the Ministry of Finance agreed to waive RM2.36 million of the Bills of Demand issued to Tashin Steel, leaving a balance of RM1.30 million owing to RMCD.

Based on the above, Tashin Steel paid a total import duty of RM1.30 million to RMCD, of which RM0.95 million was reimbursed by Proton as at the LPD.

Additional information on the matter is set out in Section 11.2.1(g)(ii).

3.8.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group to show the effects of the Acquisition of Tashin Steel, Public Issue and utilisation of IPO proceeds.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro forma Consolidated Financial Information as set out in Section 13.

Tashin Holdings	I	II	III
As at 31 December 2018	After Acquisition of Tashin Steel	After I and Public Issue	After II and utilisation of IPO proceeds
RM'000	RM'000	RM'000	RM'000

EQUITY AND LIABILITIES**Equity attributable to owners of the Company**

Share capital	*	144,831	179,242	179,242
Merger reserve	-	(124,831)	(124,831)	(124,831)
Retained earnings	(166)	115,289	115,289	113,847
Revaluation reserve	-	20,494	20,494	20,494
Total equity	(166)	155,783	190,194	188,752
Number of Shares in issue ('000)	^	289,662	348,991	348,991
NA	(166)	155,783	190,194	188,752
NA per Share (RM)	(83)	0.54	0.55	0.54
Borrowings (All interest bearing debts)	-	18,212	18,212	18,212
Gearing (times)	-	0.12	0.10	0.10
Current ratio (times)	-	3.51	4.44	3.75

Notes:

- * Representing RM2.00 only.
- ^ Representing 2 Shares only.

3. PROSPECTUS SUMMARY (Cont'd)

3.8.3 Operational highlights

Our revenue was mainly derived from steel processing of the flat products which accounted for more than 70% of our revenue for each of the FYEs 2015 to 2018.

Our sales volume (in MT) and revenue for each of our product segments for the FYEs 2015 to 2018 are as follows:

	Audited							
	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	MT	RM'000	MT	RM'000	MT	RM'000	MT	RM'000
Steel processing								
- Flat products ⁽¹⁾	64,098	160,997	60,814	156,013	60,018	190,108	57,648	182,491
Steel manufacturing								
- Long products ⁽²⁾	15,019	35,614	18,846	46,816	16,482	50,634	19,505	63,125
- Building Materials ⁽³⁾	3,721	9,457	2,968	7,655	3,519	10,480	4,433	13,507
	18,740	45,071	21,814	54,471	20,001	61,114	23,938	76,632
Trading ⁽⁴⁾	2,629	6,216	1,865	4,257	2,274	6,479	464	1,422
	85,467	212,284	84,493	214,741	82,293	257,701	82,050	260,545

Notes:

- (1) Slit coils and steel sheets.
- (2) Steel pipes, flat and square bars.
- (3) Expanded metals, checkered plates and C Purlins.
- (4) Steel plates, steel pipes, round bars, angle bars and wire mesh.

3.9 DIVIDENDS

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of Directors deem relevant.

Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from the financiers of Tashin Steel and Tashin Hardware as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

Dividends declared by our subsidiaries for the past FYEs 2015 to FYE 2018 were as follows:

	FYE 2015	FYE 2016	FYE 2017	FYE 2018
	RM'000	RM'000	RM'000	RM'000
Dividends declared	1,000	4,000	6,000	2,500

Further details of our dividends are set out in Section 11.14.

4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 25 June 2019. Our IPO is subject to the terms and conditions of this Prospectus.

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

We have obtained the approval from Bursa Securities vide its letter dated 12 December 2018, for, amongst others, our admission to the Official List of the ACE Market and for the listing of and quotation for our entire enlarged share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO (Cont'd)

Applications for the Issue Shares may be made using either of the following:

Type of application form	Category of Investor
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible Directors and employees as well as Directors and employees of the Prestar Group
Blue Application Form	Entitled Shareholders of Prestar

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

Please refer to Section 15 for further details on the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

<http://www.bursamalaysia.com/market/securities/equities/brokers>

If you are an individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

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

4. PARTICULARS OF OUR IPO (Cont'd)

4.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 25 June 2019 and will remain open until at 5.00 p.m. on 19 July 2019. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Entitlement Date	20 June 2019
Issuance of this Prospectus/Opening of Application for our IPO	25 June 2019
Closing Date	19 July 2019
Balloting of the Application for our IPO Shares	24 July 2019
Allotment of our IPO Shares to successful applicants	30 July 2019
Date of Listing	1 August 2019

In the event there is any change to the timetable, we will advertise the notice the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.4 DETAILS OF OUR IPO

4.4.1 Public Issue

A total of 59,329,000 Issue Shares, representing 17.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

17,449,600 Issue Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 8,724,800 Issue Shares made available to public investors; and
- (ii) 8,724,800 Issue Shares made available to Bumiputera public investors.

(b) Our eligible Directors and employees as well as Directors and employees of the Prestar Group

8,724,800 Issue Shares, representing 2.50% of our enlarged share capital, will be reserved for our eligible Directors and employees as well as Directors and employees of the Prestar Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.3.

(c) Entitled Shareholders of Prestar

17,449,600 Issue Shares, representing 5.00% of our enlarged share capital, will be made available to the Entitled Shareholders of Prestar under the Restricted Offering as follows:

- (i) each Entitled Shareholder of Prestar who applies for at least 100 Issue Shares is guaranteed an allocation of 100 Issue Shares;

4. PARTICULARS OF OUR IPO (Cont'd)

- (ii) any Issue Shares applied for after the allocation under item (i) above shall be allocated to the Entitled Shareholders of Prestar who apply in excess of 100 Issue Shares on a pro-rata basis according to their respective shareholdings in Prestar as at the Entitlement Date; and
- (iii) any Issue Shares applied for after the allocation under items (i) and (ii) above shall be allocated to the Entitled Shareholders of Prestar on pro-rata basis according to the remaining Issue Shares under application.

In the event there are any balance Issue Shares under the Restricted Offering after the above sequence of allocations are completed, the balance will be allocated in the processes set out in (ii) and (iii) above.

Any fractional entitlements and odd lots arising shall be disregarded and rounded down to the nearest board lot, and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as our Board may deem fit and expedient in the best interest of our Company.

Nevertheless, our Board reserves the right to allot any balance Issue Shares applied for in such manner as our Board deems fit and expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out above is achieved.

The entitlement of the Entitled Shareholders of Prestar to participate in the Restricted Offering is non-renounceable and non-tradable. Entitled Shareholders of Prestar are not allowed to submit multiple applications for the Issue Shares made available under the Restricted Offering and our Board has the absolute discretion to reject multiple applications. However, the Restricted Offering does not preclude the Entitled Shareholders of Prestar from making additional applications for the Issue Shares made available under the Malaysian Public category using the WHITE Application Forms. The last date of acceptance and payment in relation to the Restricted Offering by the Entitled Shareholders of Prestar is 19 July 2019.

The notice of allotment of the Issue Shares to the Entitled Shareholders of Prestar under the Restricted Offering will be sent by ordinary mail prior to our Listing. The balance of the application monies, if any, will be refunded to the Entitled Shareholders of Prestar without interest by ordinary post to the last address maintained with Bursa Depository within 10 Market Days from the date of the final ballot of the Application.

The shareholders of Prestar had approved the Listing Scheme, which includes the Restricted Offering at the extraordinary general meeting of Prestar held on 20 March 2019. The Entitlement Date is 20 June 2019, being the date as at the close of business on which the names of the Entitled Shareholders of Prestar (save for the Excluded Shareholders) must appear on the Record of Depositors of Prestar to be eligible to apply for the Issue Shares under the Restricted Offering.

(d) Private placement to Bumiputera investors approved by MITI

15,705,000 Issue Shares, representing 4.50% of our enlarged share capital, have been reserved for private placement to selected Bumiputera investors approved by the MITI.

4. PARTICULARS OF OUR IPO (Cont'd)

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

4.4.2 Offer for Sale

A total of 55,489,000 Offer Shares, representing 15.90% of our enlarged share capital, are offered by our Selling Shareholders to selected investors and selected Bumiputera investors approved by MITI by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. The Offer Shares shall be allocated in the following manner:

(a) Private placement to selected Bumiputera investors approved by MITI

19,194,100 Offer Shares, representing 5.50% of our enlarged share capital, have been reserved for private placement to selected Bumiputera investors approved by MITI.

(b) Private placement to selected investors

36,294,900 Offer Shares, representing 10.40% of our enlarged share capital, have been reserved for private placement to selected investors.

The details of our Selling Shareholders and their relationship with our Group are as follows:

Name / registered address	Relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		After IPO	
		No. of Shares	%	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Prestar / Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur	Promoter and substantial shareholder	147,727,619	51.00	29,071,000	8.33	118,656,619	34.00
Formula Naga / No-182A, Jalan Raja Uda Pusat Perniagaan Raja Uda 12300 Butterworth Penang	Promoter and substantial shareholder	141,934,379	49.00	26,418,000	7.57	115,516,379	33.10

Notes:

(1) As at the LPD, after completion of the Acquisition of Tashin Steel but before the Public Issue and Offer for Sale.

(2) Based on our enlarged share capital of 348,991,000 Shares after the IPO.

Further details of our Selling Shareholders, who are also our substantial shareholders can be found in Section 5.1.

4. PARTICULARS OF OUR IPO (Cont'd)**4.4.3 Pink Form Allocations**

We have allocated 8,724,800 Issue Shares to our eligible Directors and employees as well as Directors and employees of the Prestar Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Our Eligible Directors	10	3,050,000
Our Eligible employees	107	3,071,200
Directors and employees of the Prestar Group	193	2,603,600
	310	8,724,800

The criteria for allocation to our eligible Directors are based on amongst others, the length of their service and their anticipated contributions to our Group.

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- The employee must be at least 18 years of age;
- The employee must have his/her employment confirmed in writing; and
- The employees' seniority, position, length of service and contribution to our Group.

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

Name	Designation	No. of Issue Shares allocated
Dato' Kalsom Binti Abd. Rahman	Independent Non-Executive Chairperson	120,000
Lim Choon Teik	Managing Director	550,000
Foong Kok Chuin	Executive Director / Chief Financial Officer	550,000
Sim Puei Chun	Senior Independent Non-Executive Director	120,000
Khaw Chooi Kee	Independent Non-Executive Director	120,000
Rusdy Bin Ishak	Independent Non-Executive Director	120,000
Ir. Tan Tiong Ben	Independent Non-Executive Director	120,000
Dato' Toh Yew Peng	Non-Independent Non-Executive Director	550,000
Toh Yew Seng	Non-Independent Non-Executive Director	550,000
Koay Kah Ee	Non-Independent Non-Executive Director	250,000
		3,050,000

4. PARTICULARS OF OUR IPO (Cont'd)

Details of the proposed allocation to our key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Tan Keng Hor	Assistant General Manager of steel manufacturing and trading division	200,000
Ma Swi Teok	Assistant General Manager of steel processing division	200,000
Goo Kong Hua	Assistant General Manager of factory operations	200,000
		600,000

The criteria for allocation to the Directors of the Prestar Group are based on, among others, their respective roles, responsibilities and length of service in the Prestar Group.

Details of the proposed allocation to the Directors of the Prestar Group are as follows:

Directors	Designation (Prestar Group)	No. of Issue Shares allocated
Toh Yew Keat	Group Executive Chairman	120,000
Dato' Toh Yew Peng	Group Managing Director	-
Toh Yew Kar	Group Executive Director	100,000
Toh Yew Seng	Group Executive Director	-
Toh Yew Chin	Executive Director	70,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Independent Non-Executive Director	-
Md. Nahar Bin Noordin	Independent Non-Executive Director	-
Dato' Lim Cheang Nyok	Independent Non-Executive Director	-
Lou Swee You	Independent Non-Executive Director	-
		290,000

The criteria for allocation to the employees of the Prestar Group are based on the following factors:

- (a) The employee must be at least 18 years of age;
- (b) The employee must have his/her employment confirmed in writing; and
- (c) The employees' seniority, position and length of service in the Prestar Group.

4. PARTICULARS OF OUR IPO (Cont'd)

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent, after taking into consideration the following factors:

- The PE Multiple of approximately 17.96 times based on our EPS of 3.23 sen for the FYE 2018 calculated based on our PAT for the FYE 2018 of RM11.28 million and our enlarged share capital of 348,991,000 Shares upon Listing;
- Our pro forma consolidated NA per Share as at 31 December 2018 after our IPO of RM0.54 based on our consolidated NA as at 31 December 2018 of RM188.75 million (after the Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 348,991,000 Shares upon Listing;
- Our historical financial track record for the past FYEs 2015 to 2018 summarised as follows:

	FYE2015	FYE2016	FYE 2017	FYE 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	212,284	214,741	257,701	260,545
GP	15,865	29,494	36,133	25,160
PAT	4,160	12,184	15,715	11,281
EPS (sen) ⁽¹⁾	1.44	4.21	5.43	3.89

Note:

⁽¹⁾ Based on our share capital of 289,662,000 Shares before our IPO.

- Our competitive strengths as set out in Section 6.8; and
- Our Group's business strategies and prospects as further described in Section 6.18.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	289,662,000	144,831,001
To be issued pursuant to our Public Issue	59,329,000	34,410,820
Enlarged share capital upon our Listing	348,991,000	179,241,821
Offer for Sale⁽¹⁾	55,489,000	32,183,620
Market capitalisation⁽²⁾		202,414,780

Notes:

⁽¹⁾ Our Offer for Sale will not have any effect on our share capital.

⁽²⁾ Based on our IPO Price and our enlarged number of shares upon Listing.

4. PARTICULARS OF OUR IPO (Cont'd)

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

The Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (a) Our IPO will allow us to create a separate listing platform on the ACE Market so that we may raise equity and debt financing independently from the Prestar Group. Via the IPO, the value of both our Group and the Prestar Group would not rely on each other and can be fully reflected in the respective trading prices of our shares;
- (b) Our IPO will allow investors to appraise the business strategies, risks and returns of our business independently from the Prestar Group;
- (c) Our IPO will increase the operational and financial transparency of our Group which will provide investors with greater clarity on our business and financial performance; and
- (d) Our IPO will allow us to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services to expand our customer base in Malaysia, and to retain and attract new, skilled employees in the industry.

In addition to the above, Prestar, our Promoter will benefit in the following manner:

- (i) Prestar will be able to unlock and crystallise the value of its investment in the Tashin Group and enhance shareholders' value at the Prestar level;
- (ii) Prestar's shareholders will be able to directly participate in the equity of the Tashin Group via the Restricted Offering; and
- (iii) Prestar will be able to utilise net proceeds to be raised from the Offer for Sale for the repayment of its bank borrowings.

4. PARTICULARS OF OUR IPO (Cont'd)**4.8 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and our enlarged share capital of 348,991,000 Shares upon Listing, our total market capitalisation is estimated to be RM202,414,780 upon Listing.

4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

Our Company was incorporated on 14 August 2017 to facilitate the Listing. Our pro forma consolidated NA per Share after adjusting for Acquisition of Tashin Steel and before Public Issue was RM0.54, based on the number of Shares in issue of 289,662,000 Shares. After giving effect to the Acquisition of Tashin Steel and Public Issue including adjustments for the utilisation of IPO proceeds, our pro forma consolidated NA per Share as at 31 December 2018 is RM0.54, based on the number of Shares in issue of 348,991,000 Shares.

This represents an immediate dilution in the pro forma consolidated NA per Share of RM0.04 or 6.90% to our new public investors. The following table illustrates such dilution on a per Share basis:

	RM
Pro forma consolidated NA per Share as at 31 December 2018 after taking into account the Acquisition of Tashin Steel	0.54
Pro forma consolidated NA per Share as at 31 December 2018 after taking into account the Acquisition of Tashin Steel and Public Issue	0.55
IPO Price	0.58
Pro forma consolidated NA per Share as at 31 December 2018 after taking into account the Acquisition of Tashin Steel, Public Issue and utilisation of IPO proceeds	0.54
Dilution in the pro forma consolidated NA per Share to our new public investors	(0.04)
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	6.90%

Further details of our pro forma consolidated NA per Share as at 31 December 2018 is set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾No. of Shares	Total consideration	Average effective cost per Share
		RM	RM
Prestar	147,727,619	73,863,809.50	0.50
Formula Naga	141,934,379	70,967,189.50	0.50
	289,661,998	144,830,999.00	0.50

Note:

⁽¹⁾ Issued pursuant to the Acquisition of Tashin Steel.

4. PARTICULARS OF OUR IPO (Cont'd)

Save for the Shares received by our Promoters pursuant to the Acquisition of Tashin Steel there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

4.10 UTILISATION OF PROCEEDS**4.10.1 Public Issue**

The estimated gross proceeds arising from the Public Issue of approximately RM34.41 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Land acquisition and construction of new factory	(a)			
- Land acquisition		9 months	7,200	20.92
- Construction of new factory to commence manufacturing of wire mesh, flat and square bars in this new factory		24 months	10,350	30.08
Purchase of machinery and equipment for:	(b)			
- 5 wire mesh manufacturing lines		20 months	4,100	11.92
- 1 slitting line		6 months	1,800	5.23
- 5 packing machines		6 months	1,800	5.23
General working capital	(c)	12 months	5,961	17.32
Estimated listing expenses	(d)	1 month	3,200	9.30
			34,411	100.00

Note:

(1) From the date of listing of our Shares.

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in deposits with financial institutions as our Directors may deem appropriate.

4. PARTICULARS OF OUR IPO (Cont'd)**(a) Land acquisition and construction of new factory**

To support our existing business and to expand our production capacity, we have allocated RM17.55 million in the following manner:

Description	RM'000
Land acquisition	7,200
Construction of new factory	10,350
	17,550

Note:

The allocated amount for the land acquisition and construction of new factory is based on the estimated cost and shall be recorded as capital expenditure under property, plant and equipment. The breakdown of the cost of construction of our new factory is presently estimated as follows:

Details	RM'000
(i) Pilling works	1,743
(ii) Steel structure	3,922
(iii) Architectural, roofing and cladding	1,220
(iv) Electrical systems and wiring	1,743
(v) Heating, ventilation and air conditioning	14
(vi) Fire suppression systems	610
(vii) Overhead crane	800
(viii) Miscellaneous	298
	10,350

We plan to acquire an industrial land in Seberang Perai, Penang for the construction of a new factory with a total floor space of approximately 90,000 sq ft to be situated on this land. As at the LPD, we have identified a few suitable parcels of land within the proximity of our existing factory. We will commence negotiations with the land sellers after our Listing is completed.

The preliminary details of the new factory are as follows:

Floor space	: 90,000 sq ft	
% proposed use of floor space	:	%
	Factory	40.0
	Warehouse	60.0
Land size	: Approximately 180,000 sq ft	
Location	: Seberang Perai, Penang with close proximity to our existing factory	

The construction of the new factory is subject to the building plan and planning permit being approved by the Majlis Perbandaran Seberang Perai. The application for the building plan and planning permit is expected to be submitted upon the completion of the acquisition of land. We expect to acquire the land and complete the construction of the new factory within 22 months upon receipt of our listing proceeds.

4. PARTICULARS OF OUR IPO (Cont'd)

The indicative timeline is targeted to be as follows:

Timeframe (from the date of listing)	Details
1st – 2nd month	<ul style="list-style-type: none"> To identify and negotiate with land sellers
3rd – 9th month	<ul style="list-style-type: none"> Acquisition of land
8th – 11th month	<ul style="list-style-type: none"> To obtain approval from the Majlis Perbandaran Seberang Perai on building plan and planning permit
11th – 17th month	<ul style="list-style-type: none"> Construction of factory
15th – 20th month	<ul style="list-style-type: none"> Purchase of machines for wire mesh manufacturing lines
17th – 21st month	<ul style="list-style-type: none"> To obtain approval from Department of Occupational Safety and Health To obtain approval from MITI/MIDA for manufacturing licence
18th month	<ul style="list-style-type: none"> Completion of factory construction
19th – 20th month	<ul style="list-style-type: none"> To obtain CCC for the factory To obtain approval from state government
19th – 22th month	<ul style="list-style-type: none"> To obtain approval from Department of Environment
21st month	<ul style="list-style-type: none"> Installation of wire mesh manufacturing lines
22nd – 24th month	<ul style="list-style-type: none"> Commissioning of wire mesh manufacturing lines

In the event we are unable to acquire a land with close proximity to our existing factory within 9 months from the date of listing, we intend to acquire an existing factory building within the Seberang Perai area.

Kindly refer to Section 4.10.1(b) below for more details on our expansion into manufacturing of wire mesh.

If the actual cost of new land and factory is higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements and/or internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

The new factory is intended to house our existing manufacturing line for flat and square bars and our new manufacturing line for wire mesh. Details of the said relocation and new manufacturing line are set out in Section 6.18.1.

4. PARTICULARS OF OUR IPO (Cont'd)**(b) Purchase of machinery and equipment**

We intend to utilise RM7.70 million of the proceeds in the following manner:

Description	Notes	RM'000
Purchase of machinery and equipment:		
- to support our business expansion into the manufacturing of wire mesh	(i)	4,100
- to increase the capacity of our steel processing lines	(ii)	1,800
- to increase the efficiency of our steel processing and steel manufacturing business	(iii)	1,800
		7,700

(i) Expansion into manufacturing of wire mesh

We intend to utilise RM4.10 million from the proceeds of the IPO to purchase the machinery and equipment for the manufacture of wire mesh as follows:

	Description	Function	No. of units	Total cost RM'000
1.	Welding machine	To weld the wire rods into wire mesh	5	1,570
2.	Straightening and cutting machine	To straighten and cut the wire rods into specific lengths	5	670
3.	Ribbing wire machine	To roll the wire rods into rib bars	4	660
4.	Wire drawing machine	To draw the wire rods into different sizes	3	500
5.	Overhead crane	To transport the raw materials and completed products within the factory	4	600
6.	Air compressor machine	To pressurise the air used for our welding machine	1	100
				4,100

To facilitate the manufacturing of wire mesh products, we intend to set up 5 new wire mesh production lines in the new factory with a combined production capacity of 24,000 MT per annum. This wire mesh manufacturing lines will allow us to have control over the supply of wire mesh and be less reliant on third party suppliers for wire mesh. It will also enable us to have better control over our cost of sales whereby we aim to reduce our cost of sales to give us a higher profit margin on the wire mesh manufactured in-house. This will subsequently improve our profitability.

4. PARTICULARS OF OUR IPO (Cont'd)

We also believe that the addition of wire mesh in our product offerings is expected to strengthen our customer base as our customers will be able to purchase an additional type of product that is manufactured by us (i.e. wire mesh) and we will be able to maximise our profit through cross selling of our products to the same pool of customers.

Please refer to Section 6.18.1 for more details.

(ii) Increase the capacity of our existing steel processing line

We intend to utilise RM1.80 million from the proceeds of the IPO to purchase a new slitting line.

In anticipation of the expected growth in demand for slit coils, the purchase of a new slitting line for steel processing will increase our combined effective annual capacity for slitting lines by 26,400 MT to 93,600 MT. In addition, the new slitting line will allow us to slit the steel coils into larger size slit coils of up to 1,600 mm width as the current slitting lines are able to slit the steel coils into slit coils with a maximum of 1,550 mm width only. This enables us to offer wider specifications of slit coils to our customers.

Please refer to Section 6.18.2(i) for more details.

(iii) Increase the efficiency of our steel processing and steel manufacturing business

We intend to utilise RM1.80 million from the proceeds of the IPO to purchase 5 additional packing machines.

The purchase of 5 additional packing machines is anticipated to reduce our dependency on manual labour and improve the handling and packing speed for steel pipes and slit coils.

Please refer to Section 6.18.3 for more details.

If the actual cost of the new machinery and equipment is higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements and/or internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

(c) General working capital requirements

Raw materials are the largest component of our cost of sales, consistently constituting more than 90% of our total cost of sales for the past 4 FYEs 2015 to 2018. The purchase of raw materials for the past 4 FYEs 2015 to 2018 was made using bank borrowings and internally generated funds as follows:

	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchase made via:								
- Bank borrowings	136,171	74.92	91,334	54.3	134,543	55.90	72,357	40.19
- Internal funds	45,592	25.08	76,776	45.67	106,143	44.10	107,695	59.81
	181,763	100.00	168,110	100.00	240,686	100.00	180,052	100.00

4. PARTICULARS OF OUR IPO (Cont'd)

Approximately RM5.96 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used for the purchase of raw materials, such as wire rods and steel coils for our existing manufacturing lines of steel processing and steel manufacturing segments.

With the additional working capital of RM5.96 million, we aim to reduce our usage of banking facilities such as bankers' acceptances to finance our purchase of raw materials, which will in turn reduce our interest expenses and improve our profitability.

(d) Estimated listing expenses

The amount of RM3.20 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	RM'000
Fees payable to authorities	90
Printing and advertising fees	125
Professional fees ⁽¹⁾	1,860
Underwriting, placement and brokerage fees	1,077
Miscellaneous ⁽²⁾	48
	3,200

Notes:

(1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

4.10.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM32.18 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.68 million.

4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE**4.11.1 Underwriting arrangement and commission**

Our Joint Underwriters will underwrite 43,624,000 Issue Shares made available for application by the Malaysian Public, Pink Form Allocations and Entitled Shareholders of Prestar. We are obliged to pay our Managing Underwriter and Joint Underwriters a management fee and an

4. PARTICULARS OF OUR IPO (Cont'd)

underwriting commission at the rate of 1.0% and 2.0% respectively based on the total value of the underwritten Shares at our IPO Price.

Any of our Issue Shares which are not subscribed for by the Malaysian Public, Pink Form Allocations and Entitled Shareholders of Prestar will be made available to selected investors via private placement. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Joint Underwriters based on the terms of the Underwriting Agreement. However, in the event that all of our Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations and by the Entitled Shareholders of Prestar, if any, will be made available for application by the Malaysian Public.

4.11.2 Placement arrangement and commission

The balance 15,705,000 Issue Shares from the Public Issue and 55,489,000 Offer Shares available for application by selected investors and selected Bumiputera investors approved by MITI will not be underwritten and shall be placed out by our Placement Agent. The Placement Agent has undertaken to fully place out the 15,705,000 Issue Shares and 55,489,000 Offer Shares prior to the Listing.

We are obliged to pay our Placement Agent a placement fee of 3.0% of the value of those Issue Shares to be placed out to Bumiputera investors approved by MITI by our Placement Agent at our IPO Price. The placement fee of 2.0% of the value of those Offer Shares to be placed out to Bumiputera investors approved by MITI and investors selected by our Placement Agent at our IPO Price will be borne entirely by the Selling Shareholders.

4.11.3 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement entered on 14 May 2019, the Managing Underwriter has agreed to manage the underwriting of 43,624,000 Issue Shares ("Underwritten Shares") and the Joint Underwriters have agreed to underwrite the Underwritten Shares on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- 1.1 Our Company irrevocably appoints the Managing Underwriter to manage the underwriting of the Underwritten Shares and each of the Joint Underwriters severally but not jointly as the underwriters of the Underwritten Shares. The Managing Underwriter and the Joint Underwriters accepts their appointment on the terms and conditions in the Underwriting Agreement.
- 1.2 The obligations of the Managing Underwriter and Joint Underwriters under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):

4. PARTICULARS OF OUR IPO (Cont'd)

- (a) The Managing Underwriter receiving a certificate in, or substantially in, the form contained in Schedule 2 (Certificate by our Company) of the Underwriting Agreement, one dated on the date of the registration of the Prospectus and another one dated the Closing Date signed by a director of our Company on behalf of our Board stating amongst others that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of this Prospectus and on the Closing Date that:
 - (i) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from that subsequent to the date of the Underwriting Agreement; or
 - (ii) there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
- (b) The Underwriting Agreement being duly signed by all parties and stamped within the statutory time frame;
- (c) The Prospectus has been registered and the delivery to the ROC of the Prospectus for registration in accordance with the requirements set out in the CMSA;
- (d) The approval of the Listing Scheme by Bursa Securities, the SC, the directors and shareholders of our Company by way of resolution via a circular board resolution and general meeting and shareholders of Prestar pursuant to an extraordinary general meeting, whereby such resolutions still remain full in force and effect and all the conditions to said approvals in this clause (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (e) The offering of the entire issued share capital of Tashin Holdings on the ACE Market, being approved by Bursa Securities and any other relevant authorities, on the terms acceptable to the Managing Underwriter and remaining in full force and effect and that all Conditions Precedent to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (f) The Joint Underwriters being satisfied that our Company will, following completion of the IPO be admitted to the Official List and its entire enlarged issued share capital listed and quoted on the ACE Market without undue delay;
- (g) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Managing Underwriter's (in this regard, in its capacity as the Placement Agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;

4. PARTICULARS OF OUR IPO (Cont'd)

- (h) The Joint Underwriters receiving copies certified by a Director of our Company or secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in a form and substance acceptable to the Managing Underwriter:
 - (i) approving the Prospectus, the issuance of the Prospectus, the application forms, the Underwriting Agreement and the transactions contemplated by it; and
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
- (i) The IPO not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO and/or the Listing have been obtained and are in force on the Closing Date;
- (j) The Managing Underwriter being satisfied that our Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
- (k) All necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities, required for or in connection with the execution of the Underwriting Agreement and the issue of the Shares under the IPO and any other matters contemplated hereby:
 - (i) have been or will be unconditionally obtained by its due date;
 - (ii) or if granted subject to conditions, such conditions will be fulfilled to the reasonable satisfaction of the Joint Underwriters by its due date; and
 - (iii) are or will remain in full force and effect;
- (l) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;
- (m) There being no occurrence of any event after the date of the Underwriting Agreement and on or prior to the Closing Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue or inaccurate;
- (n) There being no breach of and/or failure, on or prior to the Closing Date by our Company to perform any of the terms and/or the undertakings as contained in the Underwriting Agreement;

4. PARTICULARS OF OUR IPO (Cont'd)

- (o) Our Company not being in any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with the Group which is still subsisting or unresolved to the satisfaction of the Managing Underwriter; and
 - (p) The launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Joint Underwriters and our Company may from time to time agree in writing.
- 1.3 The Managing Underwriter, with the consent of the Joint Underwriters, may without prejudice to its power, rights and remedies under the Underwriting Agreement, at law or in equity, waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement.
- 1.4 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Managing Underwriter after consultation with the Joint Underwriters may treat themselves as so released or discharged from its obligations and the provisions set out in item 1.7 below relating to the Managing Underwriter's and Joint Underwriters' rights in the event of termination by Managing Underwriter shall apply.
- 1.5 If any of the conditions set out in item 1.2(b), (c), (d), (g), and / or (h) above are not satisfied within 1 month from the date of the Underwriting Agreement or such other later date as the Joint Underwriters and our Company may from time to time agree in writing or if any of the conditions contained in the Underwriting Agreement save and except for those set out in item 1.2(b), (c), (d), (g) and / or (h) above to the extent not waived are not satisfied by the Closing Date, the Managing Underwriter after consultation with the Joint Underwriters shall be entitled to terminate the Underwriting Agreement pursuant to item 1.6 below and thereafter the parties shall be released and discharged from their obligations hereunder but without prejudice to the rights of the Managing Underwriter and Joint Underwriters under item 1.7 below.
- 1.6 Notwithstanding anything contained in the Underwriting Agreement, the Managing Underwriter, may, on behalf and with the prior written consent of the Joint Underwriters, by notice in writing to the Company, at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:
 - (a) the Condition Precedents contained in Item 1.2 above (save and unless waived by the Managing Underwriter (with the consent of the Joint Underwriters)) are not duly satisfied by the Closing Date;
 - (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within 10 Market Days from the date our Company is notified by the Joint Underwriters of such breach; or
 - (c) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or
 - (d) there is withholding of material information by our Company which in the reasonable opinion of the Joint 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 IPO, or the distribution or sale of the Shares issued or offered under the IPO; or

4. PARTICULARS OF OUR IPO (Cont'd)

- (e) the approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of our entire issued share capital on the ACE Market is withdrawn; or
- (f) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or Group from that set out in this Prospectus which is material in the context of the offering of the Issue Shares and/or the Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings contained in the Underwriting Agreement hereof as though given or made on such date; or
- (g) the closing date of the application of the IPO Shares does not occur within 3 months from date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Joint Underwriters; or
- (h) our Company or any of its subsidiaries becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
- (i) the occurrence of any *force majeure* event including, but not limited to the following:
 - (i) there shall have occurred, happened or come into effect any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rate (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or
 - (ii) any new law or any change in the existing laws, regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority; or
 - (iii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Underwriters (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc); or
 - (iv) there shall be the imposition of any moratorium, suspension or material restriction on trading on ACE Market due to exceptional financial circumstances or otherwise which would materially prejudice the success of the IPO; or
 - (v) any material adverse change in financial conditions as stated in item 1.6(i)(i) above to include stock market conditions and interest rates. A material adverse change in the stock market condition under this

4. PARTICULARS OF OUR IPO (Cont'd)

item shall mean the Index is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days; or

- (vi) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of our Company and/or our Group; or
- (vii) in the event that the listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Joint Underwriters.

1.7 Upon the issuance of the written notice pursuant to item 1.6 above, the Managing Underwriter and Joint Underwriters shall be released and discharged from their respective obligations hereunder save for the Managing Underwriter's and each of the Joint Underwriters' rights to the following:

- (a) full payment of the management fee and underwriting commission (including any tax, duties or levies chargeable to the management fee and underwriting commission);
- (b) costs and expenses incurred by the Managing Underwriter in connection with management of the underwriting of the Underwritten Shares (including marketing costs and late interest payment, if applicable);
- (c) costs and expenses incurred by the Joint Underwriters' in connection with the underwriting of the Underwritten Shares (including marketing costs and late interest payment, if applicable); and
- (d) rights to be indemnified by our Company.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****5.1.1 Promoters' and substantial shareholders' shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Country of incorporation / Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Promoters and substantial shareholders							
Prestar	Malaysia	147,727,619	51.00	-	(3) 118,656,619	34.00	-
Formula Naga	Malaysia	141,934,379	49.00	-	(3) 115,516,379	33.10	-
Substantial shareholders							
Fabulous Essence	Malaysia	-	-	(6) 147,727,619	51.00	(4) 4,689,200	(6) 118,656,619
Y.K. Toh Property	Malaysia	-	-	(6) 147,727,619	51.00	(4) 1,836,600	(6) 118,656,619
Toh Yew Keat	Malaysian	-	-	(6)(7) 147,727,619	51.00	(4) 511,100	(6)(7) 125,188,619
Dato' Toh Yew Peng	Malaysian	-	-	(6)(7) 147,727,619	51.00	(4)(5) 1,248,600	(6)(7) 125,196,619
Lim Choon Teik	Malaysian	-	-	(8) 141,934,379	49.00	(4)(5) 584,900	(8) 115,516,379
Lee Meng Yim	Malaysian	-	-	(8) 141,934,379	49.00	-	(8) 115,516,379

Notes:

- (1) Based on the share capital of 289,662,000 Shares after the Acquisition of Tashin Steel.
- (2) Based on the enlarged share capital of 348,991,000 Shares after the IPO.
- (3) After the Offer for Sale.
- (4) Assuming the subscription of Issue Shares under the Restricted Offering which is allocated based on pro-rata basis according to their respective shareholdings in Prestar as at the LPD. However, the final shareholdings will depend on the actual number of Issue Shares subscribed and allocated to them in accordance with the basis set out in Section 4.4.1(c).
- (5) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (6) Deemed interested by virtue of his/its shareholdings in Prestar pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of their children's shareholdings and their shareholdings in Fabulous Essence and Y.K. Toh Property pursuant to Section 8 of the Act.
- (8) Deemed interested by virtue of his shareholdings in Formula Naga pursuant to Section 8 of the Act.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of Lim Choon Teik and Dato' Toh Yew Peng are set out in Section 5.2.2. The profiles of Prestar, Formula Naga, Fabulous Essence, Y.K. Toh Property, Toh Yew Keat and Lee Meng Yim are set out below:

(a) Prestar

Prestar was incorporated as a private limited company under the Companies Act, 1965 on 12 July 1984, under the name Prestar Industries Sdn Bhd. Prestar converted into a public limited company on 27 June 1994 and was listed on the Second Board of the Kuala Lumpur Stock Exchange on 20 September 1995. On 1 October 2003, Prestar successfully transferred its listing to the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities).

Prestar is principally engaged in property investment and investment holding in companies involved in manufacturing of steel related products.

As at the LPD, the share capital of Prestar is RM106,607,853.50 comprising 204,830,530 ordinary shares (including 9,126,800 shares held as treasury shares). As at the LPD, the Directors and their respective shareholdings in Prestar are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Keat	Malaysian	4,386,717	2.24	⁽¹⁾ 73,261,400	37.43
Dato' Toh Yew Peng	Malaysian	7,835,600	4.00	⁽¹⁾ 73,351,400	37.48
Toh Yew Kar	Malaysian	2,672,276	1.37	-	-
Toh Yew Seng	Malaysian	3,356,252	1.71	-	-
Toh Yew Chin	Malaysian	2,697,276	1.38	-	-
Md Nahar Bin Noordin	Malaysian	1,616,000	0.83	-	-
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	135,000	0.07	-	-
Dato' Lim Cheang Nyok	Malaysian	194,000	0.10	-	-
Lou Swee You	Malaysian	189,000	0.10	-	-

Note:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Fabulous Essence and Y.K. Toh Property pursuant to Section 8 of the Act and his children's shareholdings.

As at the LPD, the substantial shareholders and their respective shareholdings in Prestar are as follows:

Name	Country of incorporation / Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Fabulous Essence	Malaysia	52,592,200	26.87	-	-
Y.K. Toh Property	Malaysia	20,599,200	10.53	-	-
Toh Yew Keat	Malaysian	4,386,717	2.24	⁽¹⁾ 73,261,400	37.43
Dato' Toh Yew Peng	Malaysian	7,835,600	4.00	⁽¹⁾ 73,351,400	37.48
Soh Tik Siew	Malaysian	10,917,700	5.58	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Note:

- (1) Deemed interested by virtue of their children's shareholdings in Prestar and their shareholdings in Fabulous Essence and Y.K. Toh Property pursuant to Section 8 of the Act.

(b) Formula Naga

Formula Naga was incorporated on 3 July 1997 as a private limited company under the Companies Act, 1965. Formula Naga's principal activity is investment holding.

As at the LPD, the share capital of Formula Naga is RM1,050,002 comprising 1,050,002 ordinary shares. As at the LPD, the Directors of Formula Naga are Lim Choon Teik, Lim Koh Yeong and Khoo Teng Lye.

As at the LPD, the shareholders and their respective shareholdings in Formula Naga are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Choon Teik	Malaysian	325,002	31.0	-	-
Lee Meng Yim	Malaysian	225,000	21.5	-	-
Chong Ping Chin	Malaysian	200,000	19.0	-	-
Lim Koh Yeong	Malaysian	200,000	19.0	-	-
Khoo Teng Lye	Malaysian	100,000	9.5	-	-

(c) Fabulous Essence

Fabulous Essence was incorporated on 25 November 1991 as a private limited company under the Companies Act, 1965. The principal activity of Fabulous Essence is investment holding. As at the LPD, Fabulous Essence has a share capital of RM9,435,002 comprising 9,435,002 ordinary shares.

As at the LPD, the Directors and their respective shareholdings in Fabulous Essence are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Keat	Malaysian	1,508,585	16.0	-	-
Dato' Toh Yew Peng	Malaysian	1,415,251	15.0	-	-
Toh Yew Keong	Malaysian	1,226,550	13.0	-	-
Toh Yew Kar	Malaysian	1,133,216	12.0	-	-
Toh Yew Chin	Malaysian	1,132,200	12.0	-	-
Toh Yew Seng	Malaysian	1,037,850	11.0	-	-

As at the LPD, the shareholders and their respective shareholdings in Fabulous Essence are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Keat	Malaysian	1,508,585	16.0	-	-
Dato' Toh Yew Peng	Malaysian	1,415,251	15.0	-	-
Toh Yew Keong	Malaysian	1,226,550	13.0	-	-
Toh Yew Kar	Malaysian	1,133,216	12.0	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Chin	Malaysian	1,132,200	12.0	-	-
Toh Yew Seng	Malaysian	1,037,850	11.0	-	-
Toh Poh Khuan	Malaysian	943,500	10.0	-	-
Andy Toh Jin Hong	Malaysian	518,925	5.5	-	-
Ian Toh Jin Hu	Malaysian	518,925	5.5	-	-

(d) Y.K. Toh Property

Y.K. Toh Property was incorporated on 12 August 1982 as a private limited company under the Companies Act, 1965. The principal activity of Y.K. Toh Property is in property investment and investment holding. As at the LPD, Y.K. Toh Property has a share capital of RM500,000 comprising 500,000 ordinary shares.

As at the LPD, the Directors and their respective shareholdings in Y.K. Toh Property are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Keat	Malaysian	80,000	16.0	-	-
Dato' Toh Yew Peng	Malaysian	75,000	15.0	-	-
Toh Yew Keong	Malaysian	65,000	13.0	-	-
Toh Poh Khuan	Malaysian	50,000	10.0	-	-

As at the LPD, the shareholders and their respective shareholdings in Y.K. Toh Property are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Toh Yew Keat	Malaysian	80,000	16.0	-	-
Dato' Toh Yew Peng	Malaysian	75,000	15.0	-	-
Toh Yew Keong	Malaysian	65,000	13.0	-	-
Toh Yew Kar	Malaysian	60,000	12.0	-	-
Toh Yew Chin	Malaysian	60,000	12.0	-	-
Toh Yew Seng	Malaysian	55,000	11.0	-	-
Toh Poh Khuan	Malaysian	50,000	10.0	-	-
Andy Toh Jin Hong	Malaysian	27,500	5.5	-	-
Ian Toh Jin Hu	Malaysian	27,500	5.5	-	-

(e) Toh Yew Keat, a Malaysian, aged 72, is the Group Executive Chairman, major shareholder and one of the founders of Prestar. Toh Yew Keat obtained his Malaysian Certificate of Education in 1965.

He has more than 46 years of experience in import and distribution of material handling equipment, hardware products and building materials. Toh Yew Keat is involved in formulating and implementing the business policies and corporate strategies as well as identifying new business ventures for the Prestar Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

He is currently a Director of Prestar's subsidiaries and several other private limited companies involved in property investment and development as well as trading of hardware and building materials.

He is the brother of Dato' Toh Yew Peng and Toh Yew Seng, our Non-Independent Non-Executive Directors.

- (f) **Lee Meng Yim**, a Malaysian, aged 71, is a major shareholder of Formula Naga. Lee Meng Yim attended Pay Fong Independent School until Form 3 in 1963.

Lee Meng Yim has 41 years of experience in trading of hardware. In 1995, he was appointed as a director of Litat Hardware Sdn Bhd, a company involved in hardware trading. He is currently involved in the supervision and day-to-day operations of Litat Hardware Sdn Bhd. Lee Meng Yim does not sit on the Board of Directors of any other public listed and non-listed companies.

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 14 August 2017 are as follows:

Promoters/ Substantial Shareholders	As at incorporation		⁽²⁾ After the Acquisition of Tashin Steel				⁽³⁾ After IPO					
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Prestar	-	-	-	-	147,727,619	51.0	-	-	118,656,619	34.0	-	-
Formula Naga	-	-	-	-	141,934,379	49.0	-	-	115,516,379	33.1	-	-
Lim Lih Chau ⁽¹⁾	1	50.0	-	-	1	-*	-	-	1	-*	-	-
Mak Chooi Peng ⁽¹⁾	1	50.0	-	-	1	-*	-	-	1	-*	-	-

Notes:

* Negligible.

⁽¹⁾ The 2 subscriber shares are held by Lim Lih Chau and Mak Chooi Peng. They are not related to our Promoters, substantial shareholders or Directors. The 2 subscriber shares shall be retained by them subsequent to the Listing as the number of subscriber shares is insignificant compared to the total number of Shares upon Listing.

⁽²⁾ Based on the share capital of 289,662,000 Shares after the Acquisition of Tashin Steel.

⁽³⁾ Based on the enlarged share capital of 348,991,000 Shares after the IPO.

5.1.4 Persons exercising control over the corporation

Save for our Promoters, namely Formula Naga and Prestar, we are not aware of any other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Benefits paid or intended to be paid

Save for the dividends paid to our Promoters as disclosed in Section 11.14 and our Directors' remuneration and benefits as disclosed in Section 5.2.4, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)**5.2 DIRECTORS****5.2.1 Directors' shareholdings**

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Kalsom Binti Abd. Rahman	Independent Non- Executive Chairperson / Malaysian	-	-	-	-	(4) 120,000	0.03	-	-
Lim Choon Teik	Managing Director / Malaysian	-	-	(7) 141,934,379	49.00	(3) (4) 584,900	0.17	(7) 115,516,379	33.10
Foong Kok Chuin	Executive Director / Chief Financial Officer / Malaysian	-	-	-	-	(4) 550,000	0.16	-	-
Sim Puei Chun	Senior Independent Non-Executive Director / Malaysian	-	-	-	-	(4) 120,000	0.03	-	-
Khaw Chooi Kee	Independent Non- Executive Director / Malaysian	-	-	-	-	(4) 120,000	0.03	-	-
Rusdy Bin Ishak	Independent Non- Executive Director / Malaysian	-	-	-	-	(4) 120,000	0.03	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Name	Designation/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ir. Tan Tiong Ben	Independent Non-Executive Director / Malaysian	-	-	-	-	(4) 120,000	0.03	-	-
Dato' Toh Yew Peng	Non-Independent Non-Executive Director / Malaysian	-	(5) (6) -	(5) (6) 147,727,619	51.00	(3) (4) 1,248,600	0.36	(5) (6) 125,196,619	35.87
Toh Yew Seng	Non-Independent Non-Executive Director / Malaysian	-	-	-	-	(3) (4) 849,200	0.24	-	-
Koay Kah Ee	Non-Independent Non-Executive Director / Malaysian	-	-	-	-	(3) (4) 291,100	0.08	-	-

Notes:

- (1) Based on the share capital of 289,662,000 Shares after the Acquisition of Tashin Steel.
(2) Based on the enlarged share capital of 348,991,000 Shares after the IPO.
(3) Assuming the subscription of Issue Shares under the Restricted Offering which is allocated based on pro-rata basis according to their respective shareholdings in Prestar as at the LPD. However, the final shareholdings will depend on the actual number of Issue Shares subscribed and allocated to them in accordance with the basis set out in Section 4.4.1(c).
(4) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.
(5) Deemed interested by virtue of his children's shareholdings in Prestar pursuant to Section 8 of the Act.
(6) Deemed interested by virtue of his shareholdings in Fabulous Essence and Y.K. Toh Property pursuant to Section 8 of the Act.
(7) Deemed interested by virtue of his shareholdings in Formula Naga pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.2 Profiles of directors

The profiles of our Directors are as follows:

(i) Dato' Kalsom Binti Abd. Rahman

Dato' Kalsom Binti Abd. Rahman, a Malaysian, aged 71, is our Independent Non-Executive Chairperson. She was appointed to our Board on 12 January 2018, and is also the chairman of our Remuneration Committee and member of our Nomination Committee.

In 1972, she graduated with Bachelor of Economics (Honours) degree from the University of Malaya. She also obtained her Master's degree in Business Administration (Finance) from the University of Oregon in Eugene, Oregon, USA in 1980.

Upon graduation in 1972, she joined MITI as an Assistant Director, Industries Division where she was responsible for monitoring and enforcement of manufacturing companies under MITI licensing. In 1975, she was promoted to Deputy Director, Research and Planning Division where she was responsible for the strategic planning and formulation of policies on trade, industries and investments. In 1978, she left MITI to pursue her Master in Business Administration (Finance) in University of Oregon in Eugene, Oregon, USA.

Upon completion of her studies, she returned to Malaysia in 1981 and re-joined MITI as Deputy Director, Domestic Trade Division where she was responsible for the development of domestic industries. In 1984, she was transferred to Industries Division as Deputy Director where she was responsible for the overall development of domestic industries and foreign direct investment as well as the implementation of the New Economic Policy in manufacturing companies under Industrial Co-ordination Act 1975. In 1990, she was appointed as the Minister Counsellor (Economic Affairs) for Mission of Malaysia to the European Union, Brussels, Belgium (MITI representative) where she was responsible for monitoring the economic policies and measures issued by the European Union for the European Single Market that may impact Malaysia's interests. In 1993, she was promoted to Director of Industrial Development where she was responsible for overall industrial development and investments in Malaysia.

In 1996, she was seconded to the newly incorporated MITI agency, namely Small and Medium Industries Development Corporation (SMIDEC) (now known as SME Corporation Malaysia) as Chief Executive Officer to spearhead the overall development and growth of small and medium enterprises and industries.

In 2000, she completed her secondment at SMIDEC and returned to MITI and was promoted to Deputy Secretary General (Industry) before retiring in 2004. As a Deputy Secretary General, she was responsible for the overall industrial development and promotion of investments in Malaysia.

Subsequently in 2003, prior to her retirement from MITI, she was appointed as the Chairman of SMIDEC, a position which she assumed until 2006. In 2004, she was appointed as the Chairman of the Executive Committee of Invest-In-Penang Berhad, a state government agency responsible for the promotion of investments, technology and business into Penang, where she served until 2008.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Presently, she sits on the Board of Trustees of Yayasan Ta'lim, an Islamic Learning Centre, where she was appointed in 2009. She also sits on the Board of Bermaz Auto Berhad, a company listed on the Main Market of Bursa Securities, where she was appointed as an Independent Non-Executive Director in April 2018.

Further, she also held directorships in several public listed and non-listed companies in Malaysia. In 2000, she served as a Director in Hicom Holdings Berhad and Hicom Berhad until 2004. In 2001, she was appointed as a Non-Independent Non-Executive Director in DRB-Hicom Berhad, a company listed on the Main Market of Bursa Securities, until 2004. In the same year, she was also appointed as a Non-Independent Non-Executive Director in Malaysian Industrial Development Finance ("MIDF") Berhad, a company listed on the Main Market of Bursa Securities and subsequently delisted in 2007, and she resigned from her directorship in 2016.

In 2004, she was appointed as an Independent Non-Executive Director in Malaysia International Shipping Corporation Berhad (now known as MISC Berhad), a company listed on the Main Market of Bursa Securities, until April 2017. In the same year, she was also appointed as an Independent Non-Executive Director in Chemical Company of Malaysia Berhad, a company listed on the Main Market of Bursa Securities and was subsequently re-designated to Senior Independent Non-Executive Director, until 2011. In 2004, she was also appointed as an Independent Non-Executive Director in Lion Forest Industries Berhad, a company listed on the Main Market of Bursa Securities, until November 2018.

In 2005, she served as an Independent Non-Executive Director in BSL Corporation Berhad, a company listed on the Main Market of Bursa Securities, until 2006. In the same year, she was also appointed as an Independent Non-Executive Director in Hyundai-Sime Darby Berhad, a company listed on the Main Market of Bursa Securities and subsequently delisted in 2006, and she resigned in 2006.

In 2007, she served as a Director in MIDF Berhad's subsidiaries, namely MIDF Amanah Asset Management Berhad and MIDF Amanah Investment Bank Berhad until 2016. In the same year, she also served as a Director in MIDF Property Berhad and was subsequently appointed as the Chairman in 2009 until June 2017 when she resigned.

She also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3.

(ii) Lim Choon Teik

Lim Choon Teik, a Malaysian, aged 67, is our Managing Director. He was appointed to our Board on 18 April 2018. He is responsible for the overall formulation of business strategies, business development and operations of our Group.

He completed his Form 2 studies in St. Mark's Secondary School in Penang in 1967. In 1968, Lim Choon Teik started work on a part time basis with Eng Huat Foundry, where he was involved in steel welding works. In 1970, he left Eng Huat Foundry and joined Kim Beng Sdn Bhd as a general worker where he was involved in steel welding works and sales of steel products. In 1976, he left Kim Beng Sdn Bhd and joined Kim Fong Machinery Hardware Sdn Bhd as a salesman for welding machinery and parts. He left Kim Fong Machinery Hardware Sdn Bhd in 1981.

In 1982, he co-founded Litat Machinery Suppliers, a business partnership which was involved in trading of welding machinery. Litat Machinery Suppliers ceased operations in 1995 and the business partnership was subsequently terminated in 2002.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In 1995, he co-founded Litat Hardware Sdn Bhd, a company involved in the trading of steel products and was appointed as a Director. He was responsible for the overall business operations of the company. Since 2008, Lim Choon Teik has not been involved in day-to-day operations of Litat Hardware Sdn Bhd and subsequently resigned as a Director in November 2018. In the same year, he co-founded Litat (B'Worth) Machinery Hardware Sdn Bhd, a company involved in trading of welding equipment and machinery. Litat (B'Worth) Machinery Hardware Sdn Bhd ceased operations in December 2017.

In 1999, Lim Choon Teik together with other investors acquired Formula Naga, a shelf company, to enter into a joint venture with Prestar to operate Tashin Steel.

In 2002, he co-founded Litat Machinery Hardware Sdn Bhd, which is involved in trading of welding machinery and was appointed as a Director. He was responsible for the overall business operations of the company. Since 2012, Lim Choon Teik has not been involved in day-to-day operations of Litat Machinery Hardware Sdn Bhd.

In March 2004, Tashin Steel acquired Tashin Hardware and Lim Choon Teik was appointed as a Director of Tashin Hardware. In the same year, he was appointed as an Executive Director of Tashin Steel. Lim Choon Teik was re-designated to Managing Director of Tashin Steel in July 2017.

Lim Choon Teik was appointed as the advisor to the Penang Hardware and Machinery Merchants' Association in April 2017 where his role is to provide advice on issues in relation to market information as well as import and export of machinery and hardware matters as raised by the members of the Penang Hardware and Machinery Merchants' Association. He is also a General Committee Member of the Penang Chinese Chamber of Commerce since 2006.

He holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3.

(iii) Foong Kok Chuin

Foong Kok Chuin, Malaysian, aged 52, is our Executive Director / Chief Financial Officer. He was appointed to the Board on 18 April 2018. He is responsible for all financial, accounting and administrative functions of our Group.

He graduated with Bachelor of Accounting from University of Malaya in 1992. He is a chartered accountant and has been a member of the Malaysian Institute of Accountants since 1996. Since 2002, he has been a certified member of the Financial Planning Association of Malaysia.

Upon graduation in 1992, Foong Kok Chuin joined Mah Sing Plastics Industries Sdn Bhd as an Assistant Accountant, assisting the Accountant in management accounting. In the same year, he left Mah Sing Plastics Industries Sdn Bhd and joined J.S. Soo & Co, an audit firm as an Audit Assistant where he conducted statutory audit on private companies and was attached to the firm until 1993. In 1993, he joined Permanis Sdn Bhd as a Financial Analyst and was involved in the company's financial and accounting functions. Upon leaving Permanis Sdn Bhd, he joined UMBC Securities Sdn Bhd as Accounts Executive in 1993 where he was assisting the Finance Manager in the preparation of management and financial reports, budget and forecast. He was subsequently promoted to the Head of the Central Depository System (CDS) department in 1995, where he was responsible for the operations of the CDS department. Subsequently in 1996, he joined Taihen Metal Industries Sdn Bhd as an Accountant where he was responsible for the financial and accounting functions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In 1999, he left Taihen Metal Industries Sdn Bhd and joined Tashin Steel as Finance and Administration Manager where he was responsible for the finance, accounting, credit control, human resources and administration functions. In 2004, he was promoted to Senior Manager of Finance and Administration. In 2015, he was promoted to General Manager of Finance and Administration where he undertook an additional role to assist the Directors in the overall operations of Tashin Steel. In January 2018, he was appointed as the Chief Financial Officer of our Group and was appointed as the Executive Director in April 2018.

(iv) Sim Puei Chun

Sim Puei Chun, a Malaysian, aged 62, is our Senior Independent Non-Executive Director. He was appointed to our Board on 10 January 2018, and is also the chairman of our Nomination Committee and a member of our Remuneration Committee. Mr Sim was nominated by our Independent Board to be appointed as the Senior Independent Non-Executive Director.

He obtained a Bachelor of Applied Sciences in Computer Technology from Universiti Sains Malaysia in 1983. In 2011, he obtained a Master in Educational Psychology from Open University Malaysia.

Upon graduation in 1983, he joined Intel Technology Sdn Bhd as Equipment Engineer where he was responsible for equipment setup, maintenance, project and equipment upgrade. In 1988, he was re-assigned as information technology ("IT") System Engineer and was responsible for network setup, computer system setup and maintenance. In 1994, he was subsequently promoted to IT Project Manager and Information Security Manager where he was responsible for new building network setup, onsite IT disaster recovery, IT audit and ISO compliance. In 2000, he was further promoted to IT Operation Manager where he was responsible for the overall IT support for the company and was involved in the set up and management of the company's call centre.

In 2004, he left Intel Technology Sdn Bhd and joined Micatron Sdn Bhd as a Technical Manager. He was responsible for the design, manufacturing and testing of electronics and controller based lighting control system, as well as supervising a team of engineers and technicians.

In 2006, he left Micatron Sdn Bhd and joined Penang Skills Development Centre Institute as a Lecturer where he was lecturing on computer and electronics related subjects.

In 2009, he left Penang Skills Development Centre Institute and joined NCS Information Systems Sdn Bhd (now known as NCS Global Technology Sdn Bhd) as a Project Manager where he was involved in the provision of engineering project management, career counselling and critical thinking trainings for the engineering department. In 2013, he was re-assigned as a Technical Director, and is involved in the provision of engineering project management, career counselling and critical thinking trainings for all the departments in the company.

He holds directorships in a private limited company, details of which are disclosed in Section 5.2.3.

(v) Khaw Chooi Kee

Khaw Chooi Kee, a Malaysian, aged 52, is our Independent Non-Executive Director. She was appointed to our Board on 10 January 2018 and is also the chairman of our Audit Committee and a member of our Risk Management Committee.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

She graduated with Bachelor of Accounting from University of Malaya in 1992. She is a chartered accountant and has been a member of the Malaysian Institute of Accountants since 1995.

Upon graduation in 1992, she joined KPMG Peat Marwick as a Junior Auditor where she was involved in statutory audit on public listed and private companies and was subsequently promoted to Senior Auditor in 1994. She was in charge of statutory audit for public listed and private companies in various industries such as manufacturing, trading and banking.

In 1995, she joined Motorola Malaysia Sdn Bhd (now known as Motorola Solutions Malaysia Sdn Bhd) ("Motorola Malaysia") as Accountant I where she was involved in budgeting and financial planning of the company. In 1997, she was promoted to Accountant II where she undertook additional responsibilities in matters relating to accounts receivables. Subsequently in 1999, she was promoted to Accountant III where she undertook further responsibilities in treasury and tax matters. In 2000, she was promoted to Section Head in Motorola Malaysia where she oversaw budgeting, financial planning, accounts receivables, treasury and tax matters. In 2002, she was promoted to Section Manager where she was responsible for setting up the accounting shared services for Motorola Malaysia's operations in Malaysia. She further developed her career in Motorola Malaysia as she became Operation Controller in 2004 where she was involved in the setting up of the global cost accounting shared services, based in Malaysia, for Motorola Malaysia's global supply chain operations. Subsequently in 2006, she became Finance Controller/Executive Director in Motorola Malaysia where she was responsible for financial planning, analysis, forecast, treasury, taxation and internal audit. She was further promoted to Finance Director in 2009 where she was responsible for the finance activities in various business operations such as the supply chain operations in Asia's manufacturing and distribution centres, Penang R&D centre, global cost accounting shared services centre; and she also managed the finances of Motorola Malaysia's projects (i.e. revenue recognition and margin analysis).

Upon leaving Motorola Malaysia in 2013, she took a half year break before she joined Carsem (M) Sdn Bhd in 2014 as the Head of Finance, where she was overlooking the company's finance activities such as financial planning, budget management, data analysis and forecast as well as payroll and tax. In 2015, she left Carsem (M) Sdn Bhd and joined Southern HRC Sdn Bhd, a manufacturer of hot rolled coils, as Finance Controller where she was responsible for all financial, accounting and administrative functions.

In 2016, she left Southern HRC Sdn Bhd and joined HP Manufacturing Malaysia Sdn Bhd as the Finance Site Lead in Penang where she was responsible for the global cost accounting of shared services for the hardware segment in the print division. In December 2017, she left HP Manufacturing Malaysia Sdn Bhd and assumed her current position in Premium Sound Solutions Sdn Bhd as the Finance Director in January 2018 where she is responsible for the finance department activities such as oversight of financial and management reporting, management of budgeting cycles, financial planning and analysis, cash flow and working capital management, audit and internal control as well as inventory control and management.

(vi) Rusdy Bin Ishak

Rusdy Bin Ishak, a Malaysian, aged 43, is our Independent Non-Executive Director. He was appointed to our Board on 10 January 2018, and is also the chairman of our Risk Management Committee and a member of our Audit Committee and Nomination Committee.

In 2000, he obtained a Bachelor of Laws from International Islamic University Malaysia. In the same year, he joined Messrs Lim & Yeoh as a pupil where he completed his pupillage. In 2001, he was admitted as Advocate and Solicitor of High Court of Malaya.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In 2001, he joined Messrs Kamarudin & Partners as Legal Assistant where he was involved in civil and banking litigation. In 2002, Rusdy Bin Ishak left Messrs Kamarudin & Partners and re-joined Messrs Lim & Yeoh as a Legal Assistant where he was involved in civil litigation work. In 2003, he was promoted to become a Partner where he is currently leading the litigation department in the firm and he is primarily engaged in civil litigation work. He is presently still a Partner of the firm.

He also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3.

(vii) Ir. Tan Tiong Ben

Ir. Tan Tiong Ben, aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 18 April 2018, and is also a member of our Audit Committee, Remuneration Committee and Risk Management Committee.

He graduated with a Bachelor of Engineering (Civil) Honours from University of Malaya in 1980. In 1997, he obtained his Master of Business Administration from University of Strathclyde, United Kingdom. Since 1985, he is a Corporate Member of The Institution of Engineers, Malaysia, and also a Professional Engineer of Board of Engineers Malaysia.

In 1980, he began his career with Public Works Department Malaysia (JKR, abbreviation of Jabatan Kerja Raya Malaysia) as a Road Design Engineer, JKR Headquarters in Kuala Lumpur. He was involved in the feasibility studies, surveys and detail designs of prospective road improvements, upgrading of existing roads, junctions and interchanges as well as the construction of new roads.

In 1983, he was transferred to JKR Pahang Tenggara, Bukit Ibam in Pahang as a Building Engineer. He acted as a superintending officer's representative in the administration of contracts and was responsible for the site supervision and quality assurance of construction of government buildings in the government designated new townships in Pahang Tenggara. In the same year, he was transferred to Water Supply Department of Perak together with a promotion to Senior Operations Engineer. He headed the Operations Section of the newly set up Water Supply Department and he was responsible for monitoring the production and distribution of water supply system for the state of Perak and handling consumer affairs such as consumer complaints. He was also involved in the establishment of leakage detection policy and framework.

In 1987, he was transferred back to JKR and he was re-designated to District Engineer at JKR Sabak Bernam, Selangor. He was responsible for the implementation of construction and maintenance of roads and government buildings in Sabak Bernam District. He also served as a technical adviser to the Government (District Officer) at the district level to provide technical advices to the District Officer on the building development plans submitted by developers within the district.

In 1992, he was transferred to Technical Service Division, Ministry of Defence and he was placed at The Royal Malaysian Air Force (TUDM, abbreviation of Tentera Udara Diraja Malaysia) Subang, Selangor as a Resident Engineer. He acted as a superintending officer's representative in the supervision of contract and he was responsible for the construction of infrastructures and facilities in the air force camp in TUDM Subang.

In 1995, he was transferred back to JKR Headquarters, Kuala Lumpur and he was promoted to Senior Executive Engineer in Defence Branch, where he was responsible for the coordination of planning, design, procurement and construction of infrastructures and building facilities, as well as the maintenance of armed forces camps in Malaysia for the Ministry of Defence.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In 2004, he was promoted to Superintending Engineer of Security Projects Branch in JKR Headquarters, Kuala Lumpur. He was responsible for the overall coordination of construction of new infrastructures and building facilities primarily for the Ministry of Defence, as well as Ministry of Home Affairs and Ministry of Urban Wellbeing, Housing and Local Government.

In 2011, he was promoted to the Director of Security Projects Branch, JKR Headquarters in Kuala Lumpur where he was responsible for the planning, design, procurement and construction of development projects for the Ministry of Defence, Ministry of Home Affairs, Ministry of Urban Wellbeing, Housing and Local Government and Prime Minister's Department. In 2016, he retired from JKR.

(viii) Dato' Toh Yew Peng

Dato' Toh Yew Peng, a Malaysian, aged 67, is our Non-Independent Non-Executive Director. He was appointed to our Board on 18 April 2018. He is a corporate representative of Prestar, our promoter and major shareholder.

In 1970, he completed his secondary education and obtained a Malaysian Certificate of Education at Chung Ling High School, Penang.

In 1971, Dato' Toh Yew Peng joined his family business as a Sales Manager in Syarikat Y.K. Toh, where he was responsible for the sales and marketing activities of the company involved in general trading of hardware and building materials. In 1979, Y.K. Toh (M) Sdn Bhd was formed to assume the operations and business of Syarikat Y.K. Toh. Dato' Toh was appointed as a Director in the same year, where he was responsible for overseeing sales activities of the company. In 1984, he left Y.K. Toh (M) Sdn Bhd and together with his family members, he co-founded Prestar Industries Sdn Bhd (now known as Prestar), and was appointed as the Group Managing Director, a position he continues to assume presently. He is responsible for the strategic development and overall growth of the Prestar group of companies.

In 1999, he was appointed as the Director of Tashin Steel. Presently, Dato' Toh Yew Peng sits on the board of Prestar. He also holds directorships in several private limited companies, including the subsidiaries of Prestar, details of which are disclosed in Section 5.2.3.

(ix) Toh Yew Seng

Toh Yew Seng, a Malaysian, aged 58, is our Non-Independent Non-Executive Director. He was appointed to our Board on 18 April 2018. He is a corporate representative of Prestar, our promoter and major shareholder.

He graduated with Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan in 1984.

In 1984, together with his family members, Toh Yew Seng co-founded Prestar Industries Sdn Bhd (now known as Prestar), and was appointed as the General Manager, responsible for the overall operations of this company. Subsequently in 1986, he was appointed as Group Executive Director, a position he continues to assume presently. In 1999, he was appointed as a Director of Tashin Steel.

Presently, Toh Yew Seng sits on the board of directors of Prestar. He also holds directorships in several private limited companies, including the subsidiaries of Prestar, details of which are disclosed in Section 5.2.3.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(x) Koay Kah Ee

Koay Kah Ee, a Malaysian, aged 60, is our Non-Independent Non-Executive Director. He was appointed to our Board on 18 April 2018. He is a corporate representative of Prestar, our promoter and major shareholder.

In 1982, he graduated with Diploma in Commerce from Tunku Abdul Rahman College, Malaysia. In 1997, he obtained a Master in Business Administration from the University of Strathclyde, United Kingdom. In 1985 and 1994, he was registered as an associate member and fellow member of the Chartered Institute of Management Accountants, United Kingdom. He is certified as a chartered accountant and has been a member of the Malaysian Institute of Accountants since 1987. He has been a fellow member of the Australia Certified Practising Accountants since 2008. He is also a Chartered Global Management Accountant since 2012.

Upon graduation, Koay Kah Ee started his career as an Assistant Accountant at TNT Skypark International (M) Sdn Bhd in 1982. He was responsible for the monthly and quarterly financial reporting of the company. In 1983, he joined Felda Agriculture Services Sdn Bhd as an Accountant and took on the company's accounting and financial functions. He left in 1988 to join National Starch & Chemical (M) Sdn Bhd as Finance and Administration Manager where he was responsible for the company's accounting, finance, human resources and administrative functions.

In 1994, he left National Starch & Chemical (M) Sdn Bhd and joined Prestar as Group Finance Administration Manager responsible for the company's financial and administrative functions which include human resources, IT, legal and corporate governance and risks management matters. He was promoted to Group Finance Director of Prestar in 2008, a position he continues to hold till today.

In 2007, Koay Kah Ee was appointed as the Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad, a company listed on the Main Market of Bursa Securities and was re-designated to Senior Independent Non-Executive Director in 2013. In 2008, he was appointed as the Independent Non-Executive Director in JF Technology Berhad, a company listed on the ACE Market and was subsequently re-designated to Senior Independent Non-Executive Director in 2010.

He also holds directorships in several subsidiaries of Prestar, details of which are disclosed in Section 5.2.3.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)**5.2.3 Principal business performed outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Dato' Kalsom Binti Abd. Rahman

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. PNB Commercial Sdn Bhd	Property, construction and investment	Director	4 July 2017	-	-	-
2. Bermaz Auto Berhad	Investment holding in companies involved in distribution and retailing of motor vehicles	Independent Non-Executive Director	2 April 2018	-	-	-
3. Yayasan Ta'lim	Islamic Learning Centre	Member of Board of Trustees	9 October 2009	-	-	-
<u>Past Involvement</u>						
1. Pavilion Meadow Sdn Bhd	Wholesale of a variety of goods	Director/ Shareholder	5 June 2015	Company was struck off on 30 November 2017	-	-
2. Amanah Scotts Properties (KL) Sdn Bhd	Property investment and development and also engaged in all aspects of services residence operations	Director	1 January 2008	30 June 2017	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
3. MIDF Property Berhad	Development of industrial estates for sale and rental of factories to industries	Director	1 July 2007	21 June 2017	-	-
4. MISC Berhad	Shipowning, ship operating, other related activities to shipping services and owning and operating offshore floating terminals	Director	27 October 2004	20 April 2017	-	-
5. MIDF Amanah Investment Bank Berhad	Investment banking and related financial services	Director	5 July 2007	30 June 2016	-	-
6. MIDF Amanah Asset Management Berhad	Fund management, investment advisory services and management of unit trust funds	Director	21 May 2007	27 June 2016	-	-
7. Amanah International Finance Sdn Bhd	Providing real estate financing and short term financing	Director	27 January 2014	28 June 2016	-	-
8. MIDF Bhd	Investment holding, providing finance, leasing and industrial hire-purchase services to industries and business in Malaysia	Director	22 February 2001	20 January 2016	-	-
9. Inokom Corporation Sdn Bhd	Manufacture and assemble light commercial vehicles, contract assembly of motor vehicles	Director	1 March 2005	18 April 2018	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
10. Sime Darby Hyundai Sdn Bhd	Importation of motor vehicles and investment holdings of companies involved in importation and distribution of motor vehicles	Director	5 February 2007	18 April 2018	-	-
11. Lion Forest Industries Berhad	Investment holding, trading and distribution of building materials, petroleum and automotive products	Independent Non-Executive Director	23 August 2004	22 November 2018	-	-

(ii) Lim Choon Teik

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
1. Cinlin Hardware Sdn Bhd ^(a)	Trading of hardware and building materials	Shareholder	-	-	22.88	-
2. Formula Naga	Investment holding of shares	Director / Shareholder	10 November 1999	-	30.95	-
3. Litat Hardware Sdn Bhd ^{(a)(b)}	Trading of steel hardware	Shareholder	-	-	50.00	-
4. Cinlin Hardware (KL) Sdn Bhd ^(a)	Trading of hardware and building materials	Shareholder	-	-	22.88	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
5. Litat Machinery Hardware Sdn Bhd ^(a)	Trading of machinery and hardware	Director / Shareholder	8 January 2002	-	50.00	-
6. Cinlin Bathroom Solution Sdn Bhd ^(a)	Trading of bathroom accessories and sanitary wares	Shareholder	-	-	22.88	-
7. Litat (KL) Machinery Hardware Sdn Bhd	Trading of machinery and hardware (ceased operations in October 2017)	Director / Shareholder	12 January 2007	-	50.00	-
8. Litat (B'Worth) Machinery Hardware Sdn Bhd	Trading of machinery and hardware (ceased operations in December 2017)	Director / Shareholder	15 May 1995	-	50.00	-
<u>Past involvement</u>						
1. Penware & Machinery Holdings Sdn Bhd	Dormant	Shareholder	-	Company is in the process of being struck off	3.70	-
2. Litat Industries Sdn Bhd	Commissioned agent, general hardware dealer	Shareholder	-	Company was struck off on 21 February 2018	49.99	-
3. Cinlin Hardware Sdn Bhd ^(a)	Trading of hardware and building materials	Director	20 July 1992	13 November 2018	-	-
4. Litat Hardware Sdn Bhd ^{(a)(b)}	Trading of steel hardware	Director	4 February 1995	13 November 2018	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Notes:

- (a) Companies that have similar business to our Group.
 (b) Our customer.

(iii) Foong Kok Chuin

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Past involvement						
1. G-Partners Accounting Solutions Sdn Bhd	Provision of accounting service	Director / Shareholder	11 April 2002	Company was struck off on 8 August 2014	80.00	-
2. G-Partners Incorporation Sdn Bhd	Provision of company secretarial and accounting services	Director	1 April 2006	Company was struck off on 24 February 2017	-	-
3. Global Steel Industries Sdn Bhd	Trading of steel products	Shareholder	-	Ceased to be a shareholder on 20 March 2017	5.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)**(iv) Sim Puei Chun**

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Vilor Berhad	Business consulting and capital expenditure venture in assisting small medium enterprise and investment holding of incubatees companies involved in various type of business	Shareholder	-	-	0.20	-
2. Multi-Usage Holdings Berhad	Construction, property development and manufacturing of cement products	Shareholder	-	-	1.85	-

(v) Rusdy Bin Ishak

Company/ Partnership	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present Involvement</u>						
1. Borneo Resorts Sdn Bhd	Agriculture and property investment holding	Director	17 January 2018	-	-	-
2. Waycrowd Sdn Bhd	Dormant	Non-Executive Director / Shareholder	25 August 2016	-	0.50	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company/ Partnership	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
3. Dasar Nikmat Sdn Bhd	Property investment	Non-Executive Director	5 March 2013	-	-	-
4. Messrs Lim & Yeoh	Provision of legal services/ legal firm	Partner	1 May 2003	-	-	-
(vi) Dato' Toh Yew Peng						
Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Prestar ^(a)	Property investment company and investment holding in companies involved in manufacturing of steel related products	Group Managing Director / Shareholder	12 July 1984	-	4.00	37.48 ⁽¹⁾
<u>Subsidiaries and associated companies of Prestar</u>						
Prestar Tube Sdn Bhd ^{(a) (b)} ^(c)	Manufacturing and supply of carbon steel pipes, hollow sections and precision steel pipes and automotive tubes	Director / Shareholder	27 February 2004	-	-	100.00 ⁽²⁾
Prestar Manufacturing Sdn Bhd ^{(a) (b)}	Manufacturing and selling of steel products	Director / Shareholder	24 June 2008	-	-	100.00 ⁽²⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Prestar Galvanising Sdn Bhd ^{(a) (c)}	Provision of general hot dip galvanising, coating on metal products and threaded items, moulds and dies fabrication, maintenance and installation of machinery	Director / Shareholder	5 March 1999	-	-	97.16 ⁽²⁾
POSCO-MKPC Bhd ^{(a) (b)}	Sdn Slitting, shearing and sales of steel sheets and coils	Director / Shareholder	15 March 1996	-	-	30.00 ⁽²⁾
2. Landmark Concord Sdn Bhd	Property development	Director / Shareholder	10 February 2003	-	-	50.00 ⁽³⁾
<u>Subsidiaries companies of Landmark Concord Sdn Bhd</u>						
Landmark Concord Development Sdn Bhd	Property development	Alternate Director / Shareholder	31 December 2002	-	-	100.00 ⁽⁴⁾
Landmark Concord Resorts Sdn Bhd	Property investment	Director / Shareholder	1 April 1997	-	-	70.00 ⁽³⁾
3. Platinum Leap Sdn Bhd	Property investment and investment holding of shares of companies involved in provision of design, build and supply of fittings and fixtures for the interior spaces (such as loose and built in furniture) services for residential and commercial properties	Director / Shareholder	1 February 2018	-	30.00	70.00 ⁽⁵⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
4. Tall Innovations Sdn Bhd	Provision of design, build and supply of fittings and fixtures for the interior spaces (such as loose and built in furniture) services for residential and commercial properties	Director / Shareholder	10 November 2010	-	-	75.00 ⁽⁶⁾
<u>Subsidiaries companies of Tall Innovations Sdn Bhd</u>						
Tall Woodworks Sdn Bhd	Manufacturing and repairing of all kinds of furniture, fixtures and related products	Director / Shareholder	29 March 2013	-	-	60.00 ⁽⁷⁾
5. Fabulous Essence	Investment holding of shares	Director / Shareholder	18 March 1992	-	15.00	-
6. Y.K. Toh Property	Property investment and property development	Director / Shareholder	12 August 1982	-	15.00	-
7. Y.K. Toh (M) Sdn Bhd	General trading	Director / Shareholder	26 June 1979	-	15.00	-
8. Chiho Hardware Sdn Bhd ^(a)	Trading of hardware and DIY household goods	Shareholder	-	-	11.66	-
9. SYKT Kwong Nam Hing Sdn Bhd ^(a)	Trading of hardware and building materials	Director / Shareholder	11 March 2004	-	2.32	-
10. Logam Indah Sdn Bhd ^(a)	Trading of hardware	Director / Shareholder	19 August 1985	-	0.0002	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
11. T.A.P. Organisation Sdn Bhd	Property development and general contractors for construction works	Director	12 January 1988	-	-	-
12. T.A.P Properties Sdn Bhd	Housing developer	Director / Shareholder	22 April 1987	-	0.00042	-
13. Tall Group Berhad	Dormant. It is intended to undertake investment holding in companies	Director	1 December 2018	-	-	-
<u>Past involvement</u>						
1. Mexaland Development Sdn Bhd	Property development and general contractors for construction works	Director / Shareholder	10 May 2005	Company in process of being wound-up	10.00	-
2. Raftac Resources (M) Sdn Bhd	Dormant	Shareholder	-	Company in process of being wound-up	30.00	50.00 ⁽⁹⁾
3. Wei Giap Hardware Sdn Bhd ^(a)	Retailing and supply of hardware and building materials	Director / Shareholder	28 May 1983	31 January 2019	-	-

Notes:

(a) Companies that have similar business to our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (b) Our customer.
 (c) Our suppliers.
 (1) Deemed interested by virtue of his children's shareholdings and his shareholdings in Fabulous Essence and Y.K. Toh Property pursuant to Section 8 of the Act.
 (2) Deemed interested by virtue of his shareholdings in Prestar pursuant to Section 8 of the Act.
 (3) Deemed interested by virtue of his shareholdings in Y K Toh Property pursuant to section 8 of the Act.
 (4) Deemed interested by virtue of his shareholdings in Landmark Concord Sdn Bhd pursuant to section 8 of the Act.
 (5) Deemed interested by virtue of his family members' shareholdings in Platinum Leap Sdn Bhd pursuant to Section 8 of the Act.
 (6) Deemed interested by virtue of his shareholdings in Platinum Leap Sdn Bhd pursuant to Section 8 of the Act.
 (7) Deemed interested by virtue of his shareholdings in Tall Innovations Sdn Bhd pursuant to Section 8 of the Act.
 (8) Deemed interested by virtue of his family members' shareholdings in Y.K. Toh (M) Sdn Bhd pursuant to Section 8 of the Act.
 (9) Deemed interested by virtue of his family members' shareholdings in Raftac Resources (M) Sdn Bhd pursuant to Section 8 of the Act.

(vii) Toh Yew Seng

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
1. Prestar ^(a)	Property investment company and investment holding in companies involved in manufacturing of steel related products	Group Executive Director / Shareholder	31 January 1986	-	1.71	-
Subsidiaries and associated companies of Prestar						
Prestar Tube Sdn Bhd ^(c)	Precision Manufacturing and supply of carbon steel pipes, hollow sections and precision steel pipes and automotive tubes	Director	27 February 2004	-	-	-
Prestar System Sdn Bhd ^(b)	Storage and installation of all kinds of material handling equipment, structural steel work	Director	14 June 2001	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Dai Dong Steel Sdn Bhd ^{(a)(b)(c)}	Business of importing and trading of steel materials and general hardware products	Director	3 December 1996	-	-	-
Prestar Engineering Sdn Bhd ^{(a)(c)}	Manufacturing and supplying of guardrails	Director	25 September 1995	-	-	-
Prestar Manufacturing Sdn Bhd ^{(a)(b)}	Manufacturing and selling of steel products	Director	3 May 1988	-	-	-
Prestar Galvanising Sdn Bhd ^{(a)(c)}	Provision of general hot dip galvanising, coating on metal, products and threaded items, moulds and dies fabrication, maintenance and installation of machinery	Director	1 September 1995	-	-	-
Prestar Steel Pipes Sdn Bhd	Manufacturing of steel pipes (ceased operations on 1 July 2014)	Director	4 April 1996	-	-	-
Posco-MKPC Sdn Bhd ^{(a)(b)}	Slitting, shearing and sales of steel sheets and coil	Director	15 March 1996	-	-	-
2. Fabulous Essence	Investment holding of shares	Director / Shareholder	18 March 1992	-	11.00	-
3. Y.K. Toh (M) Sdn Bhd	General trading	Shareholder	-	-	11.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
4. Chihoo Hardware Sdn Bhd ^(a)	Trading of hardware and DIY household goods	Shareholder	-	-	8.55	-
5. Y.K. Toh Property	Property investment and property development	Shareholder	-	-	11.00	-

Notes:

- (a) Company that has similar business to our Group.
- (b) Our customers.
- (c) Our suppliers.

(viii) Koay Kah Ee

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
1. Ajinomoto (Malaysia) Berhad	Manufacturing and selling of monosodium glutamate and related products	Independent Non-Executive Director	15 November 2007	Re-designated on 28 May 2013	-	-
		Senior Independent Non-Executive Director	28 May 2013	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
2. Dai Dong Steel Sdn Bhd ^{(a)(b)(c)}	Importing and trading of steel materials and general hardware products	Director	12 December 1996	-	-	-
3. Prestar Engineering Sdn Bhd ^{(a)(c)}	Manufacturing and supplying of guardrails	Director	29 June 1998	-	-	-
4. Prestar Manufacturing Sdn Bhd ^{(a)(b)}	Manufacturing and selling of steel products	Director	29 June 1998	-	-	-
5. JF Technology Bhd	Investment holding of companies involved in supporting semiconductor industry with high performance test contacting solutions	Independent Non-Executive Director / Shareholder	18 January 2008	Re-designated on 21 October 2010	0.24	-
6. Prestar Steel Pipes Sdn Bhd	Manufacturing of steel pipes (ceased operations on 1 July 2014)	Senior Independent Non-Executive Director / Shareholder	21 October 2010	-	0.24	-
		Director	29 June 1998	-	-	-

Notes:

- (a) Company that has similar business to our Group.
(b) Our customers.
(c) Our suppliers.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

We wish to highlight that certain Directors have interests in businesses that are similar to our Group, our customers and our suppliers which may lead to potential conflict of interest situation. Further details on the conflict of interests are set out in Section 10.1.

The involvement of our Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their roles and responsibilities to our Group.

In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board, their interests in other companies at the onset and as and when there are changes in their respective interests in the companies outside our Group. Our Nomination Committee will first evaluate if such Director's involvement give rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest, our Nomination Committee will then:

- (a) Immediately inform our Board of the conflict of interest situation;
- (b) Make recommendations to our Board to direct the conflicted Director to:
 - (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties.

In relation to matters or transactions requiring the approval of our Board, the relevant Directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interests and abstain from deliberations and voting on the resolutions relating to these matters or transactions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.4 Directors' and key senior management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYEs 2018 and 2019 are as follows:

FYE 2018	Directors' fees	Salaries	Bonuses	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Kalsom Binti Abd. Rahman	13	-	-	-	13
Lim Choon Teik	34	403	60	-	497
Foong Kok Chuin	10	396	65	11	482
Sim Puei Chun	10	-	-	-	10
Khaw Chooi Kee	11	-	-	-	11
Rusdy Bin Ishak	10	-	-	-	10
Ir. Tan Tiong Ben	10	-	-	-	10
Dato' Toh Yew Peng	28	-	-	-	28
Toh Yew Seng	28	-	-	-	28
Koay Kah Ee	10	-	-	-	10

Proposed for FYE 2019	Directors' fees	Salaries	Bonuses⁽¹⁾	Benefits-in-kind and allowance	Total	Amount paid from 1 January 2019 to 30 April 2019
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Kalsom Binti Abd. Rahman	40	-	-	3	43	-
Lim Choon Teik	30	500	-	30	560	134
Foong Kok Chuin	30	450	-	30	510	131
Sim Puei Chun	30	-	-	3	33	-
Khaw Chooi Kee	33	-	-	3	36	-
Rusdy Bin Ishak	30	-	-	3	33	-
Ir. Tan Tiong Ben	30	-	-	3	33	-
Dato' Toh Yew Peng	30	-	-	3	33	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Proposed FYE 2019 Director	for Directors' fees RM'000	Salaries RM'000	Bonuses (1) RM'000	Benefits-in-kind and allowance RM'000	Total RM'000	Amount paid from 1 January 2019 to 30 April 2019
						RM'000
Toh Yew Seng	30	-	-	3	33	-
Koay Kah Ee	30	-	-	3	33	-

Note:

- (1) The bonuses for FYE 2019 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYEs 2018 and 2019 are as follows:

FYE 2018	Remuneration band (in bands of RM50,000)		
	Remuneration RM	Benefits-in-kind RM	Total RM
Tan Keng Hor	350,000-400,000	0-50,000	350,000-400,000
Ma Swi Teok	300,000-350,000	0-50,000	300,000-350,000
Goo Kong Hua	350,000-400,000	0-50,000	350,000-400,000

Proposed for FYE 2019 Key senior management	Remuneration band (in bands of RM50,000)			Amount paid from 1 January 2019 to 30 April 2019
	Remuneration RM	Benefits-in-kind RM	Total RM	RM'000
Tan Keng Hor	400,000-450,000	0-50,000	400,000-450,000	98
Ma Swi Teok	350,000-400,000	0-50,000	350,000-400,000	84
Goo Kong Hua	400,000-450,000	0-50,000	400,000-450,000	97

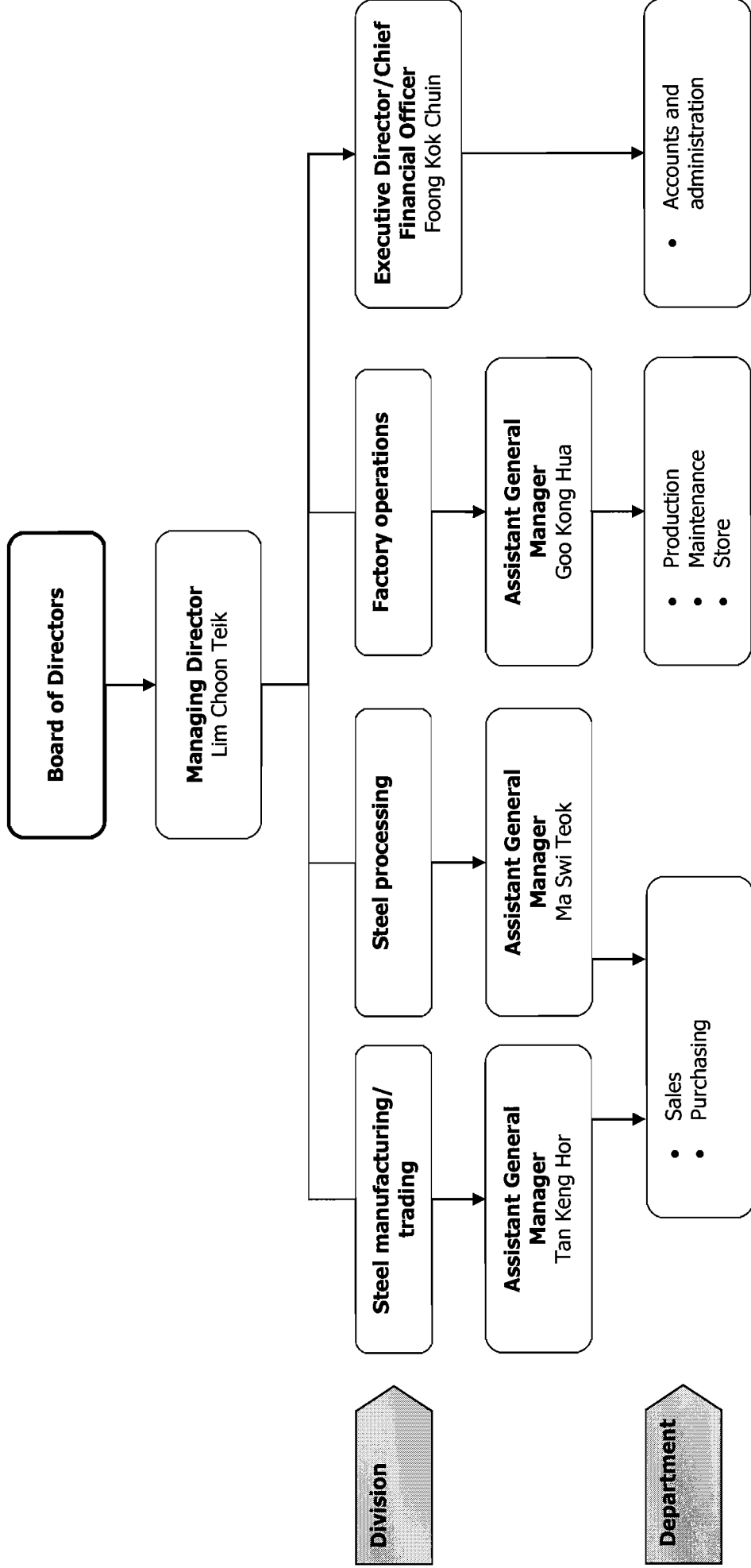
The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 14.2 for further details.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management Structure



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)**5.3.2 Key senior management's shareholdings**

The shareholdings of our key senior management (other than Lim Choon Teik and Foong Kok Chuin) in our Company before and after our IPO assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO			After IPO ⁽¹⁾		
		Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Tan Keng Hor	Assistant General Manager of steel manufacturing and trading/ Malaysian	-	-	-	(3) 201,000	-	0.06
Ma Swi Teok	Assistant General Manager of steel processing/ Malaysian	-	-	-	200,000	-	0.06
Goo Kong Hua	Assistant General Manager of factory operations/ Malaysian	-	-	-	(3) 201,000	-	0.06

Notes:

(1) Based on the enlarged share capital of 348,991,000 Shares after the IPO.

(2) Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

(3) Assuming the subscription of Issue Shares by Tan Keng Hor and Goo Kong Hua, who are shareholders of Prestar under the Restricted Offering which is allocated based on pro-rata basis according to their respective shareholdings in Prestar as at the LPD. However, the final shareholdings will depend on the actual number of Issue Shares subscribed and allocated to them in accordance with the basis set out in Section 4.4.1(c). Tan Keng Hor and Goo Kong Hua are shareholders of Prestar. They both do not have any family relationships or association with Prestar.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.3.3 Profiles of key senior management

Save for the profiles of our Directors, which are disclosed in Section 5.2.2, the profiles of our other key senior management are as follows:

(i) Tan Keng Hor

Tan Keng Hor, Malaysian, aged 57, is our Assistant General Manager of steel manufacturing and trading. He is responsible for our Group's sales and marketing activities for manufactured steel products and steel trading. In 1982, he obtained the London Chamber of Commerce and Industry intermediate stage certificate in book-keeping from Sim Yong Institute, Penang.

Tan Keng Hor began his career in 1982 by joining Syn Mei Hardware Trading Sdn Bhd as a shopkeeper and Accounting Clerk where he was responsible for the accounting and sales and was attached with the company until 1989. His career in sales began in 1989 when he joined Beautex Sdn Bhd as a Sales Executive where he was involved in sales of general hardware products. In 1990, he left Beautex Sdn Bhd and joined Chuan Wooi Hardware Sdn Bhd as a Sales Executive for the sales of steel products.

Subsequently in 1994, he left Chuan Wooi Hardware Sdn Bhd and joined Emum Trading Sdn Bhd briefly as a Sales Executive for the sales of building materials before leaving to join Taihen Metal Industries Sdn Bhd in the same year as a Senior Sales Executive for the sales of steel products. He then joined Tayang Hardware Sdn Bhd in 1999 as a Senior Sales Executive for the sales of steel products upon leaving Taihen Metal Industries Sdn Bhd.

In 1999, Tan Keng Hor left Tayang Hardware Sdn Bhd and joined Tashin Steel as Sales Manager where he was responsible for the sales of slit coils and steel sheets and was subsequently promoted to Senior Sales Manager in 2004 where he was responsible for the sales of all our products. He was promoted to his current position in 2016.

(ii) Ma Swi Teok

Ma Swi Teok, Malaysian, aged 46, is our Assistant General Manager of steel processing. He is responsible for the sales and marketing activities of our Group's processed steel products. He holds a Certificate of Marketing from Kota Bharu Polytechnic, Malaysia, which he obtained in 1994.

Ma Swi Teok joined Supercomal Wire & Cable Sdn Bhd in 1994 as a Sales Executive for wire and cable products. In 1996, he joined Northern Steel Centre Sdn Bhd as a Junior Officer in Business Department and was responsible for servicing Japanese-based industrial customers. In 1997, he was re-designated to Junior Sales Officer and was responsible for sales enquiries and collection of account receivables. Subsequently in 1998, he was promoted to Senior Sales Officer and was responsible for the sales of slit coils and steel sheet products. In the same year, he left Northern Steel Centre Sdn Bhd and joined Tatt Giap Steel Centre Sdn Bhd as a Senior Sales Executive and was responsible for the sales of slit coils and steel sheets products.

In 2000, upon leaving Tatt Giap Steel Centre Sdn Bhd, Ma Swi Teok joined Tashin Steel as a Sales Executive where he assisted the Sales Manager for the sales of slit coils and steel sheets. In the same year, he was promoted to Assistant Sales Manager, and was further promoted to Business Development Manager in 2006. As Business Development Manager, he took on the role of raw material procurement from our foreign suppliers as well as liaising with government agencies such as the MIDA and MITI with regards to steel import applications. He assumed his current position in 2016.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(iii) Goo Kong Hua

Goo Kong Hua, Malaysian, aged 53, is our Assistant General Manager of factory operations. He is responsible for the overall management of our steel processing and manufacturing activities, including warehousing activities. He is involved in planning and organising production schedule, assessing raw materials and labour requirements and determining quality control standards in the factory to ensure the day-to-day operations of steel processing and steel manufacturing run smoothly.

Goo Kong Hua graduated with a Diploma in Technology (Materials Engineering) from Tunku Abdul Rahman College, Malaysia in 1990. Subsequently in 1991, he obtained a Master of Science in Materials Engineering from Loughborough University, United Kingdom.

Goo Kong Hua began his career as a Mechanical Engineer at Petro Pipe Concrete (KL) Sdn Bhd in 1992 where he took on the responsibilities for factory setup and maintenance. In 1993, he joined Perlis Concrete Products Sdn Bhd as a Plant Engineer where he was responsible for factory setup, production and maintenance. He was promoted to Assistant Factory Manager in 1994 where he assisted the Factory Manager in the overall factory operations, and he was subsequently promoted to Factory Manager in 1995.

In 2004, Goo Kong Hua left Perlis Concrete Products Sdn Bhd and joined Tashin Steel as Senior Production Engineer where he was responsible for the overall production operations. He was promoted to Factory Operations Manager in 2004. He assumed his current position in 2016.

5.3.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management (other than Lim Choon Teik and Foong Kok Chuin) has any other principal directorship and/or principal business activities performed outside our Group as at the LPD:

(i) Tan Keng Hor

Company	Principal activities	Involvement / Position held	Date	% of shareholdings held (direct)	% of shareholdings held (indirect)
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Past involvement

1.	Global Steel Industries Sdn Bhd	Trading of steel products	Shareholder	Ceased to be a shareholder on 20 March 2017	5.00	-
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(ii) Ma Swi Teok

Company	Principal activities	Involvement / Position held	Date of appointment	% of shareholdings held (direct)	% of shareholdings held (indirect)
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Present involvement

1.	Megaworld Gourmet Sdn Bhd	Operating food and beverages outlet	Director / Shareholder	1 December 2017	90.00	-
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

The involvement of our key senior management for the business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in such business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

- (a) Toh Yew Keat, Dato' Toh Yew Peng and Toh Yew Seng are brothers. They are the Directors of Prestar. Toh Yew Keat and Dato' Toh Yew Peng are the major shareholders of Prestar. Prestar is our Promoter and major shareholder; and
- (b) Koay Kah Ee is the Group Finance Director of Prestar, our Promoter and substantial shareholder.

5.5 BOARD PRACTICE

5.5.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code of Corporate Governance;
- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (g) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. All our Directors have served for less than 3 years as at the LPD.

The members of our Board are set out in Section 5.2.

5.5.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (d) To consider the major findings of internal investigations and management's response; and
- (e) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at the LPD are as follows:

Name	Designation	Directorship
Khaw Chooi Kee	Chairman	Independent Non-Executive Director
Rusdy Bin Ishak	Member	Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

The Nomination Committee and our Board will review the composition, performance and effectiveness of our Audit Committee annually.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(Cont'd)*

5.5.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To recommend a framework of remuneration for Directors, Managing Director and key senior management personnel for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (b) To recommend specific remuneration packages for Executive Directors and the Managing Director. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (c) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Executive Directors, management and staff; and
- (d) To perform any other functions as defined by the Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Dato' Kalsom Binti Abd. Rahman	Chairman	Independent Non-Executive Chairperson
Sim Puei Chun	Member	Senior Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

5.5.4 Nomination Committee

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees and key senior management personnel;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(Cont'd)*

- (d) To assist our Board to assess and evaluate circumstances where a Director involvement outside the Group may give rise to a potential conflict of interest with the Group's businesses, upon receiving the declaration of the same from the Director and thereafter, to recommend to the Board on the necessary actions to be taken in the circumstances where there is a conflict of interest; and
- (e) To ensure an appropriate framework and succession planning for our Board and key senior management personnel.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at the LPD are as follows:

Name	Designation	Directorship
Sim Puei Chun	Chairman	Senior Independent Non-Executive Director
Dato' Kalsom Binti Abd. Rahman	Member	Independent Non-Executive Chairperson
Rusdy Bin Ishak	Member	Independent Non-Executive Director

5.5.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within the Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout the Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) To oversee and recommend the risk management policies and procedures of our Group;
- (b) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (c) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (e) To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks; and

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (f) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

The members of our Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Rusdy Bin Ishak	Chairman	Independent Non-Executive Director
Khaw Chooi Kee	Member	Independent Non-Executive Director
Ir. Tan Tiong Ben	Member	Independent Non-Executive Director

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key senior management personnel.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) Being the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) Has any unsatisfied judgment against him.

6. INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Tashin Holdings was incorporated in Malaysia on 14 August 2017 under the Act as a public limited company under our present name. We were incorporated as a special purpose vehicle to facilitate the listing of our subsidiaries, Tashin Steel and Tashin Hardware, on the ACE Market.

We are an investment holding company. Through our subsidiaries, Tashin Steel and Tashin Hardware, we are principally involved in the following activities:

- (i) Processing (ie, slitting and shearing) of steel coils into slit coils and steel sheets;
- (ii) Manufacturing of steel products comprising, steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins; and
- (iii) Trading of steel products including steel plates, steel pipes, round bars, angle bars and wire mesh.

Tashin Steel, our wholly-owned and principal operating subsidiary, was incorporated on 30 October 1998 under the Companies Act, 1965 as a shelf company. On 14 September 1999, Tashin Steel was acquired by Prestar, one of our Promoters with an intention of setting up a steel processing plant in the Northern region of Peninsular Malaysia, in anticipation of the expected rise in demand for steel products in the Northern region of Peninsular Malaysia. Prestar is listed on the Main Market of Bursa Securities and its subsidiaries (including Tashin Steel) are engaged in steel processing and the manufacturing of steel products.

In order to expand Prestar's steel processing business, Prestar approached Lim Choon Teik, an entrepreneur in the steel business to set up a steel processing plant. Lim Choon Teik together with other investors acquired Formula Naga, a shelf company, to enter into a joint venture with Tashin Steel and Prestar.

The joint venture agreement was entered into on 30 December 1999 ("JVA") to set out their rights, duties and obligations in relation to the operations of Tashin Steel and to regulate their relationship as shareholders in Tashin Steel. The agreed shareholdings of Prestar and Formula Naga in the JVA are 51.0% and 49.0% respectively, with a share capital of RM20.0 million. The other salient terms of the JVA are set out in Section 6.15(c).

On 8 August 2000, Tashin Steel acquired an existing factory with a land area of 218,564 sq ft which consists of factory (Block C) and office block (Block B) at Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang ("Plot 40") to commence its operations in the processing of slit coils and steel sheets as well as manufacturing of flat bars, square bars and expanded metals. Our products are supplied to steel stockists and manufacturers such as metal stamping and engineering companies as well as electrical and electronics companies. Steel stockists purchase steel products from our Group for subsequent resale to manufacturers across different industries.

In 2003, Tashin Steel constructed a new warehouse (Block A) with a total floor space of 36,000 sq ft to cater for the growing demand of our steel products.

On 2 March 2004, Tashin Steel acquired Tashin Hardware, a shelf company, as a wholly-owned subsidiary of Tashin Steel. Tashin Hardware was set up to sell Tashin Steel's products to customers in the Northern region of Peninsular Malaysia who purchase products in smaller quantities while Tashin Steel remained focused on customers who order in bulk. Tashin Hardware also sells products purchased from other suppliers such as steel plates, steel pipes, round bars, angle bars and wire mesh, in addition to products produced by Tashin Steel.

6. INFORMATION ON OUR GROUP (Cont'd)

In 2005, Tashin Steel was certified compliant to ISO 9001:2000 for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as metal roofing sheet, cold rolling steel bar and expanded metal).

In line with our business growth and the increasing demand for our steel products, we acquired an adjacent land with a land area of 197,927 sq ft in 2005 at Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang ("Plot 39").

In 2007, Tashin Steel expanded into the manufacturing of checkered plates.

We commenced the construction works of Block D at Plot 39 in 2007 which was completed in the same year. This expansion allowed us to increase the manufacturing capacity for our expanded metals, to include manufacturing of C Purlins in our production line as well as to increase our overall storage capacity.

In 2009, Tashin Steel obtained ISO 9001:2008 Quality Management System for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as metal roofing sheet, cold rolling steel bar and expanded metal).

In 2012, in order to widen our product range of steel pipes, Tashin Steel expanded into the manufacturing of steel pipes to complement our existing range of steel products.

In 2013, the management decided to focus on the steel processing business and manufacturing of steel pipes, expanded metals and C Purlins under Tashin Steel. In line with this, the manufacturing business for flat bars, square bars and checkered plates were moved to Tashin Hardware together with the equipment and employees associated with the manufacturing of these products.

In 2017, Tashin Steel obtained ISO 9001:2015 Quality Management System certification for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as steel pipe, checkered plates, cold rolling steel bar and expanded metal).

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

6.1.1 Share capital

As at LPD, our share capital is RM144,831,001 comprising 289,662,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Consideration</u>	<u>Cumulative share capital</u>
		<u>RM</u>	<u>RM</u>
14 August 2017	2	2	2
9 April 2019	289,661,998	144,830,999	144,831,001

6. INFORMATION ON OUR GROUP (Cont'd)**6.2 ACQUISITION OF TASHIN STEEL**

In preparation for our Listing, we have undertaken the Acquisition of Tashin Steel. On 9 January 2018, we entered into a conditional share sale agreement (which was subsequently amended via the signing of a supplemental conditional share sale agreement dated 17 April 2018) with the Vendors to acquire the entire equity interest in Tashin Steel comprising 20,000,000 ordinary shares for a total purchase consideration of RM144,830,999 which was arrived after taking into consideration the audited NA of Tashin Steel as at 31 December 2017 of RM144,831,193.

The purchase consideration for the Acquisition of Tashin Steel was satisfied by the issuance of 289,661,998 new Shares to the Vendors at an issue price of RM0.50 each.

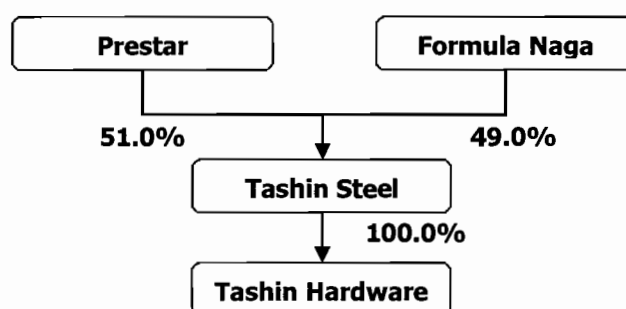
The details of the Vendors and the number of Shares issued to them pursuant to the Acquisition of Tashin Steel are as follows:

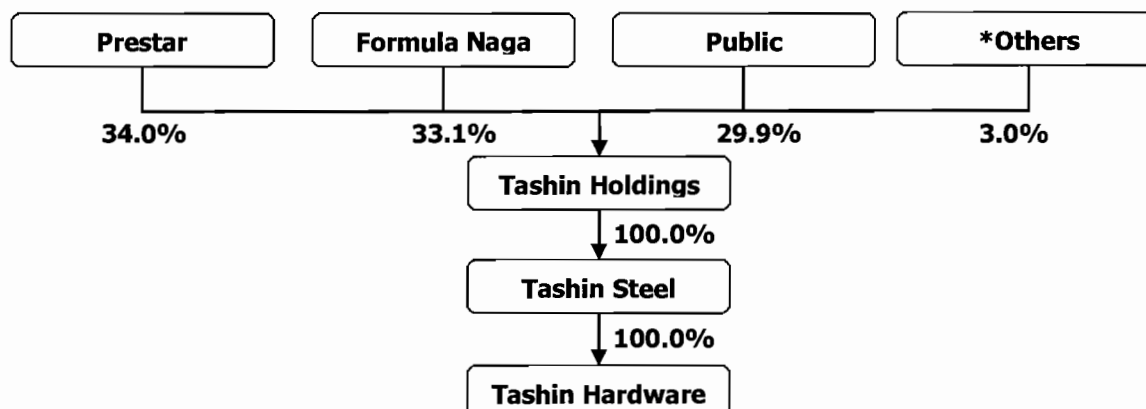
Vendors	No. of Tashin Steel shares acquired	% of share capital in Tashin Steel	Purchase consideration	No. of Shares issued
			RM	
Prestar	10,200,000	51.00	73,863,809.50	147,727,619
Formula Naga	9,800,000	49.00	70,967,189.50	141,934,379
	20,000,000	100.00	144,830,999.00	289,661,998

The Acquisition of Tashin Steel was completed on 9 April 2019. Thereafter, Tashin Steel became our wholly-owned subsidiary.

The new Shares issued pursuant to the Acquisition of Tashin Steel rank equally in all respects with our existing Shares.

Our Group structure before and after the Acquisition of Tashin Steel is as follows:

Before the Acquisition of Tashin Steel

6. INFORMATION ON OUR GROUP (Cont'd)**After the Acquisition of Tashin Steel, Public Issue and Offer for Sale**

Note:

* Comprising shareholdings of Directors of Tashin Holdings after:

- (i) the subscription of Issue Shares under the Restricted Offering (assuming the subscription of Issue Shares under the Restricted Offering which is allocated based on pro-rata basis according to their respective shareholdings in Prestar as at the LPD. However, the final shareholdings will depend on the actual number of Issue Shares subscribed and allocated to them in accordance with the basis set out in Section 4.4.1(c)); and/or
- (ii) Pink Form Allocations as well as shareholdings of substantial shareholders of Tashin Holdings, Fabulous Essence and Y. K. Toh Property after the subscription of Issue Shares under the Restricted Offering.

6.3 SUBSIDIARIES

As at the LPD, we only have 2 subsidiaries, Tashin Steel and Tashin Hardware and we do not have any associated companies. Details of our subsidiaries are set out below:

Company	Company No.	Date / Place of incorporation	Principal place of business	Effective equity interest	Principal activities
				%	
Tashin Steel	471094-P	30 October 1998/ Malaysia	Malaysia	100.0	Processing of steel coils into slit coils and steel sheets as well as manufacturing of steel products including expanded metals, steel pipes and C Purlins
Tashin Hardware	642549-V	16 February 2004/ Malaysia	Malaysia	100.0	Manufacturing of flat bars, square bars and checkered plates as well as trading of steel products

6. INFORMATION ON OUR GROUP (Cont'd)**6.4 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, there were no other material investment made by us for the past 4 FYEs up to 2018 and up to the LPD:

Description	FYE	FYE	FYE	FYE	Up to the
	2015	2016	2017	2018	LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
Buildings	-	61	-	270	-
Furniture, fittings and office equipment	46	243	69	42	4
Motor vehicles	270	662	1,309 ⁽ⁱⁱⁱ⁾	365	-
Plant and equipment	282	918 ⁽ⁱⁱ⁾	45	5	26
Work-in-progress	1,538 ⁽ⁱ⁾	5	-	752 ^(iv)	-
	2,136	1,889	1,423	1,434	30

Notes:

- (i) Work-in-progress for the commissioning of a new slitting line which began operations in May 2016.
- (ii) Consists of foundation work for machinery for Plot 39, machine accessories and tools.
- (iii) Consists of purchase of company cars and forklift.
- (iv) Consists of purchase of materials (mainly steel truss and crane truss) used for the upkeep of our existing factories.

The above material investments were primarily financed by a combination of hire purchase financing, term loans and internally generated funds.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 4 FYEs up to 2018 and up to the LPD:

Description	FYE	FYE	FYE	FYE	Up to the
	2015	2016	2017	2018	LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Investment property	-	4,600*	-	-	-
Property, plant and equipment comprising:					
Motor vehicles	78	38	114	132	-
Plant and equipment	155	-	-	-	-
	233	4,638	114	132	-

Note:

- * During FYE 2016, we disposed a vacant residential land in Penang for RM4.6 million. The said land was acquired in 2011 for investment purposes.

6. INFORMATION ON OUR GROUP (Cont'd)

The above capital divestitures and write-offs were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated and no longer in use or are obsolete or have surpassed their useful lives.

Our Directors confirm that there are no material commitments for capital expenditure contracted which may have a material impact on our Group's financial position or business as at the LPD.

6.5 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

6.6 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

Our Group is principally involved in the following activities:

- (i) Processing (ie, slitting and shearing) of steel coils into slit coils and steel sheets;
- (ii) Manufacturing of steel products comprising, steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins; and
- (iii) Trading of steel products including steel plates, steel pipes, round bars, angle bars and wire mesh.

6.6.1 Steel processing

We operate a steel processing centre in Perai, Penang that serves as an intermediary between upstream flat steel producers and end users of steel products. Upstream steel producers manufacture steel in the form of standard-sized steel coils. In comparison, end users of steel products seek to purchase steel with customised sizes.

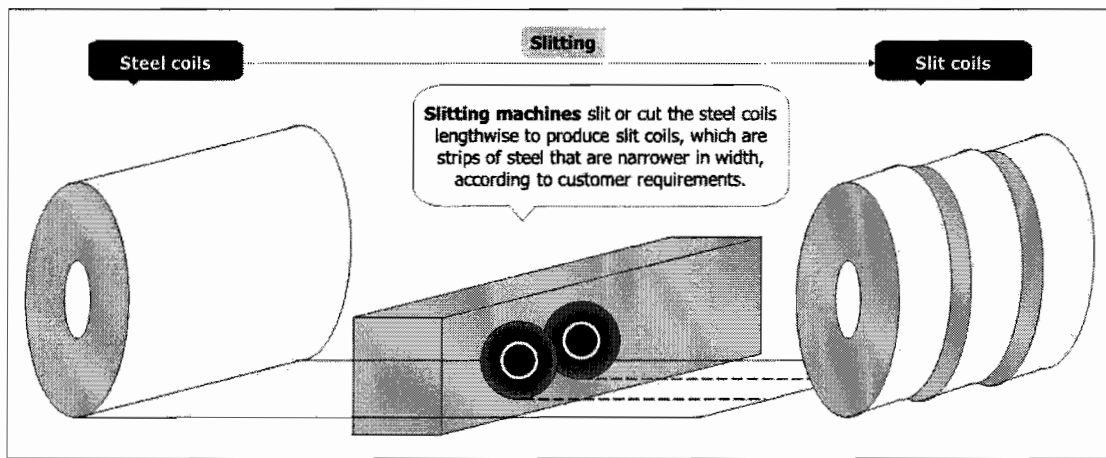
We purchase carbon steel coils in the form of hot rolled, cold rolled and galvanised steel, in bulk. We then slit and shear them into slit coils and steel sheets, and sell them according to specific customer requirements. Apart from customising slit coils and steel sheets for our customers, we also produce steel sheets in standard specifications. In the past 4 FYEs 2015 to 2018, 22.12%, 25.44%, 22.40% and 28.02% respectively of our sales in steel processing was generated from the sales of steel sheets in standard specifications, while the remaining 77.88%, 74.56%, 77.60% and 71.98% respectively of our sales in steel processing was generated from the sales of customised slit coils and steel sheets.

The process of slitting and shearing of steel coils are as follows:

Slitting:

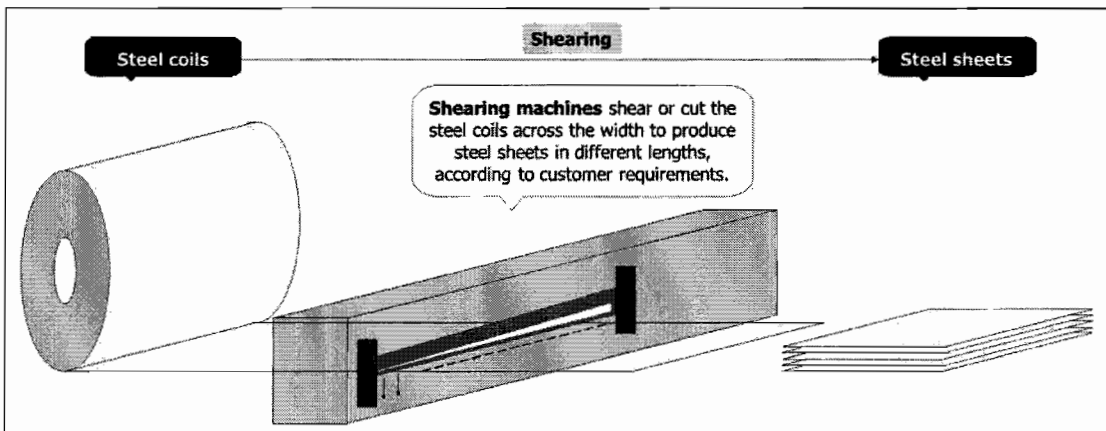
Slitting is a process where steel coils are cut lengthwise to create slit coils, which are strips of steel that are narrower in width.

6. INFORMATION ON OUR GROUP (Cont'd)



Shearing:

Shearing is a process where steel coils are cut across the width to produce steel sheets in different lengths.



6.6.2 Steel manufacturing

We manufacture steel products as follows:

- (i) Long products, comprising steel pipes, flat bars and square bars; and
- (ii) Building materials, comprising expanded metals, checkered plates and C Purlins.

We manufacture steel pipes, expanded metals, checkered plates and C Purlins from our carbon slit coils and carbon steel sheets through the process of cutting, bending, shaping, forming and welding. We manufacture flat bars and square bars using carbon wire rods purchased from suppliers as raw materials. These steel products primarily act as input materials, components or parts in automotive, construction and manufacturing industry to produce end-user products.

We customise these steel products based on customer requirements, and also manufacture these steel products in standard specifications for our customers. In the past 4 FYEs 2015 to 2018, 95.69%, 97.57%, 97.84% and 97.97% respectively of our sales in steel manufacturing was generated from the sales of steel products in standard specifications, while the remaining 4.31%, 2.43%, 2.16% and 2.03% of our sales in steel manufacturing was generated from the sales of customised steel products.

6. INFORMATION ON OUR GROUP (Cont'd)

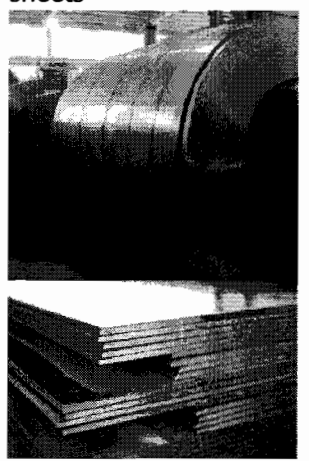
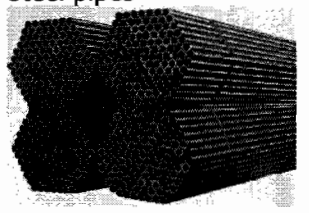
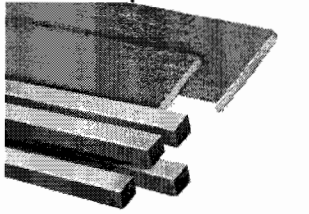

6.6.3 Steel trading

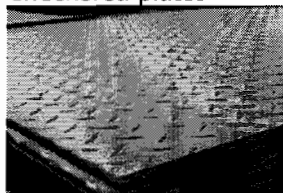
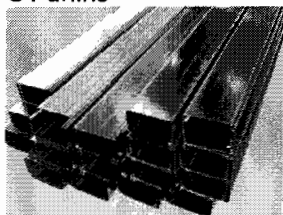
In order to provide a broader range of products to our customers, we will purchase and resell certain products as part of our trading business. This is because there are certain ranges of product specifications that we do not manufacture or if the volume required exceeds our manufacturing capacity. We do not enter into any long term purchase agreements with our suppliers for our trading business.

These include steel plates, steel pipes, round bars, angle bars and wire mesh.

6.6.4 Our products

Products from our Group's steel processing and manufacturing segments comprise a range of flat and long steel products:

Product types	Principal end user markets
<p>Slit coils and steel sheets</p> 	<ul style="list-style-type: none"> • Automotive (e.g. internal steel panels for automotive body) • Engineering (e.g. steel panels for fabrication of machinery components) • Manufacturing (e.g. steel panels for fabrication of furniture and electrical appliances)
<p>Steel pipes</p> 	<ul style="list-style-type: none"> • Construction (e.g. manufacture of window and door grilles) • Civil engineering (e.g. construction of light structures) • Manufacturing (e.g. manufacture of metal frame furniture and industrial equipment)
<p>Flat and square bars</p> 	<ul style="list-style-type: none"> • Construction (e.g. manufacture of window and door grilles) • Manufacturing (e.g. manufacture of manhole and drain gratings, household appliances and metal frame furniture)
<p>Expanded metals</p> 	<ul style="list-style-type: none"> • Automotive (e.g. used as grilles in armoured vehicles for security, enclosure, protection and reinforcement) • Construction (e.g. manufacture of walkways, staircases and fences) • Manufacturing (e.g. manufacture of filtration equipment)

6. INFORMATION ON OUR GROUP (Cont'd)**Product types****Checkered plates****C Purlins****Principal end user markets**

- Automotive (e.g. used as truck flooring and cargo plates)
- Construction (e.g. manufacture of stairs, bridges and containers)

- Construction (e.g. used as roof truss)
- Engineering (e.g. fabrication of machinery structure)

In addition to the above, we are involved in the trading of steel products such as steel plates, steel pipes, round bars, angle bars and wire mesh.

6.6.5 Geographic and activity segmentation

For the past 4 FYEs 2015 to 2018, approximately 99.0% of our revenue was derived locally while less than 1.0% of our revenue was from foreign sales.

The breakdown of our Group's revenue segmentation by products is as follows:

	Audited							
	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Steel processing								
- Flat products ⁽¹⁾	160,997	75.84	156,013	72.65	190,108	73.77	182,491	70.04
Steel manufacturing								
- Long products ⁽²⁾	35,614	16.78	46,816	21.80	50,634	19.65	63,125	24.23
- Building materials ⁽³⁾	9,457	4.45	7,655	3.57	10,480	4.07	13,507	5.18
Sub-total	45,071	21.23	54,471	25.37	61,114	23.72	76,632	29.41
Trading ⁽⁴⁾	6,216	2.93	4,257	1.98	6,479	2.51	1,422	0.55
	212,284	100.00	214,741	100.00	257,701	100.00	260,545	100.00

Notes:

- (1) Slit coils and steel sheets.
- (2) Steel pipes, flat and square bars. They are sold mainly to steel stockists and subsequently sold to end users such as engineering and steel fabrication companies and manufacturers. Although these products are intended to be used in fabrication and manufacturing activities, it can be used for building construction if the end users choose to.
- (3) Expanded metals, checkered plates and C Purlins. They are mainly used by construction companies for construction activity.
- (4) Steel plates, steel pipes, round bars, angle bars and wire mesh.

6. INFORMATION ON OUR GROUP (Cont'd)

For the past 4 FYEs 2015 to 2018, our revenue was generated from one-off purchase orders for steel processing, followed by steel manufacturing and steel trading. The revenue derived from steel processing were ranging from 70.04% to 75.84%, whereby the total revenue derived from steel manufacturing and steel trading were accounted for less than 30.00% for the past 4 FYEs 2015 to 2018.

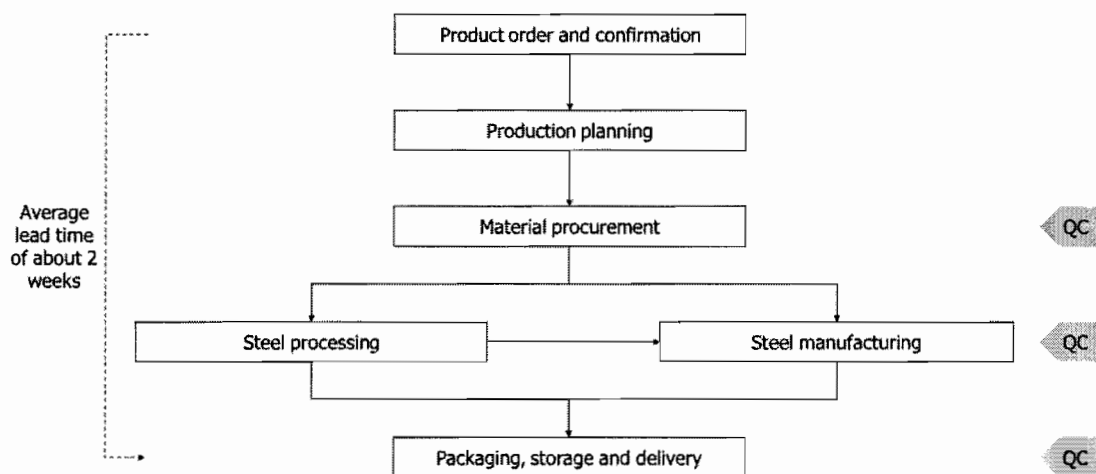
For steel processing and steel manufacturing business, our Group customises steel products based on customer requirements, and also manufactures steel products in standard specifications for our customers. The breakdown of our Group's revenue generated from the sales of customised steel products and standard steel products in the past 4 FYEs 2015 to 2018 is as follows:

	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Steel processing								
Customised steel products	125,377	77.88	116,329	74.56	147,522	77.60	131,360	71.98
Standard steel products	35,620	22.12	39,684	25.44	42,586	22.40	51,131	28.02
	160,997	100.00	156,013	100.00	190,108	100.00	182,491	100.00
Steel manufacturing								
Customised steel products	1,944	4.31	1,322	2.43	1,321	2.16	1,555	2.03
Standard steel products	43,127	95.69	53,149	97.57	59,793	97.84	75,077	97.97
	45,071	100.00	54,471	100.00	61,114	100.00	76,632	100.00

6.7 DESCRIPTION OF OUR BUSINESS

6.7.1 Our business processes

The process flow for our Group's steel processing and steel manufacturing is depicted below:



(a) Product order and confirmation

Upon receipt of product order inquiry, our sales department will prepare a quotation taking into account the customer's stipulated product requirements and specifications, our cost of raw material and delivery timeline. A purchase order will be placed upon order confirmation from the customer.

6. INFORMATION ON OUR GROUP (Cont'd)

(b) Production planning

Production planning is carried out by our production department, upon which a work order sheet detailing product specifications, raw material requirements and production schedule will be issued.

(c) Material procurement

Our purchasing team will check on the availability of raw materials required for production in our inventory prior to sourcing from our suppliers. Our purchasing team will source for raw materials in the event we do not have raw material inventories that meet the specifications of our customers, or sufficient volumes of raw materials. We practice first-in first-out basis in managing our raw materials, where the oldest raw materials purchased will be used in the production first. This applies to both our steel processing and steel manufacturing segments.

In view of the potential fluctuation of raw material prices and to minimise its impact to our Group's cost of sales and profitability, our Group's policy is to keep 3 to 4 months' inventory of raw materials. We monitor the price movement of raw materials closely and stock up our inventory when there is a reduction in raw material prices. Further, we also carry out inventory checks on a monthly basis to ensure we have sufficient raw materials of 3 to 4 months ahead to meet purchase orders from our customers.

We do not enter into long term agreements or long term contracts with our suppliers.

(d) Steel processing and steel manufacturing**(i) Slit coils and steel sheets**

The steel coils will go through an uncoiler for uncoiling and then through a levelling machine for flattening. A slitting machine is used to trim the edges and slit the coils into slit coils.

Steel sheets are produced by shearing the steel coils into specific length.

(ii) Checkered plates

Checkered plates are produced using steel coils. Firstly, the steel coils go through an uncoiler for uncoiling and then through a levelling machine for flattening. The steel coils go through a punching machine for embossing, resulting in a checkered plate that will be sheared based on specific length. Finally, the checkered plate goes through a levelling machine for flattening.

(iii) Expanded metals

Expanded metals are produced using steel coils. Upon uncoiling and flattening, the steel coils then go through an expanded metal forming machine where it is cut and stretched into a mesh. The resultant expanded metal is then sheared into specific length before flattening.

(iv) C Purlins

C Purlins are produced using slit coils. Upon uncoiling and flattening, holes are punched into the slit coils before going through a roll forming machine, which rolls the slit coils into C Purlins. Finally, the C Purlins are sheared into specific length.

6. INFORMATION ON OUR GROUP (Cont'd)**(v) Steel pipes**

Steel pipes are produced using slit coils. Upon uncoiling and flattening, the edges of the slit coils are trimmed. The slit coils go through a roll forming machine to form a tubular shape and then the seams are sealed through welding. Finally, a scarfing tool is used to peel excess welding from the newly welded steel pipe seams, before the steel pipes are sheared into specific length.

(vi) Flat bars and square bars

Flat bars and square bars are produced using wire rods. The wire rods are fed through a series of rollers which shapes the wire rods into flat and square bars of specific thickness, and straightened through another series of straightening rollers. The resultant flat and square bars are cut into specific lengths before it goes through an annealing process. Annealing is a form of heat treatment where steel is heated to a specified temperature before being cooled at a very slow and controlled rate. Annealing aims to reduce the hardness of steel for better workability.

(e) Packaging, storage and delivery

Upon completion of manufacturing, these steel products are packed based on the order specifications of our customers. These steel products are stored on pallets in our warehouse prior to delivery. The average lead time from receipt of purchase orders to delivery of final products is about 2 weeks.

In addition to our production based on purchase orders from our customers, we also manufacture steel products of standard specifications as inventory to cater for customer orders. We implement the same inventory management practice for both steel processing and steel manufacturing activities in handling the raw materials and finished products. For our finished standard steel products, we implement a first-in first-out basis, where the oldest finished products will be sold to customers first upon receipt of purchase orders. For our finished customised steel products, we deliver the finished products to our customers upon completion of production.

(f) Quality Control ("QC")

Our Group maintains a quality control system to ensure the quality of our steel product in meets our customers' expectations. We have established quality control procedures to perform quality checks at each stage of our production, as depicted below:

Stage	Quality checks
Material procurement	<ul style="list-style-type: none"> • Inspection on raw materials to ensure: <ul style="list-style-type: none"> - Volume and specification matches procurement details. - Packaging of raw materials is in good condition.
Steel processing and steel manufacturing	<ul style="list-style-type: none"> • Inspection during the steel processing and steel manufacturing processes to ensure: <ul style="list-style-type: none"> - No appearance of physical defects such as dents, rust and scratches. - Technical specifications such as length, thickness and width are as per customer specifications.
Packaging, storage and delivery	<ul style="list-style-type: none"> • Inspection on the end products to ensure: <ul style="list-style-type: none"> - All end products meet the required standards such as width, length, thickness and mesh size.

6. INFORMATION ON OUR GROUP (Cont'd)

<u>Stage</u>	<u>Quality checks</u>
	<ul style="list-style-type: none"> • Inspection during the packaging process to ensure: <ul style="list-style-type: none"> - Quantity and weight meet the requirements. - Products are packed well and labelled correctly. • Inspection during the storage and delivery stage to ensure: <ul style="list-style-type: none"> - Products are stacked no taller than 3 meters (stacking height should not be more than 7 layers specifically for steel pipes). - Products are delivered to customers based on order specifications.

(g) Warranty and product return policy

We do not have any warranty or product return policies for steel products processed/manufactured by us. Therefore, we do not provide any warranties for the steel products manufactured by us. However, if we receive any product return claims from our customers on the steel products processed/manufactured by us, each claim will be handled on a case by case basis where we will first evaluate the circumstances and determine the party responsible for the defect or damage. If the responsibility falls on us, we will issue a credit note to our customers to compensate them for the defect or damaged products and/or provide replacement of products.

We also do not have any warranty or product return policies for our steel trading products and there is no warranty given by our suppliers. Therefore, we do not provide any warranties for our steel trading products. However, if we receive any product return claims from our customers on our steel trading products, each claim will be handled on a case by case basis where we will evaluate the circumstances and determine the party responsible for the defects or damage. If the responsibility falls on us, we will issue a credit note to our customers to compensate them for the defect or damaged products and/or provide replacement of products. On the other hand, if the responsibility falls on our suppliers, we will liaise with our suppliers and request for compensation on behalf of our customers, in monetary form for the defect or damaged products and/or provide replacement of products.

6.7.2 Operating capacities and output

Our Group has a range of machinery and equipment to support our steel processing and steel manufacturing activities. Each steel product is produced using a specific machinery and/or equipment as each machinery and/or equipment produces one type of steel product. For example, slitting machine is used to produce slit coils while shearing machine is used to produce steel sheets.

Our annual capacity is calculated based on the following:

- (i) average weight of steel that can be processed or manufactured by each machine in 1 working shift of 8 hours multiplied by 2 working shifts per day; and
- (ii) 312 working days per year.

Our machines used for our steel processing and steel manufacturing activities are capable of running 24 hours a day, in which our annual capacity and utilisation rate can be represented by the annual machinery capacity and machinery utilisation rate respectively.

However, we have faced difficulties in recruiting production personnel to work the 3rd shift during a 24-hour period (which is the overnight shift), hence our annual capacity and utilisation rate are calculated based on 2 working shifts a day (which is a total of 16 hours a day), which is our effective annual capacity and effective utilisation rate respectively.

6. INFORMATION ON OUR GROUP (Cont'd)

Our annual production volumes, annual capacity and utilisation rates for the past 4 FYEs 2015 to 2018 are depicted below:

	Actual production (MT)	Annual machinery capacity⁽¹⁾ (MT)	Machinery utilisation rate⁽¹⁾ (%)	Annual capacity⁽²⁾ (MT)	Utilisation rate⁽²⁾ (%)
FYE 2015					
Steel processing⁽³⁾	79,582	151,560	52.51	101,040	78.76⁽⁵⁾
Slit coils	43,922	79,200	55.46	52,800	83.19
Steel sheets	35,660	72,360	49.28	48,240	73.92
Steel manufacturing⁽⁴⁾	20,712	52,380	39.54	34,920	59.31⁽⁵⁾
Expanded metals	2,512	5,760	43.61	3,840	65.41
Steel pipes	11,022	27,360	40.28	18,240	60.43
C Purlins	714	900	79.38	600	119.07 ^(iv)
Checkered plates	931	2,700	34.47	1,800	51.71
Flat and square bars	5,526	14,400	38.37	9,600	57.56
Metal roofing	7	1,260	0.58	840	0.87
Total	100,294	203,940	49.18	135,960	73.77⁽⁵⁾
FYE 2016					
Steel processing⁽³⁾	81,492	165,960	49.10	110,640	73.66⁽⁵⁾
Slit coils	48,277	93,600 ⁽ⁱ⁾	51.58	62,400 ⁽ⁱ⁾	77.37
Steel sheets	33,215	72,360	45.90	48,240	68.85
Steel manufacturing⁽⁴⁾	22,086	51,120	43.20	34,080	64.81⁽⁵⁾
Expanded metals	2,133	5,760	37.03	3,840	55.54
Steel pipes	13,591	27,360	49.68	18,240	74.51
C Purlins	439	900	48.83	600	73.24
Checkered plates	800	2,700	29.63	1,800	44.45
Flat and square bars	5,123	14,400	35.57	9,600	53.36
Metal roofing	-	- ⁽ⁱⁱ⁾	-	- ⁽ⁱⁱ⁾	-
Total	103,578	217,080	47.71	144,720	71.57⁽⁵⁾
FYE 2017					
Steel processing⁽³⁾	80,875	173,160	46.71	115,440	70.06⁽⁵⁾
Slit coils	49,155	100,800 ⁽ⁱⁱⁱ⁾	48.77	67,200 ⁽ⁱⁱⁱ⁾	73.15
Steel sheets	31,720	72,360	43.84	48,240	65.76
Steel manufacturing⁽⁴⁾	19,206	51,120	37.57	34,080	56.36⁽⁵⁾
Expanded metals	1,529	5,760	26.55	3,840	39.82
Steel pipes	11,567	27,360	42.28	18,240	63.41
C Purlins	362	900	40.27	600	60.40
Checkered plates	1,572	2,700	58.23	1,800	87.34
Flat and square bars	4,176	14,400	29.00	9,600	43.50
Metal roofing	-	-	-	-	-
Total	100,081	224,280	44.62	149,520	66.94⁽⁵⁾
FYE 2018					
Steel processing⁽³⁾	84,610	173,160	44.86	115,440	73.29⁽⁵⁾
Slit coils	49,384	100,800	48.99	67,200	73.49
Steel sheets	35,226	72,360	48.68	48,240	73.02
Steel manufacturing⁽⁴⁾	24,958	51,120	48.82	34,080	73.23⁽⁵⁾
Expanded metals	1,970	5,760	34.20	3,840	51.30
Steel pipes	15,911	27,360	58.15	18,240	87.23
C Purlins	228	900	25.33	600	38.00
Checkered plates	2,000	2,700	74.07	1,800	111.11 ^(v)
Flat and square bars	4,849	14,400	33.67	9,600	50.51
Metal roofing	-	-	-	-	-
Total	109,568	224,280	48.85	149,520	73.28⁽⁵⁾

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Annual machinery capacity and machinery utilisation rate assumes that we run the machines 24 hours per day, 312 working days per year.
- (2) The annual capacity and utilisation rate based on our actual working hours (i.e. 2 working shifts of 8 hours each per day, 312 working days per year).
- (3) Steel processing includes the process of slitting and shearing of steel coils.
- (4) Steel manufacturing includes the manufacture of steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins.
- (5) Computed by dividing the annual production of each business segment over the respective annual capacity, whereby the utilisation rate of steel processing is calculated by dividing annual production of steel processing by annual capacity of steel processing, while the utilisation rate of steel manufacturing is calculated by dividing annual production of steel manufacturing by annual capacity of steel manufacturing.
 - (i) The increase in annual capacity from FYE 2015 to FYE 2016 for steel processing was due to the commissioning of a new slitting line with monthly machinery capacity of 1,800 MT or effective monthly capacity of 1,200 MT in May 2016.
 - (ii) The decrease in annual capacity from FYE 2015 to FYE 2016 for steel manufacturing was due to disposal of metal roofing machines with monthly machinery capacity of 1,800 MT or effective monthly capacity of 210 MT in April 2015.
 - (iii) The increase in annual capacity from FYE 2016 to FYE 2017 for steel processing was due to the full year adoption of the new slitting line with monthly machinery capacity of 1,800 MT or effective monthly capacity of 1,200 MT that was commissioned in May 2016.
 - (iv) Our C Purlins machine had an effective utilisation rate of 119.07% in the FYE 2015 as we received more purchase orders of C Purlins in certain months in the FYE 2015 and we operated more than 2 working shifts per day to complete the orders. In such circumstances, we utilised our workers from other lines that were not operating at full capacity to operate the C Purlins machine for additional hours beyond the normal 2 working shifts.
 - (v) Our checkered plates machine had an effective utilisation rate of 111.11% in the FYE 2018 as we received more purchase orders of checkered plates in certain months in the FYE 2018 and we operated more than 2 working shifts per day to complete the orders. In such circumstances, we utilised our workers from other lines that were not operating at full capacity to operate the checkered plates machine for additional hours beyond the normal 2 working shifts.

Our annual capacity is calculated based on the following:

- (i) average weight of steel that can be processed or manufactured by each machine in 1 working shift of 8 hours multiplied by 2 working shifts per day; and
- (ii) 312 working days per year.

For the past 4 FYEs, in overall, the effective utilisation rate of both our steel processing and steel manufacturing lines ranged between 66.94% and 73.77%. Over the same period, the effective utilisation rate of our steel processing lines were over 70.00%, while the effective utilisation rate of our steel manufacturing lines ranged between 56.36% and 73.23%. As

6. INFORMATION ON OUR GROUP (Cont'd)

disclosed in Section 6.18.2, we intend to move our existing manufacturing lines for flat and square bars to our new factory. In line with this, we intend to improve our production volume and thereby increasing our effective utilisation rates for steel manufacturing.

In the FYE 2018, we utilised 85.00% of our factory area for steel processing and steel manufacturing (42.00% or 105,615 sq ft) and storage (43.00% or 108,984 sq ft). The balance area (15.00% or 37,730 sq ft) is earmarked for storage but is yet to be utilised in the FYE 2018 as it is reserved for contingency purposes and any unanticipated surge of purchase orders.

6.7.3 Key machinery and equipment

A summary of the key machinery and equipment owned and used by us are set out below:

Machinery and equipment	Function	Average life span ⁽¹⁾ (Years)	Average age ⁽²⁾ (Years)	No of units	NBV as at 31 December 2018 RM'000
Levelling and shearing machines	To flatten and shear steel coils into specific length	14.3	12.6	7	5,290
Slitting machines	To slit and trim the edges of steel coils	16.7	12.7	3	3,237
Steel pipe lines	To roll steel coils into different hollow sections to produce steel pipes	17.5 ⁽ⁱ⁾	5.5 ⁽ⁱ⁾	6	5,525
Expanded metal lines	To punch holes and stretch slit coils into a mesh structure	12.5 ⁽ⁱⁱ⁾	13.4 ⁽ⁱⁱ⁾	4	1,731
Flat and square bar forming lines	To flatten wire rods and to shape flat and square bars	11.7 ⁽ⁱⁱⁱ⁾	16.8 ^{(iii) (iv)}	4	452
C Purlins machine	To roll slit coils into C Purlins	20.0	11.0	1	359
Checkered plate machine	To punch studs onto steel coils to produce checkered plates	20.0	12.0	1	498
					17,092

Notes:

- (1) Average life span of machinery and equipment is computed based on the average life span of all machines in a production line. New machines purchased by our Group are given a life span of 20 years, whereas used machines purchased by our Group are given a life span of 10 years, which are consistent with the computation of depreciation for property, plant and equipment adopted by our Group's accounting policy.
- (2) Average age of machinery and equipment is computed based on the average age of all machines in a production line. The age is computed starting from the year our Group purchased the machines.
- (i) Our 6 steel pipe lines consist of a total of 8 machines and the average life span and average age were computed based on the average of these 8 machines.
- (ii) Our 4 expanded metal lines consist of a total of 12 machines, and the average life span and average age were computed based on the average of these 12 machines.
- (iii) Our 4 flat and square bar forming lines consist of a total of 6 machines and the average life span and average age were computed based on the average of these 6 machines.

6. INFORMATION ON OUR GROUP (Cont'd)

- (iv) Despite the average age of the flat and square bar forming lines exceeded the average life span, the flat and square bar forming lines are still in good condition as we have regular maintenance on the machines and we replace any worn out machine parts to maintain the performance of the flat and square bar forming lines.

6.7.4 Interruptions to business and operations

Our Group has not experienced any interruption in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

6.8 COMPETITIVE STRENGTHS**6.8.1 We offer a range of steel products that support various industries**

Our steel processing and manufacturing operations allow us to offer a range of steel products to various end user industries such as manufacturing, automotive, engineering and steel fabrication, construction as well as to steel centres and steel product manufacturers. We also sell to steel stockists. We offer products, such as slit coils, steel sheets, steel pipes, flat bars and square bars, expanded metals, checkered plates and C Purlins.

In addition, we are able to offer customised sizes and thickness of steel products to meet the various product requirements by our customers which are from different end user industries. The breakdown of revenue for our customers categorised by end user industries in the FYEs 2015 to 2018 are as follows:

	Types of steel products	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Steel stockists ⁽ⁱ⁾	Standard and customised	93,242	43.92	104,003	48.43	124,438	48.29	130,357	50.03
Automotive	Customised	46,910	22.10	38,821	18.08	43,376	16.83	44,864	17.22
Manufacturing ⁽ⁱⁱ⁾	Standard and customised	34,812	16.40	38,171	17.78	49,052	19.03	42,954	16.49
Engineering and steel fabrication	Standard and customised	22,622	10.66	20,093	9.36	22,805	8.85	22,644	8.69
Construction	Standard and customised	7,497	3.53	9,177	4.27	10,881	4.22	12,540	4.81
Steel centre and steel manufacturer	Standard and customised	4,057	1.91	2,151	1.00	2,650	1.03	1,174	0.45
Others ⁽ⁱⁱⁱ⁾	Standard and customised	3,144	1.48	2,325	1.08	4,499	1.75	6,012	2.31
		212,284	100.00	214,741	100.00	257,701	100.00	260,545	100.00

Notes:

- (i) Steel stockists are trading companies who stock a wide range of steel products and who also sell to end user industries but in smaller volumes, such as to building contractors and small and medium sized manufacturing companies.
- (ii) Comprising manufacturing companies such as manufacturers of electrical appliances, elevators, furniture, fire extinguishers, piping for air conditioning as well as metal stamping companies.

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) Comprising mainly hardware shops that are involved in trading of hardware and steel products, small scale foundry and machine assembler.

By having a broad and diversified customer base from various industries such as automotive, engineering and steel fabrication, construction, steel centres, steel product manufacturers and metal stamping companies as well as manufacturing companies of electrical appliances, elevators, furniture, fire extinguishers and piping for air conditioning, we are able to capture growth opportunities in various end user markets while at the same time reducing our business concentration risk from any unanticipated downturn in a particular end user market.

6.8.2 We maintain long-term relationships with customers and suppliers

Having been in the industry for over 18 years, our long-term relationships with our customers and suppliers support our Group's growth and expansion in the steel industry.

The long-term relationships that we have established with our existing customers have allowed us to develop our reputation in the steel manufacturing and steel processing industry and simultaneously attract new customers through referrals from existing customers. Customers who have recurrent purchases from us over the years (i.e. customers who are active and have purchased more than once from us in previous years) are considered as our customers with long-term relationships.

In the FYE 2018, the duration of business relationships with our customers can be classified as follows:

Duration of business relationship (years) ⁽ⁱ⁾	Number of customers	Percentage of customers (%)	Revenue contribution for FYE 2018	
			(RM'000)	(%)
0 – 5	151	32.90	85,009	32.63
6 – 10	67	14.60	31,298	12.01
> 10	241	52.50	144,238	55.36
	459⁽ⁱⁱ⁾	100.00	260,545	100.00

Notes:

- (i) The duration of business relationship with our customers is computed starting from the year in which these customers first purchased steel products from our Group.
- (ii) Based on the number of customers who purchased from our Group in the FYE 2018. We sold our steel products to 459 customers in the FYE 2018.

Further, we recognise the importance of our suppliers and thus we maintain good relationships with steel producers and traders. Among the major suppliers whom we have been working with are CSC Steel Sdn Bhd, POSCO DAEWOO Corporation, Baosteel Singapore Pte Ltd and POSCO-Malaysia Sdn Bhd. Our ability to build and maintain long-term relationships with suppliers allow us to have access to raw materials in a timely manner.

6. INFORMATION ON OUR GROUP (Cont'd)

In the FYE 2018, the duration of business relationships with our suppliers can be classified as follows:

Duration of business relationship (years) ⁽ⁱ⁾	Number of suppliers	Percentage of suppliers (%)	Purchases contribution for FYE 2018	
			(RM'000)	(%)
0 – 5	11	36.67	37,224	20.67
6 – 10	1	3.33	20,708	11.50
> 10	18	60.00	122,120	67.83
	30⁽ⁱⁱ⁾	100.00	180,052	100.00

Notes:

- (i) The duration of business relationship with our suppliers is computed starting from the year in which our Group first purchased raw materials from these suppliers.
- (ii) Based on the number of suppliers from whom we purchased in the FYE 2018. We purchased raw materials from 30 suppliers in the FYE 2018.

6.8.3 We emphasise on product quality to ensure customer satisfaction

We place emphasis on the quality of our products. As such, we have developed and implemented quality control procedures to ensure that every stage of production adheres to our quality standards, including tests on raw materials, semi-finished and final products. Our products are required to pass our internal quality tests before reaching our customers.

Our subsidiary, Tashin Steel, has been certified ISO 9001:2015 Quality Management System compliant. Further, certain of our selected steel products conform to international standards such as Japanese Industrial Standards and European Standards.

Through our quality control practices, we have managed to maintain a relatively low product return rate for our steel products in steel processing and steel manufacturing as well as steel trading activities. For the past 4 FYEs 2015 to 2018, the annual value of product return of our products was approximately 0.44%, 0.41%, 0.55% and 0.34% respectively. The products returned in the past 4 FYEs 2015 to 2018 were mainly due to processing/manufacturing defects.

Our quality control practices that enable us to uphold the quality of our steel products and low product return rate are the contributing factors to our low annual product return rate of less than 1%. A low return rate leads to better customer satisfaction which has resulted in recurring orders and enables us to maintain long-term business relationships with our customers.

6.8.4 We have an experienced management team

We have an experienced management team with operational expertise and in-depth knowledge of the steel processing and steel manufacturing industry in Malaysia. Our Managing Director, Lim Choon Teik is responsible for determining the overall strategic direction and business development of our Group. Lim Choon Teik has 51 years of working experience in the steel industry and 37 years of management experience.

6. INFORMATION ON OUR GROUP (Cont'd)

Lim Choon Teik is supported by the following key senior management:

Name	Designation	Years of relevant working experience	
		In their respective work scope	In steel industry
Foong Kok Chuin	Executive Director / Chief Financial Officer	27	23
Tan Keng Hor	Assistant General Manager of steel manufacturing and trading	37	37
Ma Swi Teok	Assistant General Manager of steel processing	25	23
Goo Kong Hua	Assistant General Manager of factory operations	27	15

The knowledge and experience of our key senior management in the steel processing and steel manufacturing industry in Malaysia has enabled us to improve our revenue and profitability for the past financial years under review.

6.9 SEASONAL OR CYCLICAL EFFECTS

Our operations are not significantly affected by seasonal/cyclical effects as our products form a link between upstream steel producers and end-users of steel products as well as steel stockists. These producers, end-users and steel stockists generally operate throughout the year, albeit marginal slowdown during festive periods. Nevertheless, the impact of the marginal slowdown is not significant to our Group.

6.10 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

The raw materials that we use are readily available and sourced from local and foreign suppliers, including suppliers specified by our customers. For our sales to Perusahaan Otomobil Nasional Sdn Bhd ("Proton"), we are required by Proton to source the raw material from Baosteel Singapore Pte Ltd. Nevertheless, there is no impact to our Group resulting from such purchases as the purchases are based on prevailing market prices of raw material.

The prices of our raw materials have fluctuated during the financial years under review as a result of demand and supply conditions. Kindly refer to Section 8.1.1 for additional details on the impact of raw materials price fluctuations.

We generally take into account supplier lead time to prevent potential major disruptions to our production. All selected suppliers are evaluated in terms of pricing, production capacities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

6. INFORMATION ON OUR GROUP (Cont'd)

The breakdown of the purchases of raw materials by our Group during past 4 FYEs 2015 to 2018 is as follows:

Raw materials	Specifications	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cold rolled steel coils	<u>JIS⁽ⁱ⁾:</u> SPCC-SD, SPCC-4D, SPCC-1B, SPCD-SD, SPEN-SD, SPCE, SPCF, SPFC340, SPFC370, SPFC390, SPFC440, SK85M <u>JFS⁽ⁱⁱ⁾ A2001:</u> JSC270C, JSC270D, JSC270E, JSC340P, JSC390P, JSC440P, JSC340W, JSC390W, JSC440W, HC380/590TRIP, JSC780Y	65,038	35.78	61,300	36.47	73,324	30.46	75,300	41.82
Hot rolled steel and pickled and oiled coils	<u>JIS:</u> SPHC-Black, SPHC-P/O, SPHT, SS400, SAPH370-P/O, SAPH400- P/O, SAPH440-P/O, SPFH490-P/O, SPFH590-P/O, SPFH780-P/O, SPHD-P/O, SPHE-P/O <u>European grades:</u> S275JR ⁽ⁱⁱⁱ⁾ <u>JFS A1001:</u> JSH440W-P/O	62,246	34.25	49,295	29.32	94,927	39.44	57,496	31.93
Hot dip galvanised steel coils and galvanized steel coils	<u>JIS:</u> SGCC, SGHC, SGC340, SGC400, SGC440, SGC490, SGC750, SGCD2, SGACC, SGACD, SGACE <u>JFS A3011:</u> JAC270C, JAC270D, JAC270E, JAC270F, JAC440P	27,103	14.91	25,548	15.20	30,097	12.50	22,650	12.58
Electro-galvanized steel coils	<u>JIS:</u> SECC-P, SECC-AFP, SECD-P, SECD-AFP, SECEN-P, SECEN-AFP, SECC-AC, SEHC	20,906	11.50	21,526	12.80	33,759	14.03	18,980	10.54
Wire rods	<u>JIS:</u> SWRM 8K, SWRM 10K <u>SAE^(iv):</u> 1008, 1008B, 1012B, 1008Cr	6,081	3.35	10,131	6.03	7,699	3.20	4,287	2.38
Others ^(v)		389	0.21	310	0.18	880	0.37	1,339	0.75
		181,763	100.00	168,110	100.00	240,686	100.00	180,052	100.00

Notes:

- (i) JIS (Japanese Industrial Standards) specifies the standards used for industrial activities in Japan. It is coordinated by the Japanese Industrial Standards Committee and published through the Japanese Standards Association.
- (ii) JFS (Japanese Iron and Steel Federation Standard) specifies the requirements of steel standards for automotive use. It is published by the Japanese Iron and Steel Federation.
- (iii) S275JR is a grade of steel that complies with European Standard EN 10025, a standard governed by the European Committee for Iron and Steel Standardisation (ECISS).
- (iv) SAE is a steel grade system which classifies steel with its chemical composition. It is maintained by SAE International (initially established as the Society of Automotive Engineers).
- (v) Comprising colour steel coils, stainless steel, flat bars, round bars, angle bars, wire mesh, checkered coil, U-Beam, I-Beam, H-Beam, tinplate and steel pipes.

6. INFORMATION ON OUR GROUP (Cont'd)

6.11 MARKETING AND DISTRIBUTION CHANNELS

Our sales department is responsible for the sales and marketing of our Group's steel products, as well as maintaining relationships with our customers.

Our sales activities include:

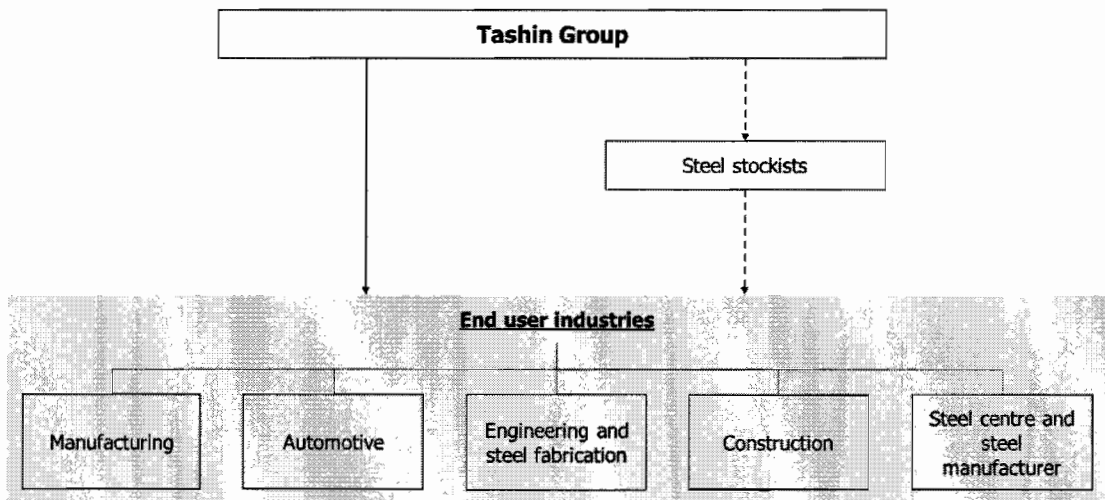
(i) Corporate website

We have established a corporate website at tashin.com.my which provides immediate searchable information on our Group and details of our products.

(ii) Referrals from business associates

We also secure new customers through referrals from our business associates. In addition, we regularly obtain feedback from our customers to better understand market trends and customer preferences.

Our Group has 2 types of distribution channels (i.e. direct and indirect) to reach our customers in various end user industries. We sell our steel products directly to our customers in various end user industries; and also to steel stockists before reaching the end user industries, as depicted below:



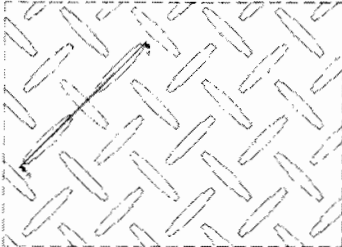
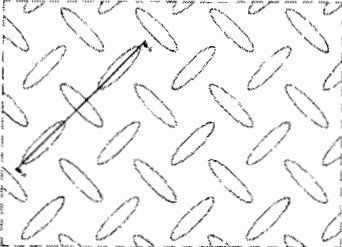
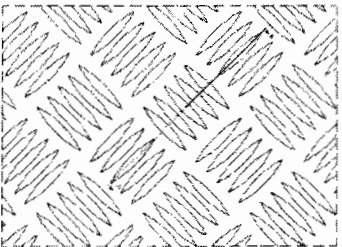
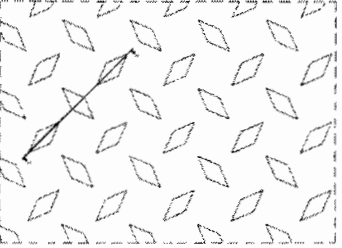
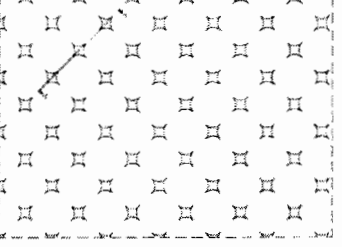
Distribution channels:

—————> indicates direct distribution channel to reach our customers in end user industries

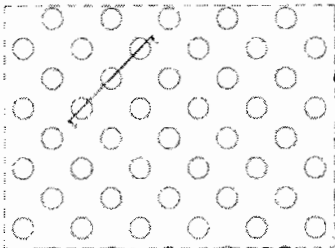
- - - - -> indicates indirect distribution channel to reach end user industries through steel stockists

6. INFORMATION ON OUR GROUP (Cont'd)**6.12 INTELLECTUAL PROPERTIES**

We have registered the following industrial designs:

Registration no./ Class	Design	Registered owner	Description/ Product name	Approval date/ Expiry date
My 08-00559-0106/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023
My 08-00560-0206/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023
My 08-00561-0306/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023
My 08-00562-0406/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023
My 08-00563-0506/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023

6. INFORMATION ON OUR GROUP (Cont'd)

Registration no./ Class	Design	Registered owner	Description/ Product name	Approval date/ Expiry date
My 08-00564-0606/ Class 25-01		Tashin Steel	Building materials/ Checkered plate	23 June 2010/ 24 April 2023

6.13 LICENCES AND PERMITS

Our Group is materially dependent on the following licences and permits:

Licence Issuing authority	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
(a) Tashin Steel / MITI / Licence No. A012597 (Serial No. A 019484)	7 March 2001 (with effect on 20 October 2000) / N/A ⁽¹⁾	Manufacturing Licence Precision profile bars, cold finished ribbed bars, expanded metal, cold formed lipped channels, slitted hot rolled/cold rolled steel coils, levelled and cut to length hot rolled/cold steel plates	1. Any sales or disposal of shares of Tashin Steel must be notified to MITI; and 2. Tashin Steel shall train Malaysians in order for the transfer of skills and technology to be circulated throughout every level of the workforce.	Complied
(b) Tashin Steel / MITI / Licence No. A 012597 (Serial No. A 022134)	13 May 2004 (with effect on 24 February 2004) / N/A ⁽¹⁾	Manufacturing Licence Levelled and cut to length electro galvanised/galvanised iron steel sheets, slitting of electro galvanised/galvanised iron steel cold and metal roofing sheets	1. Any sales or disposal of shares of Tashin Steel must be notified to MITI; and 2. Tashin Steel shall train Malaysians in order for the transfer skills and technology to be circulated throughout every level of the workforce.	Complied
(c) Tashin Hardware / MITI / Licence No. 019383 (Serial No. A032907)	7 January 2014 (with effect on 3 January 2014) / N/A ⁽¹⁾	Manufacturing Licence Purlin, checkered plate, flat bar, square bar, round bar and ribbed bar	1. Any sales or disposal of shares of Tashin Hardware must be notified to MITI and MIDA; and 2. Tashin Hardware shall train Malaysians in order for the transfer of skills and technology to be circulated throughout every level of the workforce.	Complied
(d) Tashin Hardware / MITI / Licence No. 019383 (Serial No. A035541)	8 August 2017 (with effect on 9 June 2017) / N/A ⁽¹⁾	Manufacturing Licence Slitted steel coil and steel plate	1. Any sales or disposal of shares of Tashin Hardware must be notified to MITI and MIDA; 2. Tashin Hardware shall train Malaysians in order for the transfer of skills and technology to be circulated throughout every level of the workforce;	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

Licencee Issuing authority Registration no.	/ Date of issue /	Date of	Nature of approval or licences	Material conditions imposed	Compliance status
				3. Tashin Hardware shall adhere to the conditions stipulated in the Capital Investment per Employee (CIPE) at least of RM140,000.00; and	
				4. The total amount of fulltime workforce of Tashin Hardware should consist of 80% Malaysians by year 2020. Employment of any foreign employees including employees hired on an outsource basis shall be in accordance to any current and existing governmental policies. ⁽ⁱⁱ⁾	

Notes:

- (i) Licence does not require renewal unless revoked in accordance to the Industrial Co-ordination Act 1976.
- (ii) This condition has yet to take effect and is to be complied by year 2020. As at the LPD, the total Malaysian fulltime workforce in Tashin Hardware is 53.33%.

As at the LPD, we have 85 foreign workers. Our Group's foreign workers have been individually issued with temporary employment visit passes (Pas Lawatan Kerja Sementara, "PLKS") with a condition stated therein that the holder of the pass must not remain in West Malaysia longer than the period stipulated therein. Such period usually does not exceed 1 year.

Each PLKS issued is in the form of a sticker and stuck onto the respective foreign workers' passports. Our Group constantly monitors the validity period of the PLKS to ensure that our foreign workers' permit is valid. It is also stated in the PLKS that such workers are employed as factory workers with our Group. There is no express condition imposed in the PLKS stating that these workers must work only for our Group. Nonetheless, it is generally stated in the employment contract between our Group and the respective workers that they can only work for our Group and is prohibited to work for any other companies.

6.14 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we are not required to undertake and have not undertaken, any research and development activities.

6.15 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries during the past 4 FYEs 2015 to 2018 and up to the date of this Prospectus:

- (a) The share sale agreement dated 9 January 2018 entered into between our Company and the Vendors for the Acquisition of Tashin Steel which was revised by the supplemental share sale agreement dated 17 April 2018. On 8 January 2019, our Company and the Vendors mutually agreed to extend the last date to fulfil the conditions precedent as set out in the share sale agreement dated 9 January 2018 by

6. INFORMATION ON OUR GROUP (Cont'd)

a period of 6 months up to 8 July 2019. The Acquisition of Tashin Steel was completed on 9 April 2019.

- (b) The underwriting agreement dated 14 May 2019 entered into between our Company, the Managing Underwriter and Joint Underwriters for an underwriting of 43,624,000 Issue Shares as set out in Section 4.11.1 of this Prospectus. Please refer to Section 4.12 of this Prospectus for the salient terms of the Underwriting Agreement.
- (c) The JVA dated 30 December 1999 entered into between Tashin Steel, Prestar and Formula Naga to set out each parties' rights, duties and obligations in relation to the operations of Tashin Steel and to regulate their relationship as shareholders in Tashin Steel. Certain terms of the JVA were amended via a supplemental joint venture agreement entered into on 9 January 2018 ("Supplemental JVA"), the salient terms of which are set out in (d) below.

The salient terms of the JVA are as follows:

- (i) Tashin Steel shall carry out the joint venture by employing modern techniques/ technology available to it from time to time or as it may develop through its own research and development;
- (ii) Tashin Steel shall ensure that their plant is properly operated by employing up-to-date plant management techniques;
- (iii) Tashin Steel shall be operated on a profit-oriented basis by employing the best management practices to ensure its commercial viability and success;
- (iv) to avoid any conflict of interests that may possibly arise, any transactions between the Tashin Steel and any of its shareholders or any party deemed to be related to the shareholders of Tashin Steel shall be on an arm's length basis*;

* Notwithstanding this clause, the shareholders of Tashin Steel had mutually agreed to allow the sales of goods to Dai Dong Steel Sdn Bhd, a wholly-owned subsidiary of Prestar to be transacted at cost. Further information on transactions with Dai Dong Steel Sdn Bhd are set out in Section 9.1.2(ii).

- (v) to exercise all endeavours to list Tashin Steel on the Kuala Lumpur Stock Exchange (currently known as Bursa Securities) within 5 years of the JVA;
- (vi) that the share capital of Tashin Steel shall be held by the parties in the following proportions:

Prestar	:	51.0%
Formula Naga	:	49.0%
- (vii) the parties shall exercise their best endeavours to increase the issued and paid-up capital of Tashin Steel to RM20.0 million within 2 years of the JVA;
- (viii) the Board of Tashin Steel shall comprise 5 persons* appointed and removed in the following manner:
 - (aa) Prestar shall be entitled to appoint 3 persons* to the Board and to require the removal or substitution of any directors so appointed;

6. INFORMATION ON OUR GROUP (Cont'd)

- (bb) Prestar shall be entitled to nominate 1 person from the directors appointed by it as chairman of the Board who shall preside at all directors' and shareholders' meetings of Tashin Steel; and
 - (cc) Formula Naga shall be entitled to appoint 2 persons* to the Board and to require the removal or substitution of any directors so appointed,
 - * Nevertheless, prior to the execution of Supplemental JVA dated 9 January 2018, the Board of Tashin Steel comprised only 3 directors, namely Dato' Toh Yew Peng and Toh Yew Seng whom are appointed by Prestar as well as Lim Choon Teik appointed by Formula Naga, as mutually agreed by both parties.
 - (ix) the Board shall appoint a person nominated by Prestar to be the chief executive officer from amongst the directors nominated by Prestar;
 - (x) a shareholder shall not sell, dispose or transfer any of its shares in Tashin Steel unless that shareholder shall first offer to sell all its shares in accordance with the provisions of the JVA; and
 - (xi) the Board shall appoint a person nominated by Prestar to be the chief executive officer from amongst the directors nominated by Prestar. The chief executive officer shall recommend to the Board one person as the chief operating officer of Tashin Steel from such persons nominated by Formula Naga provided that in the event the chief executive officer is unable to do so, he may state his reasons and thereafter, Formula Naga shall be at liberty to nominate such other person to the post of chief operating officer.
- (d) The Supplemental JVA dated 9 January 2018 entered into between Tashin Steel, Prestar and Formula Naga to amend certain terms of the JVA in order to facilitate the Listing.

The salient terms of the Supplemental JVA are as follows:

- (i) In the event that Tashin Steel undertakes a proposed listing/proposed initial public offering on the Main Market/ACE Market of Bursa Securities ("Proposed Listing Exercise"):
 - (aa) the shareholding proportion of 51:49 of Prestar and Formula Naga shall not apply, and the parties agree that their shareholding proportion post-listing shall be in accordance with the listing scheme as:
 - (1) prepared by the adviser for the Proposed Listing Exercise;
 - (2) jointly agreed by Prestar and Formula Naga; and
 - (3) approved by the SC and/or Bursa Securities,
 - (bb) the agreed Board composition in the JVA shall not apply and the appointment of directors in the listing vehicle for the Proposed Listing Exercise ("ListCo") shall be determined in the following manner:

6. INFORMATION ON OUR GROUP (Cont'd)

- (1) Prestar shall be entitled to appoint 3 persons to the Board of the ListCo and have the right to remove or substitute any directors so appointed⁽ⁱ⁾;
- (2) Formula Naga shall be entitled to appoint 2 persons to the Board of the ListCo and have the right to remove or substitute any directors so appointed⁽ⁱⁱ⁾;
- (3) Prestar and Formula Naga shall jointly be entitled to appoint 5 persons to the Board of the ListCo as independent directors⁽ⁱⁱⁱ⁾; and
- (4) Prestar and Formula Naga shall jointly be entitled to appoint 1 person from the Board of the ListCo to assume the role of the managing director of the ListCo^(iv). The clause on the appointment of chief executive officer and chief operating officer in the JVA shall no longer apply,

Note:

As at the LPD:

- (i) the Directors appointed by Prestar are Dato' Toh Yew Peng, Toh Yew Seng and Koay Kah Ee.
 - (ii) Formula Naga has opted to appoint only 1 Director, being Lim Choon Teik.
 - (iii) 5 Independent Directors were jointly appointed, being Dato' Kalsom Binti Abd. Rahman, Sim Puei Chun, Khaw Chooi Kee, Rusdy Bin Ishak and Ir. Tan Tiong Ben.
 - (iv) Prestar and Formula Naga had jointly agreed on the appointment of Lim Choon Teik as Managing Director.
- (cc) the transfer restrictions and procedures in the JVA shall no longer apply. The parties shall use their best endeavours to:
- (1) appoint a principal adviser who is licenced by the SC to prepare a listing scheme for such purposes;
 - (2) adopt any share transfer or share swap mechanism as stipulated in the listing scheme that has been agreed jointly by Prestar and Formula Naga; and
 - (3) procure all the relevant and necessary approvals, resolutions or authorisation from the shareholders of Prestar and Formula Naga for the adoption of such listing scheme; and
- (ii) Both the JVA and Supplemental JVA shall be terminated and shall cease to have any binding effect to Prestar and Formula Naga upon the successful listing of Tashin Steel whether or not the listing is made via the ListCo. Termination under this circumstance shall not in any way discharge or otherwise affect any liability incurred or obligation entered into by any party to any other party or any third party prior to the date of termination.

6. INFORMATION ON OUR GROUP (Cont'd)

Upon completion of the listing, the JVA and Supplemental JVA shall be terminated. Thereafter, Prestar and Formula Naga will no longer be in the position to determine the shareholding and Board composition as well as the appointment of chief executive officer.

- (e) The Settlement Agreement Letter dated 21 November 2018 entered into between Tashin Steel and Proton in relation to the settlement as disclosed in Section 11.2.1(g)(ii). Tashin Steel and Proton has agreed on the following terms and conditions:
- (i) Tashin Steel shall pay RMCD the import duties amounting to RM1,299,907.00;
 - (ii) Proton agrees to reimburse RM951,137.60 ("Settlement Sum") as a full and final settlement of the claim made by Tashin Steel; and
 - (iii) Tashin Steel irrevocably agrees and confirms that the Settlement Sum shall be deemed full and final settlement of the Bills of Demand disclosed in Section 11.2.1(g)(ii) and Tashin Steel shall not have any further claims whatsoever and Tashin Steel unconditionally and completely releases and discharges Proton from any and/or all the Bills of Demand and/or liabilities, in relation to the Bills of Demand upon receipt of the full Settlement Sum.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.16 MATERIAL PROPERTIES OF OUR GROUP**

Details of the properties owned by us as at the LPD are as follows:

(i) Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang

Particulars of title	:	PT 2935, Mukim 11, District of Seberang Perai Tengah, Penang held under Title No. HSD 14891									
Registered proprietor	:	Tashin Steel									
Land area based on titles	:	20,305 sqm (218,564 sq ft)									
Tenure / land use	:	Leasehold for 60 years expiring on 8 May 2052 with a remaining leasehold period of approximately 33 years / Industrial									
Existing use and age of building	:	<p>The property comprise 3 units of detached factory/office identified as Block A, Block B and Block C, a canteen, a guard house, a pump house and a car, motorcycle and bicycle parking sheds.</p> <p>Block A Block A is a single-storey detached factory. The age of Block A is approximately 16 years old and it has a total floor area of 36,000 sq ft. As at the LPD, it is used as warehouse. Block A is interconnected to Block C.</p> <p>Block B Block B is an annexed four-storey detached office block. The age of Block B is approximately 21 years old and it has a total floor area of 48,000 sq ft and ancillary floor area of 3,872 sq ft. As at the LPD, it is used as office building.</p> <p>Block C Block C is an annexed single-storey detached factory. The age of Block C is approximately 21 years old and it has a total floor area of 125,967 sq ft. As at the LPD, it is used as steel processing factory, steel manufacturing factory and warehouse. Block C is interconnected to Block A.</p>									
Net book value	:	RM26,999,359 as at 31 December 2018									
Certificate of fitness for occupation / Certificate of Completion and Compliance	:	<table border="1"> <thead> <tr> <th>Buildings</th> <th>Date of certificate</th> <th>Certificate no.</th> </tr> </thead> <tbody> <tr> <td>Block A</td> <td>15 May 2003</td> <td>75/I/2003</td> </tr> <tr> <td>Block B</td> <td>3 September 1998</td> <td>76/I/98</td> </tr> </tbody> </table>	Buildings	Date of certificate	Certificate no.	Block A	15 May 2003	75/I/2003	Block B	3 September 1998	76/I/98
Buildings	Date of certificate	Certificate no.									
Block A	15 May 2003	75/I/2003									
Block B	3 September 1998	76/I/98									

6. INFORMATION ON OUR GROUP (Cont'd)

	Block C	3 September 1998 22/I/05 2 July 2009 22 March 2016 12 July 2012 3 September 1998	76/I/98 86/T/09 LJM/PP/0325 LJM/PP/0178 76/I/98
Encumbrances	:	Charges created by Tashin Steel in favour of United Overseas Bank (Malaysia) Bhd as collateral for banking facilities	

(ii) Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang

Particulars of title	:	Lot No. 5642, Mukim 11, District of Seberang Perai Tengah, Penang held under Title No. Pajakan Negeri 3299	
Registered proprietor	:	Tashin Steel	
Land area	:	18,388 sqm (197,927 sq ft)	
Tenure / land use	:	Leasehold for 60 years expiring on 22 October 2052 with a remaining leasehold period of approximately 33 years / Industrial	
Existing use and age of building	:	Erected upon the land is a single-storey detached factory (Block D). Block D Block D is a single-storey detached factory. The age of Block D is approximately 10 years old and it has a total floor area of 138,473 sq ft. As at the LPD, it is used as steel processing factory, steel manufacturing factory and warehouse.	
Net book value	:	RM23,142,831 as at 31 December 2018	
Certificate of Fitness for Occupation / Certificate of Completion and Compliance	:	Building Block D	Date of certificate 2 July 2009 22 March 2016 Certificate No. 86/T/09 LJM/PP/0325
Encumbrances	:	None	

As at LPD, our Group does not rent any material properties for our operation and business.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

6.17 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Save as disclosed in Section 6.13, there are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our property, plant and equipment.

6.18 BUSINESS STRATEGIES AND PROSPECTS

6.18.1 We intend to expand our steel manufacturing activities to include the manufacturing of wire mesh

Our Group plans to continue to expand our operations by manufacturing wire mesh as we aim to actively grow our wire mesh business. We are presently involved in the trading of wire mesh and the expansion into the manufacturing of wire mesh will allow us to have control over the supply of wire mesh as we will be less reliant on third party suppliers for wire mesh. The manufacturing of wire mesh will also enable us to have better control over our cost of sales and this will improve our profitability.

Wire mesh is a steel product used as concrete reinforcement in the construction industry. Wire mesh is increasingly used in place of steel bar products as concrete reinforcement materials because of the lower installation cost and time as compared to steel bar products. As wire mesh is manufactured at the manufacturer's premises rather than on a construction site, it allows for construction activities to be conducted simultaneously and thus shortens overall construction time. Further, wire mesh can also be used as fencing material for building security across residential, commercial, institutional and industrial properties. According to the IMR Report, the apparent consumption of steel wire products as well as steel pipes and tubes increased from 1.76 million MT in 2014 to 2.56 million MT in 2017 at CAGR of 13.30%. We see an opportunity to expand into the production of wire mesh due to the increased adoption of wire mesh as raw materials for building and infrastructure construction.

The main raw material for the production of wire mesh is wire rods, which we currently use for the production of flat and square bars. We are equipped with the skillsets to manufacture wire mesh as some of the processes are similar to the manufacturing of flat and square bars. The wire rods will be straightened by feeding them through a series of rollers before they are drawn to the wire mesh machines. The wire mesh machines will then automate the welding of the joints of the wires according to the spacing or diameters specified. We plan to manufacture wire mesh with different sizes and diameters. We also intend to leverage on our current customer base to market our wire mesh products. Upon the commencement of our wire mesh manufacturing business, we will reduce our trading business in wire mesh. We anticipate that we will only trade in wire mesh products when we receive customer orders for wire mesh with specifications that we do not manufacture.

To facilitate this initiative, we have allocated RM7.20 million from the proceeds of the IPO to acquire an industrial land in Seberang Perai, Penang and RM10.35 million for the construction of a new factory with a total floor space of approximately 90,000 sq ft to be situated on this land. As at the LPD, we have identified a few suitable parcels of land within the proximity of our existing factory. We will commence negotiations with the land sellers after our Listing is completed. The preliminary details of the new factory are as follows:

% proposed use of		%
floor space	Factory	40.0
	Warehouse	60.0

Land size : Approximately 180,000 sq ft

Location : Seberang Perai, Penang with close proximity to our existing factory

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

The construction of the new factory is subject to the building plan and planning permit being approved by the Majlis Perbandaran Seberang Perai. The application for the building plan and planning permit is expected to be submitted upon the completion of the acquisition of land. We expect to acquire the land and complete the construction of the new factory within 22 months upon receipt of our listing proceeds.

Further, we intend to utilise RM4.10 million from the proceeds of the IPO to acquire 5 new wire mesh manufacturing lines with a combined production capacity of 24,000 MT per annum. The estimated time frame required to setup the wire mesh production lines is 9 months. Meanwhile, we will apply for the required manufacturing licence for wire mesh from MITI. We expect to commence the manufacturing of wire mesh within 24 months upon receipt of our listing proceeds. The indicative timeline for the implementation of our expansion into the manufacturing of wire mesh is targeted to be as follows:

Timeframe (from the date of listing)	Details
1st – 2nd month	<ul style="list-style-type: none"> To identify and negotiate with land sellers
3rd – 9th month	<ul style="list-style-type: none"> Acquisition of land
8th – 11th month	<ul style="list-style-type: none"> To obtain approval from the Majlis Perbandaran Seberang Perai on building plan and planning permit
11th – 17th month	<ul style="list-style-type: none"> Construction of factory
15th – 20th month	<ul style="list-style-type: none"> Purchase of machines for wire mesh manufacturing lines
17th – 21st month	<ul style="list-style-type: none"> To obtain approval from Department of Occupational Safety and Health To obtain approval from MITI/MIDA for manufacturing licence
18th month	<ul style="list-style-type: none"> Completion of factory construction
19th – 20th month	<ul style="list-style-type: none"> To obtain CCC for the factory To obtain approval from the state government
19th – 22th month	<ul style="list-style-type: none"> To obtain approval from Department of Environment
21st month	<ul style="list-style-type: none"> Installation of wire mesh manufacturing lines
22nd – 24th month	<ul style="list-style-type: none"> Commissioning of wire mesh manufacturing lines

We believe the addition of wire mesh in our manufactured product offerings will allow us to further improve our profitability and strengthen our customer base, which in turn will enhance our competitive position. Our Group will continue to observe the latest market developments and identify new products to be included in our offerings.

In the event we are unable to acquire a land with close proximity to our existing factory within 9 months from the date of listing, we intend to acquire an existing factory building within the Seberang Perai area.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

6.18.2 We aim to increase our production volume by increasing the capacity of our existing steel processing line and to expand our storage space to cater to the increase in production volume

We aim to increase our production volume in order to increase our sales volume which will in turn generate more revenue for our Group. To this end, we intend to carry out the following:

(i) Increase the capacity of our existing steel processing line by purchasing a new slitting line

Slitting lines are used for the slitting of steel coils into slit coils. We intend to utilise RM1.80 million for the purchase of a new slitting line for steel processing which will allow us to slit the steel coils into larger size slit coils of up to 1,600 mm width as our current slitting lines are able to slit the steel coils into slit coils with a maximum of 1,550 mm width only. This enables us to offer wider specifications of slit coils to our customers.

In addition, in anticipation of the expected growth in demand for slit coils, the new slitting line will increase our combined effective annual capacity for slitting lines by 26,400 MT from 67,200 MT to 93,600 MT. For the FYE 2018, the effective utilisation rate for the 3 existing slitting lines was at 73.49%.

We plan to place the new slitting line in our existing factory, after we move our existing manufacturing lines for flat and square bars to our new factory that is expected to be readied within 24 months upon receipt of our listing proceeds.

(ii) Expand storage space at our existing and proposed new factories to cater for higher production volume

During the financial years under review, our effective production utilisation rate ranged between 66.94% and 73.77%. Although our effective production utilisation rate was not maximised in the FYE 2018, we have utilised 85.00% of our total factory area, where we utilised 105,615 sq ft, (42.00%) for steel processing and manufacturing and 108,984 sq ft (43.00%) for storage.

In order for us to further improve our effective capacity and increase our production volume, we require additional floor space for storage of raw materials and finished products. We foresee the need to expand our storage area as we expect the production volume for our existing business to continue to increase, which will likely lead to a shortage of storage area in the future. As part of our business strategy, we intend to expand the production volume of our existing steel products including the production of slit coils as described in Section 6.18.2(i), as well as to expand our manufacturing activities into the manufacturing of wire mesh.

To facilitate these expansion plans, we will require additional floor space for storage of raw materials and finished products. We may not be able to realise these business strategies or our operations may be constrained if there is insufficient storage space in our factory. Although we have a balance area of 15% in our current factory earmarked for storage, it is reserved for contingency purposes and any unanticipated surge of purchase orders, as stated in Section 6.7.2. Hence, to avoid any constraints in our future operations, we plan to expand our storage area ahead of the implementation of our business strategies and in anticipation of any unexpected surge in purchase orders.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

As stated in Section 6.18.1 of this Prospectus, we intend to construct a new factory in Seberang Perai, Penang. We intend to move our existing manufacturing lines for flat and square bars to the new factory within 24 months upon receipt of our listing proceeds. In addition, the new factory will house our manufacturing operations for wire mesh. The new factory will also allow us to expand our storage capacity (by 52,000 sq ft) for raw materials and finished products as we will allocate storage space at this new factory.

In addition, by moving our manufacturing lines for flat and square bars from Plot 40 to the new factory, it will free up floor space in our existing factory which will be used for storage of raw materials and finished products. The floor space freed upon moving the manufacturing lines for flat and square bars is estimated to be 37,600 sq ft will give us additional storage space.

With the increase in storage space, we will be able to systematically store our raw materials and finished products by arranging them according to their types and specifications without mixing the items together or stacking them high up vertically. This would allow us to speed up the retrieval of items for production and delivery, and to avoid stacking the items high on top of each other which may cause damage to the items. This in turn will increase our production efficiency and improve our effective production utilisation rate. Further, through the increase in production volume, we aim to increase our sales and generate more revenue for our Group. Notwithstanding that our sale volume for steel processing and steel manufacturing decreased from 82,838 MT to 81,586 MT in the past 4 FYEs, the decrease was not significant. Nevertheless, if we do not expand our storage space, our Group will may begin to face constraints in production which may inhibit our future growth and expansion.

6.18.3 We aim to increase the efficiency of our steel processing and steel manufacturing business by further automating our packing process

Currently, we have only 1 packing machine which is used for the packing of slit coils. Our other products are packed manually. We intend to utilise RM1.80 million for the purchase of 5 additional packing machines to be used in the following lines:

- (a) 3 packing machines to be used for the packing of steel pipes; and
- (b) 2 packing machines to be used for the packing of slit coils.

This is anticipated to reduce our dependency on manual labour and improve the handling and packing speed for steel pipes and slit coils. We plan to purchase the 5 additional packing machines within 6 months upon receipt of our listing proceeds and they will be placed in our existing factory to automate the packing process of steel pipes and slit coils.

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6. GENERAL INFORMATION ON OUR GROUP (Cont'd)**6.19 EMPLOYEES**

As at the LPD, we have a total workforce of 211 employees, of which 102 are permanent employees and 109 are contractual workers, which are all based in our existing factory in Perai, Penang. The following depicts the breakdown of our employees in our Group as at the LPD:

Department/Division	Number of employees
Executive Directors / Key senior management	5
Management	7
Accounts and administration	12
Maintenance	7
Production	127
Purchasing	2
Sales	19
Store	32
TOTAL	211

As at the LPD, local employees accounted for approximately 59.72% of total workforce while the remaining 40.28% were foreign workers. As at the LPD, we have 85 foreign workers. Our foreign workers are involved in the processing and manufacturing of steel products and warehouse operations, including operating machines, carrying out quality checks and performing stock count.

None of our employees belong to any labour union. During the past FYEs 2015 to 2018 and up to the LPD, there is no major industrial dispute pertaining to our employees.

We have in place a management succession plan to identify key competencies and requirements of managers and higher ranking personnel, to take a positive approach towards addressing talent management to ensure our Group has talent readily available from a capability perspective to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed our senior management in the future.

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6. GENERAL INFORMATION ON OUR GROUP (Cont'd)**6.20 MAJOR CUSTOMERS**

Our top 5 major customers for each of the FYEs 2015 to 2018 are as follows:

Rank	Customers	Description	FYE 2015		FYE 2016		FYE 2017		FYE 2018		Length of relationship Years	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%		Products sold
(1)	Industrial Quality Management Sdn Bhd	Automotive parts and components manufacturer	17,627	8.30	14,078	6.55	14,411	5.59	16,306	6.26	Slit coils and steel sheets	18
(2)	Top Link Venture Sdn Bhd	Steel stockists	1,435	0.68	3,922	1.83	7,712	2.99	7,600	2.92	Slit coils and steel sheets	4
(3)	UMW Advantech Sdn Bhd	Manufacturer of filters, engineered plastic parts and specialty fluid	-	-	262	0.12	2,422	0.94	5,727	2.20	Slit coils	3
(4)	Winzu Hardware Sdn Bhd	Steel stockists	2,334	1.10	1,974	0.92	3,592	1.39	5,572	2.14	Steel sheets, steel pipes, expanded metals, flat bars and checkered plates	19
(5)	Steel Marketing Resources	Steel stockists	506	0.24	1,670	0.78	4,112	1.60	5,319	2.04	Slit coils, steel sheets and flat bars	4
(6)	Perusahaan Otomobil Nasional Sdn Bhd	Automobile manufacturer	5,509	2.60	3,760	1.75	1,000	0.39	1,574	0.60	Steel coils and slit coils	12
(7)	Array Metal (M) Sdn Bhd	Manufacturer of cable support systems	5,165	2.43	5,348	2.49	3,232	1.26	2,778	1.07	Slit coils and steel sheets	18
(8)	Erect Engineering Pressworks Sdn Bhd	Automotive parts and components manufacturer	5,400	2.54	3,901	1.82	4,184	1.62	3,775	1.45	Slit coils and steel sheets	16
(9)	Filton Industries Sdn Bhd	Manufacturer of commercial and industrial filter	2,950	1.39	3,289	1.53	4,325	1.68	3,734	1.43	Slit coils and steel sheets	10

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Rank	Customers	Description	FYE 2015		FYE 2016		FYE 2017		FYE 2018		Length of relationship Years	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%		Products sold
(10)	Dai Dong Steel Sdn Bhd ⁽ⁱ⁾	Steel stockists	3,703	1.74	7,468	3.48	9,778	3.79	790	0.30	Steel coils, slit coils and steel sheets	20
	Sub-total		44,629	21.02	45,672	21.27	54,768	21.25	53,175	20.41		
	Other sales		167,655	78.98	169,069	78.73	202,933	78.75	207,370	79.59		
	Total sales		212,284	100.00	214,741	100.00	257,701	100.00	260,545	100.00		

Note:

⁽ⁱ⁾ Dai Dong Steel Sdn Bhd is a wholly-owned subsidiary of Prestar, our Promoter and substantial shareholder.

In the past FYEs 2015 to 2018, sales to all of our customers were below 10% of our total sales. We serve a diversified customer base covering steel stockists and manufacturers in a wide range of end user markets, including automotive, manufacturing and construction.

For the past 4 FYEs 2015 to 2018, our largest customer was Industrial Quality Management Sdn Bhd with sales ranging from 5.59% to 8.30% of our total sales. Our sales to our major customers in each of the FYEs 2015 to 2018 were mainly contributed by the sales of slit coils and steel sheets. The percentage of sales contribution of the major customers for the financial years under review ranged from 20.41% to 21.27% of our total revenue. Thus, there is no sales dependence of our Group on any of our customers.

Our sales to the above major customers for the financial years under review are driven from recurring purchase orders from our existing long-term customers with more than 10 years of relationship, as well as purchase orders from customers with less than 10 years relationship, Top Link Venture Sdn Bhd, UMW Advantech Sdn Bhd and Steel Marketing Resources. There is no agreement or contract entered with our customers.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)**6.21 MAJOR SUPPLIERS**

Our top 5 major suppliers for each of the FYEs 2015 to 2018 are as follows:

Rank	Major suppliers / Country	Description	FYE 2015		FYE 2016		FYE 2017		FYE 2018		Products sourced	Length of relationship Years
			RM'000	%	RM'000	%	RM'000	%	RM'000	%		
(1)	Baosteel Singapore Pte Ltd / China	Distributor of hot rolled steel products, pickled products, cold rolled steel products, heavy plate products, steel pipes and tubes, steel bars and wire rods	7,084	3.90	14,218	8.46	20,182	8.38	61,405	34.10	Cold rolled steel coils, galvanealed steel coils	16
(2)	CSC Steel Sdn Bhd / Malaysia	Manufacturer of hot rolled pickled and oiled steel coils, cold rolled steel coils, hot dip galvanized steel coils and pre-painted galvanized steel coils	57,311	31.53	82,592	49.13	115,758	48.09	56,530	31.40	Cold rolled steel coils, hot rolled pickled and oiled coils, hot dip galvanized steel coils	20
(3)	POSCO-Malaysia Sdn Bhd / Malaysia	Manufacturer of electro-galvanized steel coils	20,626	11.35	21,598	12.85	33,125	13.76	18,258	10.14	Electro-galvanized steel coils	11
(4)	Formosa Ha Tinh Steel Corporation / Vietnam	Manufacturer of hot rolled steel coils and wire rods	-	-	-	-	-	-	10,828	6.01	Hot rolled steel coils	1
(5)	Nippon Steel & Sumikin Bussan Corporation / Japan	Manufacturer of hot rolled steel coils and sheets, cold rolled steel coils and sheets, steel pipes and tubes, structural steel, steel rods and steel bars	4,044	2.22	6,919	4.12	9,766	4.06	5,165	2.87	Cold rolled steel coils, hot rolled steel coils	4

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Rank	Major suppliers / Country	Description	FYE 2015		FYE 2016		FYE 2017		FYE 2018		Products sourced	Length of relationship Years
			RM'000	%	RM'000	%	RM'000	%	RM'000	%		
(6)	Tata Steel Limited / India	Manufacturer of hot rolled steel coils and sheets, cold rolled steel coils and sheets, galvanised steel coils and sheets, steel rebar, wire rods, steel tubes and steel wires	-	-	-	-	14,581	6.06	4,079	2.27	Cold rolled steel coils, hot rolled steel coils	2
(7)	POSCO DAEWOO Corporation / South Korea	Trading of semi-finished steel products, long steel products, hot rolled steel, cold rolled steel, steel plates, galvanised steel and stainless steel	11,337	6.24	2,658	1.58	5,263	2.19	1,642	0.91	Hot rolled pickled and oiled coils, hot dip galvanised steel coils	18
(8)	PT Krakatau Steel (Persero) Tbk / Indonesia	Manufacturer of hot rolled steel coils and plates, hot rolled pickled and oiled coils, cold rolled steel coils and sheets, wire rods, steel pipes and steel bars	3,105	1.71	11,945	7.10	5,249	2.18	-	-	Hot rolled pickled and oiled coils, hot rolled steel coils, hot rolled steel plates	8
(9)	MSA Sdn Bhd / China	Trading of hot rolled steel, cold rolled steel, galvanised steel, pre-painted colour steel coils, silicon steel, stainless steel, steel pipes and tubes, and steel bars	11,967	6.58	11,109	6.61	1,628	0.68	-	-	Hot rolled steel coils, hot rolled steel plates	6
(10)	Huajin Steel (M) Sdn Bhd / China	Trading of cold rolled steel coils and sheets, steel pipes and galvanised steel coils and sheets	17,189	9.46	-	-	-	-	-	-	Cold rolled steel coils and hot rolled steel coils	8
Sub-total			132,663	72.99	151,039	89.85	205,552	85.40	157,907	87.70		
Other purchases			49,100	27.01	17,071	10.15	35,134	14.60	22,145	12.30		
Total purchases			181,763	100.00	168,110	100.00	240,686	100.00	180,052	100.00		

Note:

(i) For Baosteel Singapore Pte Ltd, MSA Metal Sdn Bhd and Huajin Steel (M) Sdn Bhd, the country of origin refers to the country of origin of the raw materials.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Our purchases from these major suppliers comprise, amongst others, hot rolled steel coils, cold rolled steel coils, galvannealed steel coils, hot dip galvanised steel coils and electro-galvanised steel coils. During the financial years under review, we have not faced any material supply disruptions or delays by our major suppliers.

Our raw materials are sourced from local and overseas steel manufacturers, selected based on pricing, production capacities, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner.

From FYE 2015 to 2017, our largest supplier is CSC Steel Sdn Bhd with purchases ranging from 31.53% to 49.13% of our total purchases. Our main raw material, cold rolled steel coils, are purchased mostly from CSC Steel Sdn Bhd as they are able to meet our technical specifications and volume required at competitive prices. CSC Steel Sdn Bhd is our 2nd largest supplier for FYE 2018, with purchases of 31.40% of our total purchases.

As such, we are dependent on CSC Steel Sdn Bhd for the supply of our raw materials. There is no assurance that we will be able to continue to purchase from CSC Steel Sdn Bhd in the future. In such event, our operations may be materially and adversely affected as we will need to import these grades of cold rolled steel coils which are subject to import duties of 15%. This may increase our cost of raw materials and our exposure to foreign exchange as transactions will be paid mostly in USD which may materially and adversely affect our profitability if we unable to pass down the cost to our customers in a timely manner.

In the FYE 2018, our largest supplier is Baosteel Singapore Pte Ltd with purchases of 34.10% to our total purchases. The purchases from Baosteel Singapore Pte Ltd mainly comprise certain grades of cold rolled steel coils which are not subject to import duties. We increased our purchase from Baosteel Singapore Pte Ltd as the prices offered were competitive. Nevertheless, we are not dependent on Baosteel Singapore Pte Ltd for the supply of raw materials as we are able to purchase these grades of cold rolled steel coils from other suppliers.

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7. INDEPENDENT MARKET RESEARCH REPORT

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SMITH ZANDER

Date: 13 June 2019

The Board of Directors

TASHIN HOLDINGS BERHAD
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Dear Sirs/ Madams,

Industry Overview of the Steel Market and Steel Processing Industry in Malaysia

This Industry Overview of the Steel Market and Steel Processing Industry in Malaysia has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Tashin Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

As Tashin Holdings Berhad and its subsidiaries ("Tashin Group") is involved in the processing (i.e., slitting and shearing) of steel coils into slit coils and steel sheets, manufacturing of steel products comprising steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins as well as trading of steel products, the scope of work for this Industry Overview will thus address the following 2 areas:

1. The steel market in Malaysia, which reflects the demand for Tashin Group's steel products; and
2. The steel processing industry in Malaysia, as Tashin Group operates a steel processing centre.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

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

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

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Any part of this Industry Overview used in third party publications, where the publication is based on the content, in whole or in part, of this Industry Overview, or where the content of this Industry Overview is combined with any other material, must be cited and sourced to SMITH ZANDER.

The research for this Industry Overview was completed on 12 June 2019.

For further information, please contact:

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 21 years of experience in market research and strategy consulting, including over 16 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science from Memorial University of Newfoundland, Canada.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER****1 INTRODUCTION TO STEEL INDUSTRY**

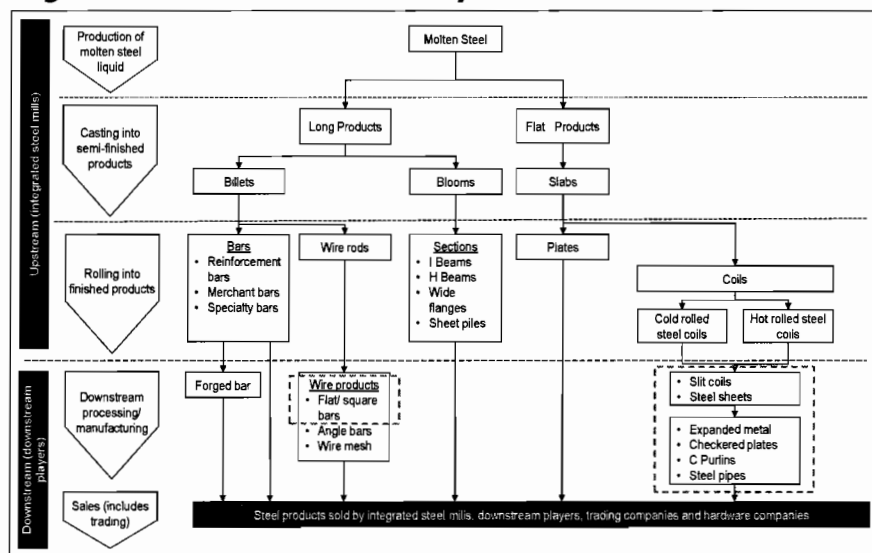
Steel is an alloy primarily comprising iron and smaller volumes of carbon which act as a hardening agent. Steel is a key pillar and driver of the global economy, employing workers directly in steel production, and indirectly in downstream and supporting industries such as construction, transportation, energy and mining, machinery and equipment, agriculture as well as furniture and appliances.

Steel is a vital multi-purpose raw material which finds its use ranging from ordinary household consumer goods such as cutlery, food cans and cars to major industrial equipment such as building steel structures and power plant turbines.

The steel industry can be segmented into 2 key processes:

- Upstream process: where the raw material is processed to finished products generally by the integrated steel mills;
- Downstream process: involves manufacturing end-user products such as forged bars, wire products, steel sheets and steel pipes by downstream players.

The finished products and end-user products are sold and distributed by integrated steel mills, downstream players, trading companies and hardware companies.

Segmentation of the steel industry**Notes:**

- The examples listed are not exhaustive.
- [---] denotes key products processed and manufactured by Tashin Group.

Source: SMITH ZANDER

Downstream processing or manufacturing into end-user products, such as forged bars, wire products, steel coil/ sheets and steel pipes

- Forged bars are specialised bars used in automotive and machinery manufacturing.
- Wire rods are used to produce wire products through a series of processes to improve surface finish, dimensional accuracy and physical properties. Examples of wire products are flat/ square bars, angle bars and wire mesh.
- Cold rolled steel coils and hot rolled steel coils can be further processed into galvanised coils and formed into slit coils, steel sheets, expanded metals, checkered plates, C Purlins and steel pipes.
- Steel producers offer steel in the form of standard-sized plates, coils, bars, wire rods and sections; and steel processing centres serve as an intermediary between steel producers and manufacturers of end-user steel products.

Steel processing centres process steel coils in the form of standard-sized cold rolled steel coils, hot rolled steel coils and galvanised coils into slit coils and steel sheets, in specific lengths and widths.

Manufacturers of end-user steel products who seek to purchase steel with customised specifications including value-added processing, will source the steel products from steel processing centres.

As an intermediary, steel processing centres aggregate steel manufacturers' demand, purchase steel in bulk and then process and sell steel products that meet specific customer requirements.

2 STEEL MARKET IN MALAYSIA

Overview

Tashin Group is involved in the processing (i.e., slitting and shearing) of steel coils into slit coils and steel sheets, manufacturing of steel products comprising steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins as well as trading of steel products. Tashin Group's principal market is in Malaysia. For the past 4 financial years ending 31 December 2015 to 2018, approximately 99.00% of Tashin Group's revenue was derived in Malaysia. Therefore, this section will focus on the following:

- Overall demand for steel in Malaysia.
- Demand for steel processing in Malaysia.
Steel processing centres process steel coils in the form of cold rolled steel coils, hot rolled steel coils and galvanised coils into slit coils and steel sheets.
Therefore, the demand for steel processing is reflected by the demand for slit coils and steel sheets, based on the apparent consumption of cold rolled steel sheets and strips, hot rolled steel sheets and strips and galvanised sheets.
- Demand for steel wire products and steel pipes in Malaysia.
Flat/ round/ square bar is a type of steel wire product. Therefore, the demand for flat/ square bars and steel pipes, is represented based on the apparent consumption of steel wire products as well as steel pipes and tubes.

Market Performance, Outlook and Prospects

Steel market in Malaysia

Demand for steel in Malaysia is represented by the total apparent consumption of steel. The total apparent consumption of steel recorded a negative CAGR of 2.16% from 10.08 million metric tonnes ("MT") in 2014 to 9.44 million MT in 2017.

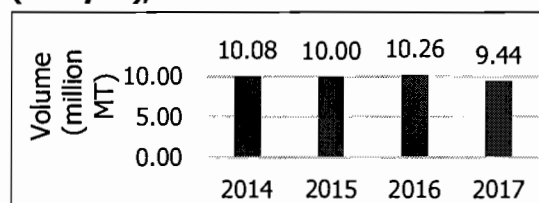
SMITH ZANDER estimated that the demand for steel in Malaysia, based on the total apparent consumption of steel, reduced to 8.05 million MT in 2018 due to amongst others, a relatively lower value of construction projects awarded and slower manufacturing activities in 2018. The demand for steel in Malaysia is expected to recover moderately over the second half of 2019 and 2020 as the expected commencement of mega projects such as East Coast Rail Link ("ECRL") and Bandar Malaysia will help to boost the dampened demand for steel.

Steel processing market in Malaysia

Demand for steel processing in Malaysia is represented by the demand for slit coils and steel sheets based on the total apparent consumption of cold rolled steel sheets and strips, hot rolled steel sheets and strips and galvanised sheets, as slit coils and steel sheets are processed (i.e. slit and sheared) from cold rolled steel coils, hot rolled steel coils and galvanised coils.

The steel processing market increased marginally from 4.81 million MT in 2014 to 4.89 million MT in 2017 at CAGR of 0.55%.

Total apparent consumption of steel (Malaysia), 2014 – 2017

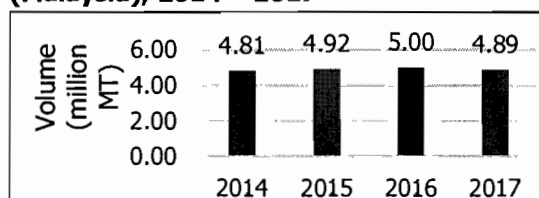


Note:

- Latest available data as at 12 June 2019.

Source: South East Asia Iron and Steel Institute ("SEAIISI") "2018 Steel Statistical Yearbook", SMITH ZANDER

Apparent consumption of cold rolled steel sheets and strips, hot rolled steel sheets and strips and galvanised sheets (Malaysia), 2014 – 2017



7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

SMITH ZANDER expects the steel processing market in Malaysia, based on the apparent consumption of cold rolled steel sheets and strips, hot rolled steel sheets and strips and galvanised sheets, to grow from 4.89 million MT in 2017 to 5.10 million MT in 2020 at a CAGR of 1.41%, mainly to support the usage of steel in manufacturing activities.

Notes:

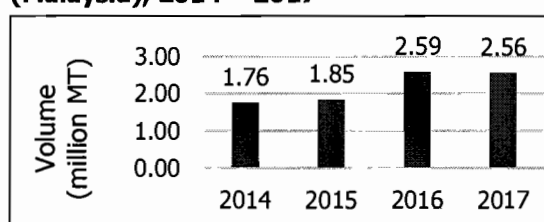
- Latest available data as at 12 June 2019.
- Figures above are overlapping as hot rolled steel sheets and strips could be processed into cold rolled steel sheets and strips and galvanised sheets. Figures excluding these overlaps are not publicly available.

Source: SEAISI "2018 Steel Statistical Yearbook", SMITH ZANDER

Steel wire products and steel pipes market in Malaysia

Demand for steel wire products (including flat/ round/ square bars) and steel pipes in Malaysia is represented by the apparent consumption of steel wire products as well as steel pipes and tubes. The apparent consumption of steel wire products as well as steel pipes and tubes increased from 1.76 million MT in 2014 to 2.56 million MT in 2017 at CAGR of 13.30%.

Apparent consumption of steel wire products as well as steel pipes and tubes (Malaysia), 2014 – 2017



Note:

- Latest available data as at 12 June 2019.

Source: SEAISI "2018 Steel Statistical Yearbook", SMITH ZANDER

In 2016, the apparent consumption of steel wire products as well as steel pipes and tubes recorded a spike of 40.00% growth from 2015. This was mainly contributed by growth in infrastructure construction activities in 2016, in line with the Government's initiative to improve public transportation and infrastructure.

SMITH ZANDER expects the demand for steel wire products and steel pipes in Malaysia, based on the apparent consumption of steel wire products as well as steel pipes and tubes, to grow from 2.56 million MT in 2017 to 2.85 million MT in 2020 at a CAGR of 3.64%, a lower growth rate than the historical CAGR (2014 to 2017) of 13.30% mainly due to the slowdown in construction activities in 2018 and moderate recovery in second half 2019 and 2020 as demand improves with the expected commencement of mega projects such as ECRL and Bandar Malaysia.

The parameters for the forecast on the steel market, the steel processing market and the steel wire products and steel pipes market are based on the following:

- Latest available historical CAGR for the steel market, the steel processing market and the steel wire products and steel pipes market; and
- Future demand drivers and industry risks and challenges as well as its impact on the steel market, the steel processing market and the steel wire products and steel pipes market.

Demand Conditions – Key Demand Drivers

► Growth of the manufacturing sector creates demand for steel products

Malaysia's economy registered a growth of 4.7% in 2018 (2017: 5.9%) supported by the continued expansion of domestic demand, with the manufacturing sector growing at 5.0% in 2018 (2017: 6.0%).

In view of the ongoing trade war between the United States ("US") and China, the manufacturing sector in Malaysia may be negatively affected as a result of weakening demand. Malaysia's exports are expected to be affected directly via lower demand from affected countries and indirectly via slower production in the global value chain. This mainly reflects the lower final demand from China, the US and the European Union, which account for 38.4% of Malaysia's final export demand. If trade tensions intensify further, the downside risk to export growth will be more severe. Weaker trade activity would also incur some spillover on Malaysia's domestic economy. Lower export orders and proceeds would also have a negative bearing on manufacturers' profitability. There could, however, be some potential off setting effects that could positively impact Malaysia's manufacturing sector in terms of potential gains from trade substitution. Several regional countries stand to benefit from potential trade diversion from China. These include Malaysia, Thailand, Indonesia and Vietnam. The products that Malaysia would likely gain from are mostly in the electrical and electronics industry. Materialisation of trade diversion could reduce the negative impact of trade tensions

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

on Malaysia's gross export. This, in turn, would benefit private sector spending, thereby potentially mitigating the moderation in domestic demand and GDP growth.¹

Any positive economic growth and growth of the manufacturing sector is expected to lead to an increase in the demand for properties and supporting infrastructure, as well as manufactured goods. As the demand for manufacturing goods increases, the demand for steel products is expected to increase and thereby benefitting players in the steel processing industry.

► **The demand for automotive creates corresponding demand for steel products**

The demand for automotive has led to the growth of engineering support industries, including the steel industry. According to the Malaysian Automotive Association, there are about 800 automotive component manufacturers in Malaysia, producing a range of automotive components including steel body panels, engine parts, brake parts, transmission and steering parts, rubber parts as well as electronic parts.

The automotive industry performance in Malaysia is represented by total industry volume ("TIV"). TIV comprises the number of registered passenger and commercial vehicles, effectively measuring the number of vehicles sold in the country. The Malaysian Automotive Association forecasts the TIV in Malaysia to grow from 600,000 vehicles in 2019 to 653,290 vehicles in 2023, at a CAGR of 2.15% driven by strengthening of consumer confidence, preference for driving over reliance on public transportation and increasing disposable income of the population.

Total industry volume (Malaysia), 2015-2018

Year	TIV
2015	666,677
2016	580,085
2017	576,625
2018	598,714

Source: Malaysian Automotive Association

► **Growth of the construction sector creates demand for steel products**

The demand for steel products is driven by construction activities undertaken to construct residential, commercial and industrial properties.

Construction activities are largely economic-driven, whereby economic growth has the potential to contribute to increased disposable income among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach. Consequently, this leads to increased demand for residential, commercial and industrial properties as well as supporting infrastructure, which in turn leads to higher demand for steel products.

Although the value of construction project awarded reduced between 2015 and 2018, a total of RM106.66 billion worth of construction projects was awarded in 2018 demonstrates that there is still demand for construction works to support business activities. Further, in April 2019, the Government announced the revival of the ECRL project and Bandar Malaysia project which were previously suspended. As these projects progress, the demand for steel products will improve to support the construction works required.

The implementation of these residential, social amenities and infrastructure projects will benefit the demand for steel products and bode well for players offering steel processing services.

3 STEEL PROCESSING INDUSTRY IN MALAYSIA

Overview

Steel processing centres process steel coils in the form of standard-sized cold rolled steel coils, hot rolled steel coils and galvanised coils into slit coils and steel sheets, in specific lengths and widths.

Benefits of steel processing centres

Steel processing centres play a vital role in the steel supply chain by providing the following benefits:

- Reducing the need for downstream steel manufacturers to maintain a large inventory as steel processing centres typically maintain steel inventory at all times, ready to process or ship. This will not only increase the availability of materials to downstream steel manufacturers, but will also save their costs in carrying inventory and material handling.

¹ Bank Negara Malaysia ("BNM") Quarterly Bulletin, Third Quarter 2018.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

- Enabling downstream steel manufacturers to be able to place orders in smaller batches which would otherwise not be possible if buying directly from the integrated steel mills due to unmet minimum purchase quantities in terms of either weight or bundles.
The practicality of this benefit varies from manufacturer to manufacturer depending on the manufacturer's cash flow, material handling capabilities, storage facilities and the volume and timeline of product orders.
- Improving schedule efficiency of downstream steel manufacturers as steel service centres usually hold a large inventory of steel which allows for immediate delivery.
Steel service centres offer the flexibility to downstream steel manufacturers to place orders at a much later stage in their respective production schedules by providing on schedule delivery.

Iron and steel import policy in Malaysia

According to Ministry of International Trade and Industry, the Government of Malaysia revised the local iron and steel industry policy on 1 August 2009 with the objective to enhance the competitiveness of the industry. The revisions mainly revolve around the liberalisation of manufacturing licenses, reduction in import duties, abolishment of hot rolled steel coils base price and import controls, conditions of import duty exemptions and the enforcement of mandatory standards on selected imported and locally produced products.

In Malaysia, the import duty for long steel products is currently levied at a rate of 5% while the import duty for flat steel products is currently levied at a rate of 15%.² However, import duty exemptions are given to steel processing centres for products with grades and specifications not produced locally. Import duty exemptions are also given for imports of flat products if the imports are used for the production of exported finished goods or nil duty finished goods, or for imports of flat products for which grades and specifications are not produced locally.

In the event of any unfavourable changes in the iron and steel import policy such as increase in import duty rates and upliftment of import duty exemptions for certain steel products, these changes may lead to increase in cost of materials for steel processing centres. On 8 March 2019, the Government imposed anti-dumping duties up to 16.13% for a 5-year period against galvanised steel coils or sheets imported from China and Vietnam. The Government also announced on 8 May 2019 a revision of anti-dumping duties up to 42.08% for a 5-year period against cold rolled coils of alloy and non-alloy steel imported from China, South Korea and Vietnam. The imposition of the anti-dumping duties is expected to increase the cost of materials for steel processing centres who source these products from China, South Korea and Vietnam. Steel processing centres who are unable to source raw materials which are affected by anti-dumping duties from local manufacturers will be required to import these raw materials and be subject to higher prices of raw materials. Steel processing centres who are able to pass on the cost to their customers on a timely manner will be able to minimise the impact on their profit margin and their businesses.

The recent announcements by the Government of United States of America on the implementation of 25% import tariff on its steel imports have led to uncertainties in prices of steel products globally. However, this is expected to have minimum impact on the steel processing industry in Malaysia as steel processing centres may pass on the cost of raw materials to their customers and sell their products at prevailing steel prices. The prices of steel products are volatile where the average monthly cost of steel coils (consisting of hot rolled steel coils, cold rolled steel coils and galvanised steel coils) recorded annual growth rates of -24.17%, 9.23%, 22.48% and 13.88% in 2015, 2016, 2017 and 2018 respectively. The prices of steel products are dependent on the supply and demand factors. As there is no direct substitute for steel products, the demand for steel products including steel processing activities will continue to be driven by the wide application of steel products.

² Latest available data as at 12 June 2018.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER****Industry Risks and Challenges****► The steel processing market is dependent on the development of the end-user industries**

Steel products are heavily used in several end-user industries such as construction, automotive and manufacturing industries. Growth in the automotive and manufacturing industries depend on various factors, particularly demand for vehicles and economic growth. Demand for construction services is driven by the demand for properties and Government initiatives. In mid 2018, the Government had released announcements on the cancellation and/or halting of a few mega infrastructure projects, including part of Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line (MRT 3 or Circle Line) and the high-speed rail link between Malaysia and Singapore. This may have an indirect impact to the attractiveness of some property development projects which are located close to the proposed sites for these mega infrastructure projects, leading to the possible delay in construction works due to slowdown in sales or occupancy in these properties.

Further, a decline in overall economic conditions may decrease household disposable income, causing a decline in demand for vehicles, manufactured goods and properties. Any of the above adverse developments may cause reduced demand for vehicles, manufactured goods or construction services which will consequently affect demand for steel products. This could have a negative impact on the overall financial performances of steel processing centres, who may not be able to successfully achieve their expected results.

► Reliance on foreign workers as general labour

The steel processing industry in Malaysia is primarily a semi-automated industry. While machinery such as levelling and shearing machines, slitting machines, and steel forming machines are used in steel processing, workers may be required to transfer the intermediary products from one machine to be fed into another machine for different manufacturing processes. In Malaysia, the manufacturing industry is dependent on foreign workers as a result of limited supply of local labour. Steel processing industry players therefore may face challenges in employing foreign labour due to the availability of foreign workers and the time required to register foreign workers.

Further, any increase in levy on foreign workers and quota restrictions may cause difficulties in employing sufficient labour. In February 2016, the Government announced a freeze on recruitment of foreign workers. Shortly after, the Government lifted the foreign worker recruitment freeze in May 2016 for manufacturing, construction, plantation and furniture-making, in light of a major shortage of workers in these industries.

As such, any unfavourable changes in the policies on foreign workers in Malaysia such as increase in levy on foreign workers and quota restrictions may lead to difficulties for steel processing centres to maintain a sufficient foreign labour workforce, causing delays in delivery and subsequently may affect their businesses.

Competitive Landscape

The downstream steel industry in Malaysia is highly fragmented and competitive due to the large pool of industry players including public listed companies, large private companies, small to medium enterprises and sole proprietorships, competing in the processing, manufacturing and trading of various types of steel products.

Tashin Group is involved in the processing (i.e., slitting and shearing) of steel coils into slit coils and steel sheets, manufacturing of steel products comprising, steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins as well as trading of steel products.

Steel processing industry players, such as Tashin Group, compete in product pricing, range and quality of product and service offerings, ability to deliver on timely manner and availability of stock, amongst others. Steel processing industry players may also face competition from new industry players. However, the barriers of entry to steel processing industry is high. This is because steel processing businesses require high initial capital for purchasing of raw materials and for the set-up of manufacturing facilities, machinery and equipment and storage facilities. Therefore, industry players who have the ability to secure sufficient

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

sales and be profitable will be able to sustain their business operations in the long term and remain competitive in the market.

Key industry players

The following list of steel processing industry players is derived on the basis that these industry players are steel processing companies incorporated in Malaysia and are principally involved in the processing (i.e., slitting and shearing) of steel coils into slit coils and steel sheets and manufacturing of steel products, amongst other business activities, based on publicly available information on the products and services they offer. As such, they are deemed the closest competitors to Tashin Group, and thus are identified as key industry players.

The following sets out the latest available group/ company revenues, segmental revenue for steel processing businesses, gross profit margins and profit after tax margins of the key industry players. Where the segmental revenues of certain key industry players are not publicly available, these companies are included in this report on the basis that they offer similar types of steel processing services and steel products as Tashin Group. The revenue contributed outside Malaysia and the corresponding revenue contribution from export by the private comparable companies are not publicly available.

Company Name	Examples of Product Offering	Latest Available Financial Year	Group/ Company Revenue (RM'000)	Segmental Revenue for Steel Processing Business ^a (RM'000)	Gross Profit Margin	Profit After Tax ("PAT") Margin
POSCO-MKPC Sdn Bhd (an 30%-owned associate company of Prestar Resources Berhad)	Slit coils and steel sheets, stainless steel products, aluminium steel products and silicon steel products	31 December 2017	625,502	Not available	4.83%	2.76%
Sumiputeh Steel Centre Sdn Bhd	Slit coils and steel sheets, stainless steel products, aluminium steel products and rotary air compressor parts	31 December 2017	596,906	Not available	7.16%	3.12%
Leon Fuat Berhad	Slit coils and steel sheets, stainless steel products, steel pipes and tubes, steel bars, steel rods, steel shafts, steel sections, steel angles and expanded metals	31 December 2018	597,925	330,780	13.79%	4.34%
Nicom Steel Centre (M) Sdn Bhd	Slit coils and steel sheets, and silicon steel products	31 March 2018	367,101	Not available	5.39%	1.88%
Tashin Group	Slit coils and steel sheets, steel pipes, flat bars, square bars, expanded metals, checkered plates, C Purlins and other steel products	31 December 2018	260,545	182,491	9.66%	4.33%
JFE Shoji Steel Malaysia Sdn Bhd	Slit coils and steel sheets, and laminated core for transformer or motor	31 December 2017	245,749	Not available	10.16%	5.60%
Leader Steel Holdings Berhad	Slit coils and steel sheets, steel bars, steel pipes and tubes and hollow sections	31 December 2018	284,032	Not available	8.66%	1.85%

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Company Name	Examples of Product Offering	Latest Available Financial Year	Group/ Company Revenue (RM'000)	Segmental Revenue for Steel Processing Business ^a (RM'000)	Gross Profit Margin	Profit After Tax ("PAT") Margin
Steel Centre (M) Sdn Bhd	Slit coils and steel sheets, steel pipes, C Purlins and roofing materials	31 December 2017	208,647	Not available	7.02%	1.07%
Japmas Steel Sdn Bhd	Slit coils and steel sheets, stainless steel products, steel pipes and tubes, hollow sections and expanded metals	31 January 2018	185,285	Not available	10.09%	2.55%
Northern Steel Centre Sdn Bhd	Slit coils and steel sheets	31 December 2017	159,610	Not available	4.42%	-1.24%
Daikin Steel Malaysia Sdn Bhd ^b	Slit coils and steel sheets, and stainless steel slit coils and sheets	31 March 2018	101,069	Not available	10.21%	6.79%
Yick Hoe Steel Industries Sdn Bhd	Slit coils and steel sheets, stainless steel products and steel purlins	31 December 2017	95,358	Not available	5.30%	0.53%
Anshin Steel Processor Sdn Bhd (a wholly-owned subsidiary of Ann Joo Resources Berhad)	Slit coils and steel sheets	31 December 2017	91,287	Not available	10.85%	7.06%
Kyodo Steel Sdn Bhd	Slit coils and steel sheets, stainless steel slit coils and sheets and scaffolding	31 December 2017	76,072	Not available	8.12%	0.52%
Anshin Steel Service Centre Sdn Bhd (a wholly-owned subsidiary of Ann Joo Resources Berhad)	Slit coils and steel sheets, stainless steel slit coils and sheets and silicon steel slit coils and sheets	31 December 2017	55,799	Not available	14.47%	8.04%
Tatt Giap Steel Centre Sdn Bhd	Slit coils and steel sheets, and stainless steel products	31 May 2018	43,039	Not available	3.56%	-12.47%
P.P. Steel Service Centre Sdn Bhd	Slit coils and steel sheets	28 February 2018	24,005	Not available	14.59%	0.64%
Kin Kee Steel Service Centre Sdn Bhd	Slit coils and steel sheets, steel pipes, hollow sections, flat bars and expanded metals	30 June 2016	13,493	Not available	-2.16%	-11.83%

Notes:

- Latest available data as at 12 June 2019.
- This list is not exhaustive. The key steel processing industry players include industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- ^a Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than steel processing and revenue derived from outside Malaysia.
- ^b Revenue, gross profit and PAT derived from continuing operations only.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

Source: Malaysian Iron and Steel Industry Federation, various companies' annual reports and websites, Tashin Group, Companies Commission of Malaysia, SMITH ZANDER

On average, the gross profit margin of the key industry players stood at 8.77% respectively, based on financial information from the latest available financial years.

Tashin Group also competes with Prestar Precision Tube Sdn Bhd, a wholly-owned subsidiary of Prestar Resources Berhad. Prestar Precision Tube Sdn Bhd is principally involved in the manufacturing and supply of carbon steel pipes, hollow sections and precision steel pipes and automotive tubes. The following sets out the key industry players in steel pipe manufacturing to show the closest competitors to Tashin Group's steel pipe business.

The following list of key industry players in steel pipe manufacturing is derived on the basis that these industry players are steel pipe manufacturing companies incorporated in Malaysia and are principally involved in the manufacturing of welded steel pipes and/ or other steel products, amongst other business activities, based on publicly available information on the products and services they offer. As such, they are deemed the closest competitors to Tashin Group's steel pipe business, and thus are identified as key industry players in steel pipe manufacturing.

The following sets out the latest available group/ company revenues, segmental revenue for steel pipe manufacturing businesses, gross profit margins and profit after tax margins of the key industry players. Where the segmental revenues of certain key industry players are not publicly available, these companies are included in this report on the basis that they offer similar types of steel pipe manufacturing services and steel products as Tashin Group. The revenue contributed outside Malaysia and the corresponding revenue contribution from export by the private comparable companies are not publicly available.

Company Name	Examples of Product Offering	Latest Available Financial Year	Group/ Company Revenue (RM'000)	Segmental Revenue for Steel Pipe Manufacturing Business ^a (RM'000)	Gross Profit Margin	PAT Margin
Alpine Pipe Manufacturing Sdn Bhd (a wholly-owned subsidiary of Hiap Teck Venture Berhad)	Steel pipes and tubes, hollow sections	31 July 2018	578,493	Not available	14.52%	6.55%
Choo Bee Metal Industries Berhad	Steel pipes and tubes, hollow sections, purlins and stainless steel products	31 December 2018	500,258	154,674	13.68%	6.47%
Southern Pipe Industry (M) Sdn Bhd (a wholly-owned subsidiary of Southern Steel Berhad)	Steel pipes and tubes	30 June 2018	314,975	Not available	8.45%	3.26%
Prestar Precision Tube Sdn Bhd (a wholly-owned subsidiary of Prestar Resources Berhad)	Steel pipes and tubes, hollow sections, precision steel pipes and automotive tubes	31 December 2017	280,733	Not available	10.19%	4.70%
Melewar Steel Tube Sdn Bhd (a wholly-owned subsidiary of	Steel pipes and tubes	30 June 2018	274,188	Not available	11.77%	4.08%

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

Company Name	Examples of Product Offering	Latest Available Financial Year	Group/ Company Revenue (RM'000)	Segmental Revenue for Steel Pipe Manufacturing Business ^a (RM'000)	Gross Profit Margin	PAT Margin
Mycron Steel Berhad)						
Tashin Group	Slit coils and steel sheets, steel pipes, flat bars, square bars, expanded metals, checkered plates, C Purlins and other steel products	31 December 2018	260,545	76,632	9.66%	4.33%
Pui Nam Cheong Industries Sdn Bhd	Steel pipes and tubes	31 December 2017	15,487	Not available	26.95%	16.15%

Notes:

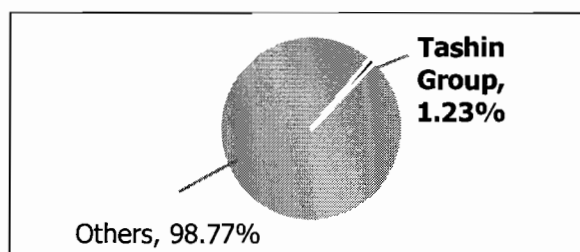
- Latest available data as at 12 June 2019.
- This list is not exhaustive. The key steel pipe manufacturing industry players include industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- ^a Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than steel pipe manufacturing and revenue derived from outside Malaysia.

Source: Malaysian Iron and Steel Industry Federation, various companies' annual reports and websites, Tashin Group, Companies Commission of Malaysia, SMITH ZANDER

Market share

For the past 4 financial years ending 31 December 2015 to 2018, Tashin Group's steel processing business (i.e., slitting and shearing of steel coils into slit coils and steel sheets), contributed to an average of 73.08% of its total revenue during the period. Hence Tashin Group's market share is computed based on its steel processing business.

Tashin Group captured a market share of 1.23% in 2017, derived by comparing the Group's sale of slit coils and steel sheets of 60,018 MT in the FYE 2017 from its steel processing business to the steel processing market size in Malaysia of 4.89 million MT in 2017³. As steel processing centres such as Tashin Group process steel coils in the form of cold rolled steel coils, hot rolled steel coils and galvanised coils into slit coils and steel sheets, the steel processing market size is reflected by the demand for slit coils and steel sheets, based on the total apparent consumption of cold rolled steel sheets and strips, hot rolled steel sheets and strips and galvanised sheets.

Tashin Group's market share, 2017

Source: SMITH ZANDER

³ Latest available data as at 12 June 2019.