www.tattgiap.com.my

TATT GIAP GROUP BERHAD (Company No.: 732294-W)
No. 1617, Lorong Perusahaan Maju 6,
Prai Industrial Estate IV, 13600 Prai, Penang, Malaysia.
Tel: 604-502 1155 Fax: 604-5021166
Email: secretariat@tattgiap.com.my

TATT GIAP GROUP BERHAD (Company No.: 732294-W)

PROSPECTUS

TATT GIAP GROUP BERHAD

(No. Syarikat: 732294-W)

(Incorporated in Malaysia under the Companies Act, 1965)

I. PUBLIC ISSUE OF 14,560,000 NEW ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE PRICE OF RM0.58 PER ORDINARY SHARE COMPRISING:

- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH RESERVED FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 2,000,000 NEW ORDINARY SHARES OF RM0.50 EACH RESERVED FOR APPLICATION BY ELIGIBLE DIRECTORS AND EMPLOYEES OF TATT GIAP GROUP BERHAD AND ITS SUBSIDIARY COMPANIES; AND
- 6,560,000 NEW ORDINARY SHARES OF RM0.50 EACH RESERVED FOR PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND

II. OFFER FOR SALE OF:

- 4,000,000 ORDINARY SHARES OF RM0.50 EACH TO BE OFFERED TO IDENTIFIED INVESTORS AT AN OFFER PRICE OF RM0.58 PER ORDINARY SHARE;
- 10,200,000 ORDINARY SHARES OF RM0.50 EACH TO BE OFFERED TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT AN OFFER PRICE OF RM0.58 PER ORDINARY SHARE; AND
- RM10,000 NOMINAL VALUE OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AT AN OFFER PRICE OF 100% OF THE NOMINAL VALUE TO THE MALAYSIAN PUBLIC

PAYABLE IN FULL UPON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Sole Underwriter and Sole Placement Agent

ALLIANCE INVESTMENT BANK
Alliance Investment Bank Berhad (21605-D)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Trustee

Mayban Trustees
Mayban Trustees Berhad (5004-P)

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE TURN TO PAGE 25 OF THIS PROSPECTUS FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 28 JUNE 2010

PROSPECTUS

RESPONSIBILITY STATEMENTS

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

ALLIANCE INVESTMENT BANK BERHAD, BEING OUR ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE IPO (AS DEFINED HEREIN).

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE AND OFFER IN RESPECT OF OUR PUBLIC ISSUE AND OFFER FOR SALE AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO. A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC 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 YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE VALUATION UTILISED FOR THE PURPOSE OF THIS IPO SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

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

APPROVAL HAS BEEN SOUGHT FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES.

THE ACCEPTANCE OF APPLICATION FOR THE SECURITIES BEING OFFERED IS CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES FOR THE QUOTATION OF ALL THE SECURITIES BEING OFFERED ON THE MAIN MARKET OF BURSA SECURITIES. IF THE PERMISSION IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC), PROVIDED THAT THE COMPANY IS NOTIFIED BY BURSA SECURITIES WITHIN THE AFORESAID TIMEFRAME, ALL MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED WILL BE RETURNED IN FULL, WITHOUT INTEREST TO THE APPLICANTS, AT THE APPLICANT'S OWN RISK. IF ANY SUCH MONIES ARE NOT RETURNED WITHIN FOURTEEN (14) DAYS AFTER THE COMPANY AND/OR OFFERORS BECOMES LIABLE TO DO SO, THE PROVISION OF SUBSECTION 243 (2) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMS ACT") SHALL APPLY ACCORDINGLY.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS 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.

OTHER STATEMENTS

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

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMS ACT, E.G. OUR DIRECTORS AND OUR ADVISERS, ARE RESPONSIBLE.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE SOLE UNDERWRITER TO UNDERWRITE THE PUBLIC ISSUE SHARES AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE IPO SHARES AND OFFER FOR SALE OF ICULS (AS DEFINED HEREIN) ARE ISSUED/OFFERED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. OUR DIRECTORS, PROMOTERS, OFFERORS, ADVISERS AND OURSELVES HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

OUR COMPANY WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER INVESTORS 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 AND TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER YOUR APPLICATION FOR THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. OUR COMPANY WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, OUR COMPANY RESERVES THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF OUR COMPANY BELIEVES THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

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 WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE ACCOMPANYING DOCUMENTS ARE SUBJECT TO MALAYSIAN LAWS. OUR DIRECTORS, PROMOTERS, OFFERORS, ADVISERS AND OURSELVES TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. NO ACTION HAS BEEN TAKEN TO PERMIT THE IPO OF OUR SHARES OR ICULS BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR ANY OFFER TO SELL OR INVITATION TO BUY OUR SHARES OR ICULS IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF OUR SHARES AND ICULS TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. OUR DIRECTORS, PROMOTERS, OFFERORS, ADVISERS AND OURSELVES REQUIRE YOU TO INFORM YOURSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT *www.bursamalaysia.com*. THE CONTENTS OF PROSPECTUS IN BURSA SECURITIES' WEBSITE AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative times and dates:

EVENT	INDICATIVE TIME AND DATE
Opening of applications	28 June 2010 at 10.00 a.m.
Closing of applications	12 July 2010 at 5.00 p.m.
Balloting of applications	14 July 2010
Allotment of Shares and ICULS	20 July 2010
Listing of and quotation for our entire enlarged issued and paid-up share capital (excluding the 53,103,448 Shares to be issued upon conversion of TGG ICULS) and TGG ICULS on the Main Market of Bursa Securities	22 July 2010

This timetable is tentative and is subject to change which may be necessary to facilitate implementation procedures. The application period will open at 10 a.m. on Monday, 28 June 2010 and will remain open until 5.00 p.m. on Monday, 12 July 2010 or such further period or periods as our Directors, Offerors and Sole Underwriter in their absolute discretion may mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment and listing would be extended accordingly and we will notify the public via an advertisement in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia. **Late applications will not be accepted.**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "Company" is to Tatt Giap Group Berhad (732294-W); references to "Group" is to the Company and its subsidiary and associated companies; and references to "we", "us", "our" and "ourselves" are to the Company, and, save where the context otherwise requires, our subsidiary and our associated companies. Unless the context otherwise requires, references to "Management" are to the directors, key management and key technical personnel of the Group as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" 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 date 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 the Management and various third parties and cites third party projections regarding growth and performance of the industry in which the Group operates. This data is taken or derived from information published by industry sources and from the internal data.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Frost & Sullivan, an independent market research firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we, our Adviser nor the Joint Placement Agent for PNS have independently verified these data. Neither we, our Adviser nor the Joint Placement Agent for PNS make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

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

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements which include all statements other than those of historical facts, including among others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause the actual results, performance or achievements of our Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future.

Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – Risk Factors and Section 12 – Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects of this Prospectus.

These forward-looking statements speak only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change events, conditions or circumstances on which any such statements are based.

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DEFINITIONS

The following terms shall apply throughout this Prospectus unless otherwise defined or the context requires otherwise:

Acquisitions	:	The TGH Acquisition and the TGO Acquisition, collectively
Act	:	Companies Act, 1965 as amended or expanded from time to time
ADA	:	Authorised Depository Agent(s)
ADA Code	:	ADA (Broker) Code
Alliance	:	Alliance Investment Bank Berhad (21605-D)
Application Form(s)	:	Printed application form(s) for the application of the IPO Shares and ICULS
ASEAN	:	Association of South East Asian Nations
ATM(s)	:	Automated Teller Machine(s)
Board	:	Board of Directors of the Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
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
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 as amended or expanded from time to time
CMS Act	:	Capital Markets And Services Act, 2007
Disposal of Shares in Nippon EGalv	:	The disposal of 5,625,000 ordinary shares of RM1.00 each in Nippon EGalv representing 25% equity interest in Nippon EGalv to Nippon Steel Corporation and Hanwa Co Ltd for a cash consideration of RM16.50 million through the execution of a sale and purchase agreement between TGSC, Nippon Steel Corporation and Hanwa Co Ltd dated 9 December 2009. Subsequent to the Disposal of Shares in Nippon EGalv, Nippon EGalv is a 67.22% subsidiary company of TGSC. The disposal has been completed on 10 February 2010
ECU	:	Equity Compliance Unit of the SC
EPS	:	Earnings per share
ESA	:	Application for the Public Issue Shares through a Participating Financial Institution's ATM

Excluded Parties	:	(i) Persons who are located in jurisdictions outside Malaysia in which acceptance under the Public Issue and Offer for Sale would result in the contravention of the laws of such jurisdiction (whether in the absence of any necessary consent and/or compliance with any registration of other legal requirements or for any other reason); or (ii) Persons who are, in the opinion of the Board (on the advice of its legal adviser), would be necessary or expedient to be excluded from participating in the Public Issue and Offer for Sale by reason of legal or regulatory requirements
FI	:	Formosa Industries Sdn Bhd (286755-M), a wholly-owned subsidiary company of TGH
FIC	:	Foreign Investment Committee
Frost & Sullivan	:	Frost & Sullivan Malaysia Sdn Bhd (522293-W)
Frost & Sullivan Report	:	Frost & Sullivan Market Research Report dated May 2010
FYE	:	Financial year(s) ended
GDP	:	Gross domestic product
GSB	:	Giapxin Sdn Bhd (729525-W)
Government	:	Government of Malaysia
IPO	:	Initial public offering comprising the Public Issue and the Offer for Sale
IPO Price	:	The issue/offer price of RM0.58 per IPO Share
IPO Share(s)	:	The Public Issue Shares and the Offer for Sale Shares, collectively
KPMG or Reporting Accountants	:	KPMG (AF 0758)
Latest Practicable Date	:	30 April 2010, being the latest practicable date prior to the issuance of this Prospectus
Listing	:	Admission of TGG to the Official List on the Main Market of Bursa Securities and the listing of and quotation for the following on the Main Market of Bursa Securities: (i) the entire enlarged issued and paid-up share capital of TGG of RM51,000,000 comprising 102,000,000 TGG Shares; (ii) RM30,800,000 TGG ICULS; and (iii) the 53,103,448 new TGG Shares to be issued upon conversion of the TGG ICULS

Listing Requirements	:	Listing requirements of Bursa Securities as amended or expanded from time to time
Listing Scheme	:	The Acquisitions, the Public Issue, the Offer for Sale and the Listing, collectively
Malaysian Public	:	All Malaysian citizens, companies or societies and Malaysian institutions excluding the Directors of the TGG Group, its substantial shareholders and persons connected or associated with them
MI	:	Minority interest
MIDA	:	Malaysian Industrial Development Authority
MIH or Issuing House	:	Malaysian Issuing House (258345-X)
MITI	:	Ministry of International Trade and Industry
MoF	:	Ministry of Finance
N/A	:	Not applicable
NBV	:	Net book value
NIMS	:	Nippon Metal Services (M) Sdn Bhd (434550-M), a 25% associate company of TGH
Nippon EGalv	:	Nippon EGalv Steel Sdn Bhd (formerly known as E-Galv Steel Industry Sdn Bhd) (721702-W), a 67.22%-owned indirect subsidiary company of TGH
NMIC	:	Nippon Metal Industry Co. Ltd, a company incorporated and listed on the Tokyo Stock Exchange
NTA	:	Net tangible assets
NTK	:	Nippon Taishoku Ko, a brand of corrosion resistant steel manufactured and marketed by NMIC
Offer for Sale	:	The offer for sale of: • 4,000,000 TGG Shares to be offered by our Offerors to identified investors at an offer price of RM0.58 per Share; • 10,200,000 TGG Shares to be offered by our Offerors to Bumiputera investors approved by the MITI at an offer price of RM0.58 per Share; and • RM10,000 TGG ICULS to be offered by GSB at an offer price of 100% of the nominal value to the Malaysian public
Offer for Sale Shares(s)	:	The 14,200,000 TGG Shares to be offered for sale by the Offerors
Offer for Sale ICULS(s)	:	The RM10,000 nominal value of TGG ICULS to be offered for sale by GSB

Offerors	:	GSB and PNS, collectively
Participating Financial Institution(s)	:	Financial institution(s) participating in the ESA
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-earnings multiple
Pink Form Shares	:	The 2,000,000 Public Issue Shares representing approximately 1.96% of the enlarged and issued share capital of TGG (prior to the conversion of the ICULS) which are reserved for application by the eligible Directors and employees of TGG and its subsidiary companies
PNS	:	Perbadanan Nasional Berhad (9157-K)
Promoters	:	GSB, PNS, Dato' Siah Kok Poay and Tan Lu Eng, collectively
Public Issue	:	Public issue of 14,560,000 new TGG Shares representing approximately 14.27% of the enlarged issued and paid-up share capital of TGG (prior to the conversion of the ICULS), at the IPO Price subject to the terms and conditions of this Prospectus
Public Issue Share(s)	:	The new TGG Shares to be issued pursuant to the Public Issue
Raine & Horne	:	Raine & Horne International Zaki + Partners Sdn Bhd (99440-T)
R&D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen respectively
ROC	:	Registrar of Companies
Rules	:	Rules of the Bursa Depository as amended or expanded from time to time
SC	:	Securities Commission
SC Guidelines	:	Equity Guidelines issued by the SC, as amended or expanded from time to time
SI	:	Superinox International Sdn Bhd (786945-A), a wholly-owned indirect subsidiary company of TGH
SPI	:	Superinox Pipe Industry Sdn Bhd (712388-D), a wholly-owned indirect subsidiary company of TGH
SRSB	:	Sixis Resources Sdn Bhd (789439-A)
TGG or Company	:	Tatt Giap Group Berhad (732294-W)

TGG Group or Group	:	TGG and its subsidiary companies and associated company, collectively
TGG ICULS or ICULS	:	Nominal value of 5-year 2% irredeemable convertible unsecured loan stocks
TGG Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in TGG
TGH	:	Tatt Giap Hardware Sdn Bhd (39286-X), a wholly-owned subsidiary company of TGG
TGH Acquisition	:	Acquisition by TGG of the entire issued and paid-up share capital of TGH comprising 20,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM73,299,998 fully satisfied by the following: (i) RM42,499,998 fully satisfied by the issue of 84,999,996 new TGG Shares at RM0.50 per TGG Share; and (ii) RM30,800,000 fully satisfied by the issue of 30,800,000 TGG ICULS at 100% of its nominal value
TGH Group	:	TGH and its subsidiary companies and associated company, collectively
TGMI	:	TGMI Industries Sdn Bhd (421355-V), a wholly-owned indirect subsidiary company of TGH
TGO	:	TG Oriental Steel Sdn Bhd (42683-P), a wholly-owned subsidiary company of TGG
TGO Acquisition	:	Acquisition by TGG of the entire issued and paid-up share capital of TGO comprising 1,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,220,000 fully satisfied by the issue of 2,440,000 new TGG Shares at RM0.50 per TGG Share
TGPM	:	Tatt Giap Perforated Metals Sdn Bhd (405083-T), a wholly-owned indirect subsidiary company of TGH
TGSC	:	Tatt Giap Steel Centre Sdn Bhd (310962-X), a wholly-owned subsidiary company of TGH
Underwriting Agreement	:	The underwriting agreement dated 13 May 2010 made between the Company and the Sole Underwriter for the underwriting of 6,000,000 Public Issue Shares
USD	:	United States dollar

GLOSSARY OF TECHNICAL TERMS

ASTM	:	American Society for Testing and Material
ASTM International	:	Originally known as the American Society for Testing and Materials. It is an international standards organisation that develops and publishes voluntary technical standards for a wide range of materials, products, systems, and services
ASME	:	American Society of Mechanical Engineers
E&E	:	Electrical and electronic
EG	:	Electro galvanising
EG steel	:	Electro-galvanised steel
GI	:	Galvanised iron
GI steel	:	Galvanised iron steel
JIS	:	Japanese Industrial Standards
mm	:	Millimetre
mt	:	Metric tonne(s)
QA	:	Quality assurance
QC	:	Quality control
QMS	:	Quality management system
SIRIM	:	Standard and Industrial Research Institute of Malaysia
SUS	:	Symbol of stainless steel as defined by JIS

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TABLE OF CONTENTS

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/Designation	Address	Occupation	Nationality
Dato' Siah Kok Poay *Chairman/President*	No. 6, Lorong Tambun Indah 5 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Company Director	Malaysian
Siah Lee Beng *Executive Director*	No. 30, Medan Pantai Jerjak Sungai Nibong 11900 Bayan Lepas Pulau Pinang	Company Director	Malaysian
Tan Lu Eng *Executive Director*	No. 22, Lorong Cengkeh 5 Taman Cengkeh 13400 Butterworth Pulau Pinang	Company Director	Malaysian
Zainal Abidin bin Ab. Rahman *Executive Director*	No. 27, Medan Burhanuddin Helmi Taman Tun Dr. Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Dato' Hj Mohd Zaim bin Abu Hasan *Non-Independent Non-Executive Director*	No. 1, Persiaran Pengkalan Timur 23 Desa Pengkalan Indah 31650 Ipoh Perak	Company Director	Malaysian
Loh Eng Wee *Independent Non-Executive Director*	No. 2, Jalan Meranti 11200 Tanjong Bungah Pulau Pinang	Lawyer	Malaysian
Yap Gim Seng *Independent Non-Executive Director*	No. 19, Lintang Delima 15 11700 Gelugor Pulau Pinang	Accountant	Malaysian

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Yap Gim Seng	Chairman	Independent Non-Executive Director
Dato' Hj Mohd Zaim bin Abu Hasan	Member	Non-Independent Non-Executive Director
Loh Eng Wee	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Loh Eng Wee	Chairman	Independent Non-Executive Director
Dato' Hj Mohd Zaim bin Abu Hasan	Member	Non-Independent Non-Executive Director
Yap Gim Seng	Member	Independent Non-Executive Director

COMPANY SECRETARY : Lam Voon Kean (MIA 4793)
No. 9 Reservoir, 5th Avenue
11500 Pulau Pinang
Tel. No.: (604) 229 4390

REGISTERED OFFICE : Suite 2-1, 2nd Floor
Menara Penang Garden
No. 42A, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel. No.: (604) 229 4390
Fax. No.: (604) 226 5860

HEAD OFFICE : 1617, Lorong Perusahaan Maju 6
Prai Industrial Estate IV
13600 Prai
Pulau Pinang
Tel. No.: (604) 502 1155
Fax. No.: (604) 502 1166
E-mail address: secretariat@tattgiap.com.my
Website: www.tattgiap.com.my

AUDITORS AND REPORTING ACCOUNTANTS : KPMG (AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
No. 42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel. No.: (604) 227 2288
Fax. No.: (604) 227 1888

1. CORPORATE DIRECTORY *(Cont'd)*

SOLICITORS FOR THE LISTING EXERCISE	:	Ong and Manecksha Advocates and Solicitors Suite 5.03, 5th Floor, Penang Plaza Jalan Burma 10050 Pulau Pinang Tel. No.: (604) 2275 811 Fax. No.: (604) 226 5366
PRINCIPAL BANKERS	:	Malayan Banking Berhad (3813-K) No. 9, Lebuh Union 10200 Pulau Pinang Tel. No.: (604) 261 2517 Fax. No.: (604) 262 8162 Alliance Bank Malaysia Berhad (88103-W) No. 21 Beach Street 10300 Georgetown Pulau Pinang Tel. No.: (604) 263 3100 Fax. No.: (604) 263 5100
INDEPENDENT MARKET RESEARCHER	:	Frost & Sullivan Malaysia Sdn Bhd (522293-W) Suite E-08-15, Block E Plaza Mont Kiara 2, Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Tel: No.: (603) 6204 5800 Fax. No.: (603) 6201 7402
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel. No.: (603) 7841 8000 Fax. No.: (603) 7841 8152
REGISTRAR	:	Agriteum Share Registration Services Sdn Bhd (578473-T) 2nd Floor, Wisma Penang Garden No. 42, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: (604) 228 2321 Fax. No.: (604) 227 2391
INDEPENDENT PROPERTY VALUER	:	Raine & Horne International Zaki + Partners Sdn Bhd (99440-T) No. 14, Penang Street 10200 Pulau Pinang Tel. No.: (604) 262 6888 Fax. No.: (604) 261 2032

1. CORPORATE DIRECTORY *(Cont'd)*

TRUSTEE FOR THE TGG ICULS	:	Mayban Trustees Berhad (5004-P) 34th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: (603) 2078 8363 / 2070 8833 Fax. No.: (603) 2070 9387
PAYING AGENT FOR THE ICULS	:	Agriteum Share Registration Services Sdn Bhd (578473-T) 2nd Floor, Wisma Penang Garden No. 42, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: (604) 228 2321 Fax. No.: (604) 227 2391
ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT FOR TGG	:	Alliance Investment Bank Berhad (21605-D) 3rd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: (603) 2692 7788 Fax. No.: (603) 2691 9028
LISTING SOUGHT	:	Main Market of Bursa Securities

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2. SUMMARY INFORMATION

THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES AND ICULS.

2.1 OUR PRINCIPAL BUSINESS

TGG was incorporated in Malaysia on 3 May 2006 under the Act as a private limited company under the name of Tatt Giap Group Sdn Bhd. Subsequently, it was converted into a public limited company on 8 May 2006. TGG commenced operations in 2008.

TGG was incorporated as an investment holding company in conjunction with the listing of the Group on the Main Market of Bursa Securities. As at the date of this Prospectus, TGG has nine (9) subsidiary companies and one (1) associated company. The principal activities of the subsidiary and associated companies of TGG are as follows:

Name	Date/place of incorporation	Principal activities	Issued and paid-up share capital RM	Equity interest held %
TGH	11.05.1978/ Malaysia	Importer, wholesaler and retailer of stainless steel and steel products	20,000,000	100.00
TGO	23.10.1978/ Malaysia	Manufacturing of cold drawn and polished carbon steel/stainless steel bars	1,500,000	100.00
Subsidiary companies of TGH				
TGSC	09.08.1994/ Malaysia	Processing of stainless steel as well as other ferrous and non-ferrous metal products and manufacturing of Superinox™ stainless steel tubes and pipes	10,000,000	100.00
FI	12.01.1994/ Malaysia	Investment in properties	2,000,000	100.00
Subsidiary companies of TGSC				
TGPM	07.10.1996/ Malaysia	Trading of metal products	1,000,000	100.00
TGMI	01.03.1997/ Malaysia	Manufacturing and trading of perforated metal products	2,800,000	100.00
Nippon EGalv	20.01.2006/ Malaysia	Manufacturing of EG steel coils	22,500,000	67.22
SPI	12.10.2005/ Malaysia	Trading of Superinox™ stainless steel tubes and pipes for domestic market	1,000,000	100.00

Name	Date/place of incorporation	Principal activities	Issued and paid-up share capital RM	Equity interest held %
SI	31.08.2007/ Malaysia	Trading of Superinox™ stainless steel tubes and pipes and other third party products for export markets	100,000	100.00
Associated company of TGH				
NIMS	11.06.1997/ Malaysia	Shearing, slitting, polishing and trading of stainless steel and sole agent for NMIC	9,000,000	25.00

Further details on the subsidiary and associated companies of our Group are set out in Section 5.6 of this Prospectus.

2.2 OUR COMPETITIVE STRENGTHS

We consider the following to be our competitive strengths:

(i) **An established player in the industry:** Our Group has been in the steel distribution and steel processing business for the past 32 years and 16 years respectively, and had successfully built a wide distribution network in the industry.

(ii) **Prudent diversification approach:** Leveraging from our wide clientele base developed over the years from our steel distribution business and steel service centre, our Group is able to diversify downstream, such as tubes and pipes, building materials, metal stamping, and electrical and electronic components.

(iii) **Expertise in stainless steel:** We have, over the years gradually diversified our products range through active sourcing and building of strong relationships with stainless steel producers worldwide. Today, we have gained good support from NMIC in the stainless steel market.

(iv) **Diverse market for products:** Our broad range of products and value-added steel processing services are targeted at wide range of end-users. This includes downstream applications in the industries such as automotive, E&E, metal stamping and fabrication, oil and gas, and building, construction and infrastructure.

(v) **Management and operational quality assurance:** Our Group has been certified with the ISO standard which is one of the world's foremost standards for recognising quality management and is an international reference for quality requirements. In addition to that, we have also been awarded with Germany's TÜV Nord Cert GmbH's ("TÜV Nord") quality management and product certification. TÜV Nord is recognised for its expertise in aspects of technical safety, environmental protection and conformity assessment of management systems and products internationally. Amongst the certification that our Group possesses are the ISO 9001:2008, ISO 9001:2000, ISO/TS 29001:2007 and DIN EN10312:2002+A:2005 certifications for our quality management and products.

(vi) **SIRIM QAS International Product Certification License:** Our Group possesses the SIRIM QAS International Product Certification Licence which provides our consumer an assurance of performance, safety, and reliability as well as it demonstrates an effective system for production processes.

Further details of our Group's competitive strengths are set out in Section 5.5.13 of this Prospectus.

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Proforma Consolidated Income Statements of our Group

The following table sets out the summary of the proforma consolidated income statements of our Group for the past five (5) financial years up to the FYE 31 December 2009 which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review. You should read this consolidated income statements in conjunction with the accompanying notes and assumptions included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 10.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
Revenue	178,240,106	210,907,047	239,661,911	272,603,529	225,367,627
Profit before depreciation and interest	12,865,316	17,577,030	21,783,701	19,582,915	26,765,182
Depreciation	(2,591,389)	(3,553,119)	(4,356,750)	(5,568,500)	(9,748,040)
Interest expense	(3,718,872)	(5,565,385)	(8,213,640)	(8,229,386)	(8,390,520)
Other operating income	804,212	1,091,264	577,768	1,934,270	2,007,433
Profit before taxation and share of results of associate	7,359,267	9,549,790	9,791,079	7,719,299	10,634,055
Share of results of associate, net of tax	443,969	1,033,983	1,614,566	278,913	(154,673)
Profit before taxation	7,803,236	10,583,773	11,405,645	7,998,212	10,479,382
Tax expense	(1,615,191)	(1,868,192)	(2,324,757)	(4,107,524)	(3,611,326)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056
Attributable to :					
Shareholders of the Company	6,188,045	8,715,581	9,080,888	4,172,643	7,101,256
Minority interest	-	-	-	(281,955)	(233,200)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056
Gross profit	19,741,518	25,530,386	29,614,994	29,166,636	33,388,138
Gross profit margin (%) [1]	11.08	12.11	12.36	10.70	14.81
Pre-tax profit margin (%) [2]	4.38	5.02	4.76	2.93	4.65
Net profit margin (%) [3]	3.47	4.13	3.79	1.43	3.05
Gross dividend rate (%)	-	-	-	-	-
After the Acquisitions					
Number of ordinary shares assumed to be in issue	87,440,000	87,440,000	87,440,000	87,440,000	87,440,000
Gross earnings per share (sen) [4]	8.92	12.10	13.04	9.15	11.98
Net earnings per share (sen) [5]	7.08	9.97	10.39	4.77	8.12

2. SUMMARY INFORMATION *(Cont'd)*

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
After the Acquisitions and TGG ICULS conversion					
Number of ordinary shares assumed to be in issue	140,543,448	140,543,448	140,543,448	140,543,448	140,543,448
Diluted earnings per share					
Gross earnings per share (sen) [4]	5.55	7.53	8.12	5.69	7.46
Net earnings per share (sen) [5]	4.40	6.20	6.46	2.97	5.05

Notes:

(1) Gross profit over revenue.
(2) Profit before taxation over revenue.
(3) Profit for the year over revenue.
(4) Profit before taxation over number of ordinary shares assumed to be in issue.
(5) Profit for the year attributable to shareholders of the Company over number of ordinary shares assumed to be in issue.

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2.3.2 Proforma Consolidated Balance Sheets as at 31 December 2009

The following table sets out the summary of the proforma consolidated balance sheets of our Group as at 31 December 2009 assuming that our Acquisitions, IPO and utilisation of proceeds had been effected as at that date. You should read this consolidated balance sheets in conjunction with the accompanying notes and assumptions included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 10.4 of this Prospectus.

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Assets					
Property, plant and equipment	-	186,317,851	186,317,851	186,317,851	186,317,851
Intangible assets	-	980,950	980,950	980,950	980,950
Prepaid lease payments	-	13,207,626	13,207,626	13,207,626	13,207,626
Investment properties		2,076,276	2,076,276	2,076,276	2,076,276
Investment in an associate	-	5,387,451	5,387,451	5,387,451	5,387,451
Other investments	-	198,400	198,400	198,400	198,400
Total non-current assets	-	208,168,554	208,168,554	208,168,554	208,168,554
Current assets					
Inventories	-	98,051,308	98,051,308	98,051,308	98,051,308
Receivables, deposits and prepayments	2,500	61,923,182	61,923,182	61,923,182	61,923,182
Current tax assets	-	662,060	662,060	662,060	662,060
Asset classified as held for sale	-	733,936	733,936	733,936	733,936
Cash and cash equivalents	113	11,417,902	27,917,902	27,917,902	27,917,902
Total current assets	2,613	172,788,388	189,288,388	189,288,388	189,288,388
Total assets	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Equity					
Share capital	2	43,720,000	43,720,000	51,000,000	77,551,724
ICULS [1]	-	27,993,592	27,993,592	27,993,592	-
Reserves	(103,812)	40,175,338	43,673,861	42,338,661	46,586,937
Total equity attributable to shareholders of the Company	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Minority interest	-	4,044,905	17,046,382	17,046,382	17,046,382
Total equity	(103,810)	115,933,835	132,433,835	138,378,635	141,185,043

2. SUMMARY INFORMATION *(Cont'd)*

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Liabilities					
Borrowings	-	33,456,804	33,456,804	27,512,004	24,705,596
Deferred tax liabilities	-	19,207,172	19,207,172	19,207,172	19,207,172
Total non-current liabilities	-	52,663,976	52,663,976	46,719,176	43,912,768
Current liabilities					
Payables and accruals	106,423	56,325,481	56,325,481	56,325,481	56,325,481
Borrowings	-	155,459,899	155,459,899	155,459,899	155,459,899
Current tax liabilities	-	573,751	573,751	573,751	573,751
Total current liabilities	106,423	212,359,131	212,359,131	212,359,131	212,359,131
Total liabilities	106,423	265,023,107	265,023,107	259,078,307	256,271,899
Total equity and liabilities	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Ratios					
Number of ordinary shares in issue	2	87,440,000	87,440,000	102,000,000	155,103,448
Net tangible assets (NTA)	(103,810)	110,907,980	114,406,503	120,351,303	123,157,711
NTA per ordinary share (RM) (2)	(51,905)	1.27	1.31	1.18	0.79
Net assets (NA)	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Net assets (NA) per ordinary share (RM) (3)	(51,905)	1.31	1.32	1.19	0.80

Notes:

Proforma I — *After TGH Acquisition and TGO Acquisition.*
Proforma II — *After Proforma I and Disposal of Shares in Nippon EGalv.*
Proforma III — *After Proforma II, Public Issue and utilisation of proceeds from the Public Issue.*
Proforma IV — *After Proforma III and assuming full conversion of TGG ICULS to TGG Shares.*

(1) Represents TGG ICULS assumed to be issued at 100% of its nominal value amounting to RM30,800,000. The TGG ICULS have been separated into both the equity and the liability component where the latter represents the fair value of the interest commitment relating to the TGG ICULS over the tenure of the TGG ICULS.

(2) NTA over total number of ordinary shares in issue.

(3) NA over total number of ordinary shares in issue.

2.4 SUMMARY OF THE IPO

IPO Size : Our IPO will comprise of the following:

(i) Public Issue of:

(a) 6,000,000 new TGG Shares, representing approximately 5.88% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for application by Malaysian Public (save for Excluded Parties), of which at least 50% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions;

(b) 2,000,000 new TGG Shares, representing approximately 1.96% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for application by the eligible Directors and employees of TGG and its subsidiary companies (save for Excluded Parties); and

(c) 6,560,000 new TGG Shares, representing approximately 6.43% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for private placement to identified investors.

(ii) Offer for Sale of:

(a) 4,000,000 TGG Shares representing approximately 3.92% of our enlarged issued and paid-up share capital (prior to the conversion of the ICULS) to be offered by our Offerors to identified investors;

(b) 10,200,000 TGG Shares representing approximately 10.00% of our enlarged issued and paid-up share capital (prior to the conversion of the ICULS) to be offered by our Offerors to Bumiputera investors approved by MITI; and

(c) RM10,000 nominal value of TGG ICULS of RM1.00 each in TGG to be offered by GSB to the Malaysian Public at an offer price of 100% of the nominal value. **Successful applicants will receive RM100 nominal value of ICULS.**

IPO Price : RM0.58 per IPO Share

Use of Proceeds : We intend to use the gross proceeds from the Public Issue of approximately RM8.45 million in the following manner:

Purpose	**RM'000**
Repayment of term loan borrowings	5,945
Estimated listing expenses	2,500
	8,445

Total enlarged issued and paid up share capital upon Listing	:	RM51,000,000 comprising 102,000,000 TGG Shares.
Market capitalisation upon Listing	:	RM59,160,000

Detailed information on our IPO and utilisation of proceeds are set out in Sections 3.5 and 3.10 respectively of this Prospectus.

2.5 RISK FACTORS

Before investing in our Shares and ICULS, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive):

Risks relating to our industry and our business

(i) General business risks;
(ii) Fluctuations in price of raw materials;
(iii) Dependence on major suppliers;
(iv) Competition;
(v) No long term contract with customers;
(vi) Dependence on markets and geographical location;
(vii) Dependence on key personnel;
(viii) Foreign exchange fluctuation risks;
(ix) Disruptions in operations at the steel processing facilities;
(x) Intellectual property rights;
(xi) Political, economic, governmental and regulatory considerations;
(xii) Financing risks; and
(xiii) Profitability.

Risks relating to investing in our Shares and ICULS

(i) Our Listing may be potentially delayed or aborted;
(ii) The market value of our Shares and ICULS may be volatile and subject to external factors;
(iii) There has been no prior market for our Shares and ICULS and an active market for our Shares and ICULS may not develop;
(iv) Future sale of Shares and ICULS by our substantial shareholders may adversely affect the market prices and value of our Shares and ICULS; and
(v) Control of existing substantial shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders.

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

3. PARTICULARS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated 28 June 2010.

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

A copy of this Prospectus has been registered with the SC and we have also lodged this Prospectus together with the Application Forms with the ROC. Neither the SC nor the ROC takes responsibility for its contents.

The approval from the SC for the Listing Scheme has been obtained vide its letters dated 12 September 2008, 23 February 2009, 30 October 2009 and 10 May 2010. The approval from the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities had on 21 June 2010 resolved to approve our admission to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our entire enlarged issued and paid-up share capital of our Company, including the IPO Shares and the new TGG Shares arising from the conversion of the ICULS and the ICULS, which are the subject of this Prospectus. Our Shares and ICULS will be admitted to the Official List of the Main Market of Bursa Securities and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and an undertaking that notices of allotment will be issued and despatched to all successful applicants.

Acceptance of application for the IPO Shares and ICULS will be conditional upon permission being granted by Bursa Securities for the quotation of our entire enlarged issued and paid-up share capital of our Company, including the new TGG Shares arising from the conversion of the ICULS and the ICULS on the Main Market of Bursa Securities before the expiration of six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC (provided that we are notified by or on behalf of Bursa Securities within six (6) weeks or such longer period as may be specified by the SC). Accordingly, monies paid in respect of any application accepted will be returned, without interest, if the said permission is not granted. If any such monies are not repaid within fourteen (14) days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

Pursuant to the Listing Requirements, at least 25% of our issued and paid-up share capital must be in the hands of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing and the listing of the TGG ICULS is conditional upon the TGG ICULS having at least one hundred (100) holders holding not less than one (1) board lot of the TGG ICULS. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the said requirement, we may not be allowed to proceed with the Listing. 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 fourteen (14) days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. We or our advisers have not 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, if we become aware of any material changes or developments affecting matters as disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with provisions of Section 238 of the CMS Act.

We are not making any invitation to subscribe for any IPO Shares and Offer for Sale ICULS in any jurisdiction outside Malaysia and in any circumstances in which such offer or invitation are authorised or lawful 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 the IPO Shares and Offer for Sale ICULS 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.

If you are submitting your applications by way of Application Forms or Electronic Share Applications (please refer to Section 18 of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares and Offer for Sale ICULS. A corporation or institution cannot apply for the IPO Shares and Offer for Sale ICULS by way of Electronic Share Application.

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

If you are in any doubt as to the action to be taken, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional adviser before applying for our IPO Shares and Offer for Sale ICULS.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at *www.bursamalaysia.com*.

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares and Offer for Sale ICULS are expected to be allocated in the manner described below. All percentages of share capital in this section are based on our Company's enlarged issued and paid-up share capital upon Listing (prior to the conversion of the ICULS).

3.2 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares and TGG ICULS will be accepted from 10.00 a.m. on Monday, 28 June 2010 and will be closed at 5.00 p.m. on Monday, 12 July 2010 or for such further period or periods as our Directors, Offerors and the Sole Underwriter in our absolute discretion may mutually decide. **Late applications will not be accepted.**

3.3 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital of 102,000,000 Shares (prior to the conversion of the ICULS) and RM30,800,000 TGG ICULS on the Main Market of Bursa Securities are set out below:

Event	Indicative Time and Date
Opening of applications	28 June 2010 at 10.00 a.m.
Closing of applications	12 July 2010 at 5.00 p.m.
Balloting of applications	14 July 2010
Allotment of IPO Shares and ICULS	20 July 2010
Listing of and quotation for our entire enlarged issued and paid-up share capital (excluding the 53,103,448 Shares to be issued upon conversion of TGG ICULS) and TGG ICULS on the Main Market of Bursa Securities	22 July 2010

The application period will open at 10 a.m. on Monday, 28 June 2010 and will remain open until 5.00 p.m. on Monday, 12 July 2010 or such further period or periods as our Directors, Offerors and Sole Underwriter in their absolute discretion may mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment and listing would be extended accordingly and we will notify the public via an advertisement in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia. **Late applications will not be accepted.**

3.4 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

(i) To achieve listing status for our Company;

(ii) To provide additional funds for our Group's repayment of bank borrowings and to improve our gearing;

(iii) To enable us to have access to the capital market for cost effective capital raising for future expansion and continuing growth of our Group; and

(iv) To provide an opportunity for the investing community including the Malaysian Public, eligible Directors and employees of TGG and its subsidiary companies to participate in our continuing growth by way of equity participation.

3.5 THE IPO

The IPO (comprising the Public Issue and Offer for Sale) is subject to the terms and conditions of this Prospectus and upon acceptance, we have allocated the aggregate 28,760,000 IPO Shares and RM10,000 TGG ICULS in the manner explained below which is subject to clawback and reallocation.

3.5.1 Public Issue

14,560,000 Public Issue Shares representing approximately 14.27% of our enlarged issued and paid-up share capital will be allocated the Malaysian Public and eligible Directors and employees of TGG and its subsidiary companies and to identified investors in the following manner:

(i) Malaysian Public ("Public Tranche")

6,000,000 Public Issue Shares, representing approximately 5.88% of our enlarged issued and paid-up share capital (prior to the conversion of ICULS) are reserve for application by the Malaysian Public (save for Excluded Parties), of which at least 50% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved under the Public Tranche which are not fully subscribed for by the Malaysian Public (save for Excluded Parties) will be made available for subscription by our eligible Directors and employees of TGG and its subsidiary companies (save for Excluded Parties). Any shares remaining subsequently will be made available for subscription by the identified placees under the Placement Tranche as described in Section 3.5.1(iii) below and if undersubscribed, such Public Issue Shares will be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

The salient terms of the Underwriting Agreement are set out in Section 3.12 of this Prospectus.

(ii) Pink Form Allocation ("Pink Form Tranche")

In recognition of their contributions to our Group, we have reserved 2,000,000 Public Issue Shares, representing approximately 1.96% of our enlarged and issued paid-up share capital (prior to the conversion of ICULS), for subscription by our eligible Directors and employees of TGG and its subsidiary companies (save for Excluded Parties).

We have allocated an aggregate of 683,000 Public Issue Shares for subscription by the Directors of our subsidiary companies based on their respective designation, roles and responsibilities and contributions to our Group, as follows:

Name of Directors	Designation	No. of Public Issue Shares allocated
Kelvin Chai Yin Chong	Managing Director of Nippon EGalv	100,000
Tan Cheng Meng	Executive Director of SPI and Production Director of TGSC	66,000
Siah Chin Soon	Business Development Director of TGSC	100,000
Michael Yap Chuan Ho	Business Development Director of SPI and SI	25,000
Siah Chin Joo	Business Development Director of TGO	130,000
Siah Chin Hoo	Group Procurement Director	130,000
Siah Chin Pin	Business Development Director of SPI and SI	132,000
		683,000

We will also allocate these Public Issue Shares to the eligible employees of TGG and its subsidiary companies (save for Excluded Parties) based on job grade and length of service. Based on the criteria approved by our Board, 108 eligible employees (excluding Directors and Excluded Parties) will be allocated an aggregate of 1,317,000 Public Issue Shares.

The Public Issue Shares reserved under the Pink Form Tranche are not be underwritten as written irrevocable undertakings to subscribe for the Pink Form shares have been procured from the respective eligible Directors and employees of the Group.

(iii) Private Placement ("Placement Tranche")

6,560,000 Public Issue Shares, representing approximately 6.43% of our Company's enlarged issued and paid-up share capital (prior to the conversion of ICULS), have been reserved for private placement to identified investors.

The Public Issue Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective identified investors.

The amount of the offering will not be increased via any over-allotment or 'greenshoe' option.

3.5.2 Offer for Sale

The Offer for Sale comprises:

- 4,000,000 ordinary shares representing approximately 3.92% of our enlarged issued and paid-up share capital (prior to the conversion of the ICULS) to be offered by our Offerors to identified investors at an offer price of RM0.58 per Share;

- 10,200,000 ordinary shares representing approximately 10.00% of our enlarged issued and paid-up share capital (prior to the conversion of the ICULS) to be offered by our Offerors to Bumiputera investors approved by the MITI at an offer price of RM0.58 per Share; and

- RM10,000 nominal value of TGG ICULS to be offered by GSB at an offer price of 100% of the nominal value to the Malaysian Public. **Successful applicants will receive RM100 nominal value of ICULS.**

The Offer for Sale Shares reserved for application by the identified Bumiputera and non-Bumiputera investors are not underwritten. The Offer for Sale ICULS reserved for application by the Malaysian Public are not underwritten.

Any Offer for Sale Shares which are not fully subscribed for by Bumiputera investors shall be made available for application by the Bumiputera public as part of the IPO balloting process. Thereafter, any Offer for Sale Shares that were reallocated to the Bumiputera public (as part of the IPO balloting process) not subscribed for by Bumiputera public, shall be made available for application by Malaysian Public. Subsequently, any unsubscribed Offer for Sale Shares by the Malaysian Public (save for Excluded Parties) will be made available for subscription by identified investors. Should the Offer for Sale Shares is still undersubscribed thereafter, the Offerors will retain the Offer for Sale Shares.

Any Offer for Sale Shares which are not fully subscribed for by identified investors shall be made available for application by other identified investors. Thereafter, any Offer for Sale Shares that were reallocated to the other identified investors not subscribed for, shall be made available for application by Malaysian Public (save for Excluded Parties). Should the Offer for Sale Shares is still undersubscribed thereafter, the Offerors will retain the Offer for Sale Shares.

Any Offer for Sale ICULS reserved under the Offer for Sale which are not fully subscribed for by the Malaysian Public (save for Excluded Parties) shall be made available for application by identified investors. The Offer for Sale ICULS is carried out by GSB for the purpose of meeting the public spread requirements pursuant to the Listing Requirements as detailed in Section 3.1 of this Prospectus.

The details of the Offerors for the Offer for Sale of Shares are as follows:

Offerors/ Address	Relationship with the Group for the past three (3) years	< - Before IPO - > No. of Shares held	% held	< -- Shares offered pursuant -- > to the Offer for Sale Shares No. of Shares held	%* held of share capital as at the Latest Practicable Date	%** held of Enlarged Share Capital	< -- After IPO -- > No. of Shares held	% held
GSB/ 11-3-6 New Bob Centre Jalan Gottlieb 10350 Pulau Pinang	Substantial shareholder of TGH	54,043,001	61.81	2,840,000	3.25	2.78	51,203,001	50.20
PNS/ Level 9B, Menara Dato' Onn, Putra World Trade Centre, 45, Jalan Tun Ismail, 50480 Kuala Lumpur	Substantial shareholder of TGH	25,797,499	29.50	11,360,000	12.99	11.14	14,437,499	14.15
		79,840,500	91.31	14,200,000	16.24	13.92	65,640,500	64.35

Notes:

* *Based on the existing issued and paid-up share capital of 87,440,000 TGG Shares, i.e. after the Acquisitions but before the IPO.*

** *Based on the enlarged issued and paid up share capital of 102,000,000 TGG Shares, i.e. after the IPO.*

The details of the Offerors for the Offer for Sale of ICULS are as follows:

Offerors/ Address	Relationship with the Group for the past three (3) years	< - Total interest- > held before IPO Value of ICULS held RM	% held	< -- ICULS offered -- > pursuant to the Offer for Sale ICULS Value of ICULS held RM	% held	< - Total interest - > held after IPO Value of ICULS held RM	% held
GSB/ 11-3-6 New Bob Centre Jalan Gottlieb 10350 Pulau Pinang	Substantial shareholder of TGH	19,582,640	63.58	10,000	0.03	19,572,640	63.55

Further details on the Offerors' shareholding in our Company before and after taking into consideration the IPO are set out in Section 7.1 of this Prospectus.

3.5.3 No minimum subscription level

There is no minimum subscription amount to be raised from the IPO as all the IPO Shares and TGG ICULS will either be underwritten by the Underwriter or subscribed by the eligible Directors and employees of TGG and its subsidiary companies, the identified placees and Bumiputera investors pursuant to their respective written irrevocable undertakings or the Offerors continues to hold the shares and ICULS if undersubscribed on the closing date of application.

3.6 SHARE CAPITAL AND MARKET CAPITALISATION

	RM
Authorised share capital	
160,000,000 ordinary shares of RM0.50 each	80,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	
87,440,000 ordinary shares of RM0.50 each	43,720,000
To be issued and credited as fully paid-up pursuant to the Public Issue	
14,560,000 new ordinary shares of RM0.50 each	7,280,000
Enlarged issued and paid-up share capital upon Listing	
102,000,000 ordinary shares of RM0.50 each	51,000,000
To be issued upon full conversion of TGG ICULS	
53,103,448 new ordinary shares of RM0.50 each	26,551,724
Total enlarged issued and paid-up share capital	77,551,724
Offer for Sale of:	
14,200,000 ordinary shares of RM0.50 each	7,100,000
10,000 TGG ICULS	10,000
IPO Price per Share	RM0.58
Market capitalisation upon Listing based on the IPO Price	RM59,160,000

3.7 CLASSES OF SHARES, RANKING AND RIGHTS

There is only one (1) class of shares, being ordinary shares of RM0.50 each, in TGG. The Public Issue Shares and Offer for Sale Shares shall rank *pari passu* in all respects with the existing issued and fully paid-up TGG Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Unless there are special rights attached to any shares which may be issued in the future, a shareholder shall be entitled to share in the whole of profits paid out as dividends and other distributions and the whole of any surplus in the event of the Company's liquidation in accordance with the Company's Articles of Association. Such entitlement shall be in proportion to the amount of TGG Shares held by them.

Each shareholder is entitled to vote at any of our general meeting in person, by proxy or by attorney and on a show of hands. Every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and, on a poll, every shareholder who is present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be our member.

The new ordinary shares of RM0.50 each in TGG arising from the conversion of the TGG ICULS will, upon allotment and issue, rank *pari passu* in all respects with the existing ordinary shares of TGG except that they shall not be entitled to any dividends, rights, allotments to other distributions declared prior to the date of allotment of the new ordinary shares.

3.8 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters, Offerors and Alliance, after taking into account the prevailing market conditions and the following factors:

(i) Financial and Operating History

Based on the proforma consolidated financial statements of our Group as at 31 December 2009, we have recorded PAT of RM7.10 million which translates into a net EPS of 8.12 sen based on the issued and paid-up share capital of TGG of 87,440,000 Shares subsequent to the Acquisitions. This in turn represents a net PE multiple of 7.14 times;

(ii) Proforma Consolidated NA

Based on the proforma consolidated NA per share of TGG as at 31 December 2009 of RM1.19 after adjusting for the effects of the Acquisitions, Disposal of Shares in Nippon EGalv, the Public Issue, the Offer for Sale and utilisation of proceeds thereof;

(iii) Future Plans and Potential Growth

The future plans, strategies and prospects of the Group as described in Section 5.10 of this Prospectus and competitive strengths as described in Section 5.5.13; and

(iv) Prospects of the steel processing market

The overview and prospects of the steel processing market as outlined in Section 6 of this Prospectus.

You should take note that the market price of our Shares and ICULS upon and subsequent to our listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares and ICULS being traded. **You should also bear in mind the Risk Factors as set out in Section 4 of this Prospectus and form your own views on the valuation of the IPO Shares and ICULS before deciding to invest in the IPO Shares and ICULS.**

3.9 DILUTION

Dilution is the amount by which the IPO Price paid by the Applicant exceeds the proforma consolidated NA per Share of our Group after the IPO. Our proforma consolidated NA per Share as at 31 December 2009 (after adjusting the effects of the Acquisitions and Disposal of Shares in Nippon EGalv) based on the issued and paid-up share capital of 87,440,000 Shares before the IPO is approximately RM1.32 per Share.

Pursuant to the IPO (after adjusting the effect of the utilisation of proceeds), our proforma consolidated NA per Share as at 31 December 2009 would have been approximately RM1.19 based on our enlarged issued and paid-up share capital of 102,000,000 Shares (prior to the conversion of ICULS). This NA per Share of RM1.19 is approximately 105.2% higher than the IPO Price of RM0.58 and thus, there is no dilution to the new investors in our Company, the details of which are set out below:

	RM
Issue Price	0.58
Proforma consolidated NA per share as at 31 December 2009 (after adjusting the effects of the Acquisitions and Disposal of Shares in Nippon EGalv)	1.32
Decrease in proforma consolidated NA per share attributable to existing shareholders	(0.13)
Proforma consolidated NA per share after our IPO (after adjusting the effect of the utilisation of proceeds)	1.19

The following tables summarises the total number of shares and ICULS acquired by our Directors, substantial shareholders or person connected to them (if any) during the period of three (3) years prior to the date of this Prospectus, the total consideration paid to us and the effective cost per share to them and to the new investors pursuant to the IPO:

	Number of TGG Shares acquired	Total consideration RM	Effective cash cost per Share RM
Directors			
Dato' Siah Kok Poay	1,423,496	711,748	0.50
Tan Lu Eng	203,252	101,626	0.50
Substantial Shareholders			
GSB	54,042,997	27,021,499	0.50
PNS	25,797,499	12,898,750	0.50
Public investors	14,560,000	8,444,800	0.58

	Nominal value of TGG ICULS acquired RM	Total consideration RM	Effective cash cost per ICULS RM
Substantial Shareholders			
GSB	19,582,640	19,582,640	1.00
PNS	9,347,800	9,347,800	1.00
Public investors	10,000	10,000	1.00

3.10 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting to approximately RM8.25 million will be accrued entirely to the Offerors.

We expect to receive gross proceeds of approximately RM8.45 million from the Public Issue and we intend to use the proceeds for the following purposes:

	Purposes	RM'000	Estimated timeframe for use (from the listing date)
(i)	Repayment of term loan borrowing	5,945	Within 1 year
(ii)	Estimated listing expenses	2,500	Within 2 months
	Total gross proceeds	8,445	

Pending the eventual utilisation of the proceeds raised from the Public Issue, the funds will be placed in short term deposits with licensed financial institutions or used to invest in short-term money market instruments.

Notes:

(i) ***Repayment of term loan borrowing***

Approximately RM5.95 million of the proceeds is set aside for the repayment of our Group's term loan borrowings. Such borrowings have been obtained to finance the acquisition of our headquarters on 31 December 2004 bearing the address as stated in Section 1 Corporate Directory of this Prospectus.

Details of the term loan borrowings that will be repaid are as follows:

Bankers/ Facility	*Purpose*	*Maturity date*	*Interest rate*	*Balance as at Latest Practicable Date RM'000*	*Amount to be repaid from proceeds RM*
Malayan Banking Berhad	*10 year term loan amounting to RM9.5 million as 100% consideration for the acquisition of our headquarters.*	*December 2015*	*BLR + 0.6%*	*5,860*	*5,945**

The use of the proceeds in the above manner is expected to have a positive financial impact on our Group by lowering finance cost incurred by our Group. For illustration purposes, assuming an estimated RM5.95 million is utilised for repayment of bank borrowings, total savings in financing cost based on a simple average interest rate of 6.55% would amount to RM0.39 million per annum. Applying this interest savings to the proforma financial results of our Group for the FYE 31 December 2009 will result in the PBT margin increasing from 4.66% to 4.83%.

Note:

* *The actual amount of the repayment of the abovementioned borrowings using the proceeds raised from the Public Issue may defer as it depends on the actual date of repayment of the borrowings. Any variation to the actual repayment will result in an adjustment to the working capital of our Group.*

(ii) ***Estimated listing expenses***

Our Company will bear all the listing expenses and fees incidental to the Listing of RM2.50 million as follows:

	RM'000
Professional advisory fees	*900*
Fees to the authorities and Issuing House	*221*
Underwriting commission, placement fees and brokerage fees	*480*
Printing and advertising cost	*250*
Other incidental charges	*649*
Total	*2,500*

Note:

Any variation to the actual listing expenses will result in an adjustment to the working capital of our Group. Expenses incurred relating to the Offer for Sale will be borne by the Offerors.

3.11 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to the IPO Shares is payable by us at the rate of 1% of the IPO Price in respect of successful applications which bear the stamps of Alliance, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

Underwriting commission

An underwriting agreement was entered into between the Company and Alliance to underwrite 6,000,000 Public Issue Shares reserved for application under the Public Tranche ("Underwriting Agreement") based on the rate of 2.0% of the IPO Price.

Placement fee

Alliance, as our sole placement agent, will arrange for the placement of 20,760,000 IPO Shares at the rate of between 0.5% and 2.0% of the IPO Price per TGG Share. GSB has appointed Alliance as the sole placement agent for the placement of 2,840,000 Offer for Sale Shares at the rate of between 0.5% and 2.0% of the IPO Price for each Offer Share successfully placed. PNS has appointed Alliance and RHB Investment Bank Berhad as the placement agents for the placement of 11,360,000 Offer for Sale Shares at the rate of between 0.5% and 2.0% of the IPO Price for each Offer Share successfully placed. The Offerors will bear the expenses incurred relating to the Offer for Sale.

3.12 DETAILS OF THE UNDERWRITING AGREEMENT

The following salient terms are reproduced from the Underwriting Agreement and unless otherwise stated, all capitalised terms shall bear the same meaning as prescribed in the Underwriting Agreement:

8. ***TERMINATION***

8.1 *Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:*

8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Sole Underwriter, or by the Closing Date, whichever is earlier; or

8.1.2 there is withholding of information which is required to be disclosed to the Sole Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, 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 IPO Shares and TGG ICULS; or

8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;
(b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter;
(c) any material and adverse change to the business or financial condition of the Company or the Group;
(d) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to the Sole Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the IPO, or the distribution or sale of the IPO Shares and TGG ICULS, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.1.4 there is failure on the part of the Company to perform any of its obligations herein contained; or

8.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Sole Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Sole Underwriter will be released and discharged from its obligations.

8.2 Subject to prior consultation with the Company, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:

8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any other company in the Group;
8.2.2 the Kuala Lumpur Composite Index falls below 1,000 points and remains below 1,000 points for 3 consecutive Market Days; or
8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.

4. RISK FACTORS

BEFORE INVESTING IN OUR SHARES AND ICULS, YOU SHOULD RELY ON YOUR OWN EVALUATIONS AND CAREFULLY CONSIDER THE MERITS, RISKS AND INVESTMENT CONSIDERATIONS AS SET OUT BELOW, TOGETHER WITH THE REST OF THE INFORMATION IN THIS PROSPECTUS. THE INFORMATION BELOW MAY NOT BE EXHAUSTIVE. ADDITIONAL RISKS AND UNCERTAINTIES, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR COMPANY OR OUR SHARES AND ICULS IN THE FUTURE.

If you are in any doubt as to the information contained in this section, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional adviser.

4.I RISKS RELATING TO OUR INDUSTRY AND OUR BUSINESS

4.I.I General business risks

General risks are those risks that can be classified as events generally beyond the control of our Group. Hence, the resulting risks cannot be forecasted and the probability of their occurrence cannot be determined with accuracy. These risks are inevitable in the business and cannot be eliminated completely. For example, in production, risks may arise due to irregular supply of raw materials, break down of machinery and labour unrest. In marketing, risks may occur on account of price fluctuations, change in preference, errors in sales forecasting and trade cycles. In addition, there may be loss of assets due to fire, flood, earthquake, riots, war or political unrest which may cause unwanted interruptions in business operations.

Thus, general business risks may take place in a variety of forms. These risks are universal and may vary according to the nature and size of a business. Although we seek to limit the risks mentioned above, through inter-alia, maintaining good relationship with a wide range of customers and suppliers and improving operational efficiency, there is no assurance that future occurrence of the said risks will not have any material adverse effect on our future performance.

4.I.2 Fluctuations in price of raw materials

The price of steel is dependent on the demand and supply condition of steel in the global market, and is a commodity traded based on the rates quoted on the London Metal Exchange. The increase or decrease in the price of raw materials are affected by many factors beyond our control, which amongst others, include the general state of the global economy, the level of industrial development worldwide, competition, industrial productivity levels, imposition of import duties/levies and foreign currency fluctuations. Any increase in the price of raw materials will increase our cost of sales as well as our carrying cost for maintaining our inventories. Please refer to Section 6 of this Prospectus for further information on steel prices.

Our Group has established a long term relationship with our partner in Japan, namely NMIC. Based on this relationship, we are able to source stainless steel products at competitive prices. NMIC is an established supplier of stainless steel products, marketed under the trade name of NTK. In addition, NMIC had over the years, sustained competitive pricing in the stainless steel market and hence, we are assured of sourcing steel products at competitive prices from NMIC in the event that a fluctuation in steel price arises. Notwithstanding this, there can be no assurance that price of steel products would not increase and that such increase will not have a material effect on our financial performance.

In order to protect our Group from fluctuating steel prices in the world market, we have our strategies in place. In general, where possible, we endeavour to secure back-to-back arrangements for purchases of raw materials whereby we will confirm an order from the customer before purchasing the necessary raw materials from our suppliers. Based on our management's experience, when steel prices are expected to increase, our Group would take a prudence stance to increase its stock levels and reduce back-to-back arrangements, for us to benefit from higher prices. On the other hand, when steel prices are expected to decrease, we would reduce our purchases/stock levels and increase back-to-back arrangements, as to reduce exposure to falling prices.

4.1.3 Dependence on major suppliers

Save for the supply arrangement between Nippon EGalv and Nippon Steel Corporation contained in the shareholders agreement disclosed in Section I7.5 (v) of this Prospectus, we do not have long term supply arrangements with major suppliers who are typically steel mills and international steel traders, which is an industry norm. Although we have not experienced any significant problems with our suppliers and have maintained good relations with them since we began the business relationships, there can be no assurance that we will continue to obtain the same level of support from our major suppliers, including sufficient allocations of steel of an acceptable quality and at competitive prices.

If our major suppliers are unable to fulfil our supply requirements, we may not be able to seek alternative sources of steel supply in time, or we may be subject to higher costs from alternative suppliers. A significant shortage in our inventories or product items may adversely affect our ability to meet our customers' orders. Further, any delay or disruption in delivery schedules of our purchase orders may affect our operations temporarily, resulting in lost of sales and hence, materially and adversely affecting our performance and profitability.

Nevertheless, we source a wide range of steel products from several steel mills and are not over-reliant on a particular supplier. We are of the opinion that should there be any shortage of supply from any of our existing suppliers, we are able to source from alternative steel mills.

4.1.4 Competition

The steel service industry in which we operate is competitive in nature. We face competition from various steel distributors, steel service centres and stainless steel pipe manufacturers, and potential new entrants into the market.

Players in this industry compete in terms of product quality, product range, pricing and timely delivery. Any overall decline in demand for their products and services may exert a downward pressure on our prices and affect our profit margins. Furthermore, the number of new players has increased to about 30 players in the last five (5) years and they are not complete novices to the industry, but tend to be former stockist and distributors; in other words they were formerly on the lower end of the value chain. However, barriers to entry are high capital costs. Start-up cost for setting up production facilities, the necessary technical know-how and establishment of good marketing network, may deter potential new entrants.

There is no assurance that the increased competition in the industry will not have any material impact on our performance, or that we will be able to maintain our existing competitive edge and market share in the future. However, we have more than 30 years of experience in this industry, developed extensive distribution network in the market and constantly strive to broaden our product range and improve the quality of our products to maintain our competitiveness in the industry.

4.1.5 No long term contract with customers

We have not entered into any long term contracts with our customers. Our business relationship is based upon purchase orders with our customers. Hence, we have no contracts, which require any of our customers to continue to purchase our products. Notwithstanding that, we do have long-term relationships with many of our customers. However, there can be no assurance that such relationships will continue or that our customers will continue placing their orders on our products.

4.1.6 Dependence on markets and geographical location

Based on the FYE 31 December 2009, our Group revenue comprises of 96.66% and 3.34% to local and overseas markets respectively. Our exports markets are to countries such as India, Singapore, Indonesia, Brunei, Vietnam, Thailand, Philippines, United States of America and Australia.

We seek to widen our geographical coverage, both in the local and overseas markets to reduce the risk of any dependency on any markets. We plan to reach out, create more opportunities and directly market our products and services in the East Coast of Peninsular Malaysia and East Malaysia. Internationally, we plan to market our products to countries in the Middle East, Australasia and other markets in the ASEAN and European region.

Please refer to Section 5.10 of this Prospectus for further information on our expansion plans.

4.1.7 Dependence on key personnel

Our Directors recognise and believe that our Group's continuing success depend, to a significant extent, on the abilities and continuing efforts of our existing Directors as well as our key management and technical personnel. The loss of any of our Directors and key management and technical personnel, could adversely affect our Group's continued ability to compete in its industry.

We recognise the importance of our ability to attract and retain our key management and technical personnel, and have in place a remuneration package which is on par with the industry standards for employees, especially for key management and technical personnel as well as providing a good working environment which promotes productivity and loyalty. In addition, efforts are constantly made to continuously attract new skilled personnel to strengthen our existing personnel.

Although we seek to limit the dependence of key management and technical personnel through the efforts mentioned above, there is no assurance that any change in the key management and technical personnel structure will not have a material adverse effect on our future performance.

In view of the risks that we inevitably face as a business entity, as part of our Group's effort to mitigate the risk, we have setup a management succession plan and have identified middle management personnel across all divisions to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. Please refer to Section 7.9 of this Prospectus for further information on our management succession plan.

4.1.8 Foreign exchange fluctuation risks

We are exposed to foreign exchange fluctuation risks as approximately 50% of our raw materials are mainly transacted in USD. We currently have foreign currency accounts to enable us to transact in other currencies. Nevertheless, our Group is exposed to foreign currency exchange losses or gains arising from timing differences. Any appreciation or depreciation of USD against the RM will result in our Group incurring foreign currency exchange losses or gains due to revaluation of these foreign currencies. However, over the past five (5) financial years, we have managed to mitigate the foreign exchange losses as detailed in Section 12.2.2 (vi) of this Prospectus.

It is our intention to use hedging techniques such as foreign exchange contracts when the need arises to mitigate the risk of foreign currency exchange fluctuations. In addition, we will use financial hedging instruments to manage the foreign currency exchange risks in particular those in USD. Nevertheless, there can be no assurance that any significant foreign currency exchange fluctuation will not impact our revenue and earnings.

4.1.9 Disruptions in operations at the processing and manufacturing facilities

Our revenue from the steel and stainless steel processing and manufacturing businesses are dependent on the continued operation of our processing facilities. Our processing and manufacturing operation is subject to risks including, amongst others, the breakdown, failure or sub-standard performance of our equipment, power failure and any interruption in our operations as a result of any failure to comply with all applicable laws, regulations and standards in Malaysia. Frequent or prolonged occurrence of any of the aforesaid factors may have a material and adverse impact on our business, financial condition and the results of our operations. As at the Latest Practicable Date, we have not experienced any breakout of fire or other emergencies/casualties nor any power supply outage.

Although we intend to further enhance our equipments and machineries from time to time, there can be no assurance that any future disruptions in operations will not materially affect our business.

4.1.10 Intellectual property rights

We had on 4 November 2009 and 8 December 2009, submitted an application to the Intellectual Property Corporation of Malaysia for the registration of "Superinox" and "Nippon EGalv" marks respectively. As at the Latest Practicable Date, the applications are pending the approvals from the Intellectual Property Corporation of Malaysia.

Notwithstanding that, we are currently and have been selling our products under the brand name, "Superinox" and "Nippon EGalv" which has gained market recognition in the industry locally. However, there may be risk that the application might be rejected or there may be some other manufacturers who might manufacture and sell counterfeit products under the same brand name. Please refer to Section 5.5.14 of this Prospectus for further details on the brand name and intellectual property of our Group.

4.1.11 Political, economic, governmental and regulatory considerations

Any adverse development in the political situation and economic uncertainties in Malaysia and other countries in which we conduct business, directly or indirectly, could materially and adversely affect the financial performance of our Group. These include risks of war, global economic downturn, expropriation, nationalisation, unfavourable changes in government policy and regulations such as foreign exchange rates and methods of taxation and currency exchange controls. There can be no assurance that any change to these factors will not have a material adverse effect on our business.

Our business operations are subject to the laws and regulations of the jurisdiction where we operate such as the MITI. However, there is no assurance that future changes to the said laws, regulations, rulings, directions, policies and guidelines within and outside Malaysia will not affect the operation and performance of our Group.

4.1.12 Financing risks

Our Group relies on credit facilities from banks and financiers as well as issuance of debentures to finance its operations and business activities. As at 31 December 2009, our total short-term and long-term borrowings amounted to approximately RM155.46 million and RM33.46 million respectively. Our total borrowings results in a gearing level of 1.64 times.

Our indebtedness is considered material in relation to our current financial standing and hence, we are susceptible to interest rate fluctuations as well as litigation risks in event of default.

There can be no assurance that our gearing level will further improve in the future and that our performance will remain favourable in the event of adverse changes in interest rates, the market conditions in the industry as well as of the general economy. In addition, all our bank borrowings are interest bearing. Given the interest charge on bank borrowings is dependent on the interest rates and the total outstanding loans, future fluctuations of the interest rates could have a material effect on our operations and profitability. There can be no assurance that the performance of our Group will not be affected in the event of adverse changes in the interest rates.

In relation to customer's credit risks, we have historically recorded low level of provisions for doubtful debts of approximately 0.40%, 0.10%, 0.07% and 0.18% for FYE 31 December 2006, to 2009. The adequacy of the level of provisioning for doubtful debts has been reviewed by our Group's auditors. Further, we have been able to recover part of provisions made amounting to RM345,293 for the past five (5) FYE 31 December 2005 to 2009. In addition to that, our Directors are fully kept aware of the financial position and the level of gearing of our Group and they shall, prior to making any decisions to enter into new financing contracts, evaluate and monitor the financial position of the Group in order to ensure that all financing obligations are met and shall continue to be met.

In order for us to mitigate credit risk, we have set up a credit control committee who will oversee the operation of credit control including performance of background checks of all new customers of our Group. Additionally, the committee will set/review credit limits for each of our customers and subsequently monitor the ageing of these customers which will be reported in a monthly meeting held together with our Directors.

Further, it is the intention of our Group to pare down the level of borrowings, where possible. As such, the proceeds which will be raised from the Public Issue will be utilised to reduce the level of borrowings of the Group. Please refer to Section 3.10 and Section 12.4.3 of this Prospectus for further details of the utilisation of proceeds and borrowings respectively.

4.1.13 Profitability

Our Group generated revenues of RM178.24 million, RM210.91 million, RM239.66 million, RM272.60 million and RM225.37 million and corresponding PAT of RM6.19 million, RM8.72 million, RM9.08 million, RM3.89 million and RM6.87 million in the past five (5) FYE 31 December 2005 to 2009. This resulted in the PAT margins of 3.47%, 4.13%, 3.79%, 1.43% and 3.05% respectively. Our Group experienced an exceptional write down in the carrying amount of the inventories, in particular, stainless steel products, to the net realisable values in the FYE 31 December 2008 which caused the steep reduction in the margins of the Group due to the drop in the stainless steel hot rolled coils prices from approximately USD4,199 per tonne between July and September 2008 to USD2,183 per tonne by April to June 2009 based on information obtained by Frost & Sullivan. The write down involved an amount approximating RM3.3 million.

The relative low profit margins is an industry norm which stems from the fact that raw material prices which are purchased from steel manufacturers are expensive and represents a major part of the cost of sales.

According to Frost and Sullivan in their IMR report on the steel processing market in Malaysia, the range of PAT/(LAT) margins for the 13 steel processing companies in Malaysia in 2008 was (25.47)% and 8.05% and the simple average PAT margin for these companies was 0.58%. Our average PAT margin for the past five (5) FYE 31 December 2005 to 2009 was 3.17% which is above the simple average PAT margin of the industry of 0.58% that was achieved by other comparable companies in the industry.

Whilst we endeavour to minimise production and operations cost, we are subject to the vagaries of the industry, amongst others, steel prices. Nevertheless, we continuously take measures to improve efficiency and productivity to ensure cost is reduced to the minimum by constantly monitoring steel prices and stocking up when necessary. We will also try to further reduce inventory holding costs by improving our already proven standard operating procedures between production and sales. In addition, we will also be utilising proceeds raised from the Public Issue to reduce our Group's borrowings and in turn will reduce the interest costs to our Group accordingly.

4.2 RISKS RELATING TO INVESTING IN OUR SHARES AND ICULS

4.2.1 Our Listing may be potentially delayed or aborted

Our Listing may be potentially delayed or aborted in the event of the following:

(i) the placees identified under the private placement and Bumiputera investor(s) fail to subscribe for the portion of the IPO Shares allocated to them; and/or

(ii) the Company is unable to meet the public spread requirement of at least 25% of the Company's total number of shares for which listing is sought is in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each; and/or

(iii) the Company is unable to meet the condition for the listing of the TGG ICULS, i.e. the ICULS to be in the hands of a minimum number of 100 holders holding not less than one (1) board lot each.

We expect to meet the public shareholding requirement at the point of Listing. However, in the event that we are unable to meet the said requirement, monies paid in respect of any application accepted will be returned to you without interest. If any such monies are not repaid within fourteen (14) days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

4.2.2 The market value of our Shares and ICULS may be volatile and subject to external factors

The IPO Price and offer price of the Offer for Sale ICULS was determined and agreed upon between our Board and Alliance as the Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration a number of factors, including but not limited to, our Group's future plans and prospects, the prospects of the steel industry and the prevailing market conditions. There is no assurance that the market prices for our Shares will remain at or above the IPO Price nor is there any assurance that the ICULS will remain at its nominal value upon or subsequent to our Listing as the market prices and value could be affected by several factors, including, but not limited to:

- changes in general market, political and economic conditions;
- changes in recommendations by financial and/or industry analysts;
- changes in market valuation of listed companies in general and other companies engaged in a business similar to our Group;
- gain or loss of major customers or contracts;
- additions or departures of key management and key technical personnel; and
- involvement of our Group in material litigation.

In addition, the performance of Bursa Securities is very much dependent on external factors, such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market prices and value of our Shares and ICULS.

4.2.3 There has been no prior market for our Shares and ICULS and an active market for our Shares and ICULS may not develop

Prior to the Listing, there has been no public market for our Shares and ICULS. There can be no assurance that an active market for our Shares and ICULS will develop upon our listing on the Main Market of Bursa Securities or, if developed, that such market will be sustained. The IPO Price and the offer price of the Offer For Sale ICULS have been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, our future plans, strategies, prospects and the prospects of the industry in which we operate and the prevailing market conditions.

There can be no assurance that the IPO Price will correspond to the price at which TGG Shares will trade on the Main Market of Bursa Securities nor is there any assurance that the ICULS will remain at its nominal value upon or subsequent to our listing or that an active market for our Shares and ICULS will develop and continue upon or subsequent to our listing.

4.2.4 Future sale of Shares and ICULS by our substantial shareholders may adversely affect the market prices and value of our Shares and ICULS

Save as described in Section 8.2 of this Prospectus and the convertible restrictions of the ICULS as detailed in Section 5.4 of this Prospectus, there are no other restrictions on the ability of our substantial shareholders to sell their Shares and ICULS. The sale of a significant amount of our Shares and ICULS in the public market, or the perception that such sale may occur, could create a downward pressure on the market price and towards the value of our Shares and ICULS. It may also affect our ability to sell additional Shares and ICULS and impair our ability to raise additional capital in the equities market.

4.2.5 Control of existing substantial shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders

Following the IPO, our substantial shareholders, will collectively hold approximately 65.95% of the enlarged issued and fully paid-up share capital. Our substantial shareholders may be able to influence the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

The introduction of corporate governance that requires the formation of an audit committee, which includes two (2) independent non-executive directors, would effectively help to promote greater transparency in all material transactions and the Group's accountability, thereby safeguarding the interests of the minority shareholders and the general public at large. Substantial shareholders would also be required to abstain from voting if there is any related-party transaction which may create a conflict of interests.

5. INFORMATION ON OUR GROUP

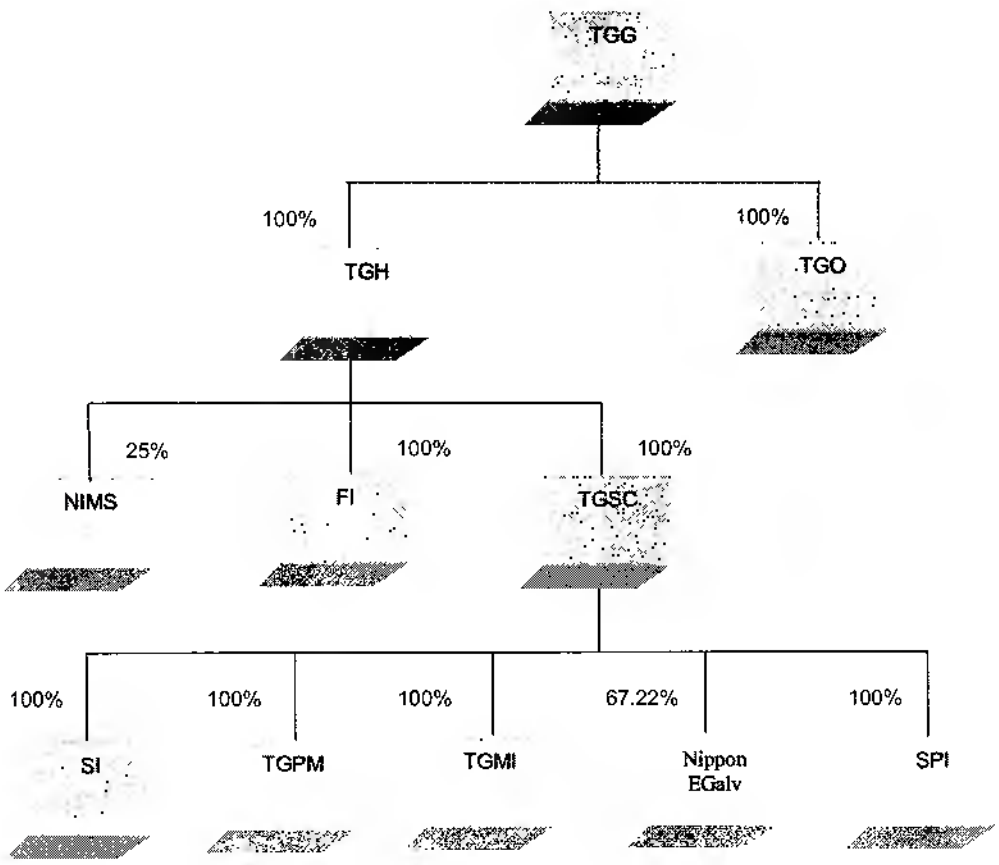
5.1 HISTORY AND BUSINESS

TGG was incorporated in Malaysia on 3 May 2006 under the Act as a private limited company under the name of Tatt Giap Group Sdn Bhd. Subsequently, it was converted into a public limited company on 8 May 2006. TGG commenced operations in 2008.

TGG was incorporated as an investment holding company in conjunction with the listing of the Group on the Main Market of Bursa Securities. As at the date of this Prospectus, TGG has nine (9) subsidiary companies and one (1) associated company. The principal activities of the subsidiary and associated companies of TGG are as follows:

Name	Date/place of incorporation	Principal activities	Issued and paid-up share capital RM	Equity interest held %
TGH	11.05.1978/ Malaysia	Importer, wholesaler and retailer of stainless steel and steel products	20,000,000	100.00
TGO	23.10.1978/ Malaysia	Manufacturing of cold drawn and polished carbon steel/stainless steel bars	1,500,000	100.00
Subsidiary companies of TGH				
TGSC	09.08.1994/ Malaysia	Processing of stainless steel as well as other ferrous and non-ferrous metal products and manufacturing of Superinox™ stainless steel tubes and pipes	10,000,000	100.00
F1	12.01.1994/ Malaysia	Investment in properties	2,000,000	100.00
Subsidiary companies of TGSC				
TGPM	07.10.1996/ Malaysia	Trading of metal products	1,000,000	100.00
TGM1	01.03.1997/ Malaysia	Manufacturing and trading of perforated metal products	2,800,000	100.00
Nippon EGalv	20.01.2006/ Malaysia	Manufacturing of EG steel coils	22,500,000	67.22
SP1	12.10.2005/ Malaysia	Trading of Superinox™ stainless steel tubes and pipes for domestic market	1,000,000	100.00
S1	31.08.2007/ Malaysia	Trading of Superinox™ stainless steel tubes and pipes and other third party products for export markets	100,000	100.00
Associated company of TGH				
NIMS	11.06.1997/ Malaysia	Shearing, slitting, polishing and trading of stainless steel and sole agent for NMIC	9,000,000	25.00

Our corporate structure is as follows:



Our history can be traced back to the inception of TGH in 1978. TGH commenced business in the same year as an importer and stockist of stainless steel materials for distribution to a wide range of end-users from diverse industries. Under the stewardship of the Siah family, TGH has grown in stature by diversifying its product range through active sourcing and building of strong relationships with stainless steel producers in Japan, Korea, Taiwan and Europe, and by enlarging its customer base through reliable and prompt service.

In the course of carrying out the steel distribution business, we realised that end users required steel products of specific dimensions which were not available directly from steel mills and traders. To capitalise on this, TGSC was formed in 1994 to provide simple metal processing services. In 1997, our Group achieved a major milestone by collaborating with NMIC, a leading manufacturer of stainless steel coils and sheets in Japan, to form NIMS to undertake surface polishing and treatment of stainless steel sheets.

Having secured a constant and reliable supply of stainless steel and technical support through our tie-up with NMIC, TGSC proceeded to invest in new levelling and shearing equipment and commissioned a full-fledge steel processing centre in 1998, providing cut-to-length, shearing as well as slitting services. At the same time, our Group's activities were further enhanced by two (2) of our subsidiary companies, namely TGPM, which was incorporated in 1996 to manufacture and trade perforated metal products, and TGMI, which was incorporated in 1997, to manufacture motor, ballast and EI cores. Currently, TGMI is involved in the manufacturing and trading of perforated metal products.

On the back of our experience, resources and network built up in the steel industry from our steel processing and steel distribution activities, our Group diversified downstream into the manufacturing of stainless steel tubes and pipes with the set up of SPI in August 2005. As one of the leading manufacturers of Welded Austenitic Stainless Steel Pipes in South East Asia, SPI manufactures high value-added welded stainless steel pipes of sizes 3/8 inch to 16 inch, under the trade brand name, Superinox™. To date, SPI has an annual production capacity of 24,000 mt to meet the market demands.

With continuous focus on producing high quality products and providing prompt and reliable service, we gradually established our name in the stainless steel industry. In 2002, in recognition of the quality of the Group's products and services, our Group have been accredited by various local and international accreditation bodies and authorities, such as the following:

(i) ISO 9001:2008 Quality Management System by BM TRADA Certification Ltd and SGS (Malaysia) Sdn Bhd;
(ii) ISO 9001:2000 (Quality Management System) by TÜV Nord (Malaysia);
(iii) ISO/TS 29001:2007 (Management for the Petroleum, Petrochemical and Natural Gas Industries) by TÜV Nord;
(iv) PED97/23/EC, Quality Assurance System for Material Manufacturer in accordance to the Pressure Equipment Directive by TÜV Nord;
(v) AD2000, for Pressure Equipment by TÜV Nord;
(vi) DIN EN10312:2002+A:2005 Quality-assurance System for material manufacturer (Welded Stainless Steel Tubes for the conveyance of water and other aqueous liquids by TÜV Nord;
(vii) Product certification license by SIRIM QAS International Sdn Bhd;
(viii) Product Registration Approval Certificate by Suruhanjaya Perkhidmatan Air Negara;
(ix) Certificate of Approval for Water Fittings by Pihak Berkuasa Air Sarawak; and
(x) Certificate of Approval for Water Fittings by Jabatan Air Negeri Sabah.

SPI products also conform to ASTM A312/A312M:2005A and ASME SA312 and EN 10217-7 standards for Welded Austenitic Stainless Steel Pipes. The ASTM accreditation underscores SPI's ongoing commitment to product quality. The accreditation also permits export to markets which require compliance with ASTM International standards. In September 2007, our Group set up a trading company, SI to export our own products, Superinox™ and other third party brands. SI focuses on our export markets, predominantly in the South East Asian region for the entire product range.

We constantly seek to strategically expand our value chain to offer a broader range of services. Our Group, via TGO, is also involved in the manufacturing of cold drawn and polished carbon steel/stainless steel bars. With the incorporation of Nippon EGalv in 2006, we became one of the pioneers in the production of EG steel coils. With an installed production capacity of 120,000 mt per annum, production of EG steel coils commenced operations in the first quarter of 2009.

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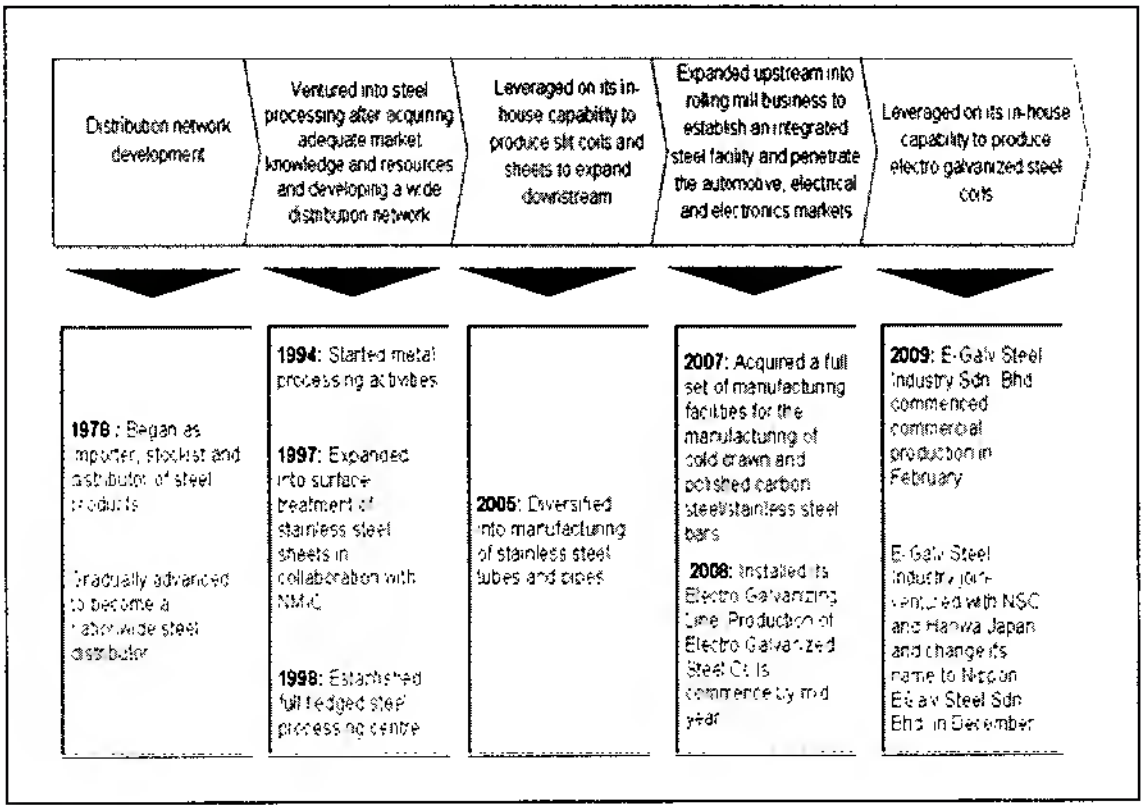
From our humble beginning as an importer and stockist of steel products, we have transformed into a one-stop steel centre which is not merely limited to the role of a supplier of steel products but also a provider of comprehensive value-added services for all kinds of steel materials to the customers. Our Group's growth has been significant and well-planned and can be summarised as follows:



5.1.1 Capital Expenditure and Divestitures

Save as disclosed below and in Section 5.3.1 and 5.3.2 of this Prospectus, our Group has not incurred any other material capital expenditures and divestitures (including interests in other companies), since the last three (3) financial years up to the date of this Prospectus and there are no material expenditures and divestitures currently in progress, within or outside Malaysia:

	< FYE 31 December >		
Capital Expenditure and Divestments	**2007 RM'000**	**2008 RM'000**	**2009 RM'000**
Electro galvanising line	27,685	22,443	12,253
SUS Pipe forming machine line	1,476	5,159	14,860
Shearing and slitting machines	1,408	-	2,227
Cold drawn and polished stainless steel bar machines	3,864	1,639	187
Furniture, fittings and office equipments	2,873	1,115	751
Motor vehicles	1,149	1,603	-

Capital Expenditure and Divestments	< FYE 31 December > 2007 RM'000	2008 RM'000	2009 RM'000
Renovations	179	181	4,887
Receipt from the Disposal of Shares in Nippon EGalv	-	-	16,500

5.2 SHARE CAPITAL

Our authorised share capital is RM80,000,000 comprising 160,000,000 Shares, of which RM43,720,000 comprising 87,440,000 Shares are issued and fully paid-up. Upon completion of the IPO, our issued and paid-up share capital will be increased to RM51,000,000 comprising 102,000,000 Shares. The changes in the issued and paid-up share capital of our Company since incorporation are as follows:

Date of allotment	No. of Shares allotted/ sub-divided	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
3.05.06	2	1	Subscribers' shares	2
27.05.10	4	0.50	Subdivision of par value from RM1.00 to RM0.50	2
04.06.10	84,999,996	0.50	Shares issued at RM0.50 per TGH share pursuant to the TGH Acquisition	42,500,000
04.06.10	2,440,000	0.50	Shares issued at RM0.50 per TGO share pursuant to the TGO Acquisition	43,720,000

As at the Latest Practicable Date, we do not have outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

5.3 LISTING SCHEME

For the purpose of our Listing, we have/will undertake the following exercises, which encompasses:

5.3.1 TGH Acquisition

On 4 June 2010, we acquired the entire issued and paid-up share capital of TGH comprising 20,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM73,299,998 which was fully settled in the following manner:

(i) RM42,499,998 was fully satisfied by the issue of 84,999,996 new TGG Shares at RM0.50 per TGG Share; and

(ii) RM30,800,000 was fully satisfied by the issue of 30,800,000 TGG ICULS at 100% of its nominal value.

The purchase consideration for TGH of RM73,299,998 was arrived at based on the audited NTA of TGH Group as at 31 December 2008 of RM73,346,622. The purchase consideration represents a discount of RM46,624 or 0.06% of the audited NTA of TGH Group as at 31 December 2008.

The vendors and their respective equity interests acquired by TGG together with the number of new TGG Shares and TGG ICULS issued as consideration are set out as follows:

Name	Shareholding <------ in TGH -------> No. of shares of RM1.00 held	% held	Purchase consideration RM	No. of new TGG Shares issued as consideration	Nominal value of TGG ICULS issued as consideration RM
GSB	12,715,633	63.58	46,604,139	54,042,997	19,582,640
Tan Guat Choo	983,059	4.91	3,599,030	4,173,500	1,512,280
Cheah Chin Eng	115,654	0.58	425,140	493,000	178,640
Cheah Chin Wooi	115,654	0.58	425,140	493,000	178,640
PNS	6,070,000	30.35	22,246,549	25,797,499	9,347,800
Total	20,000,000	100.00	73,299,998	84,999,996	30,800,000

Concurrently with the completion of the TGH Acquisition on 4 June 2010, the four (4) subscriber shares in TGG were transferred to GSB.

Our new TGG Shares issued pursuant to the TGH Acquisition shall, upon allotment and issue rank pari passu in all respects with the existing issued and paid-up share capital of TGG and carry all rights to receive all dividends and other distributions declared and paid subsequent to the allotment thereof.

5.3.2 TGO Acquisition

On 4 June 2010, we acquired the entire issued and paid-up share capital of TGO comprising 1,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,220,000 which was fully satisfied by the issue of 2,440,000 new TGG Shares at RM0.50 per TGG Share.

The purchase consideration for TGO of RM1,220,000 was arrived at based on the audited NTA of TGO as at 31 December 2008 of RM1,260,745. The purchase consideration represents a discount of RM40,745 or 3.23% of the audited NTA of TGO as at 31 December 2008.

The vendors and their respective equity interests acquired by TGG together with the number of new TGG Shares issued as consideration are set out as follows:

Name	Shareholding <------ in TGO -------> No. of shares of RM1.00 held	% held	Purchase consideration RM	No. of new TGG Shares issued as consideration
Dato' Siah Kok Poay	875,000	58.34	711,748	1,423,496
Tan Lu Eng	125,000	8.33	101,626	203,252
SRSB	500,000	33.33	406,626	813,252
Total	1,500,000	100.00	1,220,000	2,440,000

Our new TGG Shares issued pursuant to the TGO Acquisition shall, upon allotment and issue rank pari passu in all respects with the existing issued and paid-up share capital of TGG and carry all rights to receive all dividends and other distributions declared and paid subsequent to the allotment thereof.

5.3.3 IPO

5.3.3.1 Public Issue

In conjunction with our listing on the Main Market of Bursa Securities, we will undertake a public issue of 14,560,000 new TGG Shares at the IPO Price to be allocated in the following manner:

(i) Malaysian Public

6,000,000 new TGG Shares, representing approximately 5.88% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for application by Malaysian Public (save for Excluded Parties), of which at least 50% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Directors and Employees of TGG and its subsidiary companies

2,000,000 new TGG Shares, representing approximately 1.96% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for application by the eligible Directors and employees of TGG and its subsidiary companies (save for Excluded Parties).

(iii) Private Placement

6,560,000 new TGG Shares, representing approximately 6.43% of the enlarged issued and paid-up share capital of our Company (prior to the conversion of ICULS) are reserved for private placement to identified investors.

The Public Issue Shares shall rank pari passu in all respects with the existing issued and fully paid-up TGG Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment thereof.

Upon completion of the Public Issue, the issued and paid-up share capital of TGG will increase from RM43,720,000 comprising of 87,440,000 TGG Shares to RM51,000,000 comprising of 102,000,000 TGG Shares.

5.3.3.2 Offer for Sale

The Offer for Sale of:

- 4,000,000 ordinary shares representing approximately 3.92% of our enlarged issued and paid-up share capital (prior to the conversion of ICULS) to be offered by our Offerors to identified investors at an offer price of RM0.58 per Share;

- 10,200,000 ordinary shares representing approximately 10.00% of our enlarged issued and paid-up share capital (prior to the conversion of ICULS) to be offered by our Offerors to Bumiputera investors approved by MITI at an offer price of RM0.58 per Share; and

- RM10,000 nominal value of TGG ICULS to be offered by GSB at an offer price of 100% of the nominal value to the Malaysian public. **Successful applicants will receive RM100 nominal value of ICULS.**

5.3.4 Listing of Shares and ICULS

After the IPO, the admission to the Official List of Bursa Securities and the listing of and quotation for the following on the Main Market of Bursa Securities will commence immediately two (2) market days after Bursa Securities receives the necessary documents specified in their approval-in-principle letter:

(i) the entire enlarged issued and paid-up share capital of TGG of RM51,000,000 comprising 102,000,000 TGG Shares; and

(ii) RM30,800,000 TGG ICULS; and

(iii) the 53,103,448 new TGG Shares to be issued upon conversion of the TGG ICULS.

5.4 Principal Terms of the TGG ICULS

The principal terms of TGG ICULS as contained in the Trust Deed are as follows:

Issue Size	:	RM30,800,000 nominal value.
Form and Denomination	:	The TGG ICULS will be issued in registered form and in multiples of RM1.00 each.
Issue Price	:	100% of the nominal value of the TGG ICULS.
Tenure	:	Five (5) years from and inclusive of the date of issue of the TGG ICULS.
Maturity Date	:	The date which is the fifth (5th) anniversary from the date of issue of the TGG ICULS.
Coupon Rate	:	The TGG ICULS will bear interest at the rate of 2% per annum payable annually in arrears.
Conversion Rights	:	The registered holder of the TGG ICULS will have the right to convert the TGG ICULS into new TGG Shares at the Conversion Price on a Market Day at any time during the Conversion Period.
Conversion Price	:	The conversion price of the TGG ICULS is RM0.58 per new TGG Share. The conversion price is subject to adjustments in accordance with the provisions of the Trust Deed.
Mode of Conversion	:	The Conversion Price shall be satisfied by tendering RM0.58 nominal value of TGG ICULS for approximately one (1) new TGG Shares (any fraction of a new TGG Share resulting from such conversion to be disregarded and TGG shall not be required to pay the value of such fraction to the holder of the TGG ICULS nor issue any TGG ICULS certificate for such fraction)
Conversion Period	:	The TGG ICULS shall be convertible into new TGG Shares from and inclusive of the third (3rd) anniversary from the date of issue of the TGG ICULS and ending on the Maturity Date.
Redeemability	:	The TGG ICULS shall not be redeemable for cash, except upon the occurrence of an event of default as provided for in the Trust Deed. Unless previously converted, all outstanding TGG ICULS will be compulsorily converted by the Company into new TGG Shares at the close of business on the Maturity Date.

Listing	:	Approval-in-principle from Bursa Securities has been obtained on 21 June 2010 for the admission of the TGG ICULS to the Official List of Bursa Securities and for the listing of and quotation for the TGG ICULS and the new TGG Shares to be issued pursuant to the conversion of the TGG ICULS on the Main Market of Bursa Securities.
Status	:	The TGG ICULS shall constitute unsecured and unsubordinated obligations of the Company.
Taxation	:	All payments of interest on the TGG ICULS will be made subject to deduction of any taxes or duties of whatever nature as may be imposed or levied by any authority thereof or therein having power to tax, and, in the event any holder of the TGG ICULS is not resident in Malaysia, the Company shall be entitled to deduct and withhold income tax on all payments of interest in accordance with the provisions of Section 109 of the Income Tax Act, 1967.
Board Lot	:	The TGG ICULS are tradable upon listing in board lots of RM100 nominal value.
Trust Deed	:	The TGG ICULS are constituted by the Trust Deed dated 2 June 2010 entered into between TGG and the Trustee.
Trustee	:	Mayban Trustees Berhad
Ranking of New TGG Shares	:	The new TGG Shares to be issued pursuant to the conversion of the TGG ICULS shall, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up shares of TGG except that the new shares so allotted shall not be entitled to any dividend, right, allotment and/or other distribution unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Depository before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission or otherwise of the shares of the Company.
Ranking of TGG ICULS and Rights of Holders of TGG ICULS in the Event of Default/Liquidation	:	The TGG ICULS constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank, pari passu and rateably, without discrimination, preference or priority amongst themselves, subject to priorities or rights preferred at law. The payments obligations of the Company under the TGG ICULS shall, subject to such exceptions as may from time to time exist under applicable law, rank at least pari passu in all respects with all other present and future unsecured and unsubordinated obligations of the Company. Upon the occurrence of an event of default (including liquidation of the Company), the Trustee may and, if so directed by a Special Resolution by the holders of TGG ICULS, shall (subject to its rights to be indemnified under this Trust Deed) declare (by giving a written notice to the Company) that the outstanding TGG ICULS is immediately due and repayable, and the TGG ICULS then outstanding shall become immediately due and repayable at their nominal value together with accrued interest up to and including the date of repayment, but the TGG ICULS shall not become immediately due and repayable if any of the events of default occur unless and until the Trustee has served a written notice on the Company requiring the Company to remedy such event of default (if capable of being remedied) and the Company fails to comply with such notice within thirty (30) days from the date of such notice.

Adjustment of Conversion Price in the Event of Alteration to Share Capital	:	The Conversion Price shall from time to time be adjusted by the Board in the event of any consolidation or subdivision or conversion resulting in a different par value, any issue of new TGG Shares by way of capitalisation of profits or reserves, a capital distribution to shareholders or rights issue of shares or convertible securities. Any such adjustment shall be in consultation with an approved investment bank and certified by auditors.
Governing Law	:	The laws of Malaysia.

The following are reproduced from the Trust Deed. The words and expressions appearing in the following provisions shall bear the same meaning used in the Trust Deed unless they are otherwise defined here or the context otherwise requires:

5.6 Transferability of Loan Stock

The Loan Stock is transferable free from all equities, set-off or counterclaim between the Company and the original or any intermediate Loan Stockholder.

6.1 Rights to issue

Subject to the approvals of all relevant authorities, the Company has the power at any time and from time to time (but subject to the provisions of this clause 6 (Further Loan Stock) and clause 10 (Limitations on borrowing)) without the consent of the Loan Stockholders to create and issue further unsecured loan stock either identical in all respects with the Original Loan Stock so that such further unsecured loan stock can be consolidated and form a single series with the Original Loan Stock or on such terms and conditions (whether as to interest, premium or otherwise whatever) and to raise further borrowing on such other terms and conditions as the Company may consider appropriate.

7. Payment of interest

7.1 Obligation

The Company covenants with the Trustee that (subject to the other provisions of this Trust Deed), the Company will until the relevant Original Loan Stock has been:

7.1.1 converted on exercise of the Conversion Right in accordance with the provisions of this Trust Deed; or

7.1.2 otherwise converted in accordance with the provisions of this Trust Deed; or

7.1.3 otherwise satisfied,

pay to the Loan Stockholders Interest (less any Malaysian income tax or withholding tax applicable thereto which is required to be deducted) on the relevant outstanding Original Loan Stock during the Interest Period on the relevant Interest Payment Dates as evidenced by the records maintained by the Company.

7.3 Default interest

In addition and without prejudice to the other remedies of the Loan Stockholder or the Trustee conferred herein, any moneys (whether nominal value, interest or otherwise) remaining unpaid by the Company to the Loan Stockholder (whether after a demand is made on the Company or otherwise) shall carry default interest thereon calculated at the rate of two percent (2%) per annum above the base lending rate of Malayan Banking Berhad calculated from the due date of payment up to the date of actual payment (as well after as before any demand or judgment or other order of a court of competent jurisdiction) and for the purpose

of this Clause all unpaid interest including such additional interest shall be compounded on each Interest Payment Date and shall thereafter bear interest at the default rate.

8. Title

8.1 Certificates

8.1.1 The Company shall at all times comply with the relevant provisions of the SI(CD)A and the Bursa Depository Rules including in relation to the issue of global certificates and the deposit of the same with the Bursa Depository, transfers of beneficial interest in the ICULS and conversion of the ICULS. No certificates for the ICULS shall be issued to any Loan Stockholder.

8.1.2 The provisions of this Clause shall apply in relation to the issue of any Further Loan Stock (having regard to the terms of issue of such Further Loan Stock).

8.1.3 A global certificate in respect of Original Loan Stock shall (subject to any modifications as may be required by Securities Exchange or any other relevant authorities):

8.1.3.1 subject to any variations to the form as Securities Exchange may from time to time require, be in or substantially in the form set out in Schedule 1 (Loan Stock Certificate);

8.1.3.2 if required by Securities Exchange, be security printed and/or contain such security features as Securities Exchange may from time to time require;

8.1.3.3 comply with the Securities Exchange Listing Requirements and the provisions of CMSA;

8.1.3.4 shall be affixed with the common seal of the Company in accordance with its articles of association which signatures accompanying the common seal under the provisions of the articles of association and may be signed manually or in facsimile. The facsimile signatures may be reproduced by mechanical or other means provided that the method or system of reproducing signatures has first been approved by the Directors.

8.1.4 The global certificate for any Further Loan Stock shall as near as possible (taking into account the terms of issue of such Further Loan Stock) comply with the requirements in this clause 8.1.3 (Certificates) in relation to global certificate for Original Loan Stock.

8.2 Record of Depositors entry

Each person who is for the time being shown in the relevant Record of Depositors as holding a particular amount of Loan Stock standing to the credit of a Securities Account in his name shall (subject to the provisions of SI(CD)A, the relevant Bursa Depository Rules and the other provisions of this Trust Deed) be treated by the Company and its agents as the holder of such amount of such Loan Stock. The relevant Bursa Depository although entered in the Loan Stock Register as the registered holder of the Loan Stock shall hold such Loan Stock only as bare trustee.

9. Subsidiary as guarantor

9.1 Guarantor obligations

The Company covenants with the Trustee that it will, at the reasonable request in writing of the Trustee arising from any change in circumstances which adversely affect the financial condition of the Company but subject to any contractual restrictions or any restrictions, regulations, restraints or other control imposed by government, written law, governmental, public or regulatory authorities including (without limitation) any stock exchange or the general or common law procure that any one or more of its wholly owned Subsidiaries (whether established or acquired before or after the Trust Deed Date) becomes a guarantor to guarantee the due and punctual payment by the Company of the interest and other moneys payable under or in respect of the Original Loan Stock and under this Trust Deed.

10. Limitations on borrowing

10.1 General

The Company covenants with the Trustee that while any of the Original Loan Stock remains outstanding, the Company and its Subsidiaries will not (except with the prior sanction of a Special Resolution of the Loan Stockholders) borrow any sum or sums if the borrowing would have the effect that the aggregate outstanding principal amount borrowed by the Company and its Subsidiaries (whether before or after any such borrowing) on secured or unsecured accounts exceed or would exceed three (3) times the amount of shareholders' funds as disclosed in the last consolidated balance sheet of the Group.

12. Events of Default

The Trustee acting on the instructions of the Loan Stockholder by way of Special Resolution may declare (by giving a written notice to the Company) that the outstanding Loan Stock is immediately due and repayable, and the Loan Stock then outstanding shall become immediately due and repayable at their nominal amounts together with accrued interest up to and including the date of repayment, if any of the following events occur:

12.1 if the Company fails to pay any interest owing on the Loan Stock;

12.2 if the Company fails to issue and allot new Ordinary Shares following the exercise of the Conversion Rights by a Loan Stockholder (upon notification by the Registrar in relation to this event of default) ;

12.3 if the Company fails to perform or observe any of its obligations under this Trust Deed and/or the terms and conditions of the Loan Stock Certificate and (except where the Trustee reasonably considers that such default is not capable of remedy) such failure is certified by the Trustee to be in its reasonable opinion materially prejudicial to the interests of the Loan Stockholders;

12.4 if a distress, execution or seizure before a judgment is levied or enforced on or against a substantial part of the assets of the Company (or the Subsidiary where the affairs of its Subsidiary may impact on the ability of the Company to repay amounts payable under this Trust Deed) and is not paid out, withdrawn or discharged within 30 days (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned), except if such distress, execution or seizure is disputed in good faith under or pursuant to proceedings duly instituted by the Company;

12.5 if a petition to wind up the Company is presented against the Company, except if such petition is disputed in good faith under or pursuant to proceedings duly instituted by the Company;

12.6 if an incumbrancer takes possession or a trustee, administrator or receiver is appointed in respect of all or any substantial part of the assets of the Company or any form of execution of legal process has been enforced against the Company and such possession or appointment is certified by the Trustee to be in its reasonable opinion materially prejudicial to the interests of the Loan Stockholders;

12.7 if an effective resolution is passed by the Company or an order of a court of competent jurisdiction is made for the winding-up of the Company, except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms of which are agreed to in writing by the Trustee;

12.8 if the Company is the subject of a scheme of compromise or arrangement under Section 176 of CA and for purposes of this clause 12.8 the Company shall be deemed the subject of such a scheme of compromise or arrangement if:

12.8.1 an application is made under Section 176(1) of CA to convene a meeting of creditors or class of creditors or of members or class of members;

12.8.2 an application is made for a restraining order under Section 176(10) of CA; or

12.8.3 an application is made under Section 176(3) of CA for approval by the court of a compromise or arrangement,

whether or not the court or meeting (as the case may be) approves such application or matter but the Company shall not be deemed to be the subject of a scheme of compromise or arrangement if it is a scheme for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms of which are agreed to in writing by the Trustee;

12.9 the Company (or the Subsidiary where the affairs of its Subsidiary may impact on the ability of the Company to repay amounts payable under this Trust Deed)disposes of a whole or a substantial part of its principal assets, or threatens to cease or ceases to carry on the whole or a substantial part of its business otherwise than for purposes of a consolidation, amalgamation, merger or reconstruction under which the rights of the Loan Stockholders are not impaired and the continuing entity effectively assumes the entire obligations of the Company and for the purpose of this clause 12.9, the word 'substantial' means a value exceeding 25% of the value of the net tangible assets of the Group as disclosed in the latest available audited accounts of the Group;

12.10 if it is or will become unlawful for the Company to perform or comply with all or any of its obligations under this Trust Deed;

12.11 if the Company (or the Subsidiary where the affairs of its Subsidiary may impact on the ability of the Company to repay amounts payable under this Trust Deed) ceases or threatens to cease to carry on all or any substantial part of its business which it carries on as at the Trust Deed Date;

12.12 if the Company is for the purposes of section 218 of the CA deemed to be unable to pay its debts;

12.13 if all or any Loan Stock or Ordinary Share is de-listed or ceases to be listed on Securities Exchange by reason of the Company's default of Securities Exchange Listing Requirements (and, for this purpose, a suspension of trading at the request of the Company or Securities Exchange shall not be deemed a de-listing or cessation of listing);

12.14 any borrowed money of the Company is not paid when due or becomes due and payable or any guarantee or indemnity given by the Company in respect of such borrowed money is not honoured when due and called upon, or if any other indebtedness of the Company becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable, but only if the aggregate amount of such borrowed money which is not paid, such indebtedness and the amount under such guarantee or indemnity which is not honoured (both of which have occurred and is continuing) equals or exceeds RM30,000,000 or its equivalent in other currency;

12.15 any consent, authorisation, licence or approval of, registration with or declaration to governmental or public bodies or authorities or courts in Malaysia (if any) required by the Company (or the Subsidiary where the affairs of its Subsidiary may impact on the ability of the Company to repay amounts payable under this Trust Deed) to authorise or required by the Company or the Subsidiary in connection with the execution, issue, sale, delivery, validity, enforceability or admissibility in evidence of this Trust Deed or the Loan Stock or the performance by the Company or the Subsidiary of its obligations under this Trust Deed or the Loan Stock (as the case may be) is revoked, withheld or modified to such degree as would be materially prejudicial to the interests of the Loan Stockholders or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect; or

12.16 all or any material part of the undertaking or assets of the Company is seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body in Malaysia, but only if the relevant governmental body does not make or does not propose to make an offer of compensation which would be sufficient to repay amounts due on all outstanding Loan Stock. For the purpose of this clause, the word 'material' means a value exceeding 25% of the value of the net tangible assets of the Group as disclosed in the latest available audited accounts of the Group; or

12.17 if the Company in breach of any provison of CMSA,

but the Loan Stock shall not become immediately due and repayable if any of the events referred to in clause 12.2 to 12.17 (Events of Default) occur unless and until the Trustee has served a written notice on the Company requiring the Company to remedy such event of default (if capable of being remedied) and the Company fails to comply with such notice within thirty (30) days from the date of such notice.

13. Remedy for Default

13.1 Power to institute proceedings

If the outstanding Loan Stock becomes immediately due and repayable under the provisions of clause 12 (Events of Default), the Trustee (subject to the provisions of clause 13.3 (Enforcement)), may at any time institute such proceedings as it may think fit against the Company to enforce repayment together with accrued interest.

13.2 Proof in proceedings

If the Trustee takes any legal proceedings against the Company to enforce any of the provisions of this Trust Deed, proof in the proceedings that the Company has defaulted in paying any principal or interest (as the case may be) payable in respect of the Loan Stock held by a specific Loan Stockholder on the relevant due date shall (unless the contrary is shown) be sufficient evidence that the Company has made a like default as regards all other Loan

Stockholders in respect of whose Loan Stock principal or interest (as the case may be) is payable.

13.3 Enforcement

The Trustee is not bound to take any steps to enforce the performance of any of the provisions of this Trust Deed unless directed to do so by a Special Resolution and then only if it is indemnified by the Loan Stockholders to its satisfaction against all actions, proceedings and claims to which it may render itself liable and all costs, charges, damages and expenses which it may incur by doing so.

13.4 Right of Trustee only

Only the Trustee may pursue the rights and remedies available under the general law or under this Trust Deed to enforce the rights and remedies of the Loan Stockholders against the Company. No Loan Stockholder shall be entitled to pursue such rights and remedies against the Company unless the Trustee, having become bound to do so in accordance with this Trust Deed, fails to do so within thirty (30) days and such failure continues.

13.5 Right of Trustee to request Registrar and Paying Agent

At any time after the occurrence of an Event of Default or after the Loan Stock shall have become due and repayable pursuant to this Deed:

13.5.1 the Trustee may by notice in writing to the Registrar and the Paying Agent require the Registrar and the Paying Agent to act thereafter as the Registrar and the Paying Agent of the Trustee in relation to payments to be made by or on behalf of the Trustee under the provisions of this Deed mutatis mutandis on the terms provided in their respective letters of appointment (save that the Trustee's liability under any provisions thereof for the indemnification of the Paying Agent shall be limited to the amount of the time being held by the Trustee on the trusts of this Deed) and thereafter to hold all Loan Stock and all sums, documents and records held by them in respect of Loan Stock on behalf of the Trustee; or

13.5.2 the Trustee may by notice in writing to the Company require it to and the Company agrees that it shall make all subsequent payments in respect of the Loan Stock to or to the order of the Trustee and not to the Paying Agent; and cause the Paying Agent to deliver up all Loan Stock and all sums, documents and records held by it in respect of the Loan Stock to the Trustee or as the Trustee shall direct in such notice, provided that such notice shall be deemed not to apply to any documents or records which the Paying Agent is obliged not to release by any law or regulation, if any.

19. Deposit of Unclaimed Moneys

If any Loan Stockholder fails to claim or accept or present the cheque for payment of any interest or other money due to that Loan Stockholder (which the Company is ready to pay off or satisfy) within a period of 6 months after the due date for payment, the Company shall on the expiry of that period at the request of the Trustee or shall be entitled to deposit the moneys with a bank in the name of or to pay the moneys to the Trustee. On such deposit or payment being made, the Company shall be discharged from all obligations in respect of those moneys due to the relevant Loan Stockholder and, in the case where it relates to the principal of the Loan Stock, the Company shall be discharged from all obligations in respect of the Loan Stock whether under this Trust Deed or otherwise. After such deposit or payment by the Company, the Trustee shall subject to clause 20 (Forfeiture of Unclaimed Moneys) not be responsible for the safe custody of such moneys or interest on the Loan Stock, except such interest (if any) that the moneys may earn while on deposit less any costs, charges or expenses incurred or levied by the Trustee.

20. Forfeiture of Unclaimed Moneys

The Trustee is authorised to and shall deal with the moneys deposited or paid under clause 19 (Deposit of Unclaimed Moneys) in accordance with, and comply with the requirements of UCA. For the avoidance of doubt, all liabilities of the Trustee and the Company with respect to such moneys shall cease upon the payment of the moneys into the Consolidated Trust Account pursuant to UCA.

23.11 Modification of Rights

If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or made convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Ordinary Shares, the Company shall appoint an Approved Investment Bank to consider whether any adjustment is appropriate and if such Approved Investment Bank and the Directors of the Company shall determine that any adjustment is appropriate, the Conversion Price shall be adjusted accordingly.

SCHEDULE 4

1. Convening of meeting

The Trustee or the Company may respectively, and the Trustee shall at the request in writing of registered holders of not less than one-tenth (1/10) of the nominal amount of the Loan Stocks for the time being outstanding and on receiving such indemnity as the Trustee may require against the cost of convening and holding the meeting, convene a meeting of the Loan Stockholders. Such meeting shall be held at such place as the Trustee reasonably determines or approves.

2. Notice of meeting

At least 14 days' notice or, when the meeting is being convened for the purpose of passing a Special Resolution, at least 21 days' notice (exclusive in each case of the day on which the notice is served or deemed to be served but inclusive of the day for which the notice is given) of every meeting shall be given to the Loan Stockholders. The notice shall be given in the manner provided in Schedule 3 (Conditions of Loan Stock) and shall specify the place, day and hour of meeting and the general nature of the business to be transacted but it will not be necessary (except in the case of a Special Resolution) to specify in the notice the terms of any resolution to be proposed. A copy of the notice shall be sent by post to the Trustee unless the meeting is convened by the Trustee, and to the Company unless the meeting is convened by the Company. The accidental omission to give notice to, or the non-receipt of notice by, any of the Loan Stockholders shall not invalidate the proceedings at any meeting.

3. Quorum

At any meeting at least 2 persons present being Loan Stockholders or being proxies for such Loan Stockholders holding in aggregate not less than twenty five per centum (25%) of the Loan Stock for the time being outstanding shall form a quorum for the transaction of business except for the purposes of passing a Special Resolution. The quorum for a meeting at which a Special Resolution is proposed to be passed shall be at least 2 persons present being the Loan Stockholders or being proxies for such Loan Stockholders holding in aggregate not less than fifty one per centum (51%) of the Loan Stock for the time being outstanding. No business (other than the appointment of a chairman for such meeting) shall be transacted at any meeting unless the necessary quorum is present at the commencement of business.

4. ***Adjournment***

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Loan Stockholders, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next Market Day following that public holiday) at the same time and place, or to such other day, time and place as the Directors may determine, but if a quorum is not present at an adjourned meeting, the meeting shall be dissolved. At such adjourned meeting, two persons present being Loan Stockholders or being proxies for Loan Stockholders shall be a quorum for the transaction of business including the passing of a Special Resolution.

5. ***Chairman***

A person (who may but need not be a Loan Stockholder) nominated in writing by the Trustee shall preside as chairman at every meeting and, if no such person is nominated or if at any meeting no person nominated is present within fifteen minutes after the time appointed for holding the meeting, the Loan Stockholders present shall choose one of them to be chairman. The chairman of an adjourned meeting shall be appointed in accordance with this paragraph 5 and need not be the same person as was the chairman of the original meeting. The Trustee and the Company and their respective legal and financial advisors and any other person so authorised by the Trustee or the Company may attend and speak at any meeting. No one else may attend or speak at a meeting of the Loan Stockholders unless he is a holder of a Loan Stock or is a proxy.

6. ***Adjournment by chairman***

The chairman may with the consent of the majority of the Loan Stockholders present at any meeting at which a quorum is present, and shall if so directed by the majority of the Loan Stockholders present at the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall otherwise not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.

7. ***Votes***

At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman or by one or more Loan Stockholders present in person or by proxy and holding or representing at least one twentieth (1/20) of the nominal amount of the Loan Stocks for the time being outstanding. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. However, the Loan Stocks held by the Company or any Related Companies of the Company shall not be counted for purposes of voting.

8. ***Poll***

If a poll is duly demanded, it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

9. ***Casting of vote***

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Loan Stockholder or as a proxy.

10. ***Poll on election of chairman***

A poll demanded on the election of a chairman for any meeting of Loan Stockholders or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs.

11. ***Effect of poll demand***

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.

12. ***Show of hands***

On a show of hands, every Loan Stockholder who (being an individual) is present in person or by his proxy or (being a corporation) is present by its duly authorised representative or by its proxy shall have one vote. On a poll every Loan Stockholder who is present in person or by proxy shall have one vote for every RM1.00 nominal amount of Loan Stocks of which he is the holder.

13. ***Votes on poll***

On a poll, votes may be given either personally or by proxy and a Loan Stockholder entitled to more than one vote need not (if he votes) use all his votes or cast all the votes he uses in the same way.

14. ***Proxy instrument***

The instrument appointing a proxy shall be in the usual common form or such other form as the Trustee may approve and shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised and such instrument shall be deemed to confer authority to demand or join in demanding a poll.

22.4 ***Information to Trustee***

give to the Trustee any information which the Trustee may require relating to its affairs and the affairs of its Subsidiaries to the extent permitted by law, and at the time of its issue furnish to the Trustee 3 copies and to any stock exchange on which the Loan Stock is quoted or listed for the time being such number of copies as each such stock exchange may reasonably require, of every balance sheet, income statement, report, notice, circular or other document issued by the Company to its members (in their capacity as such) or to the Loan Stockholders as well as any offer in writing received by the Company of a take-over scheme relating to Ordinary Shares;

22.26 ***Reporting covenants***

immediately notify the Trustee if the Company becomes aware of:

22.26.1 any Event of Default or that any right or remedy under the provisions of Loan Stock or this Trust Deed has become enforceable;

22.26.2 any circumstances that have occurred that would materially prejudice the Company or any Guarantor Company or any security included in or created by the Loan Stock or this Trust Deed, if any (where applicable);

22.26.3 of any substantial change in the nature of the business of the Company or any Guarantor Company (where applicable);

22.26.4 of any change in the name of any Guarantor Company (where applicable);

22.26.5 of any cessation of liability of any Guarantor Company (where applicable) for the payment of all or any of the moneys for which they are liable under the relevant guarantee (if any);

22.26.6 of any change in the withholding tax position or tax residence of the Company; and

22.26.7 of any change in the utilization of proceeds from the Loan Stock where the prospectus, information memorandum or any agreement (if any) entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to utilized; and

22.26.8 of any other matter that may materially prejudice the interests of Loan Stockholders;

37.3 Taxes

All payments of nominal value, premium (if any) and interest in respect of the Loan Stock will be made subject to deduction of any taxes or duties of whatever nature as may be imposed or levied by or on behalf of Malaysian or any authority thereof or therein having power to tax and in the event that any Loan Stockholder is not resident in Malaysia the Company shall be entitled to deduct and withhold income tax on all payments of interest in accordance with the provisions of Section 109 of the Income Tax Act, 1967 unless and until the Loan Stockholder shall satisfy the Company that the Loan Stockholder is resident in Malaysia.

5.5 BUSINESS OVERVIEW

5.5.1 Principal Activities

Our Group is principally engaged in the steel and stainless steel processing business and is complemented by our other activities such as manufacturing of stainless steel pipes and tubes, manufacturing of cold drawn and polished carbon steel/stainless steel bars, manufacturing of EG steel coils and steel distribution. Descriptions of our activities are as follows:

(i) Steel processing

Our steel service centre, TGSC, serves as a bridge between the capabilities of major steel mills and the specialised needs of end-users of steel. Most end-users typically purchase a variety of steel products in relatively small quantities and require intermittent deliveries to be made promptly or on a just-in-time ("JIT") basis, mainly to avoid the high carrying costs and large storage space required for steel products. As a result of this diversified and piecemeal usage patterns, the end-users usually cannot meet the minimum order quantities required by steel mills and international steel traders. In addition, the end-users also require their steel material in customised dimensions but most of them do not intend to invest heavily in acquiring the necessary technology or equipment for steel processing.

The comprehensive value-added steel sheet shearing and coil processing services are undertaken by TGSC. These steel processing services help end-users save time and money by eliminating the need for them to invest in specialised equipment whilst their JIT deliveries reduce their inventory carrying costs. Moreover, by combining orders from different customers, we are able to maximise yields from the steel products processed, which in turn lowers our production costs and allows them to provide steel processing services at competitive prices.

Our equipment is designed to perform specialised processing techniques such as shearing, slitting to produce steel coils and sheets of various thickness, widths and lengths according to customers' requirements. Our range of steel processing services is as follows:

	Dimensions of materials processed			
Processing services	**Coil thickness (mm)**	**Maximum coil width (mm)**	**Maximum sheet length (mm)**	**Minimum slit width (mm)**
Cut-to-length/ Shearing	0.4 - 4.5	1,250.0	4,000.0	Not applicable
Slitting	0.4 - 6.3	1,524.0	Not applicable	10.0

Further details on our steel processing services are set out in Section 5.5.4(i) of this Prospectus.

The processed steel materials are typically used by our customers in the production and assembly of various products, which include electrical and electronic products, computers, engineering parts, automotive components, furniture and building materials. The range of materials that can be processed include hot-rolled, pickled and oiled, cold-rolled, hot-dipped GI, EG, silicon (electrical) and stainless steel.

Further information on the finished products from our steel processing services is set out in Section 5.5.2.1(i) of this Prospectus.

(ii) Manufacturing of stainless steel tubes and pipes

TGSC is also involved in the manufacture of stainless steel tubes and pipes of various dimensions. Utilising state-of-the-art equipment and technology, we manufacture welded stainless steel tubes and pipes under the trademark of Superinox™ which have wide applications in various industries ranging from water works and treatment, oil and gas, palm oil and sugar refineries to food processing, pharmaceutical and air-conditioning. Our tubes and pipes are manufactured in accordance with ASTM/ASME standard specifications to ensure that our products are of the highest quality. TGSC can also provide Original Equipment Manufacturing (OEM) services for steel tubes and pipes.

Further information on the range of steel tubes and pipes manufactured by us are disclosed in Section 5.5.2.1(ii) of this Prospectus.

(iii) Manufacturing of cold drawn and polished carbon steel/stainless steel bars

TGO currently manufactures cold drawn and polished carbon steel/stainless steel bars and intends to further develop its capability in the production of square and hexagonal bars. This includes both stainless steel and carbon steel materials. As there are very limited local manufacturers for this range of products and much of the local demand is met through imports, TGO views this as a strategic opportunity to increase its customer base in the local market. This will also greatly compliment its existing range of round bars, enhance its local and export sales volume and drive profit margins.

(iv) Steel distribution

TGH, which undertakes our Group's distribution activities, acts as an intermediary by procuring steel products in bulk quantities from steel mills and international steel traders for resale in smaller quantities to end-users. As steel mills and international steel traders do not usually sell direct to end-users unless the purchase order satisfies the steel mills' minimum order quantity, the distribution activities undertaken by TGH helps to bridge the time lag between the production lead time of the steel mills and the tight delivery schedules required by end-users.

The distribution business is complemented by the steel processing activities carried out by TGSC, which enables our Group to offer value-added steel processing services to customise product dimensions to the needs of end-users. In August 2007, SI was incorporated as the sole exporter of Superinox™ stainless steel tubes and pipes and other third party brands. The ability to offer readily available inventory in flexible order sizes, coupled with reliable and prompt delivery, has enabled us to build an extensive and diverse customer base. In addition to the products manufactured/processed, we also distribute third-party products as disclosed in Section 5.5.2.2 of this Prospectus.

(v) Manufacturing of EG steel coils

Nippon EGalv manufactures and supplies EG steel coils to local and regional manufacturers of various industries. EG steel coils are high value secondary flat steel products that are protected from corrosion and can be oiled and sheared according to customer specifications. These coils are normally imported from Japan, South Korea and Europe. As the demand of EG steel coils in Malaysia is steadily increasing, Nippon EGalv and its Japanese partners plan to expand the capacity of the current Nippon EGalv's facility. This would see the transfer of Japanese technology that would raise the level of Nippon EGalv's production. This would potentially reduce the country's dependence on imported EG steel coils. Nippon EGalv plans to construct an EG steel supply system to meet the demand from local and Japanese consumer-electronics, automotive and office automation industries.

5.5.2 Principal Products

5.5.2.1 Products Manufactured/Processed

Our Group distributes approximately nine (9) product categories comprising more than 300 items of steel products to customers engaged in industries ranging from retail, automotive, E&E, construction and manufacturing. The nine (9) product categories are divided into three (3) main groups as follows:

(i) Flat steel products

Type of sheets, plates and strips	JIS specifications	Principal applications	Company involved
Hot-rolled steel	SPHC-Black SPHC-P/O	Trolley, elevator and escalator, computer parts, castor wheel, electrical trunking and lighting, fire extinguisher and home appliances	TGSC
	SAPH 310-P/O SAPH 370-P/O SAPH 400-P/O SAPH 440-P/O SPFH 490-P/O SPFH 540-P/O SPFH 590-P/O SPFH-780-P/O	Automotive parts	TGSC
Cold-rolled steel	SPCC-SD SPCD-SD SPCEN-SD	Office equipment and furniture, automotive parts, castor wheel, roller shutter, elevator and escalator	TGSC
	S45C S55C SPFC 440 SPC270 SPC440 SPC590	Automotive parts	TGSC
GI steel	SGCC-E SGCC-Z SGCC-R SGHC-R SGCD1 SGCD3	Window frame, door frame, ceiling tee and channel, roofing truss, farm equipment, air conditioning and insulation, cooling tower, racking, elevator and escalator	TGSC
Galvanealed steel	SGACC-45/45 SGACD-45/45 SGACE-45/45 SGCD2	Automotive parts	TGSC
EG steel	SECC-P SECC-AFP	Computer parts, window frame, door frame, automotive parts, home appliances, audio and visual components	Nippon EGalv

Type of sheets, plates and strips	JIS specifications	Principal applications	Company involved
Hot-rolled stainless steel	SUS 304/304L	Kitchen utensils, food and agricultural processing plants and building architecture	TGH/TGSC
	SUS 316/316L	Chemical, petrochemical, fertilizer, food processing, desalination plants and coastal installations	TGH/TGSC
Cold-rolled stainless steel	SUS 304/304L	Kitchen utensils, food and agricultural processing plants and building architecture	TGH/TGSC
	SUS 316/316L	Chemical, petrochemical, fertilizer, food processing, desalination plants and coastal installations	TGH/TGSC
	SUS 430	Kitchen utensils, furniture and household appliances	TGH/TGSC

(ii) Stainless steel tubes and pipes

Nominal pipe size (inch)	JIS specifications	Principal applications	Company involved
3/8, 1/2, 3/4, 1, 11/4, 11/2, 2, 21/2, 3, 31/2, 4, 5, 6, 8, 10, 12, 14, 16	SCH5S SCH10S SCH40S	Water works, air-conditioning, palm oil and sugar refiners, cement plants, food processing, petrochemical and pharmaceutical industries	TGSC/SPI/SI

(iii) Cold Drawn and Polished Carbon Steel/Stainless Steel Bars

Nominal bar size (mm)	JIS specifications	Principal applications	Company involved
4.76 to 80.00	SGD1/1K/2K SWRM10K/12K S45C, S25C SAE1018 SAE1020 12L14, 1215 302HQ, 303 303CU, 303F 304, 304HC, 304L 316, 316L, 431 SUP3, SUP9	Primarily used in the manufacturing of office automation, automotive parts, industrial machines, fasteners, home electrical appliances and the furniture industry	TGO/SI

5.5.2.2 Products Distributed

In addition to distributing the products manufactured/processed by our Group, we also distribute the following third-party products:

(i) Steel products (including hot-rolled, cold-rolled, EG and GI steel)

Type of product	Products sources	Principal applications				
		Mechanical components	Automotive parts	E&E components	Furniture and fittings	Building and construction materials
Sheets and plates	Megasteel,Sdn Bhd,			◆	◆	
	CSC Steel Sdn Bhd	◆	◆			◆
Hollow sections	Melewar Industrial Group Berhad, Alpine Pipe Manufacturing Sdn Bhd, Amalgamated Industrial Steel Berhad, Southern Pipe Industry (M) Sdn Bhd, Choo Bee Metal Industries Berhad	◆	◆		◆	◆
Lipped channels and purlins	Le Nam Megasheet (M) Sdn Bhd, CH Yodoform Sdn Bhd	◆		◆		◆
Beams and columns	Kin Kee Hardware Sdn Bhd, Choo Bee Metal Industries Berhad, Ann Yak Siong Hardware Sdn Bhd					◆

Type of product	Products sources	Principal applications				
		Mechanical components	Automotive parts	E&E components	Furniture and fittings	Building and construction materials
Round, square, flat and angled bars	Amsteel Mills Marketing Sdn Bhd, Anshin Steel Industries Sdn Bhd, Ann Joo Steel Berhad					◆
Tubes and pipes	Melewar Industrial Group Berhad, Alpine Pipe Manufacturing Sdn Bhd, Amalgamated Industrial Steel Berhad, Southern Pipe Industry (M) Sdn Bhd, Choo Bee Metal Industries Berhad	◆	◆		◆	◆

(ii) Stainless steel products

Type of product	Product sources	Grade	Principal applications
Sheets and plates	Acerinox (SEA) Pte Ltd, Pohang Iron & Steel Co. Ltd, Tang Eng Iron Works Co Ltd, Nippon Metal Industry Co Ltd	SUS 304/304L, 316/316L	Civil engineering works, building materials and industrial construction
Round, square and hexagon bars	Viraj Profiles Limited		
Flat, angled and channel bars	Viraj Profiles Limited, Sumikin Bussan Corporation, Pohang Iron & Steel Co. Ltd		
Tubes and pipes	Hoto Stainless Steel Industries Sdn Bhd	SUS 304/304L, 316/316L	Building materials, manufacturing plants, architectural and decorative structures and sanitary applications

5.5.2.3 Proposed New Products

(i) TGSC/SPI – New products and downstream diversifications

Our Group, via our subsidiary companies, TGSC and SPI, intends to expand its product range to include stainless steel square and rectangular hollow sections for structural usage.

Our Group took this strategic step to expand our product range to seize untapped local market opportunities as well as rising demand from overseas markets for these steel products, particularly in the developed regions such as the United States of America and Europe. According to our Management, to the best of its knowledge, as at the Latest Practicable Date, there are no known local manufacturers producing stainless steel square and rectangular hollow sections for structural usage.

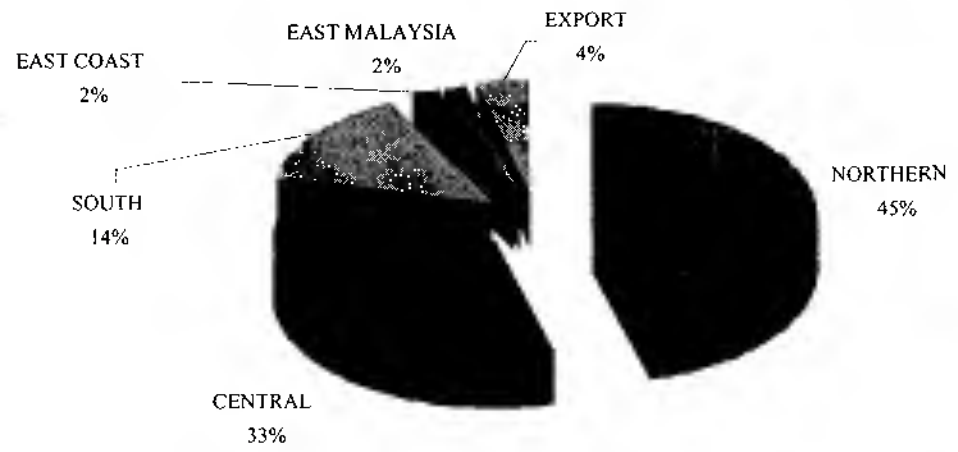
Furthermore, SPI also intends to expand downstream to include "butt weld fittings" (consist of elbows, reducers, tee joints, caps and lapped joints). We have the advantage of using our produced materials for the production of the fittings saving, amongst others, cost of shipping and transportations. Butt weld fittings are highly in demand and it commands lucrative selling prices in the market.

The abovementioned products are currently still being studied for its viability in terms of usability and commercial production. If studies are successful, we expect the commercial production to begin within the next two (2) years.

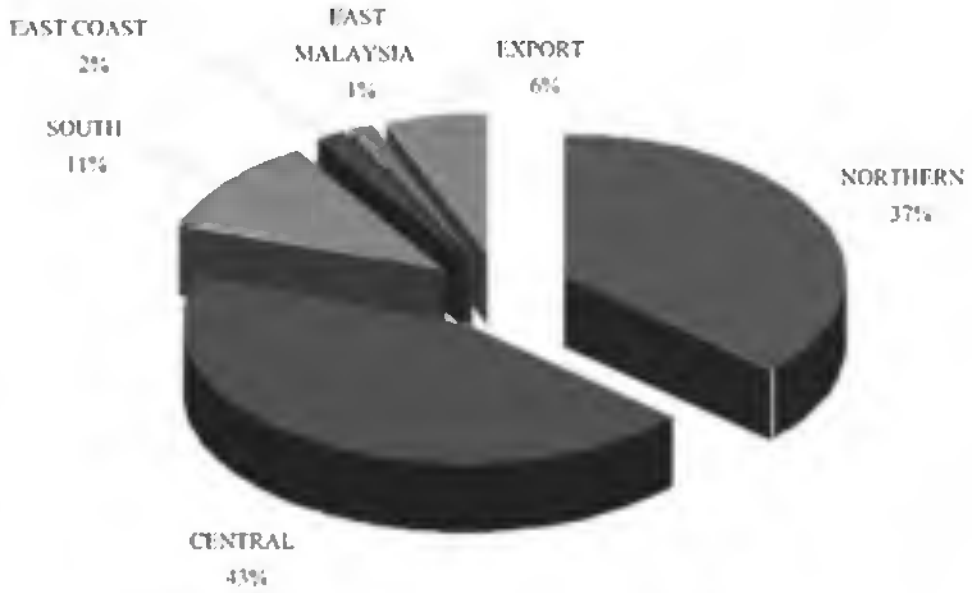
5.5.3 Principal Markets

Our Group predominantly serves the Malaysian market, contributing approximately 96.66% of the total Group's revenue in FYE 31 December 2009. Within Malaysia, we displayed strong presence in the Central Region, followed by the Northern Region, attributing 44.27% and 35.99% of our total revenue, respectively. We also generated about 3.34% of sales from exports in the FYE 31 December 2009, experiencing a decrease compared to the previous financial year. Our major export destinations include India, Singapore, Indonesia, Brunei, Vietnam, Thailand, Philippines, United States of America and Australia. The following figures depict the breakdown of sales by region for FYE 31 December 2007 to FYE 31 December 2009:

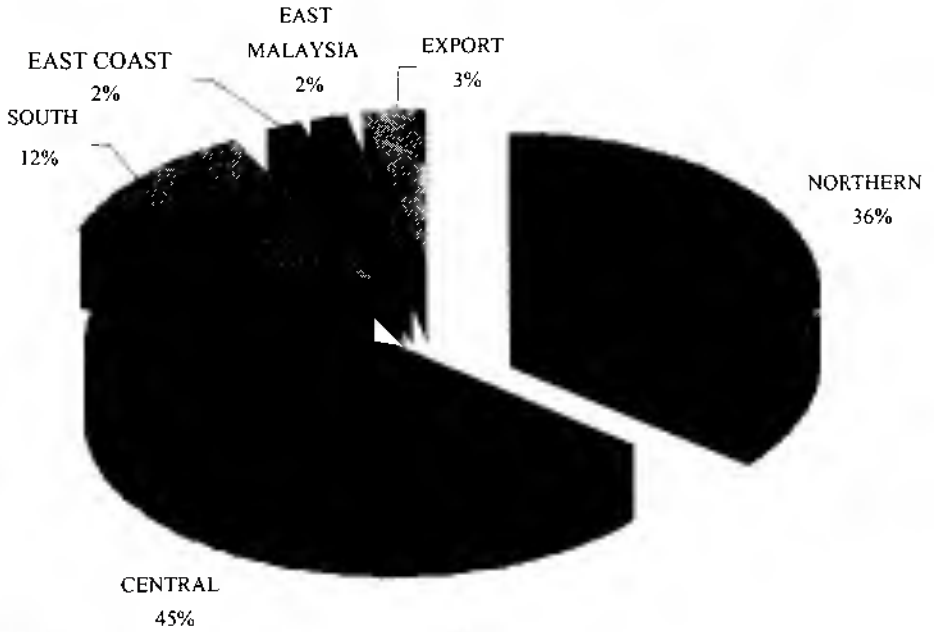
TGG Group Sales Breakdown by Region for FYE 31 December 2007



TGG Group Sales Breakdown by Region for FYE 31 December 2008



TGG Group Sales Breakdown by Region for FYE 31 December 2009



The end-users of the products comprise a wide range of industries/sectors including manufacturers, retailers and various business operators of downstream fabricated steel products. The Group's capability to manufacture a wide range of high quality steel products has created a diverse market for our products, giving us the competitive edge to positioning us as one of the major local players within the steel industry. The following is an analysis of sales by type of products distributed by the Group for the past three (3) FYE 31 December 2007 to 2009:

TGG Group Sales by Products for FYE 31 December 2007

Products	Total Sales RM'000	% of Total Sales
Stainless steel coils and sheets	137,732	57.47
Cold-rolled steel coils and sheets	55,430	23.13
GI steel coils and sheets	46,243	19.30
Hot-rolled steel coils and sheets	55,167	23.02
EG steel coils and sheets	18,508	7.72
Others	9,001	3.75
Less: Group elimination	(82,419)	(34.39)
Total	239,662	100.00

TGG Group Sales by Products for FYE 31 December 2008

Products	Total Sales RM'000	% of Total Sales
Stainless steel coils and sheets	155,948	57.21
Cold-rolled steel coils and sheets	66,640	24.45
GI steel coils and sheets	34,379	12.61
Hot-rolled steel coils and sheets	95,037	34.86
EG steel coils and sheets	4,568	1.67
Others	4,135	1.52
Less: Group elimination	(88,103)	(32.32)
Total	272,604	100.00

TGG Group Sales by Products for FYE 31 December 2009

Products	Total Sales RM'000	% of Total Sales
Stainless steel coils and sheets	123,826	54.94
Cold-rolled steel coils and sheets	39,327	17.45
GI steel coils and sheets	23,750	10.54
Hot-rolled steel coils and sheets	60,176	26.70
EG steel coils and sheets	55,735	24.73
Others	10,315	4.58
Less: Group elimination	(87,762)	(38.94)
Total	225,367	100.00

5.5.4 Production Manufacturing Process

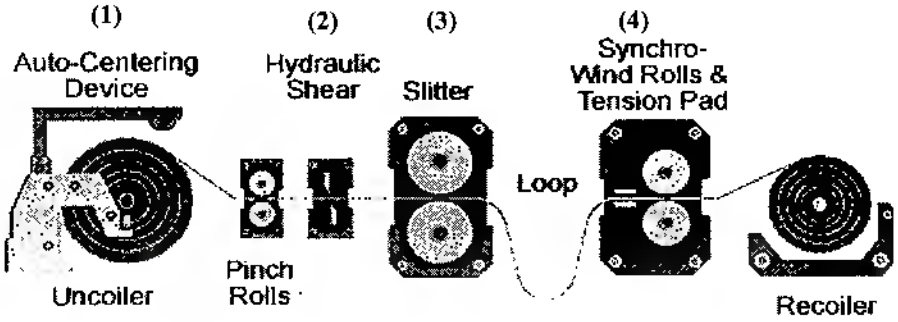
The trading mechanism and production process of TGG Group's principal activities are as follows:

(i) Steel processing

(a) Slitting

Slitting is a process of cutting larger width coils into narrower coils, called "mults" with repetitive accuracy at high speed. Generally, coil slitting lines are available in single loop and double loop configurations, depending on the grade of material and thickness to be processed.

Our Group utilises slitting machinery with high running accuracy of knife arbours, accurate knife clearance setting and well maintained knife cutting edge conditions in order to minimise burr strip edges. The table below shows the slitting process flow chart:



Stage	Process
1	The slitting process begins with the uncoiling of the large steel coils. During the uncoiling procedure, the steel coils are aligned using an auto-centering device.
2	The aligned steel coils are passed through the pinch rolls to be flattened. If necessary, the coils are then cut into pre-determined lengths by a hydraulic shear.
3	Subsequently, the coils are fed into a slitter to slit the coils into strips of specific widths.
4	The strips are then relayed through synchro-wind rolls which provide tension for recoiling before the finished product is discharged.

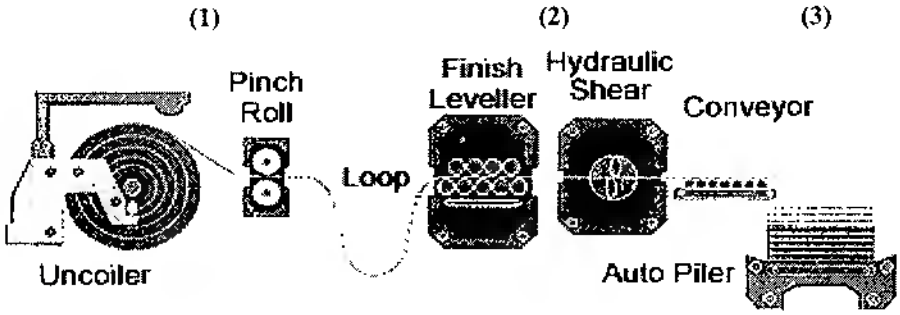
The critical determinants in consistent and quality slits even after many years of continuous operation are:

- parallelism and arbour roundness; and
- robustness of arbour or arbour design to withstand load during slitting. Both arbours are supported on tapered roller bearings and sleeves.

To enhance productivity and quality, pit mounted coil cars are made available at the uncoiler and recoiler ends. This is to facilitate quick input and discharge of output coils. Functionless tensioning device like belt bridle tensioning system has been installed. Compared to the conventional friction pad tensioning system, the belt bridle provides for evenly tensioned mults, scratch-free slitted coils, even on shining or paint coated or galvanised surfaces. Burr strip edges is minimal due to high running accuracy of knife arbours, accurate knife clearance setting and well maintained knife cutting edge conditions.

(b) Cut-to-length/Shearing

Cut-to-length/shearing refers to the cutting of steel coils into steel sheets and/or plates of pre-determined lengths. The shearing machines use numerical length control to facilitate the production of accurate sheet length and straight-line cuts. The table below illustrates the cut-to-length process flow:



Stage	Process
1	This process begins with the uncoiling of the large steel coils.
2	Once uncoiled, the steel coils are loaded into the finish leveller to make the coils as flat as possible before they are fed into a hydraulic shear to be cut into precise lengths according to customers' requirements.
3	The resulting steel sheets and/or plates are automatically stacked by a stacking unit which controls the number of sheets per stack. Subsequently, the stack is delivered to a pack conveyor for packing. Any unused coils can be recoiled for future use.

Cut-to-length/shearing performs a variety of functions including cut sheet levelling, edge trim, cut-to-length and stack sheets. TGG offer two (2) cut-to-length types, namely start-stop line and rotary-shear line.

In the start-stop line, feeding of material will be stopped for cutting when the required length is reached. In the case of rotary-shear line, feeding is continuous (non-stop) while the required length is cut, thus enabling high volume production.

Sheet length precision and repeatability in accuracy is not only due to the precision built machine, but also in the quality and reliability of the numerical length control in order to achieve the precision flatness, multiple back-up rolls acting on the work rolls allow flexibility in work roll adjustment. Different work roll configurations are possible to correct various sheet shape defects.

Edge trimming is incorporated in the rotary-shear line. This allows a slitting function to be carried out at cut-to-length without going through a slitting line. In order to handle the high output, the rotary-shear line is equipped with multiple stacking arrangements. This enables the line to continue processing, while completed stocks are being discharged.

(ii) Manufacturing of Stainless Steel Tubes and Pipes

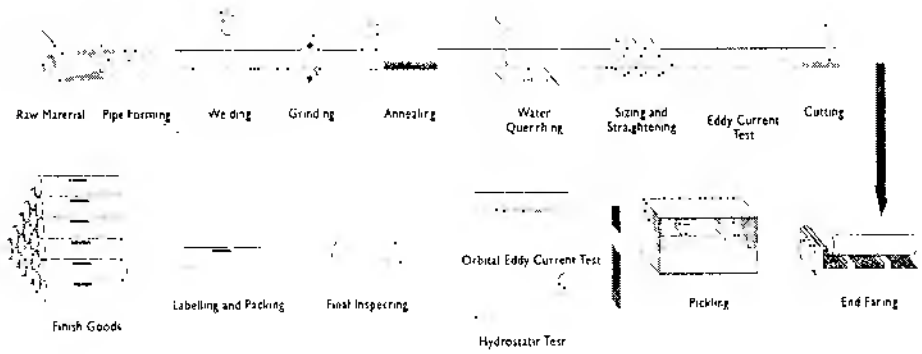
In producing stainless steel tubes and pipes, our Group employs the triple-cathode plasma arc welding technique instead of the single-cathode technique which has the following advantages:

(a) usage of protected electrodes, which reduce electrode contamination, resulting in cleaner weld joints;
(b) larger torch-to-work distance, resulting in less error and allowing more flexible settings for automatic operations;
(c) more stable welding arcs, which result in greater welding accuracy; and
(d) higher arc energy density of up to three (3) times of that in gas tungsten arc welding, which minimises weld distortion, allows for smaller welds and higher welding speeds.

We also use "*in-line annealing*" that reduces production cycle time from coil strip raw material to ready formed pipe, completed with required mechanical properties and necessary quality testing.

Another example of technology used by our Group is the "Eddy Sensor" which facilitates pre-screening and early warning on the conditions of the produced pipes so that immediate corrective action could be taken, rather than waiting for off-line hydrostatic pressure test for feedback.

Production Process Flow Chart



Manufacturing of stainless steel tubes and pipes requires a variety of processes before a round pipe emerges from the end of the line. The processes comprise tube forming, triple-cathode arc welding, in-line annealing, tube sizing, in-line "Eddy Current" testing, friction saw cut-off and pickling and passivating, as shown in the table below:

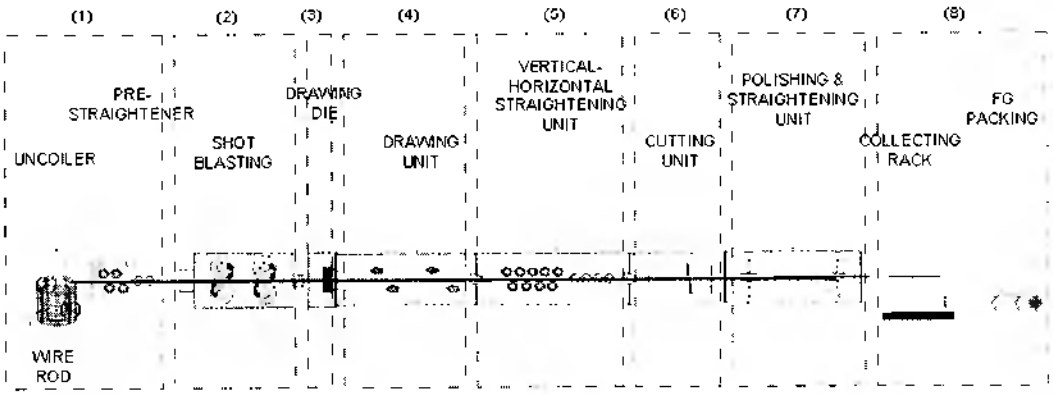
Stage	Process
Pipe forming	Raw materials in the form of slit stainless steel strips are roll-formed through a series of forming rolls. Roll-forming is the process that feed flat metal sheets or coils and passes through a series of roller dies that progressively form the metal into the required profile or shape. At TGSC, the required profile is a round cylindrical shape.
Welding	Formed tubes are continuously fused automatically at the seam by arc welding process consisting of a system of three welding torches called the Triple Cathode Arc Welding. This multi-torch assembly enables high speed welding with consistent high quality. With a welding current of over 100 amperes, the welding mode used at the second torch is termed keyhole plasma welding. By increasing welding current and plasma gas (argon) flow, a very powerful plasma beam is created which achieves full penetration in a material, or in laser or electron beam welding. During welding, the hole progressively cuts through the metal, with the molten weld pool flowing behind to form the weld bead under surface tension forces. This process can be used to weld thicker material of up to 10mm.
Annealing and water quenching	After roll-forming, the steel strips are fused together at the seam by triple electrode arc welding. The weld-affected zone is subject to heat treatment or annealing. The annealing process is carried out to restore the welded zone to a finer structure which is equal to that of the parent metal. This refining process is done to prevent stress or corrosion cracking at the weld seam. During the annealing process, formed pipes continuously pass through the frequency induction furnace. The pipe is heated to a minimum of 1,040 degree Celsius, in compliance with the requirement of ASTM A312/A312M:2005A and EN 10217-7 standards. The heated pipes are then cooled at a controlled rate during the water quenching process. After leaving the quench, the tube can be sized and cut to length.
Sizing and Straightening	Welded tubes go through a series of precision-engineered sizing rolls to obtain precise tube dimensions.
"Eddy Current" Test	The "Eddy Sensor" is a German detection device which senses the presence of defects in the pipe, activating a siren alarm and colour spray marking at the defect area. Signal output is also available for automatic sorting of defective pipes. The "Eddy Sensor" facilitates pre-screening and early warning to the operators regarding the current produced pipe conditions so that immediate corrective action could be taken, rather than waiting for off-line hydrostatic pressure test for feedback. The "Eddy Current" is the latest system to detect surface and internal flows and imperfections like open seam pits and incomplete weld. The ability of "Eddy Current" testing method to detect imperfections at high speed and without contact is the main reason for its popularity for automatic in-line flow detections.

Stage	Process
Cutting & End Facing	Tubes are precision cut to specific length. Burr free cuts are assured by the high quality cold saw and necessary quality testing. It is possible to start production and have the pipes be ready for delivery on the same day. This is normally not possible in an off-line arrangement. The sharp edges at both ends of a pipe are removed using the end-facing machine.
Pickling	The hard scales formed during welding, and black oxide during in-line annealing on are de-scaled at the pickling tank which contains solution of hydrofluoric and nitric acid. After acid dipping, pipes are rinsed in rinsing tanks. The pipes then go through the final round of cleaning using high pressure water jets, for both inner and outer surfaces.
Orbital "Eddy Current" Test, Hydrostatic Test & Final Inspecting	During the orbital "Eddy Current" test, surface defects will be detected and defective pipes are segregated. Hydrostatic test is also conducted, where pipes are injected with pressurised water to test for leakage. Final inspection on defects and leakage is carried out by the operators.
Labelling and Packing	Tubes and pipes are marked with Superinox™ brand and dimension details before they are discharged for bundling and packaging. A final quality control check is conducted thereafter.

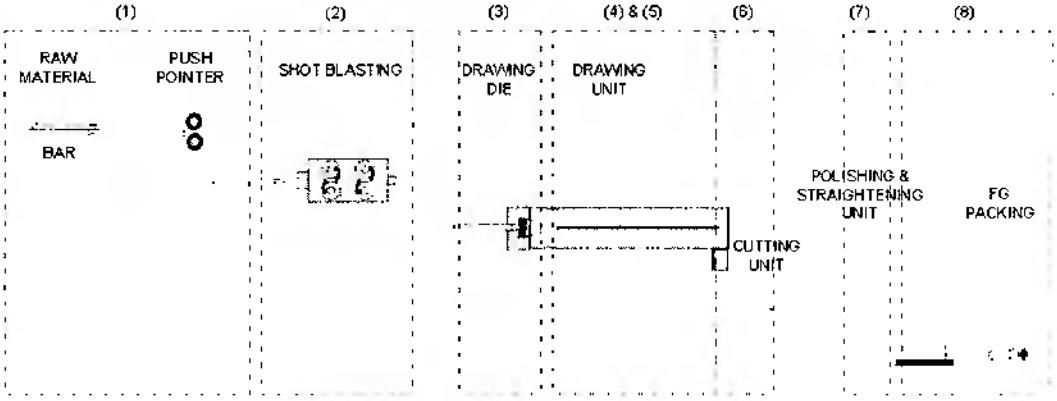
(iii) Manufacturing of Cold Drawn and Polished Carbon Steel/Stainless Steel Bars

A cold drawn bar is produced by drawing a hot rolled bar through a die without heating the material and then shearing it to a desired length and straightening it to commercial tolerances. The table below depicts the manufacturing process of cold drawn bar and wire rod:

Flow 1: Wire Rod to Bar Drawing Process



Flow 2: Bar to Bar Drawing Process



Note:

FG – Finished goods

Step	Process
1	**Raw material preparation** (i) Wire rods Coil is uncoiled from the uncoiler and roughly straightened in a pre-straightener before entering the Shot Blasting Machine. (ii) Bars Bars are initially processed at a Push Pointer which produces a taper end, readied for entering into the Drawing die.
2	**Shot blaster** - Wire rod or bar is conveyed into the shot blaster where external oxide scale is completely removed by shooting high speed steel shots onto the wire/bar surface. The removal is necessary as the scale is very hard and brittle which will damage the drawing die and causes scratches on product surface.
3	**Drawing die** - The die determines the wire/bar profile shape and dimensions when wire/bar is drawn through.
4	**Drawing unit** - This unit provides the mechanism and power to pull the wire/bar through the drawing die continuously or piece by piece.
5	**Vertical-horizontal straightening unit** - This unit gives rough straightening after cold drawing.
6	**Cutting unit** - This unit cuts the drawn and straightened material to the required length without stopping the continuous flow of material. Two types of cutting mechanisms are available. One is by shear blade, one by circular saw.
7	**Polishing & straightening unit** - This unit polishes the drawn material to a shining surface and straighten the bar to the required tolerance.
8	**Collecting rack** - The polished and straightening bars are ejected automatically, and collected at the rack ready to be taken out for packing.

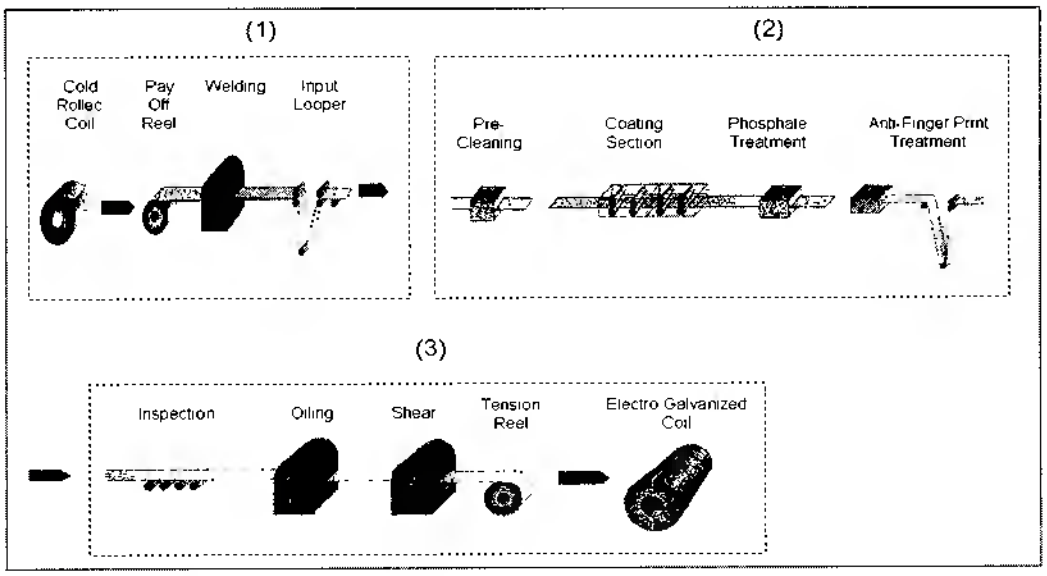
Peeling process

The peeling process is another method to produce polished carbon steel/stainless steel bars upon customer request. The processes are explained in the table below:

Step	Process
1	Long bar is machined by peeling off the bar surface to get the required diameter.
2	Peeled bars are polished and straightened to required tolerance of customers.

(iv) Manufacturing of EG steel coils

The purpose of electro galvanising is to protect steel coils from corrosion. The electro galvanising process begins with a pre cleaning process, followed by the zinc-coating via the electro deposition process. A phosphate treatment and anti-finger print treatment are used to further protect the zinc layer from corrosion and finger print marks, as well as to enhance conductivity and weldability. EG coils can then be oiled and sheared according to customer specifications. The table below depicts the steel electro galvanising process:

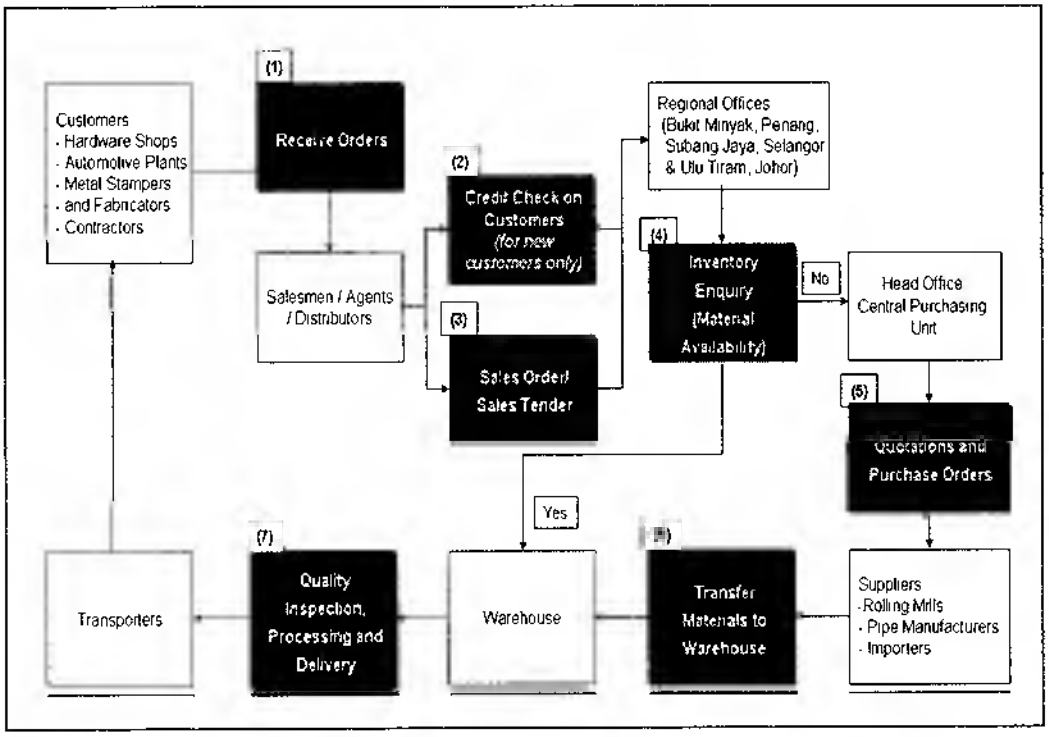


Step	Process
1	**Raw material preparation** • Cold-rolled coil is fed into the electro galvanising line via pay off reel. It will unwind cold-rolled coil and feed to the welder. • Welder is used to weld the two ends of the cold-rolled coil together to create a continuous loop so that the process can run continuously without interruption. • As welding of the two ends of the cold-rolled coil will require the cold-rolled coil to stop flowing, input looper is used to create the cold-rolled coil buffer to enable the process to continue running during welding of the cold-rolled coil.
2	**Electro galvanising process and surface treatment** • A series of pre-cleaning process has to be performed prior to entering the coating section. In this section, cold-rolled coil will be coated with a layer of zinc via electro deposition process. Precise amount of electrolyte flow and current control enables zinc to be coated to the desired thickness. After coating, the product is now called EG steel.

Step	Process
	• Phosphate treatment is one of the most commonly used post treatment in an electro-galvanising line. Its purpose is to further protect the zinc layer to enhance corrosion resistance and to create a surface that will enhance paintability. • Anti-finger print treatment is widely used in the electrical and electronic industry. Its purpose is to further protect the zinc layer and to enhance other characteristics such as higher corrosion resistance, anti finger print mark, higher conductivity and weldability.
3	**Inspection, Finishing and Packing** • Exit looper is used to create the EG buffer to enable the process to continue running during the shear cutting process at the exit. • An electrostatic oiling process is used to coat a layer of thin oil on the surface of the EG steel whenever required by customer. • In this section, the welded area of the two EG steel will be cut off so that each EG steel can be packed separately. • In this section, the EG steel is wounded to a coiled shaped which is ready for packing. Once packed, it is ready to be shipped to the customer.

(v) Steel distribution

The trading mechanism of our Group's steel distribution business is summarised in the flow chart below:



Step	Process
1	New and existing customers place their orders through their local agents, distributors or salesmen.
2	The sales person in charge will then request the head office to run a credit check for new customers. For existing customers, the sales person in charge will proceed with the sales order (Step 3).
3	The sales order will be forwarded to the respective regional offices for processing.
4	Sales person in charge will check on availability of material. If available, the sales person in charge will proceed with delivery (Step 7). If the materials are not in stock, the sales person in charge will proceed with material sourcing (Step 5).
5	The purchasing unit in the headquarters will proceed with material sourcing. The purchasing unit will obtain quotations from suppliers and raise purchase orders.
6	Once shipment arrives, the ordered materials will be transferred to the warehouse.
7	Quality checks on materials will be conducted before being processed and delivered to the customers.

5.5.5 Technology Used

The production process of TGG Group's principal activities employ the use of various technologies. These technologies are listed below as part of the stainless steel tubes and pipes manufacturing process:

- **Triple-Cathode Arc Welding**

  This technology is used to fuse formed tubes at the seam. The process consists of a system of three welding torches. This multi-torch assembly enables high speed welding with consistent high quality. With a welding current of over 100 amperes, the welding mode used at the second torch is termed keyhole plasma welding. By increasing welding current and plasma gas (argon) flow, a very powerful plasma beam is created which achieves full penetration in a material, or in laser or electron beam welding. During welding, the hole progressively cuts through the metal, with the molten weld pool flowing behind to form the weld bead under surface tension forces. This process can be used to weld thicker material of up to 10mm.

- **In-line annealing**

  The heat treatment or annealing process is carried out to restore the welded zone to a finer structure which is equal to that of the parent metal. This refining process is done to prevent stress or corrosion cracking at the weld seam. It also reduces production cycle time from coil strip raw material to ready formed pipe, completed with required mechanical properties and necessary quality testing. During the annealing process, formed pipes continuously pass through the frequency induction furnace. The pipe is heated to a minimum of 1,040 degree Celsius, in compliance with the requirement of ASTM A312/A312M:2005A and EN 10217-7 standards. The heated pipes are then cooled at a controlled rate during the water quenching process.

- **Eddy Sensor**

  The "Eddy Sensor" is a German detection device which senses the presence of defects in the pipe, and then activating a siren alarm and colour spray marking at the defect area. Signal output is also available for automatic sorting of defective pipes. The "Eddy Sensor" facilitates pre-screening and early warning to the operators regarding the current produced pipe conditions so that immediate corrective action could be taken, rather than waiting for off-line hydrostatic pressure test for feedback. The "Eddy Current" is the latest system to detect surface and internal flows and imperfections like open seam pits and incomplete weld. The ability of "Eddy Current" testing method to detect imperfections at high speed and without contact is the main reason for its popularity for automatic in-line flow detections.

5.5.6 R&D

As at the Latest Practicable Date, our Group has not embarked on any R&D activities. However, our Group, through our subsidiary company, TGSC, had entered into a Memorandum of Understanding ("MOU") with Universiti Sains Malaysia ("USM") on 25 January 2008 for the possibility of opportunities for cooperative exchange between TGSC and USM, which includes joint research and development efforts in areas of common interests such as analysing process effectiveness in production of stainless steel pipes manufacturing which include welding, annealing and pickling parameters. Our Group's decision to sign the MOU demonstrates our commitment to improving and expanding our products and services offerings. As at the Latest Practicable Date, we are still in discussion with USM with regards to the collaboration possibilities between our Group and USM.

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5.5.7 Approvals, Licenses and Permits

Save as disclosed below, there are no other major approvals, licences and permits issued to our Group:

Company	Authority	Nature of approval	Date of issue/ Validity	Major conditions imposed	Status of compliance
TGSC	MITI	Manufacturing licence dated 11 December 2000 from the MITI authorising TGSC to act as Licensed Manufacturer from 16 October 2000 at the place of manufacturing at Plot 33, Jalan Perindustrian Bukit Minyak, Taman Perusahaan Bukit Minyak, 14000 Bukit Mertajam, Pulau Pinang for manufacturing, shearing and slitting of metal sheets/coils.	16 October 2000 / Until revoked	(a) This address is subject to the approval from the relevant State Authority and the Department of Environment.	Complied.
				(b) This company shall carry out the approved project within twelve (12) months from the effective date of the Manufacturing License or within a time frame which is permitted by the Licensing Officer. If the project cannot be carried out within the requisite time frame, the license can be withdrawn.	Complied.
				(c) At least 70% of the shares in TGSC are to be purchased and held by Malaysians including at least 30% which are reserved and this company shall discuss with MITI before the transfer/distribution of the reserved shares are carried out.	To be complied*.
TGSC	MITI	Manufacturing licence dated 7 September 2005 from the MITI authorising TGSC to act as Licensed Manufacturer from 18 January 2005 at the place of manufacturing at Plot 1617, Lorong Perusahaan Maju 6, Phase IV, Kawasan Perindustrian Prai, 13600 Prai, Pulau Pinang for manufacturing of stainless steel pipes.	18 January 2005 / Until revoked	(a) This address is subject to the approval from the relevant State Authority and the Department of Environment.	Complied.
				(b) At least 70% of the shares in TGSC are to be purchased and held by Malaysians with at least 30% which are reserved. The approval from MITI is required for any sale of shares in TGSC.	To be complied*.

5. INFORMATION ON THE TGG GROUP *(cont'd)*

Company	Authority	Nature of approval	Date of issue/ Validity	Major conditions imposed	Status of compliance
Nippon EGalv	MITI	Manufacturing licence dated 28 September 2006 from MITI authorising Nippon EGalv to act as a licensed manufacturer from 31 July 2006 at No. 1617, Lorong Perusahaan Maju 6, Prai Industrial Estate Phase IV, 13600 Prai, Pulau Pinang for manufacturing of 'Electro-Galvanized Steel Coil'.	24 September 2007 / Until revoked	(a) This address is subject to the approval from the relevant State Authority and the Department of Environment.	Complied.
				(b) Notification to MITI for any sale of shares in Nippon EGalv.	Complied.

Note:

* *MITI has vide its letter dated 24 May 2010 granted a period of one (1) year for TGSC to meet the condition.*

Investment Tax Allowance ("ITA")

On 18 August 2006, MIDA had vide its letter dated 18 August 2006, granted Nippon EGalv the approval-in-principle for pioneer status for the manufacture of "Electro-Galvanised Steel Coil" for a period of five (5) years subject to the following conditions:

(i) The company's value add shall be at least 35%; and

(ii) At least 15% of the total number of employees of the company shall comprise of staff at the managerial, technical and supervisory level.

On 19 June 2009, MIDA had vide its letter, granted Nippon EGalv the approval for Nippon EGalv's application to change the Pioneer Status to ITA for the manufacture of "Electro-Galvanised Steel Coil" for a period of five (5) years subject to the following conditions:

(i) Nippon EGalv's value add shall be at least 10% for the manufacture of "Electro-Galvanised Steel Coil"; and

(ii) At least 15% of the total number of employees of the company shall comprise of staff at the managerial, technical and supervisory level.

The ITA shall apply to 60% of qualifying capital expenditure for the period of five (5) years from the first capital expenditure and be used to offset 70% of the statutory income for each year until allowance is fully allowed.

5.5.8 Quality Control

We place the utmost emphasis on the consistent quality of our products and the reliability of our products would ensure customer satisfaction and secure repeat orders. In order to maintain high standards and quality in all our production processes, quality assurance procedures are infused at every step of the production process to monitor the quality of the products processed/manufactured.

Essentially, we adopt the following approaches in the various stages of sourcing, production and delivery to ensure that our quality standards are maintained all the time:

(i) Purchasing of raw materials

(a) Verification of purchase

The quality and quantity of incoming materials shall be verified by the store personnel according to preservation of product procedure.

(b) Supplier Correction Action

Should any non-compliance or rejection of incoming materials, the Head of QA department shall communicate to the supplier on quality, quantity, documentation or service problem reported by production or store personnel.

The QA personnel shall follow up on the necessary corrective and preventive action with the supplier and to be subsequently verified by QA department by using the form Supplier Corrective Action Request, Process Corrective Action Request or Internal Corrective Action Request.

(c) Handling & Storage

All incoming material should be stored under dry condition and to avoid direct sunlight to prevent material deterioration.

(d) Specific identification

All raw materials used are marked for specific products and will be released accordingly to the production requirements.

(ii) Monitoring and measuring of product

(a) Incoming inspection

Goods arrived at the receiving bay are visually inspected on the physical quantity and identification against the Delivery Order ("DO"). Any discrepancies shall be amended on the DO by the store personnel.

For goods which pass the inspection, the Incoming Quality Controller ("IQC") shall attach an "IQC Approved" sticker and shall record the data in the Incoming Coil/Sheet Inspection Record for acknowledgement or otherwise, an "On Hold" sticker shall be attached on the goods. A Supplier Corrective Action Request shall be raised, if necessary.

(b) In-process inspection during machine operation

Prior to/during production, the maintenance personnel shall carry out daily preventive maintenance to avoid down-time on machines.

The first piece of products produced every time when setting up a machine shall be inspected and verified as per the quality plan produced by the quality controller/line leader.

The In-Process Quality Controller ("IPQC") shall check the products hourly for guillotine and levelling process errors at fixed stations.

(c) Final inspection process

All finished products shall be inspected as per the quality plan.

Upon acceptance, the Quality Controller shall paste a "Final Inspection" sticker on the finished products. The IPQC and Outgoing Quality Controller ("OQC") shall ensure that only goods labelled with "Final Inspection" sticker shall be sent to the finished goods store.

Rejected goods shall be labelled "On Hold". A Process Corrective Action Request or an option for rework shall be raised, if necessary.

Rejected goods may be sorted out and reworked (where possible), re-graded for alternative use, and/or scrapped to scrap dealers.

(iii) Packing and delivery

(a) Packaging

The packing operator/production operator shall be responsible to pack all finished goods before transferring them into storage.

The packing operator shall pack the finished goods following the packing standards according to our customers' requirements.

(b) Handling & Storage

Finished goods shall not be stacked higher than four (4) metres for easy access and to prevent damage to the bottom layer.

(c) Identification

All finished goods shall be identified with tags indicating the tag number, description and quantity.

(d) Delivery

Upon receiving the delivery instructions from the sales department, the store personnel shall check the availability of goods at the store. In the event where there is an urgent delivery request, the sales personnel shall issue the DO immediately without delivery instruction.

OQC shall check the packing conditions and record its details in the Outgoing Coil/Sheet Inspection Record. Quantity checking by OQC shall normally be confined to verification of the total number of boxes loaded onto the transporters' vehicle.

5.5.9 Production Capacity and Output

Our production capacity and output are as follows:

(i) Steel Processing

Our main production lines for steel processing activities and its corresponding production capacity and average output levels are as follows:

Type of machinery	(A) Machine capacity^ (mt per month)	(B) Average output* (mt per month)	Utilisation (%) (B)/(A)
Slitter	6,500	2,284	35.1
Guillotine	500	97	19.4
Leveller	4,000	1,607	40.2

Notes:

^ *Based on three (3) eight (8)-hour shifts per day.*
* *Based on the monthly average of actual output for the FYE 31 December 2009.*

As at the Latest Practicable Date, our Group operates its steel processing facilities seven (7) days per week with one (1) production shift per day of eight (8) hours. Our production machinery includes slitting machines, guillotine and levellers. On a typical production day, all ten (10) machines will be utilised to achieve optimum production levels.

Although each machine has a manufacturers' recommended maximum capacity, the actual output depends, to a large extent, on the dimensions and quality of the steel sheets or strips produced.

(ii) Manufacturing of cold drawn and polished carbon steel/stainless steel bars

Our main production lines for cold drawn and polished carbon steel/stainless steel bars and its corresponding production capacity and average output levels are as follows:

Production line	(A) Machine capacity^ (mt per month)	(B) Average output* (mt per month)	Utilisation (%) (B)/(A)
Drawing Machine Type I	250	27	10.8
Drawing Machine Type III	250	20	8.0
Draw Bench Machine	150	36	24.0
Peeling Machine	75	5	6.7

Notes:

^ *Based on three (3) eight (8)-hour shifts per day.*
* *Based on the average of actual output for the FYE 31 December 2009.*

As at the Latest Practicable Date, our Group operates its steel bar mills seven (7) days per week with one (1) production shift per day of eight (8) hours. On a typical production day, all of our four (4) machines will be utilised to achieve optimum production levels.

(iii) Manufacturing of stainless steel tubes and pipes

Our main production lines for the manufacturing of stainless steel tubes and pipes and its corresponding production capacity and average output levels are as follows:

Production line	(A) Machine capacity^ (mt per month)	(B) Average output* (mt per month)	Utilisation (%) (B)/(A)
Tube Mill ("TM") 1	160	75	46.9
TM 2	90	36	40.0
TM 3	80	25	31.3
TM 4	90	58	64.4
TM 5	300	62	20.7

Notes:

^ *Based on three (3) eight (8)-hour shifts per day.*
* *Based on the average of actual output for the FYE 31 December 2009.*

As at the Latest Practicable Date, our Group operates its steel processing facilities seven (7) days per week with one (1) production shift per day of eight (8) hours. On a typical production day, all five (5) machines will be utilised to achieve optimum production levels.

(iv) Manufacturing of EG steel coils

Our main production lines for the manufacturing of stainless steel tubes and pipes and its corresponding production capacity and average output levels are as follows:

Production line	(A) Machine capacity^ (mt per month)	(B) Average output* (mt per month)	Utilisation (%) (B)/(A)
Electro galvanising line	10,000	1,436	14.36

Notes:

^ *Based on three (3) eight (8)-hour shifts per day.*
* *Based on the average of actual output for the FYE 31 December 2009.*

As at the Latest Practicable Date, our Group operates its steel processing facilities seven (7) days per week with one (1) production shift per day of eight (8) hours. On a typical production day, the electro galvanising line will be utilised to achieve optimum production levels.

As at Latest Practicable Date, we believed that there are no constraints on the capacity of our current production facilities.

5.5.10 Interruption in Operations

Our Group did not experience any interruption in business which had a significant effect on operations during the twelve (12)-months period prior to the date of this Prospectus.

5.5.11 Types, Sources and Availability of Materials

We are primarily involved in the manufacturing and processing of steel products. For our value-added steel processing services, we process coils purchased from rolling mills, whilst stainless steel pipes and tubes and steel building products are manufactured mainly from coils and sheets processed by TGSC. Key materials used in the processing and manufacturing operations include:

Materials	Processing/ Manufacturing Operation	Total Consumption for the FYE 31.12.2009 (mt/annum)	Country of Origin
Hot-rolled steel coils and sheets	Slitting/shearing	11,602	Malaysia/Japan/Korea/ Taiwan
Cold-rolled steel coils and sheets	Slitting/shearing	18,229	Malaysia/ Japan/Korea/Taiwan
Stainless steel coils and sheets	Slitting/shearing and pipe making	3,749	China /Europe/Taiwan/ Korea
GI steel coils and sheets	Slitting/shearing	7,279	Malaysia/ Korea
EG steel coils and sheets	Slitting/shearing	6,301	Malaysia/ Japan/ Korea

Of these, stainless steel coils and sheets represented the largest raw materials used, accounting for approximately 60% of the value of our total purchases for the FYE 31 December 2009.

Generally, we source approximately 66% of the steel and other materials from local manufacturers, whilst the remaining 34% were imported. Some of the major types of steel coils and sheets that are available locally include cold-rolled coils and sheets, GI steel coils and sheets, and hot-rolled coils and sheets. Materials such as EG steels coils and sheets, and stainless steel coils and sheets are mainly imported from Japan, Korea, Europe, Taiwan and China.

The local production of steel and steel related products helps minimise any shortages in these types of raw materials. Thus far, we have not experienced any shortage in the supply of steel and other metal materials. Prices of steel are dependent on the demand and supply condition of steel in the global market at any point in time. It is a commodity traded based on rates quoted on the London Metal Exchange. Please refer to Section 4.1.2 of this Prospectus for further information on the risks relating to the price fluctuations of raw materials as well as our risk mitigating efforts.

5.5.12 Marketing and Distribution

Our Group has developed the following marketing strategies to sustain and expand the business by:

(i) Positioning ourselves as a producer and processor of quality flat steel products supported by in-house quality testing facilities;
(ii) Continually providing excellent customer service and establishing ourselves as a prompt and reliable supplier, thus creating long-term customer loyalty and dependency;
(iii) Expanding our market presence locally and overseas and developing new business opportunities by working in close partnerships with existing customers and agents; and
(iv) Keeping abreast of new technological developments to stay ahead of competition as well as to better meet the needs of the customers.

As at the Latest Practicable Date, our sales and marketing team comprise 47 personnel based in three (3) locations, our offices in Penang (i.e. Prai, Bukit Minyak and Bagan Lalang), Selangor (i.e. Subang Jaya) and Johor (i.e. Johor Bahru). The efforts of our sales and marketing team are further complemented by authorised distributors appointed by us to source for customers throughout Malaysia as well as Brunei, Singapore and Thailand.

We adopt dual distribution strategies, via direct and indirect channels. Direct channels are primarily used for products manufactured and processed by our Group and third party products. This enables us to work closely with our customers to evaluate and attain better understanding of our customers' requirements, providing our Group with invaluable feedback to continuously improve or enhance our products and services.

In addition to the above, the products manufactured and processed by our Group are distributed via an indirect channel comprising of approximately 400 authorised distributors covering regions in Malaysia, Brunei, Singapore, Thailand, Philippines, Indonesia, Vietnam and United States of America. These distributors contribute approximately 34.05% of the total sales value of our Group in the FYE 31 December 2009.

5.5.13 Seasonal or Cyclical Nature

Our operations are not significantly affected by seasonal/cyclical effects as our products and services form a vital link between primary steel producers and industrial end-users of steel products. These producers and industrial end-users generally operate throughout the year, albeit marginal slowdowns during festive periods. Furthermore, due to the wide range of downstream applications for our products and services, the impact of minor fluctuations in demand from one industry is unlikely to be significant to the Group as a whole.

5.5.14 Competitive Strengths

(i) An established player in the industry

We have been actively engaged in the steel distribution business for the past 32 years, whilst our involvement in the steel processing business has already exceeded 16 years. Over the years, we have transformed from a mere trader of steel products to a one-stop steel centre which not only supplies but provides comprehensive value-added services for all kinds of steel materials.

We place high priority in establishing good rapport with our customers and suppliers. As a result, we have established good long-term business relationships with most of our customers and suppliers and have gradually built up a wide distribution network in the industry. In addition, with the wealth of experience and knowledge we have accumulated of the secondary steel market, we have established a strong platform for our business diversification in the future. The secondary steel market is made up of steel processors who produce finished products that are custom specified to the end-user's requirements. These products are produced from seamless tubes and semi-finished long products and flat products from steel mills.

(ii) Prudent diversification approach

Our steel distribution business is complemented by our steel processing activities, which offers value-added steel processing services catering to customised requirements. Leveraging on the experience and knowledge gathered from providing such customised materials for the production of downstream steel products, we are able identify practical downstream diversification opportunities. Our diversification into the manufacturing of stainless steel tubes and pipes hardly represents a venture into unfamiliar territory, as we are already very familiar with such products, having supplied these materials to various pipe manufacturers as well as supplying the finished product to end-users for many years.

(iii) Expertise in stainless steel

We have over the years gradually diversified our product range through active sourcing and building of strong relationships with steel producers worldwide. In particular, our focus has been on stainless steel, which is not subject to any import restrictions in Malaysia as it is not produced locally. This focus was further motivated by the collaboration with NMIC, a leading stainless steel producer in Japan, to set up NIMS, thus securing a reliable source of stainless steel and technical support for our Group. As such, in the event of any severe fluctuations in steel prices, we would still be able to source stainless steel from NMIC at competitive prices and to get the up-to-date price indication of stainless steel.

(iv) Diverse market for products

Our broad range of products and value-added steel processing services are targeted at a wide range of end-users. This includes downstream applications in the following industries:

Industry	Applications
Automotive	Automotive bodies and parts
E & E	Cables, switchboard, refrigerators, ovens, washing machines, air-conditioning, computer casing and others
Metal stamping and fabrication	Boxes, drums, gas containers and others
Oil and gas	Pipes, machinery parts and others
Building, construction and infrastructure	Piping, steel structures, roofing and wall-cladding materials, sections, beams, angles, shapes and others

In view of the diverse applications for steel products, we have benefited from the continued increase in demand for such products as a result of the broad industrial reliance on steel. We have capitalised on our network of customers and internal capability and capacity to cater for the diverse markets ranging from the automotive and E&E sectors to the building, construction and infrastructure sector.

As these different industries are well-established, we are able to direct out resources depending on the supply and demand conditions of each industry. For example, when the construction industry is facing a slower growth, we are able to mitigate the risk by focusing on other industries which are in the growth momentum.

(v) Management and Operational Quality Assurance

We obtained the ISO 9001:2000 and ISO 9001:2008 certifications in recognition of the quality management and products. These certifications are a pre-requisite for us to penetrate high end industries such as the lucrative automotive industry. As a result, this has enabled us to supply high profit margin customers in the automotive industry and industries requiring high quality products.

We are committed to providing high quality steel products and services that consistently meet and exceed customers' requirements. This will be achieved through continuous improvement on our products and services, prevention of non-conformity, and adherence to a strict quality management system that complies with ISO 9001:2000 and ISO 9001:2008. We also place great emphasis on meeting consistent quality standards and timely delivery schedules in order to gain customers' confidence and trust in our products and services.

Our Group also complies with one of the world's recognised standard for quality management and product certification, TÜV Nord. TÜV Nord is well known for its expertise in nearly all aspects of technical safety, environmental protection and conformity assessment of management systems and products internationally. TÜV Nord verifies compliance to respective safety and quality standards by performing inspections, tests and audits and issues internationally recognised certifications. We were awarded with ISO 9001:2000, DIN EN10312:2002+A:2005 and ISO/TS 29001:2007 certifications by TÜV Nord and with these certifications in place, we are positioned to further expand to overseas markets that require or favour TÜV Nord certified products.

(vi) SIRIM QAS International Product Certification License

Our Group possesses the SIRIM QAS International Product Certification Licence. This license is given to a manufacturer who wishes to have its product certified to the requirements of a Malaysian or International Standard. We were given a license to mark the certified product with the "MS" certification mark and affix the SIRIM labels on our products. The presence of the label attests the product meets quality requirements of the specified standard or specification. It also provides our consumer an assurance of performance, safety, and reliability as well as it demonstrates an effective system for production processes.

5.5.15 Brand Names and Intellectual Property

Our Group take strong ownership of its brand names. We have filed the following trade/service marks for approval:

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Trade Mark Application
SUPERINOX	SI	7	Stainless steel pipe fittings (parts of machines); steel pipes; metal pipe and metal pipe fittings (parts of engines); metal tubes (parts of engines) metal tubes (parts of machines) and stainless steel tubes (fitted parts of machines)	09019456	Application filed on 4 November 2009 and is currently pending approval
NIPPON EGALV	Nippon EGalv	6	Common metal and their alloys; metal sheets, bars, blocks, plates, rings, wires, tubes, pipes, coils, strips and castings; electrolytically galvanised steel; non-electrical cables and wires of common metal; ironmongery, small items of metal hardware; goods of common metal not included in other classes; ores	09021568	Application filed on 8 December 2009 and is currently pending approval
NIPPON EGALV	Nippon EGalv	9	Parts and fittings, casings for electrical devices and semi-conductor devices	09021566	Application filed on 8 December 2009 and is currently pending approval

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5.5.16 Accreditations and Awards

Year	Accreditation/Award	Brief Description
2006	TGSC was awarded the SIRIM QAS International Production Certification Licence by SIRIM QAS International Sdn Bhd	The product certification is offered to manufacturers who wish to have their products certified to the requirement of a Malaysian or International Standard and the use of the 'MS' mark on their products. The presence of the label attests that the product meets quality requirements of the specified standard or specification and provides consumers an assurance of performance, safety and reliability as well as demonstrates an effective system for production processes.
2007	Awarded the "1st Top 50 Enterprise Awards Malaysia 20 (Platinum Award) by Persatuan Usahawan Muda Malaysia ("PUMM")	Award for outstanding achievements and the concerted efforts of the local entrepreneurs who have contributed to the local economic growth. PUMM (Young Entrepreneurs Association of Malaysia) is a multi racial association composed of reputable young entrepreneurs and executives.
2007	TGSC (Pipe Division) was awarded with ISO 9001:2000 certification by TüV Nord (Malaysia)	ISO 9001:2000 specifies requirements for quality management system where an organisation: • needs to demonstrate its ability to consistently provide products that meets customer and applicable regulatory requirements; and • aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.
2007	TGSC was awarded DIN EN 10312:2002 + A:2005 certification by TüV Nord	The certification is a quality assurance system certification which is subject to specific assessment for material manufacturers (particularly wielded stainless steel tubes for the conveyance of water and other aqueous liquids).
2008	Awarded 'The Asia Pacific International Honesty Enterprise Keris Award' by Entrepreneur Development Association	To recognize enterprises that achieved excellence in their respective industries and demonstrates honesty and integrity in their daily business dealings.
2008	Awarded the 'Asia Pacific Super Excellent Brand 2008' award by Asia Entrepreneur Alliance (AEA)	To recognize those who are building and leading successful, growing and dynamic brands. It is also a trademark that signifies pride of the entrepreneurs.

5. INFORMATION ON THE TGG GROUP *(cont'd)*

Year	Accreditation/Award	Brief Description
2009	TGO was awarded with ISO 9001:2000 certification by TüV Nord (Malaysia)	ISO 9001:2000 specifies requirements for quality management system where an organisation: • needs to demonstrate its ability to consistently provide products that meets customer and applicable regulatory requirements; and • aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.
2009	TGSC and Nippon EGalv were awarded ISO 9001:2008 certification by BM TRADA Certification Ltd and SGS (Malaysia) Sdn Bhd	ISO 9001:2008 specifies requirements for quality management system where an organisation: • needs to demonstrate its ability to consistently provide products that meets customer and applicable regulatory requirements; and • aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.
2009	TGSC was awarded MS:ISO/TS29001:2007 certification by TüV Nord	The certification defines the quality management system for product and service supply organisations for the petroleum, petrochemical and natural gas industries.
2009	TGSC was awarded PED97/23/EC certification by TüV Nord	The certification applies to design, manufacture and conformity assessment of pressure equipment and assemblies with a maximum allowable pressure greater than 0.5 bar gauge including vessels, piping, safety accessories and pressure accessories.
2009	TGSC was awarded AD2000 for Pressure Equipment by TüV Nord	The certification is targeted to metal materials such as plates, pipes, flanges and fittings and other pressure equipment or boiler according to 'W' series of the German pressure equipment specification (i.e. AD specification)

5.5.17 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts

5.5.17.1 Dependency on Patents and Intellectual Rights

Save as disclosed in Section 5.5.15 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

5.5.17.2 Dependency on Major Licenses

Save as disclosed in Section 5.5.7 of this Prospectus, our Group is not dependent on any other major licenses, permits and registrations for our business operations.

5.5.17.3 Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed in Section 5.7 of this Prospectus, our Group is not dependent on any material contracts or agreements including industrial, commercial and financial which are material to our business or profitability.

5.5.18 Regulatory Requirement And Environmental Issue

As at the Latest Practicable Date, there is no material breach of any law, rules and building regulations, including land-use conditions or permissible land use which may result in a potential adverse material impact to our Group in relation to the properties owned or leased.

Our Directors are also not aware of regulatory requirement or environmental issue which may materially affect our Group's operations and/or utilisation of assets.

5.5.19 Location of Principal Place of Business and Production Facilities

Our principal places of business and production facilities are situated at the following locations:

Location	Description
No. 1617, Lorong Perusahaan Maju 6 Prai Industrial Estate IV 13600 Prai Pulau Pinang	Group's head office, manufacturing centre and distribution centre
Plot 33, Jalan Perusahaan Bukit Minyak Kawasan Perindustrian Bukit Minyak 14000 Bukit Mertajam Pulau Pinang	Steel processing and distribution centre
No. 8-3 & 8-4 Jalan USJ Sentral 3, USJ Sentral Persiaran Subang 1 47600 Subang Jaya Selangor Darul Ehsan	Sales office
No. 1067, 1068 & 1069 Jalan Bagan Lalang 13400 Butterworth Pulau Pinang	Warehousing and distribution centre

Location	Description
No. 3A-01 Jalan Sasa 4 Taman Gaya 81800 Ulu Tiram Johor Darul Takzim	Sales office
No. 6, Jalan Perusahaan 5 Kawasan Perindustrian Beranang 43700 Semenyih Selangor Darul Ehsan	Warehousing and manufacturing centre

As at the Latest Practicable Date, our Group does not have any material plans to construct, expand or improve the production facilities that we currently have.

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5.6 SUBSIDIARY AND ASSOCIATED COMPANIES

5.6.1 Information on TGH

(i) History and Business

TGH was incorporated in Malaysia under the Act on 11 May 1978 as a private limited company and commenced operations in the same year.

TGH was co-founded by the late Cheah Chong Beng, Siah Lee Beng and Dato' Siah Kok Poay. TGH commenced business as an importer and stockist of stainless steel materials for distribution to a wide range of end-users from diverse industries. Under the stewardship of the Siah family, TGH has grown in stature by diversifying its product range through active sourcing and building of strong relationships with stainless steel producers worldwide, and by enlarging its customer base through reliable and prompt service.

TGH is the importer, wholesaler and retailer of stainless steel and steel products.

(ii) Share Capital

The present authorised and issued and paid-up share capital of TGH is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	25,000,000	25,000,000
Issued and paid-up	20,000,000	20,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of TGH since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
11.05.78	2	1.00	Cash	2
24.05.78	34,998	1.00	Cash	35,000
24.06.82	10,000	1.00	Cash	45,000
15.12.83	36,000	1.00	Cash	81,000
19.12.84	15,000	1.00	Cash	96,000
27.03.92	105,000	1.00	Cash	201,000
15.08.94	201,000	1.00	Cash	402,000
20.02.97	804,000	1.00	Cash	1,206,000
16.02.98	1,794,000	1.00	Cash	3,000,000
01.05.99	1,000,000	1.00	Cash	4,000,000
01.11.99	389,000	1.00	Cash	4,389,000
01.11.99	6,541,000	1.00	Bonus issue	10,930,000
01.11.99	3,000,000	1.00	Cash	13,930,000
22.12.99	6,070,000	1.00	Cash	20,000,000

As at the Latest Practicable Date, TGH does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGH is a wholly-owned subsidiary company of TGG.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, TGH has two (2) direct subsidiary companies, namely TGSC and FI, and one (1) associated company, namely NIMS.

5.6.2 Information on TGO

(i) History and Business

TGO was incorporated in Malaysia under the Act on 23 October 1978 as a private limited company under the name of Ultimate Enterprise Sdn Bhd, and commenced operations in the same year. It changed its name to TG Engineering Sdn Bhd ("TGESB") on 30 January 2002.

TGESB began as a metal fabricator and engineering contractor. However, in January 2007, TGESB bought over a full fledge of production facilities for manufacturing of stainless/steel polished round bars from Oriental Steel Industries Sdn Bhd ("OSI"). OSI is a long established and well-known manufacturer of steel bars which has been in operation for more than 30 years. In order to preserve the well-known label, TGESB has changed its name to its present name on 21 February 2007.

(ii) Share Capital

The present issued and paid-up share capital of TGO is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	5,000,000	5,000,000
Issued and paid-up	1,500,000	1,500,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of TGO since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
23.10.78	3	1.00	Cash	3
14.11.78	99,997	1.00	Cash	100,000
01.05.80	20,000	1.00	Cash	120,000
20.03.81	30,000	1.00	Cash	150.000
30.12.95	100,000	1.00	Cash	250,000
10.02.04	400,000	1.00	Cash	650,000
30.04.07	350,000	1.00	Cash	1,000,000

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
26.12.07	500,000	1.00	Cash	1,500,000

As at the Latest Practicable Date, TGO does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGO is a wholly-owned subsidiary company of TGG.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, TGO does not have any subsidiary and associated companies.

5.6.3 Information on TGSC

(i) History and Business

TGSC was incorporated in Malaysia on 9 August 1994 under the Act as a private limited company under the name of Tatt Giap Metal Services Sdn Bhd, and commenced operations in the same year. It assumed its present name on 20 August 1997.

TGSC started business by providing simple metal processing services. In 1997, TGSC collaborated with NMIC to incorporate NIMS for the purpose of undertaking surface polishing and treatment of stainless steel sheets. In 1998, TGSC began to invest in new levelling and shearing equipment and commenced a fully-fledged steel processing centre, providing cut-to-length, shearing as well as slitting services. In 2005, TGSC diversified downstream into the manufacturing of stainless steel tubes and pipes.

TGSC is currently involved in the processing of stainless steel as well as other ferrous and non-ferrous metal products and manufacturing of Superinox™ stainless steel tubes and pipes.

(ii) Share Capital

The present issued and paid-up share capital of TGSC is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	10,000,000	10,000,000
Issued and paid-up	10,000,000	10,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of TGSC since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
09.08.94	3	1.00	Cash	3
31.12.95	149,997	1.00	Cash	150,000
10.11.97	150,000	1.00	Cash	300,000
24.12.97	700,000	1.00	Cash	1,000,000
26.01.99	500,000	1.00	Cash	1,500,000
23.12.99	3,000,000	1.00	Cash	4,500,000
14.05.04	5,500,000	1.00	Cash	10,000,000

As at the Latest Practicable Date, TGSC does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGSC is a wholly-owned subsidiary company of TGH.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, TGSC has five (5) subsidiary companies, namely TGPM, TGMI, Nippon EGalv, SPI and SI and has no associated companies.

5.6.4 Information on FI

(i) History and Business

FI was incorporated in Malaysia on 12 January 1994 under the Act as a private limited company and commenced operations in 1997. FI currently holds Plot 33, Jalan Perusahaan Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14000 Bukit Mertajam, Pulau Pinang which accommodates its factory cum office building,

FI is principally involved in the investment of properties.

(ii) Share Capital

The present authorised and issued and paid-up share capital of FI is as follows:

	No. of ordinary shares of RM1.00 eacb	Amount RM
Authorised	5,000,000	5,000,000
Issued and paid-up	2,000,000	2,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of FI since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
12.01.94	2	1.00	Cash	2
25.07.94	800,000	1.00	Cash	800,002
23.03.95	1,199,998	1.00	Cash	2,000,000

As at the Latest Practicable Date, FI does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, FI a wholly-owned subsidiary company of TGH.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, FI does not have any subsidiary or associated companies.

5.6.5 Information on TGPM

(i) History and Business

TGPM was incorporated in Malaysia on 7 October 1996 under the Act as a private limited company under the name of Nippon Metals (M) Sdn Bhd, and commenced operations in the same year. It assumed its present name on 15 August 1997. TGPM was principally involved in the manufacturing and trading of perforated metal products. However, the manufacturing of perforated metal products is currently undertaken by TGMI, while TGPM retains its trading operations.

(ii) Share Capital

The present issued and paid-up share capital of TGPM is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	1,000,000	1,000,000
Issued and paid-up	1,000,000	1,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of TGPM since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
07.10.96	2	1.00	Cash	2
12.02.99	30,000	1.00	Cash	30,002
10.06.99	69,998	1.00	Cash	100,000
27.12.99	900,000	1.00	Cash	1,000,000

As at the Latest Practicable Date, TGPM does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGPM is a wholly-owned subsidiary company of TGSC.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, TGPM does not have any subsidiary or associated companies.

5.6.6 Information on TGMI

(i) History and Business

TGMI was incorporated in Malaysia on 1 March 1997 under the Act as a private limited company under the name of Tatt Giap Metal Industries Sdn Bhd, and commenced operations in the same year. It assumed its present name on 10 June 2002. TGMI was principally involved in the manufacturing of motor, ballast and El cores. TGMI ceased this activity in 2003.

Currently, TGMI is involved in the manufacturing and trading of perforated metal products.

(ii) Share Capital

The present issued and paid-up share capital of TGMI is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	5,000,000	5,000,000
Issued and paid-up	2,800,000	2,800,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of TGMI since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
01.03.97	2	1.00	Cash	2
10.11.97	99,998	1.00	Cash	100,000
01.09.98	75,000	1.00	Cash	175,000
16.12.98	75,000	1.00	Cash	250,000
27.12.99	1,000,000	1.00	Cash	1,250,000
02.07.03	1,000,000	1.00	Cash	2,250,000
26.12.07	550,000	1.00	Cash	2,800,000

As at the Latest Practicable Date, TGMI does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGMI is a wholly-owned subsidiary company of TGSC.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, TGMI does not have any subsidiary or associated companies.

5.6.7 Information on Nippon EGalv

(i) History and Business

Nippon EGalv was incorporated in Malaysia on 20 January 2006 under the Act as a private limited company under the name of Ta Zheng Steel Industry Sdn Bhd and commenced operations in the same year. It changed its name to E-Galv Steel Industry Sdn Bhd on 21 February 2007 and subsequently assumed its present name on 14 December 2009.

Nippon EGalv is involved in the production of EG steel coils and began commissioning its electro galvanizing line in April 2007. Commercial production of EG steel coils commenced operations in the first quarter of 2009.

(ii) Share Capital

The present authorised and issued and paid-up share capital of Nippon EGalv is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	25,000,000	25,000,000
Issued and paid-up	22,500,000	22,500,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of Nippon EGalv since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
20.01.06	2	1.00	Cash	2
03.04.06	999,998	1.00	Cash	1,000,000
03.01.07	2,500,000	1.00	Cash	3,500,000
26.12.06	12,300,000	1.00	Cash	15,800,000
17.01.08	1,000,000	1.00	Cash	16,800,000
30.01.08	1,000,000	1.00	Cash	17,800,000
17.11.09	4,700,000	1.00	Cash	22,500,000

As at the Latest Practicable Date, save as disclosed in Section 17.1(v) of this Prospectus, Nippon EGalv does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, the substantial shareholders of Nippon EGalv are as follows:

	No. of ordinary shares of RM1.00 each			
	Direct	% held	Indirect	% held
TGSC	15,125,000	67.22	-	-
Kelvin Chai Yin Chong	1,750,000	7.78	-	-
TGH	-	-	15,125,000 [(a)]	67.22
PNS	-	-	15,125,000 [(b)]	67.22
Siah Lee Beng	-	-	15,125,000 [(b)]	67.22
Dato' Siah Kok Poay	-	-	15,125,000 [(b)]	67.22
Nippon Steel Corporation	2,250,000	10.00	-	-
Hanwa Co Ltd	3,375,000	15.00	-	-

Notes:

(a) Deemed interest by virtue of its interest in TGSC pursuant to Section 6A of the Act.
(b) Deemed interest by virtue of his/its interest in TGH pursuant to Section 6A of the Act.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, Nippon EGalv does not have any subsidiary or associated companies.

5.6.8 Information on SPI

(i) History and Business

SPI was incorporated in Malaysia on 12 October 2005 under the Act as a private limited company and commenced operations in the same year.

SPI distributes Superinox™ stainless steel tubes and pipes for the domestic market.

(ii) Share Capital

The present authorised and issued and paid-up share capital of SPI is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	1,000,000	1,000,000
Issued and paid-up	1,000,000	1,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of SPI since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
12.10.05	2	1.00	Cash	2
26.12.07	999,998	1.00	Cash	1,000,000

As at the Latest Practicable Date, SPI does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, SPI is a wholly-owned subsidiary company of TGSC.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, SPI does not have any subsidiary or associated companies.

5.6.9 Information on SI

(i) History and Business

SI was incorporated in Malaysia on 31 August 2007 under the Act as a private limited company and commenced operations in the same year.

SI is the sole exporter of Superinox™ stainless steel tubes and pipes, TGO bars and other third party products.

(ii) Share Capital

The present authorised and issued and paid-up share capital of SI is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	100,000	100,000
Issued and paid-up	100,000	100,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of SI since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
31.08.07	2	1.00	Cash	2
26.12.07	99,998	1.00	Cash	100,000

As at the Latest Practicable Date, SI does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, SI is a wholly-owned subsidiary company of TGSC.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, SPI does not have any subsidiary or associated companies.

5.6.10 Information on NIMS

(i) History and Business

NIMS was incorporated in Malaysia on 11 June 1997 under the Act as a private limited company and commenced operations in the same year.

NIMS is currently involved in shearing, slitting, polishing and trading of stainless steel and sole agent for NMIC.

(ii) Share Capital

The present authorised and issued and paid-up share capital of NIMS is as follows:

	No. of ordinary shares of RM1.00 each	Amount RM
Authorised	10,000,000	10,000,000
Issued and paid-up	9,000,000	9,000,000

(iii) Changes in Share Capital

The changes in the issued and paid-up share capital of NIMS since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
11.06.97	5	1.00	Cash	5
06.08.97	8,999,995	1.00	Cash	9,000,000

As at the Latest Practicable Date, NIMS does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(iv) Substantial Shareholders

As at the Latest Practicable Date, TGH holds 25% equity interest in NIMS, while the remaining 75% equity interest is held by NMIC.

(v) Subsidiary and Associated Companies

As at the Latest Practicable Date, NIMS does not have any subsidiary or associated companies.

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5.7 MAJOR CUSTOMERS

There are no major customers (accounting for 10% or more of our Group's revenue) for the past three (3) financial years up to 31 December 2009 as we have a diversified client base of approximately 1,768 customers in the following industries:

Industry	Number of customers
Automotive	104
Building	119
Electrical & Electronic	194
Fabricator & Engineering	602
Food	12
Office Equipments	37
Paper Mills	5
Rubber Processing	8
Steel Service Centre	22
Others	
Stockist / Trader	592
Others	73
Total	**1,768**

We are not dependent and have not entered into long term contracts with any customers. In general, it is not an industry norm to have long term contracts with our customers. Furthermore, we believe that our extensive customer network will continue to strengthen our position in the market, thus providing a strong platform for further business expansion and improved profitability.

5.8 MAJOR SUPPLIERS

Our major suppliers (accounting for 10% or more of our Group's revenue) for the past three (3) financial years up to 31 December 2009 are as follows:

Name	Country	Types of products purchased	Value of purchases RM'000	% of total purchases (%)
FYE 31 December 2007				
Ornasteel Enterprise Corporation (M) Sdn Bhd	Malaysia	Cold-rolled steel coils	32,387	15.42
Group Steel Corporation (M) Sdn Bhd	Malaysia	GI steel coils	29,665	14.12
China Steel Global Trading Corporation	Taiwan	Stainless steel/ Steel coils	26,445	12.59
Daewoo International Corporation	Korea	Stainless steel/ Steel coils	22,328	10.63
FYE 31 December 2008				
Ornasteel Enterprise Corporation (M) Sdn Bhd	Malaysia	Cold-rolled steel coils	45,819	18.82
Acerinox (M) Sdn Bhd	Malaysia	Stainless steel coils	27,274	11.20

Name	Country	Types of products purchased	Value of purchases RM'000	% of total purchases (%)
FYE 31 December 2009				
CSC Steel Sdn Bhd (formerly known as Ornasteel Enterprise Corporation (M) Sdn Bhd)	Malaysia	Cold-rolled/ GI steel coils	42,303	22.04
Hanwa Co. Ltd.	Japan	Stainless steel/ steel coils	34,661	18.05
Acerinox (M) Sdn Bhd	Malaysia	Stainless steel coils	28,801	15.00

Save for the supply arrangement between Nippon EGalv and Nippon Steel Corporation as detailed in Section 17.5 of this Prospectus, we have no long term agreement with any of our suppliers. However, we have built strong rapport with our major suppliers over the years, having been dealing with them for at least ten (10) years. Thus, based on the long business relationship and availability of more than one (1) supplier for each raw material type and service outsourced, any disruption in the supply from any of our suppliers should not impact significantly on our operations. We have continued to source our raw materials from these suppliers based on their length of relationship, timely delivery, quality of products and cost effectiveness. Thus, we are not dependent on a limited number of suppliers and is able to source supplies easily from other parties should the need arise.

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5.9 PRINCIPAL ASSETS AND PRODUCTION FACILITIES

5.9.1 Landed Properties

Details of the Group's landed properties as at the Latest Practicable Date are set out below:

Postal address and/or identification	Name of registered owner/ beneficial owner	Description/ Existing use	Tenure	Built-up area (square feet)	Land area (square feet)	Audited NBV @ 31.12.2009 (RM)	Market value (RM)/ date of valuation	Revaluation surplus (RM)	Date of certificate of fitness for occupation
Plot 33, Jalan Perusahaan Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14000 Bukit Mertajam, Pulau Pinang, held under Title No. HS(D) 16499, PT 169, Mukim 13, Seberang Perai Tengah, Pulau Pinang	F1 / Nil	3-storey office building and annexed single storey factory/ Currently used as factory and office	60 years leasehold interest expiring on 26 December 2056	151,040	217,801	11,581,000	12,000,000 / 8 January 2008	2,190,852	27 October 1998
No. 1617, Lorong Perusahaan Maju 6, Prai Industrial Estate IV, 13600 Prai, Pulau Pinang, held under Title No. HS(D) 14941 & 14942, No. PT 2961 & 2960, both of Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang.	TGSC / Nil	3-storey office building and annexed single storey factory / Currently used as factory and office	60 years leasehold interest expiring on 6 December 2052	293,520	456,134	24,706,000	26,000,000 / 8 January 2008	17,168,804	6 August 1997

Postal address and/or identification	Name of registered owner/ beneficial owner	Description/ Existing use	Tenure	Built-up area (square feet)	Land area (square feet)	Audited NBV @ 31.12.2009 (RM)	Market value (RM)/ date of valuation	Revaluation surplus (RM)	Date of certificate of fitness for occupation
No. 1067, 1068 & 1069, Jalan Bagan Lallang, 13400 Butterworth, Pulau Pinang held under Title No. GM 262, Lot 681, Mukim 16, Daerah Seberang Perai Utara, Pulau Pinang.	TGH / Nil	Comprises of 3 units of 2 ½ storey terrace shop office annexed to a single storey warehouse/ Currently used as office building and warehousing purpose	Freehold	26,764	38,115	3,124,000	3,200,000/ 8 January 2008	518,137	15 August 2006
No. 6, Jalan Perusahaan 5, Kawasan Perindustrian Beranang, 43700 Semenyih, Selangor, held under Title No. HS(D) 59007, No.P.T. 51, Bandar Batu 26 Beranang, Daerah Ulu Langat, Negeri Selangor Darul Ehsan	TGSC / Nil	Double storey office annexed with single storey factory/ Currently used as factory and office building	99 years leasehold interest expiring on 9 October 2099	32,596	207,959	5,399,350	5,650,000/ 8 January 2008	847,378	23 March 1998
B2-44, Tingkat 7, Menara Mutiara, Jalan 11, Taman Tun Abdul Razak, 68000 Ampang, Selangor held under Master Title No. PN11796, Lot 4920, Seksyen 2, Mukim Hulu Klang, Daerah Gombak, Selangor Darul Ehsan	Shah Alam Properties Sdn Bhd / TGH	1– bedroom apartment/ Currently used as staff quarters	99 years leasehold interest expiring 17 June 2078	884	N/A	152,000	-	N/A	28 May 1998

Postal address and/or identification	Name of registered owner/ beneficial owner	Description/ Existing use	Tenure	Built-up area (square feet)	Land area (square feet)	Audited NBV @ 31.12.2009 (RM)	Market value (RM)/ Date of valuation	Revaluation surplus (RM)	Date of certificate of fitness for occupation
No. 1237, Jalan Bagan Lallang, Bagan Lallang, 13400 Butterworth held under Geran Mukim 261, Lot 679, Mukim 16, Seberang Perai Utara, Pulau Pinang	TGO / Nil	Single storey warehouse/ Currently used for warehousing purpose	Freehold	16,641	47,088	2,076,000	-	N/A	15 August 2006

There were no purchases of landed properties by the Group during the past two (2) years preceding the date of this Prospectus. There is no breach of land-use condition or permissible land use and there has not been any material non-compliance with the current statutory requirements, land rules or building regulations for the above properties.

The net revaluation surplus arising from the valuation exercise conducted on 8 January 2008 of approximately RM20.73 million has been incorporated into the books of our Group in the FYE 31 December 2007.

As at Latest Practicable Date, we also leased the following properties:

Postal address	Name of beneficial owner	Description/ Existing use	Approximate age of building	Built-up area (square feet)	Monthly rental RM	Tenure	Date of certificate of fitness for occupation
8-3 & 8-4, Jalan USJ Sentral 3 USJ Sentral, Persiaran Subang 1 47600 Subang Jaya Selangor Darul Ehsan	Tan Kim Seng	2 units within a 5-storey shop office/ Currently used as a sales office	1 year	3,360	3,600	Three (3) years from 1 April 2010 to 31 March 2013	16 January 2009

Postal address	Name of beneficial owner	Description/ Existing use	Approximate age of building	Built-up area (square feet)	Monthly rental RM	Tenure	Date of certificate of fitness for occupation
3A-01, Jalan SASA 4, Taman Gaya 81800 Ulu Tiram Johor Darul Takzim	E Management & Commercial Services	1 unit within a 2-storey mid terrace office/ Currently used as a sales office	4 years	1,650	450	One (1) year from 1 September 2009 to 31 August 2010	31 January 2008
1604, Block B, Summervilla Jalan SS12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Dato' Siah Kok Poay & Tan Lu Eng	3 – bedroom apartment within a 20-storey apartment building/ Currently being used by directors	17 years	2,091	3,000	Three (3) years from 1 September 2007 to 31 August 2010	9 September 1993
B3-4-11, Subang Ville-Ehsan Apartment Taman Sri Subang, Phase 5A 46000 Petaling Jaya Selangor Darul Ehsan	Dato' Siah Kok Poay	3 – bedroom apartment within a 5-storey apartment building/ Currently being used by staff	16 years	839	1,000	Three (3) years from 1 January 2010 to 31 December 2012	7 January 1994

As at the Latest Practicable Date, there has not been any material non-compliance with the current statutory requirements, land rules or building regulations for the leased properties.

5.9.2 Material Plant and Equipment

As at the Latest Practicable Date, our material plant and equipment comprise the following:

Company	Machinery	Description	No. of Units	NBV as at 31 December 2009 (RM'000)
TGSC	**Steel processing**			
	Leveller	Cut-to-length/ shearing	4	1,124
	Slitter	Slitting/recoil	5	455
	Guillotine	Shearing	3	50
	Stainless steel tubes and pipes manufacturing			
	Tube mills	Forming of tubes and pipes	5	8,051
TGM1	Sheet to sheet perforated machine	Perforation of sheets	1	54
	Coil to coil perforated machine	Perforation of metal coils	1	54
NIMS	Mini slitter (600mm)	Slitting	1	754
Nippon EGalv	Electro galvanising line	Manufacturing of EG steel coils	1	96,948
TGO	Drawing Machine Type 1	Coil to Bar	1	600
	Drawing Machine Type III	Coil to Bar	1	800
	Draw Bench Machine	Bar to bar	2	400
	Peeling Machine	Bar to bar	2	600

5.10 FUTURE PLANS, STRATEGIES AND PROSPECTS OF OUR GROUP

5.10.1 Future Plans and Strategies

We have progressed significantly in strengthening our competitive advantage by way of improving and enhancing product and service offerings. Today, we seek to further expand our business by pursuing the following key strategies:

(i) Customer focus

We intend to increase our market share by marketing products and services which cater to specific industries. Leveraging on our knowledge of customers' needs, we have identified several markets including the automotive, E&E and furniture industries for export market as potential markets for expansion, and we intend to tap into our network and contacts built up over the years to further penetrate these markets. In addition, we intend to build on existing relationships by supplying special grades of steel to certain customers in these industries, to secure long-term contracts for supply of all steel products required by them.

(ii) Geographical market expansion

We seek to widen our geographical coverage, both domestically and internationally. Currently, we have five (5) sales and marketing offices in Penang, Kuala Lumpur and in Johor Bahru. The Penang, Kuala Lumpur and Johor Bahru offices are able to service over 1,000 customers throughout Malaysia, marketing our tubes, pipes and steel processing services. We plan to set up two (2) more sales and marketing offices in Kuantan and Kuching respectively, to directly market our products and services in the East Coast of Peninsular Malaysia and East Malaysia. As of now, these areas are being serviced by sales personnel from Johor Baru and Penang. The sales offices in Kuching and Kuantan are expected to be set up by mid and end 2011, respectively.

Our Group's longer term plan is to market our products to the Middle East, Australasia and other markets in the ASEAN and European region currently not served by the Group. Till date, we have exported our products to India, Singapore, Indonesia, Brunei, Vietnam, Thailand, Philippines, United States of America and Australia. We have made approaches to the other countries and have continuously followed up with trade visits to the potential customers there to secure orders. These countries include New Zealand, South Africa, Middle Eastern and European countries. We are also working with international traders for exports to customers which we have dealings with previously. Additionally, our Group intends to embark on international product road shows and have participated in international steel related exhibitions to promote our products.

(iii) Downstream product expansion

We have also identified the production of stainless steel pipe fittings and metal parts as an opportunity for expansion. We believe in the potential growth in this segment because the pipe fittings i.e. elbows, caps, tees and reducers, are natural extensions of tubes and pipes complements our existing range of tube and pipe products. Further, as we already have the facilities and equipment for producing tubes and pipes, capital expenditure for upgrade or purchase of additional equipment for this expansion would be minimal.

The production of downstream products such as pipe fittings and metal parts enables us to cater for industrial end users in the automotive, E&E and building and construction sectors. We are currently proactively trying to penetrate into this market to meet our planned expansion into the production of these fitting ourselves within the next three (3) years.

5.10.2 Prospects of our Group

For the past fifteen (15) years, we have demonstrated considerable success in transforming and expanding our business activities and presence, locally and regionally. Through our extensive industry experience, we identified and tapped market niches which led to wider range of customer base and improved product quality and variety. Given the favourable market outlook for the steel industry, we endeavour to continuously pursue new market niches and opportunities to develop and strengthen our position in the steel industry. Please refer to Section 6 of this Prospectus for further information on the outlook and prospect of the Malaysian steel industry.

Based on the industry outlook and prospects in Section 6 of this Prospectus and being the pioneer in the region coupled with our competitive strength, our Board foresees that our future plans and strategies will allow our Group to achieve further growth and replicate our successes in other markets. Nonetheless, we recognise the market challenges in the industry and the existence of risks faced as outlined in Section 4 of this Prospectus which may pose a challenge to our Group in implementing our strategies.

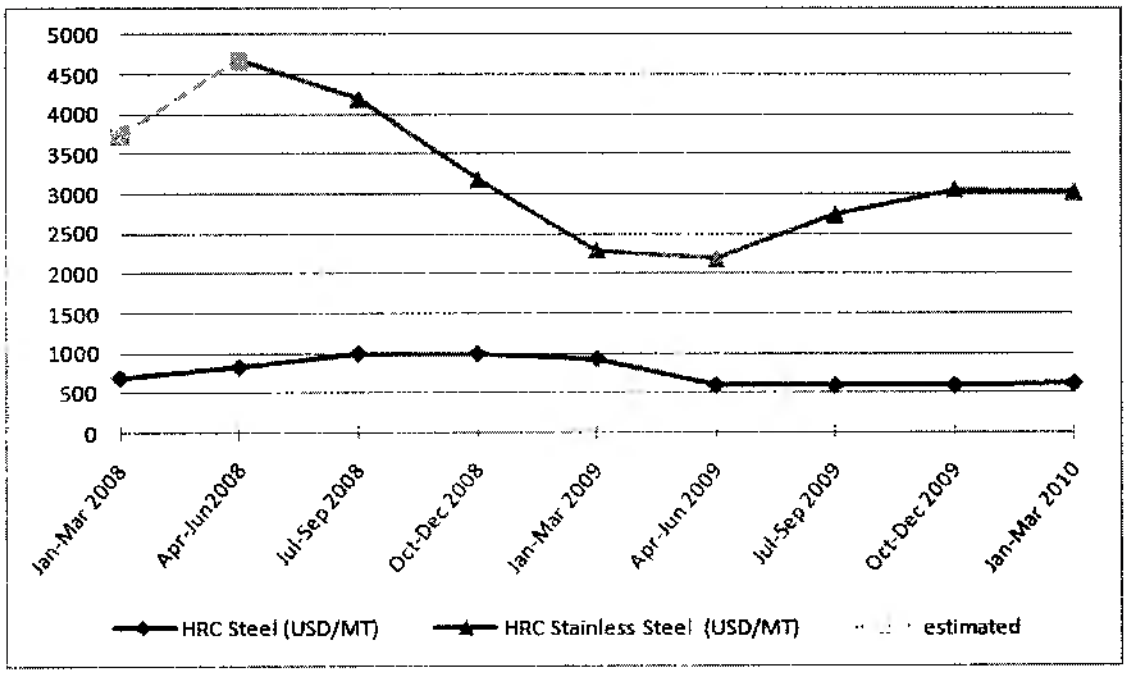
6. INDUSTRY OVERVIEW

6.1 OVERVIEW OF THE GLOBAL STEEL INDUSTRY

The steel industry follows relatively closely to GDP growth, particularly that of emerging economies where the level of manufacturing, construction and building activity is high. Between 2006 and 2008, world steel consumption grew from 1,233 million tonnes to 1,302 million tonnes at a growth rate of around 5.6%. Growth in world consumption was underpinned by overall strong global demand, driven largely by economic growth and expansion in China and other emerging economies.

In line with the fluctuation in consumption, steel price also dropped significantly but is slowly rising again. The figure depicts world prices of hot rolled coil (HRC) steel and stainless steel from 2008 to Q1 2010.

Estimated HRC and HRC Stainless Steel Prices (Global), 2008 – Q1 2010



After hitting record highs of around USD1,100 per tonne in July 2008, international HRC prices fell drastically to around USD600 per tonne between April to December 2009. In Q1 2010, HRC prices have increased to an average of about USD625 signalling a recovery in the market, with March 2010 HRC prices at USD675 per tonne. The global steel industry has been affected by the global economic downturn, and 2009 has proven to be a difficult year for steel companies in terms of profitability.

Stainless steel prices tend to lead HRC price patterns by several months. For example, stainless steel prices started falling between July and September 2008 from about USD4,199 per tonne to a trough of about USD2,183 per tonne by April to June 2009. The drop in HRC prices only began between January and March 2009, which is about half a year behind the start of the fall of stainless steel prices in July 2008. Stainless steel prices have since re-strengthened from the trough between April and June 2009 to exceed USD3,000 per tonne by October and December 2009. The price of HRC has only started recovering between January and March 2010.

Performance in the global steel demand is Q1 2010 has shown signs of recovery, and along with it rising steel prices. Provided that steel prices do not increase too aggressively to inhibit steel demand, then an improvement in revenues for steel industry players should be recorded by the end of 2010. The recent announcement of a proposed significant increase of iron ore prices in 2010 (up to a 90% increase) by the world's leading producers of iron ore is expected to result in a sharp rise in global steel prices as well.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.2 OVERVIEW OF THE MALAYSIAN STEEL INDUSTRY

In May 2008, the Government introduced measures to liberalise the domestic steel industry. These included removing the domestic ceiling price for steel bars and billets, and lifting restrictions on imports and exports of long steel products.

More recently in mid-2009, the Government introduced a policy review of the Malaysian steel industry which took effect on 1 August 2009. The liberalization policies involve manufacturing licences, import and export licenses (AP), import duties and exemptions, and implementation of mandatory standards for imported and locally produced 'long' and 'flat' steel products. Some of the key highlights of the liberalization measures include:

- Manufacturing licences will be granted without restriction to meet the demand for domestic and export markets for long and flat products.
- Whilst there is no need for a licence to import flat products, the issuance of it will be continued for monitoring and data collection purposes, while export licences are not required on flat products.
- Import control for products of Hot-Rolled Coils (HRC), Cold-Rolled Coils (CRC) and Electro-Galvanised Iron (EGI) through fixing the ratio between locally sourced and imported products will be abolished.
- The determination of HRC base price implemented by MITI will be abolished, so as to allow HRC prices to be determined based on domestic and international market forces.

Apparent steel consumption grew from 6,779,458 tonnes in 2006 to 8,275,984 tonnes in 2008, representing growth of 22 percent supported by expansion in the manufacturing and construction sectors.

Estimated Apparent Steel Consumption* (Malaysia), 2006-2010

	2006	2007	2008	2009 (e)	2010 (f)
Apparent Steel Consumption (Malaysia)	6,779,458	7,694,494	8,275,984	6,206,988	7,448,386 (f)
Growth (%)	n/a	13.5	7.56	(25)	20

Notes:

(e) *Estimated by Malaysian Iron and Steel Industry Federation (MISIF). Actual data will only be available in H2, 2010.*

(f) *Forecast*

* *Apparent Steel Consumption is a standard steel industry terminology used globally to denote steel consumption. It is derived from the formula:*

Steel production + steel imports – steel exports = apparent steel consumption

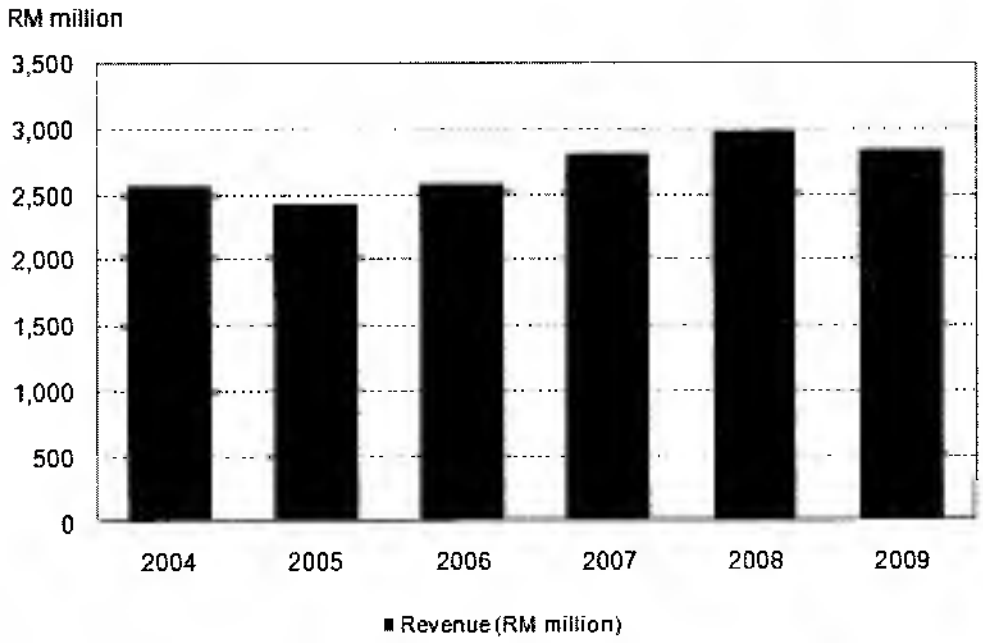
In 2009, the Malaysian economy contracted by 6.2%, following growth of 0.1% in Q4 2008. In line with the global economic slowdown, demand for steel has dropped significantly and the Malaysian Iron and Steel Industry Federation (MISIF) estimated a contraction of 25% in steel demand in 2009, followed by a recovery of between 5 to 10% in 2010. According to South East Asia Iron and Steel Institute (SEAISI), the total apparent steel consumption in ASEAN peaked in H2 2009, but this was not enough to counter the 8% decline in H1 2009 to 42.2 million tonnes. Total flat product consumption in ASEAN in H2 2009 was 13.3 million tonnes, which was a 15% decline in demand in H1 2009.

Steel prices in Malaysia was recorded at about RM2,100 per tonne in Q3 2007, and reached a high of about RM3,800 per tonne by Q3 2008. Steel prices experienced a massive surge in the beginning of 2008 but suffered a sharp price correction in the second half of the year. Steel prices dropped to a low of about RM1,600 per tonne in Q1 2009 and hovered at around RM2,000 per tonne at the end of 2009.

In line with this volatility, steel processing companies in Malaysia recorded high profits in the first half of 2008, before it faced a challenging period in the industry when steel consumption heavily contracted due to conditions imposed by the global economic crisis.

As indicated earlier, stainless steel consumption tends to lead HRC steel consumption, and it should be noted that companies that consumed or processed stainless steel were hit earlier in the economic crisis compared to companies that consumed or processed HRC. Likewise, recovery in companies that use or process stainless steel should recover sooner as manufacturing demand for stainless steel products improves moving forward in 2010.

Estimated Size of the Steel Processing Market (Malaysia), 2004-2009

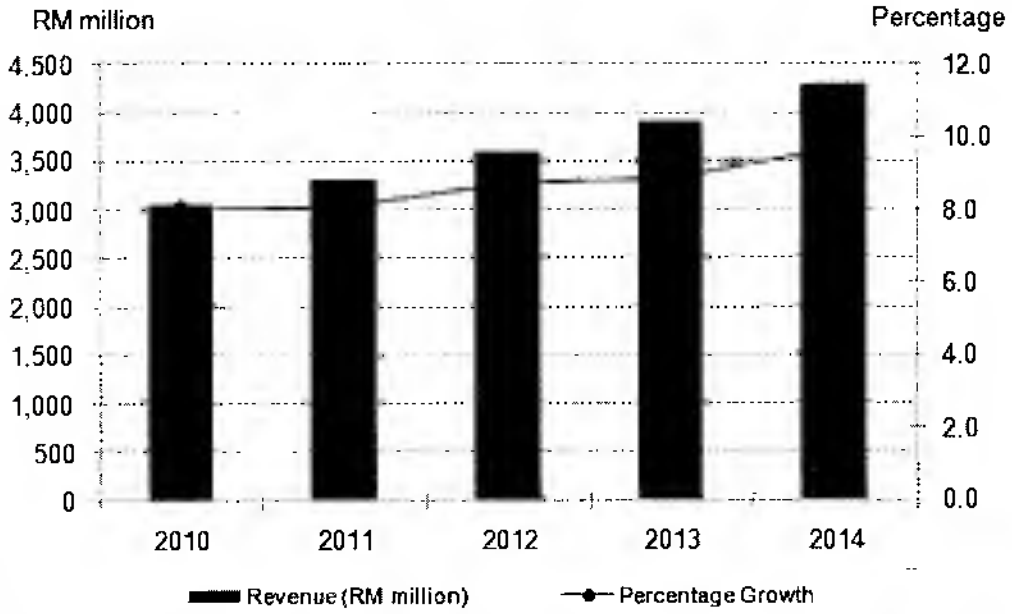


Year	RM million	Growth (%)
2004	2,558.2	-
2005	2,422.2	(5.3)
2006	2,581.1	6.6
2007	2,799.5	8.5
2008	2,977.3	6.4
2009	2,828.4	(5.0)

CAGR (2004– 2009): 2.0%

The steel processing market in 2004 was worth about RM2.5 billion, and grew to about RM2.8 billion in 2009 with a CAGR (2004-2009) of about 2.0%. The forecast for the steel processing market size between 2010 and 2014 is expected to grow with a CAGR of 7.3% between 2010 and 2014 from an estimated RM3.1 billion in 2010 to approximately RM4.1 billion by 2014.

Forecast of the Steel Processing Market (Malaysia), 2010-2014

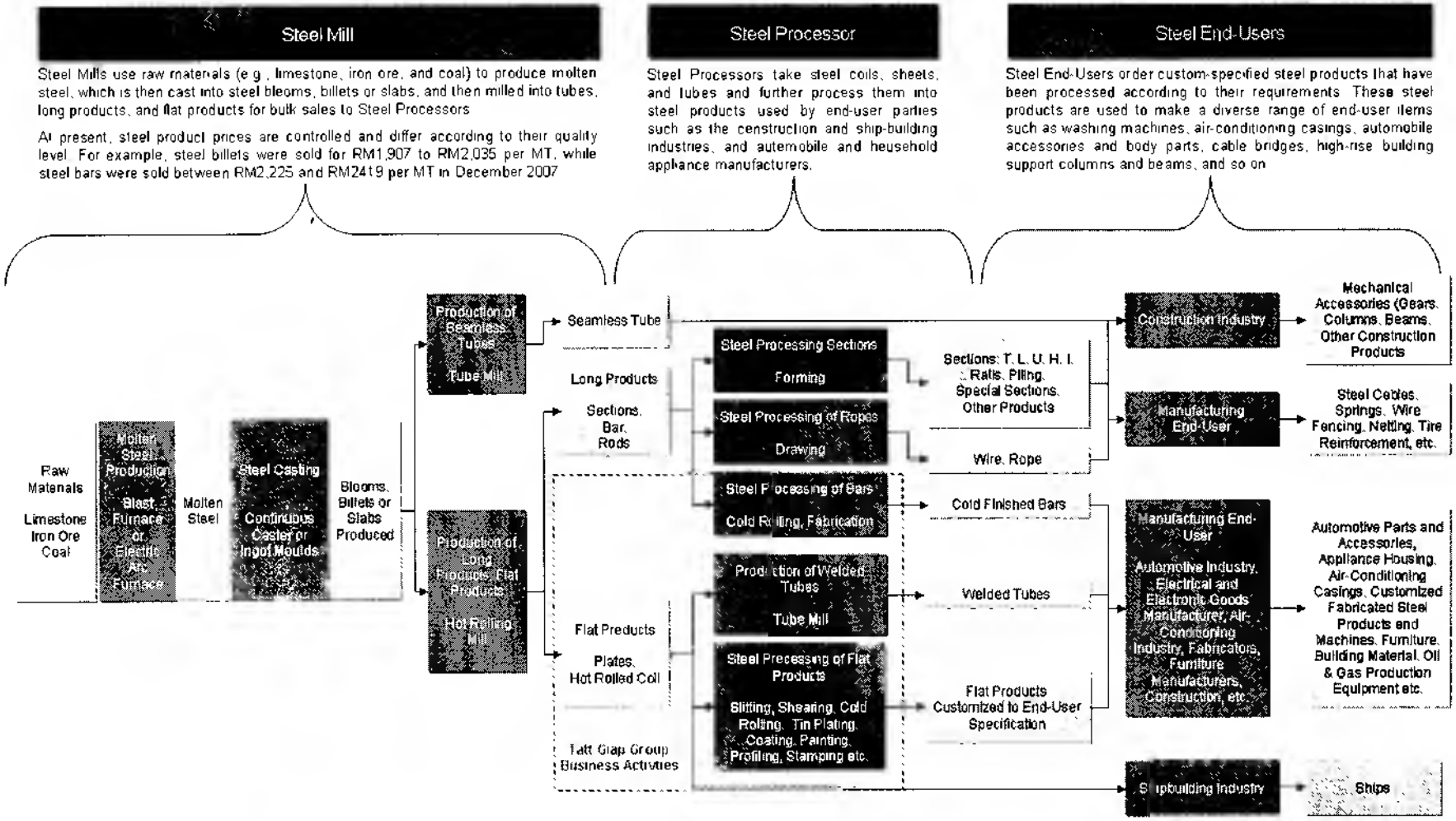


Year	RM million	Growth (%)
2010	3,055.3	8.0
2011	3,261.5	6.8
2012	3,490.0	7.0
2013	3,753.4	7.5
2014	4,051.4	7.9

CAGR 2010-2014: 7.3%

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3 MARKET SEGMENTATION AND GROWTH



Frost & Sullivan identifies the steel processing market as consisting of essentially all steel products produced by steel mills that need to be processed before it reaches the steel end-user. This includes products made from commercial-grade steel, stainless steel, and special steel.

Commercial-grade or commodity-grade steel is defined as steel of lower carbon content (i.e., carbon content between 0.05-0.35% compared to high quality steel with a carbon content between 0.50-1.00%). Commercial grade steel can also be produced from scrap metals that have residual alloys in amounts that are high, and which again reduces its purity content for the purposes of producing high-quality steel. This low-grade steel is often sold at cheaper prices compared to other types of steel. Commercial-grade steel can be galvanized to improve its characteristics, for example tin-plating to improve its corrosion resistance.

Stainless steel is defined as a ferrous alloy containing a minimum of 10.5% chromium. Stainless steel is sought out for its resistance to rust and stains, and used in automobile components, chemical processing plants, petroleum refineries, marine and shipbuilding, and more.

Special steel is defined as a type of alloy steel with various elements added to achieve different performance characteristics. For example, hot-rolled steel coils with additional carbon content increases hardness in the steel, additional chromium or copper in hot-rolled steel coils increases corrosion resistance, and molybdenum increases high temperature strength in steel.

The Tatt Giap Group is a diversified player in the Malaysian steel processing industry. It offers a full range of processing capabilities to process finished steel products. The Tatt Giap Group processes commercial, special, and stainless steel. Some of their services include:

1. processing hot and cold rolled steel coils;
2. processing galvanized coils, be it commercial grade or special, and manufacturing Pre-Painted Electro Galvanized Steel (PPEG) and tin-plates;
3. processing cold drawn and polished carbon steel and stainless steel bars; and
4. manufacturing of stainless steel pipes and tubes under the trademark of Superinox™.

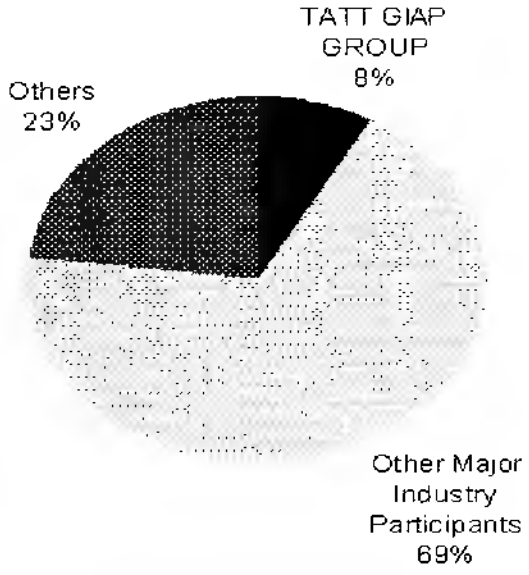
The Group's core business is processing hot, cold-rolled, and stainless steel coils, and therefore, for we focus on the steel processing market of flat-rolled steel and different types of special steel, with an overview of EG steel coils and stainless steel pipes.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.1 Market Share Analysis in the Steel Processing Industry

The pie chart below illustrates the market share of key industry players according to revenue. Companies whose operating revenues are estimated to be below RM100 million are aggregated into the "Other" category. The Tatt Giap Group is ranked a highly respectable fifth out of about 30 companies in Malaysia by revenue, with an estimated 8.2% market share. The four companies ranked higher than the Tatt Giap Group capture about 9.7%, 10.8%, 11.6% and 17.5% of the market share respectively. The three companies ranked immediately below the Tatt Giap Group capture about 7.0%, 6.4% and 6.2% respectively.

Market Share in the Steel Processing Industry (Malaysia), 2008

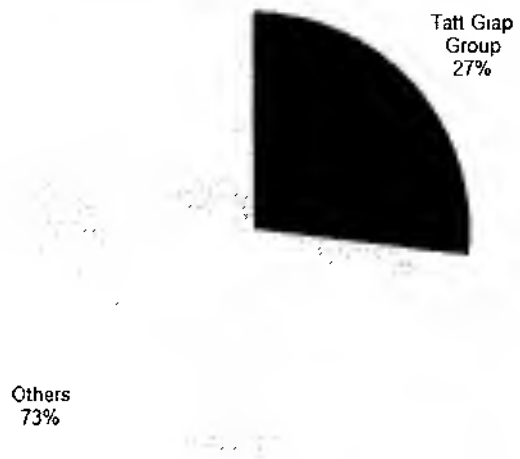


Note:

- *"Other Major Industry Participants" include industry players with revenues greater than approximately RM100 million, and "Others" are the estimated 10-15 smaller industry players.*
- *Market share is based on revenues reported to CCM by major domestic players*

Many major players in the Malaysian steel processing industry are supported by foreign shareholders, not only from Japan, but also from Korea and Singapore. These major companies control about 69% of the market share, while the remaining 31% are companies wholly owned by local stakeholders.

Market Share of Key Malaysian-owned Players in the Steel Processing Industry (Malaysia), 2008



Note:

- *"Other Malaysian Players" include but are not limited to Japmas Steel Sdn. Bhd., Tashin Steel Sdn. Bhd., and Macglo Steel Service Centre Sdn. Bhd.*
- *Market share is based on revenues reported to CCM by major domestic players*

Within the domestic steel processing industry (comprising Malaysian-owned players only) the Tatt Giap Group was the leading wholly Malaysian-owned steel processing company with a market share of approximately 27% based on revenues in 2008. This was an increase over its market share in 2007 which stood at around 25%.

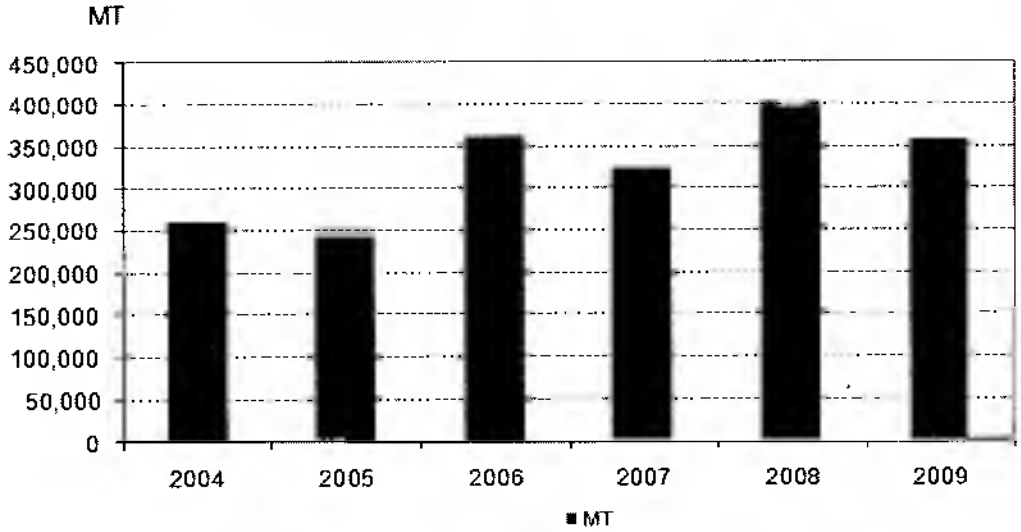
(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.2 EG Steel Coils

6.3.2.1 Market Size of EG Steel Coils in Malaysia

The figure below estimates the market size of the consumption of EG steel coils in Malaysia between 2004 and 2009. Consumption in 2004 was about 260,000 mt and is estimated to be about 356,000 mt in 2009. EG steel coils consumption fluctuates from one year to the next, but the general CAGR between this period is estimated at about 6.6%.

Estimated EG Steel Coils Consumption (Malaysia), 2004-2009



Year	Mt	Growth (%)
2004	259,233.0	-
2005	241,696.0	(6.8)
2006	362,267.0	49.9
2007	323,471.0	(10.7)
2008	396,021.0	22.4
2009	356,418.9	(10.0)

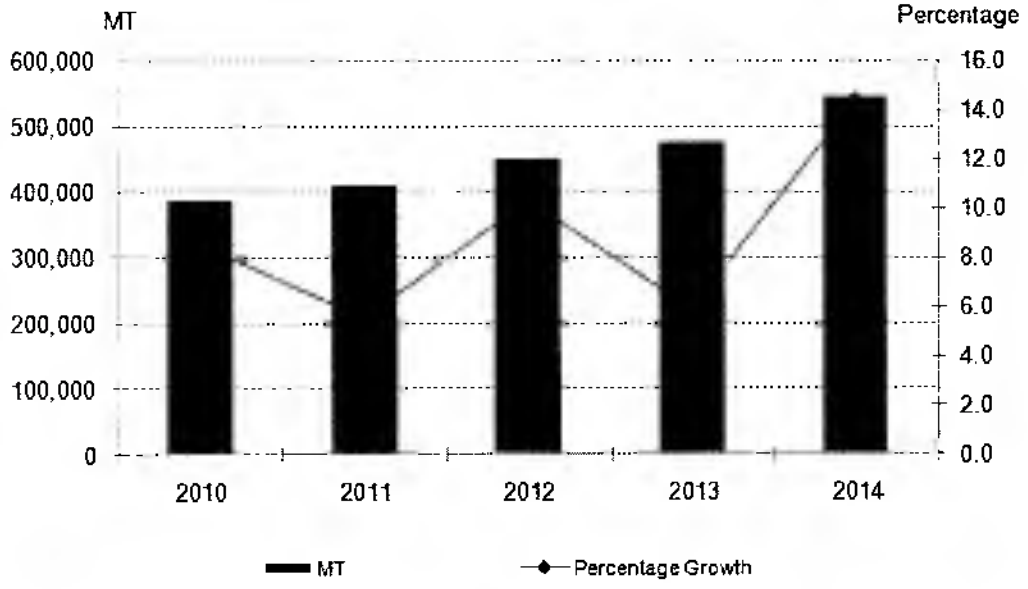
CAGR (2004– 2009): 6.6%

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.2.2 Forecast of EG Steel Coils Market Size in Malaysia

The figure below estimates the market size of EG steel coils consumption in Malaysia between 2010 and 2014. Consumption is expected to grow from about 387,000 mt in 2010 to about 545,000 mt by 2014 with an expected CAGR of about 8.9%.

Forecast EG Steel Coils Consumption (Malaysia), 2010-2014



Year	Mt	Growth (%)
2010	386,765.4	8.5
2011	408,170.1	5.5
2012	449,989.3	10.2
2013	476,426.5	5.9
2014	544,844.9	14.4

CAGR (2010– 2014): 8.9%

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.2.3 Market Share Analysis of EG Steel Coils

According to MISIF, the Malaysian consumption of EG steel coils was about 259,000 mt in 2004 and grew to about 356,000 mt in 2009. Production capabilities in Malaysia however, only began in 2006, with just 900 mt being produced in locally while the remaining EG steel coils were imported. In 2008, production of EG steel coils in Malaysia reached about 70,000 mt, and is estimated to be about 77,839 mt in 2009.

TGG started producing EG steel coils in 2008, with a total production of 924.7 mt in 2008 and 15,800 mt in 2009. TGG is estimated to capture about 20% of the market in 2009, based on local production of EG coils, and 4.4% of the market based on consumption.

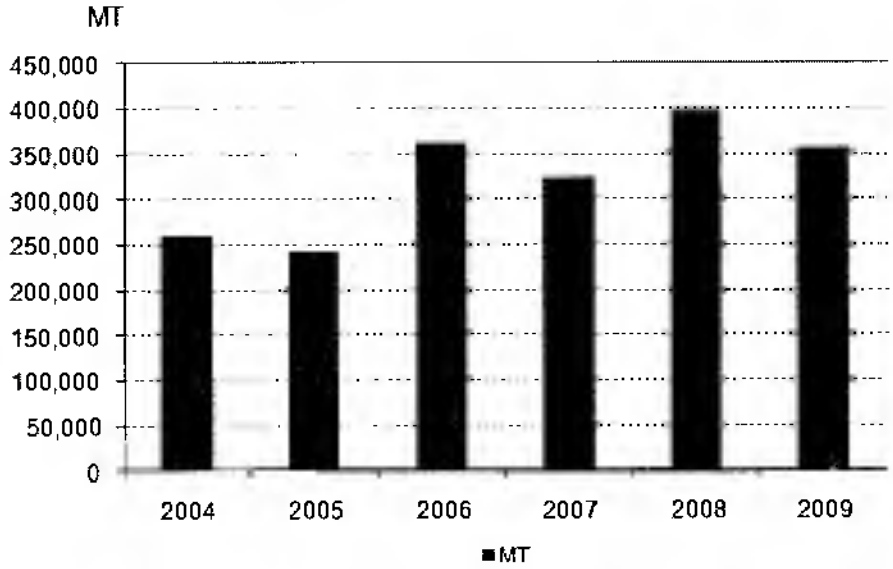
(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.3 Stainless Steel Pipes and Tubes

6.3.3.1 Market Size of Stainless Steel Pipes and Tubes in Malaysia

The figure below estimates the market size of the consumption of stainless steel pipes and tubes in Malaysia between 2004 and 2009. Consumption in 2004 was about 24,000 mt and is estimated to be about 21,000 mt in 2009. Examining the consumption trend in the graph below, consumption jumped to a high of approximately 35,000 mt in 2005, compared to the other years which are between 25,000 to 28,000 mt. This one-year spike was related to the expansion and upgrading works carried out at several local oil fields in 2005 whereby stainless steel materials were extensively used.

Estimated Stainless Steel Pipes and Tubes Consumption (Malaysia), 2004-2009



Year	Mt	Growth (%)
2004	24,485.0	53.8
2005	34,998.3	42.9
2006	24,918.8	(28.8)
2007	20,766.6	(16.7)
2008	20,570.1	(0.9)
2009	20,748.7	0.9

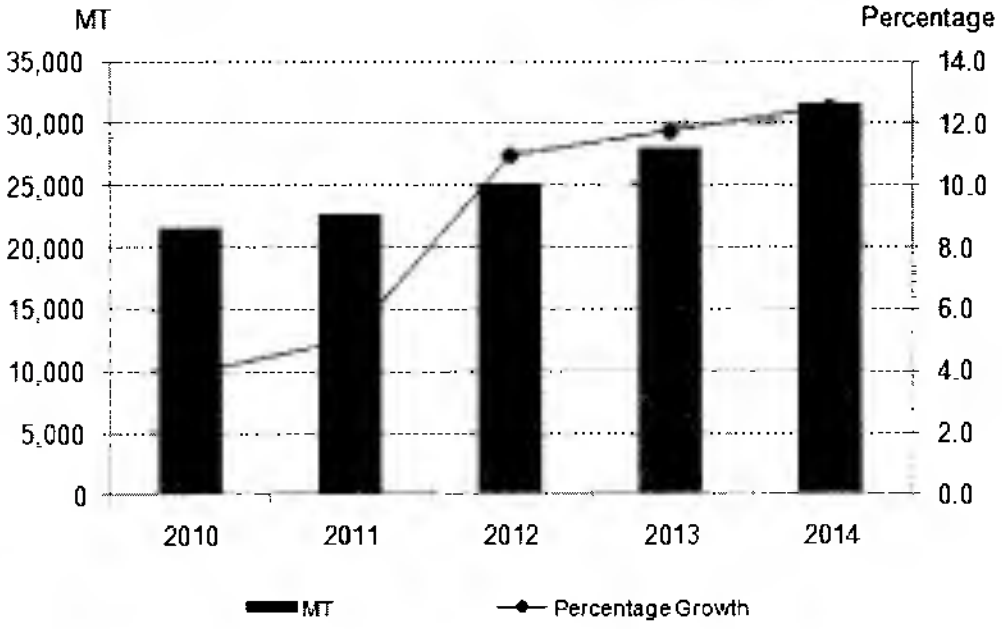
CAGR (2004– 2009): -3.3%

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.3.2 Forecast of Stainless Steel Pipes and Tubes Market Size in Malaysia

The figure below estimates the market size of the consumption of stainless steel pipes and tubes in Malaysia between 2010 and 2014. Consumption is expected to grow from about 22,000 mt in 2010 to about 32,000 mt by 2014 with the roll-out of the new stainless steel production plant expected in 2011 with an estimated CAGR of about 10.0% between 2010 and 2014.

Forecast Stainless Steel Pipes and Tubes Consumption (Malaysia), 2009-2014



Year	Mt	Growth (%)
2010	21,566.8	3.9
2011	22,654.6	5.0
2012	25,139.9	11.0
2013	28,092.4	11.7
2014	31,609.2	12.5

CAGR (2010– 2014): 10.0%

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.3.3.3 Market Share Analysis of Stainless Steel Pipes and Tubes Production

TGG started producing stainless steel pipes and tubes in 2009, recording a total production of 3,118.6 mt. In Q1 2010, TGG has already recorded a total production of 1,044 mt. The estimated TGG market share of this sector is estimated to be about 15.0% of the market in 2009 based on estimated total industry consumption of stainless steel pipes and tubes in 2009 of 20,748 mt.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.4 KEY INDUSTRY PARTICIPANTS

The major steel processors in the Malaysian steel industry are listed below. There are an estimated 10-15 other smaller players not listed and contribute less than 10% to the estimated size of the market. Steel processing services provided by these companies include slitting, shearing surface treatment, stamping, perforation and other processes.

There is currently no directly comparable flat product steel processing service centres listed on Bursa Securities. While these service centres are currently not listed themselves, many are subsidiaries of parent companies that are listed. Bright Steel Service Centre Sdn. Bhd., Anshin Steel Service Centre Sdn. Bhd., SMPC Industries Sdn. Bhd., and Tashin Steel Sdn. Bhd. are under Lion Corporation Berhad, Ann Joo Resources Berhad, SMPC Corporation Berhad, and Prestar Resources Berhad respectively, all of which are listed on Bursa Securities. Other service centres that have shareholders who are listed are OYL Steel Centre Sdn. Bhd. under Toyota Tsusho Corporation, JFE Shoji Steel Malaysia Sdn. Bhd. under JFE Corporation, and Sumiputeh Steel Centre Sdn. Bhd. under both Matsushita Corporation and Sumitomo Corporation.

List of Key Players in the Steel Processing Industry (Malaysia), 2009

1. Anshin Steel Service Centre Sdn Bhd;
2. Bright Steel Service Centre Sdn Bhd;
3. Japmas Steel Sdn Bhd;
4. JFE Shoji Steel Malaysia Sdn Bhd;
5. Macglo Steel Service Centre Sdn Bhd;
6. Nicom Steel Centre (Malaysia) Sdn Bhd;
7. Northern Steel Centre Sdn Bhd;
8. OYL Steel Centre Sdn Bhd;
9. PCM Steel Processing (M) Sdn Bhd;
10. Posco-MKPC Sdn Bhd (formerly known as Posmmit Steel Centre Sdn Bhd);
11. SMPC Industries Sdn Bhd;
12. Steel Centre (M) Sdn Bhd;
13. Sumiputeh Steel Centre Sdn Bhd;
14. Tashin Steel Sdn Bhd; and
15. TGG Group.

Note:

* *Some companies above are subsidiaries of or associate companies to larger groups of companies (e.g., Bright Steel Service Centre Sdn Bhd is related to Lion Corporation Berhad, Anshin Steel Service Centre Sdn Bhd is related to Ann Joo Resources Berhad). As such, these companies might sell their services to parent or associated companies within their group of companies.*

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.5 INDUSTRY CHALLENGES

6.5.1 Industry Protection

In early 2002, the government increased import duties on flat steel products in order to promote flat products from local steel mills. Along with the increasing tax structures, legislation was also introduced to encourage companies to buy locally produced steel whenever the end-user's steel specification is met by locally produced flat products, even if the local prices are higher than global market prices. These measures may project a less attractive image to investors partaking in the steel industry.

To continue projecting a positive image for investors in the steel value chain, the Government of Malaysia should continue improving its administrative processes to support steel related industries, for example, by streamlining its mechanisms to process licenses and obtain tax exemptions to demonstrate the acceptance of a free-flow market mechanism from national and international forces and to heighten the industry viability. With these measures, Malaysia should remain a competitive nation for steel processing and other steel related industries, especially when compared against other nations such as Vietnam and Thailand.

6.5.2 Steel Stockists Moving into the Market Space

The steel processing industry is maturing with over 6% growth rates. Many steel hardware stockists have entered the steel processing industry in order to participate in this industry which provides stable and potential growth. A common challenge faced by new steel processors is the provision of a wide breadth of services to clients. Many of these new stockists cum processors have only recently expanded into the processing business, and as such, the scope and volume of their services is still fairly limited, largely due to their restricted presence and reputation in the market, as well as the high capital costs involved in the setting up of large-scale processing centers.

The Tatt Giap Group with its full-range of steel processing services and well-established reputation and client portfolio should be able to maintain the performance gap between these new entrants and themselves sufficiently for many years to come.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.5.3 Increasing Operating Costs and Relocation of End-Users

Industry players have noted a rise in operation costs and, more alarmingly, a slow trend among end-users to relocate their operations to a different country to take advantage of the lower operating costs, for example to Vietnam and Thailand.

In order to remain attractive to end-users, industry players need to continuously optimize their operations and improve efficiency (e.g., reducing material wastage, improving delivery and collection periods, securing friendly financial terms from financial institutions, etc.), in order to control their rising costs and avoid losing customers to other countries.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.6 BARRIERS TO ENTRY

6.6.1 High Cost of Machinery and Stockpiling

Premium steel processing machinery that produces accurate cutting edges, with minimum burr strip edges and straight-line cuts is generally imported and is relatively expensive. The average cost of a slitting machine from Taiwan may cost about RM3 million. A Japanese machine with higher specifications may cost about RM5 million to RM9 million. The price of one leveller to shear steel coils would cost another RM3 million to RM9 million depending on the machine's specification.

Full-fledged steel processing centres usually have more than one set of slitting and shearing equipment which increases installation costs and land and building costs to set up additional space for these equipment. A recently formed stainless steel processor reported that they had invested between RM25 million and RM30 million on machinery and working capital.

In addition to machinery, steel processors also stockpile several thousand mt worth of steel in preparation for customer orders. It is common practice to stockpile several months' worth of raw materials, and prepare adequate cashflow to extend credit terms to clients, and other related working capital. For example, a steel processor typically stockpiles between three to six months' worth of inventory. Assuming a 10,000 mt per month output and taking the average price of hot-rolled steel coils at RM3,700 per mt in June 2008 just when prices for coils were rising, this translates to between RM111 million and RM222 million worth of steel coils stored in the stockpile floor waiting to be processed. Additionally, this amount does not include the capital requirements for land, building and machinery.

To enter the steel processing industry, a new entrant would have to invest heavily in machinery, stockpiling and other capital in order to run basic operations. This is certainly a high barrier to enter the industry which would likely discourage new entrants from entering the industry.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.7 RELEVANT LAWS AND REGULATIONS

The following legislation and regulations apply to all trade practices involving the import and export of steel products and would be relevant to all players in the steel industry, including steel processors. Industry players wishing to import steel products from abroad are required to:

- Seek approved permits (AP) from the Ministry of International Trade and Industry; and
- Obtain no-objection letters (NOLs) from local upstream steel mills.

For companies who wish to export more than 80% of their products, they are also required to apply for a Licensed Manufacturing Warehouse from the Royal Malaysian Customs.

In 2002, import duties for most foreign flat steel products were raised to 50%, with just a few selected products enjoying lower duties. For example, the following items enjoy the following duty values:

- 25% for flat hot-rolled non-alloy steel with a thickness of 0.170mm or less,
- 15% for plated or tin-coated flat products of a thickness or 0.5mm or more and containing less than 0.6% carbon by weight;
- 15% for hot-rolled bars and rods in irregularly wound coils of free-cutting steel; and
- No duty for flat-rolled stainless steel products of a width of less than 600mm and thickness exceeding 10mm.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.8 SUPPLY CONDITIONS

Malaysian steel processors obtain their steel supply locally and abroad. Steel processors import steel from abroad when the grade and type of steel are not available locally. There is no shortage of steel suppliers globally, and in Malaysia, the key suppliers of hot and cold rolled steel coils to the steel processors include Megasteel Sdn Berhad, Mycron Steel Berhad and Ornasteel Holdings Berhad.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.9 DEMAND CONDITIONS

6.9.1 Market Drivers

(i) Growing Existing Demand from Malaysian Manufacturing Sector

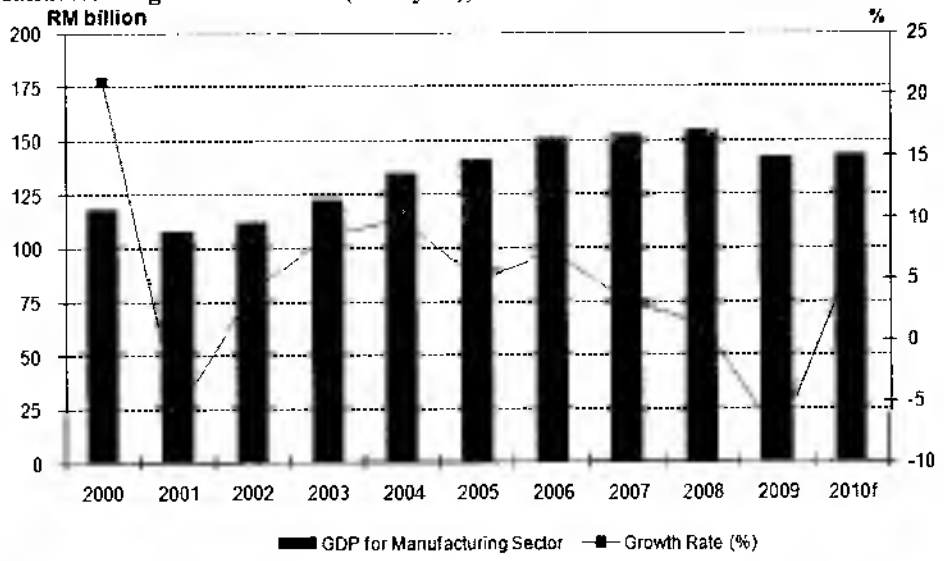
The manufacturing sector continues to grow steadily in Malaysia. Some examples of manufacturing sub-sectors that use steel in their products are the residential air-conditioning sub-sector and the automotive sub-sector.

In Malaysia, the market revenues for building construction reached approximately RM6.67 billion in 2009, and it will potentially reach RM9.00 billion by 2015. The Heating Ventilating and Air-Conditioning (HVAC) market, which is a subsector of the growing building construction sector, has also been growing, recording between 6 to 7 percent growth annually with an increase use of air-conditioning units in the residential sector.

Frost & Sullivan expects Malaysia's total automotive industry volume in 2009 to end 3.1 per cent lower year-on-year at 531,000 units which expected to rebound in 2010 with a 4.5 per cent growth to a historic high of 555,000 units due to an improved economic outlook and rising consumer sentiment.

The manufacturing sector in Malaysia has been steadily contributing to the Malaysian GDP. Despite fluctuating growth rates between 2000 and 2010, the GDP for manufacturing sector has grown from RM118 billion in 2000 to a high of RM152 billion in 2007, and is forecasted to be approximately RM142 billion in 2010.

Manufacturing Sector Growth (Malaysia), 2000-2010



Notes:

- *GDP 2006-2009, real GDP at 2000 prices*
- *GDP 2001-2005, real GDP at 1987 prices*

Collectively, the global and Malaysian manufacturing sector was affected by the global economic crisis. Nevertheless, with the economic recovery forthcoming, the domestic steel consumption, and therefore a need for steel processing services in Malaysia for manufacturing would continue to drive the industry.

(ii) Improving Supply from Local Steel Producers

The Malaysian government has been promoting local steel mills with the intention of overcoming the current need to import many high quality steel products currently unavailable in Malaysia. Acerinox SA. (a public listed Spanish stainless steel manufacturing conglomerate with the world's second largest worldwide production capacity) and its partner Nisshin Steel Co. Ltd. (the Japanese pioneer in large scale stainless steel production since the 1959), recently announced that they would be opening a cold-rolled steel coil and stainless steel mill in Johor. This new mill will join other producers such as Megasteel Sdn Bhd, Mycron Steel Berhad and Ornasteel Holdings Berhad to further complete the range of comprehensive steel products in Malaysia.

As an overall, Malaysia is moving towards completing its ability to produce a full range of semi-finished steel products to supply local steel end-users, in the quantity and quality required. Once a full range of flat products with varying specifications can be produced locally, steel processors and end-users will benefit greatly due to a reduction in transportations costs, delivery times, legislation procedure, and import taxes.

(iii) South East Asian Growth in Manufacturing Increases Exports of Processed Steel

Malaysian steel processors have serviced manufacturers especially Japanese manufacturers which have been based in Malaysia for many years. These end-users often require a high level of quality precision processing for their products. Noting that other countries in the region are starting to show an increase in the number of manufacturing plants being established but not necessarily served by good local steel processing centres, Malaysian steel processors will benefit by exporting their processed steel products to those manufacturing locations that are poorly served by local steel processing centres.

(iv) Integrated Trade Zone

Multinational manufacturing companies are highly invested in improving their value chain management. They strategically carry out research and development, procurement, assembly and marketing activities in different locations to take advantage of the different resources and incentives at various locations. The ASEAN Free Trade Agreement (AFTA) and Closer Economic Partnership (CEP) agreements support Malaysia's participation in this value chain by strengthening trade in the region by lowering tariffs, removing national barriers, and shortening customs clearances across all ASEAN countries. The electronics industry cluster in Penang is one successful example of how Malaysia has successfully created conducive investment conditions to become an integral part of this value chain.

This regional economic base with its free flow of products and services has increased Malaysian trade abroad. Between 2001 and 2007, imports between Malaysia and ASEAN countries almost doubled from RM6 Billion to RM11 Billion, while exports to ASEAN countries doubled from RM7 Billion to RM14.5 Billion. Steel processors who increase regional trading, and provide high end processed flat products that are priced competitively, will be able take advantage of this growing trading market between Malaysia and ASEAN countries.

6.9.2 Market Restraints

(i) Potential for Steel End-users to Choose Regional Neighbors as Manufacturing Sites instead of Malaysia

As the connecting node between steel mills and steel end-users, the steel processing service will suffer if demand for steel processing services reduce or cease. Several manufacturers have chosen to open new steel end-user facilities in neighbouring countries instead of Malaysia and this will restrain the steel processing market from growing. While steel end-users who already have a presence in Malaysia are unlikely to relocate by the masses, the continuing stimulation of the manufacturing sector is needed to ensure a healthy and sustainable growth in the Malaysian steel end-user consumption and to continue to attract steel end-users to remain in Malaysia.

(ii) Slowed Construction Sector

The construction sector was gravely compromised by the 1997-1998 financial crisis. In 2005, the GDP for this sector still showed a negative growth. The completion of mega-projects in the country and an oversupply of commercial construction projects have reduced demand for building industry steel products. Although this sector is recovering, it has still shown slow growth rates in recent years. Construction projects listed may boost this sector soon with many projects that have been on-hold over the 2008 – 2009 period is now being recommenced.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.10 RELIANCE AND VULNERABILITY TO IMPORTS

The steel processing industry is not reliant on imports. Malaysian steel processors can process foreign and local steel. Raw materials are imported for processing only when end-users specifically require special grade type of steel that are not available in Malaysia to he processed for their manufacturing facilities in Malaysia.

Steel processing is not vulnerable to imports because end-users based in Malaysia require service providers that are able to serve them at the lowest cost possihle, which of course, includes reducing delivery costs of processed steel products to manufacturing facilities.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

6.11 PRODUCT SUBSTITUTION

While there is indeed a threat of product substitutions for steel, the actual steel processing industry itself, is not under any threat. As long as steel mills continue to produce steel in bulk and sell them as steel coils and sheets, end-users will still need steel processors to provide services to process these steel into the sizes and shapes required by the end-user. The closest product substitute to steel would be aluminium, although aluminium cannot be a substitute in all applications where steel is used, and aluminium is not an economically viable option over steel as it is a more expensive material than steel.

(Source: Independent Market Research on the Steel Processing Market (Malaysia) prepared by Frost & Sullivan)

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7. INFORMATION ON THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

7.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters' and/or Substantial Shareholders' Shareholdings in TGG

As at the Latest Practicable Date, the direct and indirect shareholdings of our Promoters and/or substantial shareholders before and after the IPO are as follows:

			< Before the IPO >				< After the IPO* >			
Name	Designation	Nationality/ Place of Incorporation	Direct No. of TGG Shares held	% held	Indirect No. of TGG Shares held	% held	Direct No. of TGG Shares held	% held	Indirect No. of TGG Shares held	% held
GSB	-	Malaysia	54,043,001	61.81	-	-	51,203,001	50.20	-	-
PNS	-	Malaysia	25,797,499	29.50	-	-	14,437,499	14.15	-	-
Dato' Siah Kok Poay	Chairman/ President	Malaysian	1,423,496	1.63	54,856,253[(a)]	62.74	1,423,496	1.40	52,016,253[(a)]	51.00
Siah Lee Beng	Executive Director	Malaysian	-	-	54,043,001[(b)]	61.81	-	-	51,203,001[(b)]	50.20
Tan Lu Eng	Executive Director	Malaysian	203,252	0.23	54,043,001[(b)]	61.81	203,252	0.20	51,203,001[(b)]	50.20

Notes:

(a) Deemed interest by virtue of his interest in GSB and SRSB pursuant to Section 6A of the Act.
(b) Deemed interest by virtue of his interest in GSB pursuant to Section 6A of the Act.
** Prior to the conversion of ICULS.*

7.1.2 Background and Experience of Promoters and/or Substantial Shareholders

Dato' Siah Kok Poay, Siah Lee Beng and Tan Lu Eng, who are promoters and/or substantial shareholders of TGG, are also the Directors our Group. Their profiles are disclosed in Section 7.2.1 of this Prospectus whilst the profiles of GSB and PNS are set out below:

GSB

GSB was incorporated in Malaysia under the Act on 7 April 2006. As at the Latest Practicable Date, its authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising of 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of GSB is investment holding.

The Directors and substantial shareholders of GSB and their respective shareholdings in GSB as at the Latest Practicable Date are as follows:

	<--------Direct-------->		<-------Indirect-------->	
Name	**No. of shares held**	**% held**	**No. of shares held**	**% held**
Directors				
Dato' Siah Kok Poay	70	70.00	-	-
Siah Lee Beng	25	25.00	-	-
Tan Lu Eng	5	5.00	-	-
Substantial Shareholders				
Dato' Siah Kok Poay	70	70.00	-	-
Siah Lee Beng	25	25.00	-	-
Tan Lu Eng	5	5.00	-	-

PNS

PNS was incorporated in Malaysia under the Act on 29 November 1969. As at the Latest Practicable Date, its authorised share capital is RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each, of which RM751,012,180 comprising of 751,012,180 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of PNS is investment holding. PNS is the leading agency in the development of the franchise industry in Malaysia and is within the purview of the Ministry of Domestic Trade, Cooperative and Consumerism. Drawing on years of experience and vast resources, PNS is embracing the Government's call to increase the size of Bumiputera Commercial and Industrial Community (BCIC). Realising the importance of meeting the aspiration, various strategies have been designed to enhance Bumiputera entrepreneurs on the aspects of professionalism, business acumen as well as ethics and discipline.

7. INFORMATION ON THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

The Directors and substantial shareholders of PNS and their respective shareholdings in PNS as at the Latest Practicable Date is as follows:

	<-------Direct----->		<-------Indirect------->	
Name	**No. of shares held**	**% held**	**No. of shares held**	**% held**
Directors				
Datuk Idris bin Hashim	-	-	-	-
Syed Kamarulzaman bin Dato' Syed Zainal Khodki Shahabudin	-	-	-	-
Dyg Sadiah binti Abg Bohan	-	-	-	-
Dato' Daud bin Tahir	-	-	-	-
Dato' Mohd Ali bin Abd Samad	-	-	-	-
Auzir bin Mohd Yaacob	-	-	-	-
Assoc. Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif	-	-	-	-
Dato' Haji Mohd Zaim bin Haji Abu Hasan	-	-	-	-
Mohd Zafer bin Mohd Hashim	-	-	-	-
Substantial Shareholders				
Minister of Finance (Incorporated)	747,262,178	99.50	-	-

Save for GSB, PNS, Dato' Siah Kok Poay, Siah Lee Beng and Tan Lu Eng, we are not aware of any other person who, directly or indirectly, jointly or severally, exercises control over TGG Group.

7.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings in TGG

The changes in the shareholdings of our Promoters and/or substantial shareholders since our incorporation on 3 May 2006 up to the Latest Practicable Date are as follows:

		<----------Direct---------->			<----------Indirect---------->		
Name of Promoters and Substantial Shareholders	**Date of acquisition/ disposal**	**No. of Shares held before acquisition/ disposal**	**Total no. of Shares acquired/ (disposed)**	**Cumulative no. of Shares held after acquisition/ disposal**	**No. of Shares held before acquisition/ disposal**	**Total no. of Shares acquired/ (disposed)**	**Cumulative no. of Sbares held after acquisition/ disposal**
Lau Yoke Leng	04.06.10	2	(2)	-	-	-	-
Lim Meei Ying	04.06.10	2	(2)	-	-	-	-
GSB	04.06.10	-	54,042,997	54,042,997	-	-	-
	04.06.10	-	4	54,043,001	-	-	-
PNS	04.06.10	-	25,797,499	25,797,499	-	-	-
Dato' Siah Kok Poay [(a)]	04.06.10	-	-	-	-	54,042,997	54,042,997
	04.06.10	-	-	-	54,042,997	4	54,043,001
	04.06.10	-	1,423,496	1,423,496	54,043,001	813,252	54,856,253
Siah Lee Beng [(b)]	04.06.10	-	-	-	-	54,042,997	54,042,997
	04.06.10	-	-	-	54,042,997	4	54,043,001
Tan Lu Eng [(b)]	04.06.10	-	-	-	-	54,042,997	54,042,997
	04.06.10	-	-	-	54,042,997	4	54,043,001
	04.06.10	-	203,252	203,252	54,043,001	-	54,043,001

Notes:

(a) Deemed interest by virtue of his interest in GSB and SRSB pursuant to Section 6A of the Act.

(b) Deemed interest by virtue of his interest in GSB pursuant to Section 6A of the Act.

7.2 OUR BOARD OF DIRECTORS

7.2.1 Profiles

Dato' Siah Kok Poay, aged 56, a Malaysian, was appointed to the Board on 1 December 2008. He is the Chairman/President of TGG Group. Dato Siah obtained his Bachelor of Science in Mathematics and Computer Science in 1976 and his Diploma in Business Administration in 1977 from Nanyang Technological University, Singapore. Subsequently, in 1978, he co-founded TGH with his late brother, Cheah Chong Beng and Siah Lee Beng. TGH commenced business in the same year as an importer and stockist of stainless steel materials for distribution to a wide range of end-users from diverse industries. Under his stewardship together with his brothers, TGH has grown in stature by diversifying its product range through active sourcing and building of strong relationships with stainless steel producers in Japan, Korea, Taiwan and Europe, and by enlarging its customer base through reliable and prompt service. He was also involved in the team which secured the supply of Stainless Steel Sun-Breaker for Petronas Twin Tower project.

He is also active in many trade organisations since 2002, such as President of Malaysian Hardware, Machinery and Building Materials Dealer' Association, Penang Hardware and Machinery Merchants Association taking on the role of ex-President and Executive Advisor and Vice President of Penang Chinese Chamber of Commerce.

Siah Lee Beng, aged 60, a Malaysian, was appointed to the Board on 1 December 2008 as an Executive Director of TGG Group. He is the co-founder and Managing Director of TGH. He began his career in 1968 as Accounts cum Production Assistant at Tong Giap Foundry after completed his secondary education in 1967. He co-founded TGH with his late brother, Cheah Chong Beng and Dato' Siah Kok Poay in 1978. He has 20 years' experience in metal casting industry and approximately 20 years' experience in the steel and stainless steel business. He is actively involved in various organisations such as the Lion Club as committee member and director of the Jelutong Chinese Primary School. He is also the President of Jelutong Chinese Primary School Alumni Association.

Tan Lu Eng, aged 46, a Malaysian, was appointed to the Board on 1 December 2008 as an Executive Director of TGG Group. She is also the Managing Director of TGSC. She began her career in 1987 as Accounts Assistant at TGH after obtaining her Sijil Tinggi Pelajaran Malaysia in 1984 and was promoted to Sales Executive in 1989. She was subsequently promoted to Operations Manager in 1993 where she was fully responsible for reviewing, interpreting and the decision-making of TGH's operations on a day to day basis. She was appointed as the Director of TGH in 1996, being fully in charged of overseeing the sales and marketing, human resources and administration activities. In 2000, she was appointed as the Managing Director of TGSC and was instrumental in the expansion of TGSC's business activities in Kuala Lumpur and other parts of Malaysia. She assisted TGSC in diversifying its business into the manufacturing of stainless steel tubes and pipes in 2005. She has approximately 20 years experience in the steel and stainless steel business.

Zainal Abidin bin Ab. Rahman, aged 62, a Malaysian, was appointed to the Board on 1 December 2008. He is an Executive Director TGG Group. Upon completion of his secondary education, he served as a secondary school teacher for a period of six (6) years. Thereafter, he furthered his studies at Universiti Kebangsaan Malaysia, where he obtained his Bachelor of Arts in Geography. He kicked off his career in the banking sector when he joined Kwong Yik Bank as a bank officer in the Bills Department in 1979. In 1982, he was appointed as a branch manager and moved on to be in charge for the formulation of Hawkers/Petty Traders Loan Scheme and Amanah Saham Loan Scheme in 1986. After ten (10) years with Kwong Yik Bank, Zainal joined Kok Lanas Timber Trader and Constructions in 1990. He then moved on to Yayasan Pasir Mas, Kelantan as the Managing Director in 1995. Zainal joined TGG in 1999, holding the position as Executive Director to-date. Zainal also holds a Certificate of Education from Language Institute, Kuala Lumpur and Certificate in Attendance (Banking) from Bank Negara Training Centre, Kuala Lumpur. He is currently also undergoing Banking and Finance courses with Bank Negara Malaysia under a programme for Executive Development, organised jointly by the Ministry of Finance and Bank Negara Malaysia.

Dato' Haji Mohd Zaim bin Abu Hasan, aged 59, a Malaysian, was appointed to the Board on 20 May 2010. He is the Non-Independent Non-Executive Director of TGG. He graduated with a Bachelors of Arts (Hons) from the Universiti Kebangsaan Malaysia in 1979 and obtained his Diploma in Management from the National Institute of Public Administration Malaysia (INTAN) in 1982. Dato' Haji Mohd Zaim bin Abu Hasan began his career as an assistant district officer of Sg Siput, Perak in 1979 and thereafter was the assistant district officer of Kinta, Perak from 1980 to 1981. He then pursued his Diploma in Management from INTAN in 1982 and continued his career in public service as Assistant Director of Land and Mineral from 1983 to 1985. Subsequent thereto, he was appointed the Senior Secretaries of the Menteri Besar of Perak from 1985 to 1993. Thereafter, he was appointed as the General Manager of Institutional Development of the Poor of Perak from 1994 to 1995. Dato' Haji Mohd Zaim bin Ahu Hasan joined the United Malays National Organisation's (UMNO) in 1971 where he held various positions in the organisation such as amongst others, Youth Chief of the Parit Division. He was also a member of the Perak Executive Committee for Religious Affairs from 1995 to 1999 and a member of the Perak Executive Committee for Arts, Culture, Youth and Sports from 2004 to 2008. At present, Dato' Haji Mohd Zaim hin Abu Hasan is a member of the State Assembly of Perak and is also on the Advisory Board of Lembaga Tabung Haji Malaysia.

Loh Eng Wee, aged 41, a Malaysian, was appointed to the Board on 1 December 2008. He is an Independent Non-Executive Director of TGG. Mr Loh graduated from University Malaya in 1994 with a Bachelors of Law (Hons). Mr Loh did his chambering in Cheong Wai Meng & Van Buerle in 1994 and was admitted as an advocate and solicitor in 1995. He subsequently joined San & Associate as their advocate and solicitor and in 1997 was appointed as the partner of the firm. Mr Loh's legal specialisation includes matters relating to banking, corporate, civil, land and conveyancing.

Yap Gim Seng, aged 41, a Malaysian, was appointed to the Board on 1 December 2008. He is an Independent Non-Executive Director of TGG. Mr Yap obtained his Bachelor in Accounting (Hons) from the University Malaya in 1994 and subsequent thereto, joined Kassim Chan & Co. as an audit assistant. In 1996, Mr Yap left Messrs Kassim Chan & Co. to join Peter Chong & Co. as their audit manager and was involved in numerous roles in corporate exercises such as initial public offerings and restructuring exercises. He further his career as the financial controller for Premium Vector Sdn Bhd in 2000 hefore joining UHY in 2001 as their audit manager. Mr Yap had since 2002, heen a director of Prematch Corporation Sdn Bhd which is a secretarial agent handling secretarial matters for close to 150 companies. He is also the director of Prematch Taxation Services Sdn Bhd which has a corporate portfolio of more than 200 companies.

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7.2.2 Directors' shareholdings in TGG

As at the Latest Practicable Date, the direct and indirect shareholdings of our Directors before and after the IPO are as follows:

			< Before the IPO >				< After the IPO^* >			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of TGG Shares held	% held	No. of TGG Shares held	% held	No. of TGG Shares held	% held	No. of TGG Shares held	% held
Dato' Siah Kok Poay	Chairman/ President	Malaysian	1,423,496	1.63	54,856,253[(a)]	62.74	1,423,496	1.40	52,016,253[(a)]	51.00
Siah Lee Beng	Executive Director	Malaysian	-	-	54,043,001[(b)]	61.81	-	-	51,203,001[(b)]	50.20
Tan Lu Eng	Executive Director	Malaysian	203,252	0.23	54,043,001[(b)]	61.81	203,252	0.20	51,203,001[(b)]	50.20
Zainal Abidin bin Ab. Rahman	Executive Director	Malaysian	-	-	-	-	-	-	-	-
Dato' Hj Mohd Zaim bin Abu Hasan	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Loh Eng Wee	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Yap Gim Seng	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

Notes:

(a) *Deemed interest by virtue of his interest in GSB and SRSB pursuant to Section 6A of the Act.*
(b) *Deemed interest by virtue of his interest in GSB pursuant to Section 6A of the Act.*
^ *No Pink Form Shares will be allocated to the Directors.*
* *Prior to the conversion of ICULS.*

7.2.3 Directors' Remuneration and Material Benefits-in-Kind

The remuneration paid or payable to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2009 and FYE 31 December 2010 in the bands of RM50,000 per annum, are as follows:

Director	FYE 31 December 2009	FYE 31 December 2010
Dato' Siah Kok Poay	RM650,000 to RM700,000	RM700,000 to RM750,000
Siah Lee Beng	RM200,000 to RM250,000	RM250,000 to RM300,000
Tan Lu Eng	RM200,000 to RM250,000	RM250,000 to RM300,000
Zainal Abidin bin Ab. Rahman	RM100,000 to RM150,000	RM100,000 to RM150,000
Dato' Hj Mohd Zaim bin Abu Hasan	-	RM0 to RM50,000
Loh Eng Wee	-	RM0 to RM50,000
Yap Gim Seng	-	RM0 to RM50,000

The above remunerations which comprise Directors' fees and allowances as well as benefits in kind must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved or endorsed by our shareholders at a general meeting.

7.2.4 Details of Board Practices

(a) Directors' Term of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are as follows:

Name	Designation	No. of years in office	Date of expiration of current term of office
Dato' Siah Kok Poay	Chairman/ President	1	*
Siah Lee Beng	Executive Director	1	*
Tan Lu Eng	Executive Director	1	*
Zainal Abidin bin Ab. Rahman	Executive Director	1	*
Dato' Hj Mohd Zaim bin Abu Hasan	Non-Independent Non-Executive Director	<1	*
Loh Eng Wee	Independent Non-Executive Director	1	*
Yap Gim Seng	Independent Non-Executive Director	1	*

Note:

* *Subject to Articles 121 and 122:*

An election of Directors shall take place each year. At the first annual general meeting of the Company, all the Directors shall retire from office and an election of Directors shall take place each year. At every subsequent annual general meeting, one-third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, and if there is only one (1) Director who is subject to retirement by rotation, he shall retire PROVIDED always that all Directors shall retire from office once at least in each three (3) years and shall be eligible for re-election.

(b) Audit Committee

Our Audit Committee was established on 27 May 2010 and comprises the following members:

Name	Designation	Directorship
Yap Gim Seng	Chairman	Independent Non-Executive Director
Dato' Hj Mohd Zaim bin Abu Hasan	Member	Non-Independent Non-Executive Director
Loh Eng Wee	Member	Independent Non-Executive Director

The duties of our Audit Committee shall include the following:

(i) To assist our Board in discharging its statutory responsibilities on financial and accounting matters;

(ii) To recommend the appointment of external auditors, the audit fee and any other terms of engagement;

(iii) To discuss with the external auditors on the audit plan before the commencement of the annual audit and any other services provided by the external auditors;

(iv) To discuss with external auditors on any major audit findings and our management's response and problems and reservations arising from the audit;

(v) To review the quarterly and annual financial statements of our Group before submission to our Board;

(vi) To review and evaluate the effectiveness of our Group's internal audit and control systems and procedures; and

(vii) To consider and assess the financial risk and matters relating to related party transactions that may arise within our Group and potential conflict of interests.

(c) Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established on 27 May 2010 and comprises the following members:

Name	Designation	Directorship
Loh Eng Wee	Chairman	Independent Non-Executive Director
Dato' Hj Mohd Zaim bin Abu Hasan	Member	Non-Independent Non-Executive Director
Yap Gim Seng	Member	Independent Non-Executive Director

The primary functions of our Nomination and Remuneration Committee are as follows:

(i) To review the required mix of skills, experience and other qualifications which our Directors (including Independent Directors) should bring to our Board in order for our Board to function efficiently and effectively;

(ii) To annually review and assess the contribution of each individual Director and to recommend to our Board new candidates for appointment as Director if there is a need for additional Board members;

(iii) To recommend to our Board a framework of remuneration for our Board and each Executive Director, which include but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and

(iv) To establish objective performance criteria and measurement to evaluate the performance and effectiveness of our Board as a whole and to assess the contribution by each individual Director.

7.2.5 Articles Governing Our Directors

The relevant Articles of Association relating to remuneration, voting powers and borrowing powers of our Directors, as reproduced from our Articles of Associations, are set out in Sections 16.2(iii) and 16.2(iv) of this Prospectus.

7.2.6 Service Contracts with Directors

Save as described below, as at the Latest Practicable Date, none of our Directors or Directors of our subsidiary companies has any existing or proposed service agreement with our Company or our subsidiary companies, which is not expiring or not determinable by the employing company without payment of compensation:

(a) An service agreement entered into between TGG and Zainal Abidin bin Ab. Rahman dated 16 March 2010 for the appointment of the latter to serve TGG as its Executive Director for an amount of RM98,880 annually for a period of one (1) year commencing from the date of the agreement and renewable subsequent thereto at the sole and absolute discretion of TGG as it deems fit on the expiration of the appointment. Either the company or the director may at any time terminate the service agreement by giving to the other one (1) month's notice in writing.

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7.2.7 Involvement of Directors in Other Businesses or Corporations

Save as detailed below, none of our other directors (including those of our subsidiary companies), hold other principal directorships and/or are involved in other businesses or corporations in the past five (5) years prior to the Latest Practicable Date.

Name	Name of Company	Principal activities	Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held	Date of appointment/ (resignation) as Directors
Dato' Siah Kok Poay	Masinox Industry Sdn Bhd	Dormant	1	50.00	-	-	16.08.2007
	Pin Wooi Hardware Sdn Bhd	In the midst of winding up	-	-	-	-	15.02.1982
Zainal Abidin bin Ab. Rahman	BBS Travel & Services Sdn Bhd	Travel agency	50,000	25.00	-	-	Not applicable
	Devcorp Sdn Bhd	Dormant	3,500,000	50.00	-	-	15.04.2003
	Baltic Pacific Sdn Bhd	Commission agent, provision of helicopter services	-	-	-	-	26.11.2002
	Solar Indera Corporation Sdn Bhd	Business of designing, contraction, installation, assembling, manufacture and supply of all kinds of solar power equipment, devices and systems	300,000	60.00	-	-	26.01.2007
	Urus Maju Setia Sdn Bhd	Dormant	50,000	50.00	-	-	Not applicable
	Imtiaz Air Sdn Bhd	Transport, aircraft and manufacturing	1	25.00	-	-	24.04.2007
	Masinox Industry Sdn Bhd	Dormant	1	50.00	-	-	16.08.2007
	Planters' Air Sdn Bhd	Dissolved	300,000	60.00	-	-	26.08.1999

7. INFORMATION ON THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Name	Name of Company	Principal activities	Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held	Date of appointment/ (resignation) as Directors
Dato' Hj Mohd Zaim bin Abu Hasan	Dataran Stabil Sdn Bhd	Records and cassettes selling	-	-	-	-	10.02.2000
	Cahaya Cipta Sdn Bhd	Records and cassettes selling	-	-	-	-	14.02.2000
	Lembayung Harmoni Sdn Bhd	Records and cassettes selling	50,000	50.00	-	-	Not applicable
	Silver Noves Corporation Sdn Bhd	Dormant	12,500	50.00	-	-	28.04.1994
	Silver Meet Sdn Bhd	Records and cassettes selling	1	50.00	-	-	26.02.1995
	Kin Foh Engineering Sdn Bhd	Dormant	15,246	21.00	-	-	Not applicable
	Perbadanan Nasional Berhad	Investment holding	-	-	-	-	26.03.2009
Yap Gim Seng	3Q Energy (M) Sdn Bhd	Dormant	1	50.00	-	-	23.03.2010
	Classic Arts Auction Sdn Bhd	Dormant	1	50.00	-	-	21.12.2009
	Prematch Consolidated Sdn Bhd	Management consultancy services	1	50.00	-	-	27.07.2009
	Everwin Resources Sdn Bhd	Dormant	-	-	-	-	02.01.2008
	Zhi Collection Sdn Bhd	Dormant	-	-	-	-	20.09.2007/ (22.01.2008)
	Hoom Xiang Industries Sdn Bhd	Deep sea fishing	-	-	-	-	20.04.2007/ (31.12.2009)
	BH Gold Ventures Sdn Bhd	Dormant	-	-	-	-	29.09.2006/ (02.07.2007)

7. INFORMATION ON THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

Name	Name of Company	Principal activities	Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held	Date of appointment/ (resignation) as Directors
	Mingpro Construction Sdn Bhd	Dormant	-	-	-	-	05.07.2006/ (17.07.2006)
	Megaron Resources Sdn Bhd	Dormant	-	-	-	-	01.12.2005/ (05.12.2005)
	Kollektion Distribution Sdn Bhd	Dormant	-	-	-	-	30.08.2005/ (01.06.2007)
	Vital Impression Sdn Bhd	Dormant	-	-	-	-	23.11.2005/ (26.10.2007)
	Plug-In Stores (Penang) Sdn Bhd	Dormant	175,001	35.00	-	-	29.12.2004
	Prematch Ventures Sdn Bhd	Accounting services	1	50.00	-	-	22.12.2004/ (10.05.2007) /16.11.2009
	Harmoni Aset Sdn Bhd	Dormant	-	-	-	-	28.10.2004/ (09.06.2006)
	Skyscope Sdn Bhd	Dormant	-	-	-	-	21.05.2004/ (06.01.2005)
	Arcadia Global Sdn Bhd	Dormant	-	-	-	-	20.05.2004/ (06.01.2005)
	IS Services Technology Sdn Bhd	Dormant	-	-	-	-	11.06.2004/ (06.01.2005)
	Plug-In Stores Sdn Bhd	Trading and wholesaler of electronic appliances	1,500,000	33.33	-	-	02.01.2004/ (29.07.2008)/ 30.04.2010
	Prematch Corporation Sdn Bhd	Secretarial agent	6,000	60.00	-	-	18.09.2000/ (26.10.2007) /16.11.2009
	Scientimax Sdn Bhd	Dormant	-	-	-	-	01.03.2005/ (23.03.2005)

Name	Name of Company	Principal activities	Direct No. of shares held	Direct % held	Indirect No. of shares held	Indirect % held	Date of appointment/ (resignation) as Directors
	Hang Li Construction & Renovation Sdn Bhd	Dormant	-	-	-	-	19.03.2007/ (26.10.2007)
	Prematch Taxation Services Sdn Bhd	Taxation services	1	50.00	-	-	16.11.2009
	Hoom Xiang Holdings Berhad	Investment holding	-	-	-	-	29.04.2008/ (31.12.2009)
	ETA Marketing (M) Sdn Bhd	Dormant	-	-	-	-	28.04.2008
Loh Eng Wee	Mesra Bahagia Sdn Bhd	Investment holding	20,000	25.00	-	-	13.04.1999
	Rainbow Brilliance Sdn Bhd	Dormant	1	50.00	-	-	Not applicable

Based on the declaration by Dato' Siah Kok Poay and Zainal Abidin bin Ab. Rahman, they are not involved in the day-to-day activities and operations of the abovementioned business and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as the Executive Directors of our Group.

7.3 OUR KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

7.3.1 Profiles

The management team of the Group is headed by the Chairman/President, Dato' Siah Kok Poay and is assisted by the Executive Directors. They are supported by a team of experienced management and technically qualified personnel. The particulars of the key management and key technical personnel of the Group are as follows:

Yeoh Khye Hwa, aged 43, a Malaysian, is the Group Finance Manager. In 1986, Mr Yeoh obtained the London Chamber of Commerce and Industry ("LCCI") Higher Diploma at Institute Simyong, Penang. Thereafter, he furthered his studies at Systematic Education, Penang. He obtained his Professional Qualification from the Association of Chartered Certified Accountants in 1999. He began his career in 1989 as a lecturer in Institute Sim Yong, Penang. His stint at the said institute ended in 1995 when he joined TG Engineering Sdn Bhd as an Account Executive. Two years later, he joined Mikuni (Utara) Sdn Bhd as the Head of Administration and Accounts until 1999. In 2000, he joined TGH as the Accountant and was promoted to Group Finance Manager in 2004. His primary responsibility is overseeing the Accounts and Finance Department of the Group. In addition, he became an Associate of the Association of Chartered Certified Accountants in 2000. Later in 2005, he joined as member of the Malaysian Institute of Accountants and became a Fellow of the Association of Chartered Certified Accountants in 2005.

Kelvin Chai Yin Chong, aged 42, a Malaysian is the Managing Director of Nippon EGalv. He graduated with a Bachelor's Degree in Mechanical Engineering from Oklahoma State University of the United States of America in 1992 and has completed his Master of Business Administration (MBA) at the University of Leicester, United Kingdom in 2008. He began his career in the automotive OEM industry working in various disciplines and roles. After graduating in 1992, Kelvin joined SMI (M) Sdn Bhd as a design engineer. In 1997, he then took up the position as Technical and Quality Assurance (QA) Manager in CN Drobyl (M) Sdn Bhd ("CN Dorbyl"), a joint venture company between a Malaysian public listed company, CN Asia Corporation Bhd and a South African Conglomerate, Dorbyl Limited. In CN Drobyl, he was in charge in setting up of the entire ISO Tank manufacturing plant and the technology transfer process. He successfully commissioned the plant within a year and implemented ISO 9000 and its Enterprise Resource Planning (ERP) system. In 1999, he joined Zatfee (M) Sdn Bhd as a Senior Operations Manager before taking on the position as the Regional General Manager of Asia at Consani Engineering Pty Ltd, four years later. In 2006, he joined Megs Industries Sdn. Bhd., the first Electron Galvanized Iron ("EGI") plant in Malaysia. He played a lead role in managing the start-up of the entire EGI business that included setting up of the plant, marketing of products, implementing the entire business processes and overseeing day to day business operations. His last position was Chief Executive Officer prior to joining Nippon EGalv in 2008 to spearhead the development of EGI business in Nippon Egalv.

Tan Cheng Meng, aged 58, a Malaysian, is the Executive Director of SPI and Production Director of TGSC. In 1978, he obtained his Bachelor in Engineering (Hons) Second Class from the Monash University, Victoria, Australia. In his 30 years experience in the steel industry, he has held various key positions. He began his career in Tosco Berhad as Project Engineer in 1979. From 1989 to 1995, he was the Maintenance Manager for Steel Pipe Industry (M) Sdn Bhd. From 1995 to 1996, he was the Production Manager for Leader Steel (Sarawak) Sdn Bhd. He then joined Taihen Metal Industries Sdn Bhd as Plant Manager in 1997 before assuming the same role in TGSC in 2000. In 2004, he was appointed as the Production Director of TGSC. His primary responsibility is overseeing plant operations, which include production, quality control maintenance and project implementation.

Siah Chin Soon, aged 33, a Malaysian, is the Business Development Director of TGSC. In 1999, he obtained his Bachelor of Commerce in Accounting & Finance from Curtin University of Technology in Australia. He began his career in PricewaterhouseCoopers in 1999 as an Audit Assistant and was subsequently promoted to Senior Auditor in 2002. Gaining the requisite experiences in auditing, he moved to the commercial sector where he joined TGSC as the Personal Assistant to the President of TGSC in 2003, where his responsibilities entail managing the Finance Department by enhancing, planning and developing TGSC's stock purchase control system, implementing cost effective control system and product margin improvement as well as implementing TGSC's internal control system. In addition, he also directed annual plan review process and strengthened accountability by partnering with management teams. In 2004, he was appointed to his present post, where he assists the Managing Director of TGSC in all aspects of operations such as management, marketing, planning, finance and administration. In addition, he is also a member of Malaysian institute of Accountants ("MIA") and a Chartered Accountant of Certified Practising Accountant ("CPA") Australia.

Michael Yap Chuan Ho, aged 61, a Malaysian, is the Business Development Director of SI and SPI. He drives the company's overall marketing and trade activities. In 1990, he obtained his diploma, majoring in Accounting from Swinburne College of Technology (Australia). Most recently, he was the Export Sales manager in SPI, where he was responsible for managing export activities of the company's manufactured and trading products. He brings to SI more than 25 years of sales and marketing experience, dating back to 1981. He held various senior sales and marketing positions in hardware and steel industries before embarking on further studies overseas. Upon his return in 1990, he continued his sales and marketing career with United Engineers Bhd and thereafter spent two (2) years with Soon Seng Industrial as their Sales cum Operation Manager. In 1994, he left and joined Amalgamated Industrial Sdn Bhd (now known as Amalgamated Industrial Berhad) as their Sales Manager. Subsequently after eight (8) years, he ventured into his own hardware business with his partners before joining Kanzen Tetsu Sdn Bhd (also known as Kanzen TPCO Limited (China)) in the last quarter of 2004 as a Sales and Marketing Manager. Thereafter, he joined HL Golf and Turf Equipment Sdn Bhd as Sales Manager in HL Golf and Turf Equipment Sdn Bhd prior to joining us.

Siah Chin Pin, aged 28, a Malaysian, is the Business Development Director of SPI and SI. He is in charge of production planning and domestic and overseas marketing efforts for SPI. He graduated from the University of Melbourne (Australia) in 2006 with a Bachelor of Information Systems. Upon his graduation, he joined our Group as a business development executive and was promoted to Business Development Director of SPI and SI in 2008.

Siah Chin Hoo, aged 26, a Malaysian, is the Group Procurement Director. He is responsible for all purchases made for materials required for production. He holds a diploma, majoring in Commerce from Melbourne Institute of Business & Technology (Australia) which he obtained in 2003 and obtained his Bachelor of Commerce majoring in Accounting and Finance from Deakin University (Melbourne) in 2005. Upon his graduation, he joined our Group as a business development executive and was promoted to Group Procurement Director in 2008 and is also currently the Business Development Manager in charge of Nippon EGalv's domestic and overseas marketing efforts.

Siah Chin Joo, aged 34, a Malaysian, is the Business Development Director of TGO. In 1998, he obtained his higher diploma in business administration from Anglia Polytechnic University (United Kingdom). He joined TGH as a sales executive and was subsequently promoted to assistant sales manager in 2005. Thereafter, in 2008, he was promoted to Business Development Manager of TGG in which he is in charge of marketing efforts in the central, east coast and northern regions of West Malaysia as well as in East Malaysia. In 2009, he was promoted to become the Business Development Director of TGO.

7.3.2 Key Management and Key Technical Personnel's Shareholdings in the TGG Group

As at the Latest Practicable Date, the direct and indirect shareholdings of our key management and key technical personnel before and after the IPO are as follows:

			< Before the IPO >				< After the IPO* >			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of TGG Shares held	% held	No. of TGG Shares held	% held	No. of TGG Shares held	% held	No. of TGG Shares held	% held
Yeoh Khye Hwa	Group Finance Manager	Malaysian	-	-	-	-	65,000	0.06	-	-
Kelvin Chai Yin Chong	Managing Director of Nippon EGalv	Malaysian	-	-	-	-	100,000	0.10	-	-
Tan Cheng Meng	Executive Director of SPI and Production Director of TGSC	Malaysian	-	-	-	-	66,000	0.06	-	-
Siah Chin Soon	Business Development Director of TGSC	Malaysian	-	-	-	-	100,000	0.10	-	-
Michael Yap Chuan Ho	Business Development Director of SPI and SI	Malaysian	-	-	-	-	25,000	0.02	-	-
Siah Chin Pin	Business Development Director of SPI and SI	Malaysian	-	-	-	-	132,000	0.13	-	-
Siah Chin Hoo	Group Procurement Director	Malaysian	-	-	-	-	130,000	0.13	-	-
Siah Chin Joo	Business Development Director of TGO	Malaysian	-	-	-	-	130,000	0.13	-	-

Note:

* *Assuming all the pink form allocations are fully subscribed for.*

7.3.3 Service Contracts with Key Management and Key Technical Personnel

As at the date Latest Practicable Date, none of our key management and key technical personnel has any existing or proposed service agreements with our Group save for the following.

(a) An employment agreement entered into between SPI and Michael Yap Chuan Ho dated 3 May 2010 for the appointment of the latter to serve SPI as its Business Development Director for an amount of RM72,000 annually for a period of one (1) year commencing from the date of the agreement and renewable subsequent thereto at the sole and absolute discretion of SPI as it deems fit on the expiration of the appointment. Either the company or the director may at any time terminate the agreement by giving to the other three (3) months' notice in writing; and

(b) An employment agreement entered into between SI and Michael Yap Chuan Ho dated 3 May 2010 for the appointment of the latter to serve SI as its Business Development Director for an amount of RM24,000 annually for a period of one (1) year commencing from the date of the agreement and renewable subsequent thereto at the sole and absolute discretion of SPI as it deems fit on the expiration of the appointment Either the company or the director may at any time terminate the agreement by giving to the other three (3) months' notice in writing.

All our other Group's employees have standard employment contracts.

7.3.4 Involvement of Executive Directors, Key Management and Key Technical Personnel in Other Businesses or Corporations

As at the Latest Practicable Date, save for Dato' Siah Kok Poay and Zainal Abidin bin Abd. Rahman (details of which have been disclosed in Section 7.2.7) and Michael Yap Chuan Ho, none of our other executive directors, key management and key technical personnel (including those of our subsidiary companies), are involved in other businesses or corporations:

			Direct		Indirect		
Name	**Name of Company**	**Principal activities**	**No. of shares held**	**% held**	**No. of shares held**	**% held**	**Date of appointment as Directors**
Michael Yap Chuan Ho	Soon Huat Industrial Supplies (Sole proprietorship)	Dormant	-	100.00	-	-	Not applicable

Based on the declaration by Michael Yap Chuan Ho, he is not involved in the day-to-day activities and operations of the abovementioned business and accordingly, his involvement in the abovementioned company do not affect his contribution to our Group or negatively impact his ability to act as the Business Development Director of SPI and SI.

7.4 DECLARATION BY OUR PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

None of the Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) A petition under any bankruptcy or insolvency laws 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 key personnel;

(ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;

(iii) Charge and/or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) Any judgement entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; and

(v) 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.

7.5 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Directors, Promoters, the substantial shareholders, the key management and key technical personnel:

(i) Dato' Siah Kok Poay, the Chairman/President, and Siah Lee Beng, the Group's Executive Director, are brothers;

(ii) Siah Chin Pin, the Business Development Director of SPI and SI, is the son of Dato' Siah Kok Poay and nephew of Siah Lee Beng;

(iii) Siah Chin Hoo, the Group Procurement Director, is the son of Dato' Siah Kok Poay and nephew of Siah Lee Beng;

(iv) Siah Chin Joo, the Business Development Director of TGO, is the son of Siah Lee Beng and nephew of Dato' Siah Kok Poay; and

(v) Siah Chin Soon, the Business Development Director of TGSC, is the son of Siah Lee Beng and nephew of Dato' Siah Kok Poay.

7.6 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 7.2.3 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

7.7 INFORMATION ON EMPLOYEES

As at the Latest Practicable Date, we have a total workforce of 319, including our Executive Directors, which are based throughout our offices and factories in Penang, Selangor and Johor. The breakdown of our employees by category for the past three (3) FYE 31 December 2007, 2008 and 2009 as well as at the Latest Practicable Date is as follows:

	<---------- Number of Employees ---------->			
	<-------FYE 31 December------->			As at the Latest
Category	**2007**	**2008**	**2009**	**Practicable Date**
Managerial*	18	20	18	19
Technical and R&D	44	64	71	73
Sales and marketing	36	40	44	42
Finance, human resource and administration	34	35	34	33
Clerical/ non-executive	28	30	21	25
General worker	151	150	133	127
Total	311	339	321	319

Note:

* *Including our Executive Directors*

As at the Latest Practicable Date, we have 28 contractual employees. Out of this total, 25 of them are foreign general workers from Bangladesh. The rest are from the management, technical, marketing and sales as well as the administrative and clerical sections. We do not have any temporary employees. An increase is seen in the number of personnel hired as technical and R&D employees over the years as there`s a higher need for R&D activities for the development of products when Nippon EGalv began operation in 2007. There have been no labour nor industrial disputes between the employees and our Management which could have a material adverse financial impact on our Group. Our employees do not belong to any labour union.

7.8 TRAINING AND DEVELOPMENT

We place strong emphasis on human resource development. Our employees are provided with opportunities to acquire new skills and knowledge through regular on-the-job training in areas of management skills and technical know-how. We also provide opportunities for internal promotion as one of the key components of employees' development and retention.

All new employees recruited by our Group are required to undergo in-house orientation conducted by the respective department heads to familiarise themselves with the Group's corporate vision, culture and policies. On-the-job training is also provided to the production operators and technicians to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently. Our human resource department is responsible for the preparation of a monthly training plan at the end of each month. In addition, department heads are required to obtain approval for any additional training requests.

In line with our Group's ISO quality certifications, in-house training programmes which are conducted include courses on total quality standards management, as well as production and safety measures which have included amongst others:

(a) Quality Policy 2009;
(b) ISO/TS 29001:2007 Awareness Training and Internal Audit Training;
(c) Quality Policy & Objective/ Target, Quality Plan, SOP-QA-04 & 05;
(d) ISO 14002 Clause by Clause Requirements;
(e) ISO 9001:2008 Quality Management System Awareness Training; and
(f) ISO 9001:2008 QMS Awareness Training.

These are mainly technical training, motivational and leadership/management development programmes aimed to increase the staff's knowledge and to enhance proficiency in their daily tasks. Employees are regularly encouraged to upgrade themselves and to keep abreast with the latest market trends and developments.

7.9 MANAGEMENT SUCCESSION PLAN

As in any other business, our Board believes that the continued success of our Group depends on the ability and retention of the Management. Therefore, we have made efforts to train our staff and remunerate them accordingly. Our future success will also depend upon our ability to attract and retain skilled personnel.

We also have a management succession plan consisting of:

(i) Sound recruitment and selection;
(ii) Competitive remuneration and employee benefits;
(iii) Structured career planning and development; and
(iv) Continuous training and education.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement within the Group. As part of our Group's management succession plan, we have identified middle management personnel across all divisions to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. If the need arises, we intend to recruit qualified personnel with knowledge and expertise of the business.

8.1 CONDITIONS ON APPROVALS

We have procured for the following approvals for the Listing Scheme:

(i) from the SC on 12 September 2008, 23 February 2009, 30 October 2009, 10 May 2010 and 23 June 2010; and

(ii) from the MITI on 14 July 2008, 25 March 2009 and 24 May 2010.

In addition, Bursa Securities had vide its letters dated 21 June 2010 granted its approval-in-principle for the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of TGG of RM51,000,000 comprising 102,000,000 TGG Shares, RM30,800,000 nominal value of TGG ICULS on the Main Market of Bursa Securities and the 53,103,448 TGG Shares to be issued upon the full conversion of the ICULS.

The conditions imposed by the SC and the MITI and their respective status of compliance are set out below:

Authority / Details of Conditions Imposed		Status of Compliance
Conditions imposed by the SC vide its letter dated 12 September 2008		
(i)	The promoters should not sell, transfer or assign their entire shareholdings in TGG for six (6) months from the date of admission of TGG to Bursa Malaysia;	Noted and to he complied with.
(ii)	The net tangible asset (NTA) of TGH as at the date of the acquisition should not be less than the NTA submitted to the SC, which formed the basis for the purchase consideration by TGG;	The SC had vide its letter dated 10 May 2010 approved the exemption sought from having to comply with the following condition of approval stated in the SC's letter dated 12 September 2008.
(iii)	The remaining directors of TGG, once appointed, should submit their respective declarations to the SC based on Schedule 2 of the Equity Guidelines;	Complied.
(iv)	Full disclosure should be made in the listing prospectus with regard to the following:	
	(a) *The low profit margin of the Group's business and steps taken/ to be taken to address the low profit margin; and*	Complied. Please refer to Section 4.1.13 for the relevant disclosure.
	(b) The Group's high horrowings and gearing ratio and the risks associated with it, as well as the steps taken/to be taken to mitigate the risks	Complied. Please refer to Section 4.1.12 for the relevant disclosure.

Authority / Details of Conditions Imposed		Status of Compliance
(v)	For the purpose of complying with the 30% Bumiputera equity requirement upon listing, if TGG/MITI is unable to allocate the shares to the potential Bumiputera investors from the offer-for-sale portion, the unsubscribed shares shall be immediately offered to the public Bumiputera investor as part of the initial public offering (IPO) balloting process. In this case, TGG will be deemed to have complied with the Bumiputera equity requirement once it has completed this process.	Noted and to be complied. The applicable Bumiputera equity requirement for a new listing shall be 12.5% which will be complied upon Listing.
(vi)	Alliance and TGG should obtain the SC's prior approval should there be any changes to the terms and conditions of the ICULS;	Complied. The SC approved the changes to the terms and conditions of the ICULS vide its letter dated 10 May 2010.
(vii)	Alliance should submit the following information or documents to the SC prior to the issue date of the ICULS: (a) Issue date, tenure or issue and issue size for the ICULS; (b) A certified true copy of the executed trust deed for the ICULS; and (c) Soft copy (in "PDF" format) of the following information or documents to be e-mailed to DS@seccom.com.my: • The issue date, tenure of issue and issue size for the ICULS; • The trust deed for the ICULS; • Principal terms and conditions for the ICULS in the following format: – Font: Arial – Font size: 11 – Margins (Top, Down, Right, Left): 1.25" – Spacing: Single	Noted and complied.
(viii)	Alliance should fully disclose to all prospective investors and relevant parties the following conflict and potential conflict of interest: (a) In relation to the credit facilities extended by Alliance Bank Malaysia Berhad (i.e. the holding company of Alliance) to TGG Group; and (b) All other conflict and potential conflict of interest arising from the ICULS, together with relevant mitigating measures. Alliance should inform all prospective investors that the Board of TGG is fully informed of and aware of the conflict of interest situations and is agreeable to proceed with the present arrangement;	 Complied. Please refer to Section 9.6 for the relevant disclosure. Complied. Please refer to Section 9.6 for the relevant disclosure.

8. APPROVALS AND CONDITIONS *(Cont'd)*

Authority / Details of Conditions Imposed		Status of Compliance
(ix)	TGG should obtain all necessary approvals from all relevant parties in relation to the proposed ICULS and Alliance should submit a written confirmation on the same to the SC prior to the issue date of the ICULS;	Complied. All approvals for the proposed ICULS have been obtained. Alliance has submitted the confirmation of the same to the SC on 3 June 2010.
(x)	Alliance should remind all relevant parties including TGG and the trustee to the proposed ICULS, of the need to observe and fully comply with all statutory requirements, in particular, those set out in Division 4 of Part VI of the CMS Act;	Complied. Letters were sent to TGG and Maybank Trustees Berhad on 3 June 2010 to inform them of the same.
(xi)	Alliance/TGG should inform the SC of the status of compliance with the NDP requirement upon completion of the flotation exercise; and	Noted and to be complied with.
(xii)	Alliance/ TGG should comply with the relevant requirements relating to the implementation of the flotation proposal as stipulated in the Equity Guidelines.	Noted and to be complied with.
Conditions imposed by the SC vide its letter dated 23 February 2009		
(i)	For the purpose of complying with the 30% Bumiputera equity requirement upon listing, if TGG/MITI is unable to allocate the shares to the potential Bumiputera investors from the offer-for-sale portion, the unsubscribed shares shall be immediately offered to the public Bumiputera investors as part of the initial public offering balloting process. In this case, TGG will be deemed to have complied with the Bumiputera equity requirement once it has completed this process.	Noted and to be complied. The applicable Bumiputera equity requirement for a new listing shall be 12.5% which will be complied upon Listing.
Conditions imposed by the SC vide its letter dated 30 October 2009		
(i)	TGG to fulfill the profit track record requirement under the Equity Guidelines which came into effect on 3 August 2009. A copy of the audited financial statements of TGG for the FYE 31 December 2009 must be submitted to the SC prior to the submission of the registrable copy of the Prospectus.	TGG has fulfilled the profit track record requirement and the audited financial statements of TGG has been furnished to the SC on 15 April 2010.
Conditions imposed by the SC vide its letter dated 10 May 2010		
(i)	Alliance Investment Bank Berhad (Alliance) and TGG have undertaken all necessary due diligence in relation to the proposed revision;	Complied.
(ii)	Alliance to inform all relevant parties for the ICULS including, but not limited to, the trustee, on the proposed revision, and where applicable, obtain their consents thereto;	Noted and complied.

8. APPROVALS AND CONDITIONS *(Cont'd)*

Authority / Details of Conditions Imposed	Status of Compliance
(iii) Prior to the issuance date of the ICULS, Alliance should submit a soft copy (in "PDF" format) of the following documents to DS@seccom.com.my: (a) The revised PTC for the ICULS in the following format: • Font: Arial • Font Size: 11 • Margins (top, Down, Right, Left): 1.25" • Spacing: single (b) The supplement Trust Deed and/or Information Memorandum, if applicable;	Complied.
(iv) Alliance and TGG to ensure that all other regulator and other relevant parties' approvals, if required, for the proposed revision, have been obtained;	Noted and complied.
(v) Alliance to submit a written confirmation on compliance with the above conditions upon implementation of the ICULS; and	Complied.
(vi) TGG is required to allocate 10,200,000 offer shares to Bumiputera investors approved by MITI and offer 3,000,000 public issue shares under the balloted public offer portion to retail Bumiputera investors. In the event that TGG/MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting.	Noted.
Conditions imposed by the MITI vide its letters dated 14 July 2008	
(i) To obtain the SC's approval and comply with the Guidelines on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interests.	Complied. The approvals from the SC were obtained on 12 September 2008, 23 February 2009, 30 October 2009 and 10 May 2010.
(ii) TGG is required to inform the MITI of the shareholdings of the recognized Bumiputera investor, six (6) months after TGG is listed for the purpose of surveillance.	Noted and to be complied with.
Conditions imposed by the MITI vide its letters dated 25 March 2009	
(i) To obtain the SC's approval and comply with the Guidelines on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interests.	Complied. The approvals from the SC were obtained on 12 September 2008, 23 February 2009, 30 October 2009 and 10 May 2010.
Conditions imposed by the MITI vide its letters dated 24 May 2010	
(i) TGSC, being a MITI licenced company, is given the extension of time to comply with MITI's equity condition for one year from the date of its letter dated 24 May 2010.	To be complied.

Authority / Details of Conditions Imposed		Status of Compliance
(ii)	TGG must increase its efforts on complying with the equity condition imposed on TGSC during the extension of time to comply and for surveillance purposes, TGG must present reports of steps undertaken to comply with the equity condition every six (6) months to MITI.	To be complied.

The SC has taken note that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in TGG would change arising from the implementation of the listing proposal, as follows:

Category of Shareholders	Before the IPO[1] (%)	After the IPO[2] (%)
Bumiputera	-	27.10[3]
Non-Bumiputera	100.00	72.90
Foreign	-	-
Total	**100.00**	**100.00**

Notes:

1. *As at incorporation.*
2. *Excluding the effect from the conversion of the ICULS.*
3. *Inclusive of 10.0% of the enlarged share capital of TGG upon listing to be offered to Bumiputera investors nominated by TGG and/or MITI and approved by MITI and 2.94% of the enlarged share capital of TGG set aside for Bumiputera investors through the Public Issue.*

8.2 MORATORIUM ON THE SALE OF SHARES

Pursuant to the Equity Guidelines, all TGG Shares held by our Promoters at the date of admission of our Company to the Official List of the Main Market of Bursa Securities are to be placed under moratorium as set out below:

	< After the IPO >			
Promoter	**No. of TGG Shares held**	**% of share capital**	**No. of TGG Shares under moratorium**	**% of share capital**
GSB	51,203,001	50.20	51,203,001	50.20
PNS	14,437,499	14.15	14,437,499	14.15
Dato' Siah Kok Poay	2,236,748*	2.20	2,236,748*	2.20
Tan Lu Eng	203,252	0.20	203,252	0.20
Total	**68,080,500**	**66.75**	**68,080,500**	**66.75**

Note:

* *Inclusive of TGG Shares held by SRSB, a company which he is deemed interested in by virtue of Section 6A of the Act.*

The Promoters have fully accepted the moratorium. They will not be permitted to sell, transfer or assign any part of their Shares under moratorium within six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities. The ultimate shareholders of GSB, namely, Dato' Siah Kok Poay, Siah Lee Beng and Tan Lu Eng have also given their respective undertakings that they will not sell, transfer or assign their respective shareholding in GSB within six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

The restriction is specifically endorsed on the notice of allotment and share certificates representing the TGG Shares held by the Promoters which are under moratorium to ensure that trading of these shares is not allowed in compliance with the restriction imposed by the SC. The public is deemed to have notice of this restriction.

9. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

9.1 INTERESTS IN SIMILAR BUSINESSES, INTEREST IN BUSINESS OF OUR CUSTOMERS OR SUPPLIERS AND OTHER CONFLICT OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, neither the Directors nor substantial shareholders of the Company and its subsidiary and associated companies have any interest, direct or indirect, in any businesses and/or corporations carrying on a trade similar to that of our Group and/or any business or corporation which are also our customers or suppliers of our Group:

			Direct		Indirect		
Name	**Name of Company**	**Principal activities**	**No. of shares held**	**% held**	**No. of shares held**	**% held**	**Date of appointment as Directors**
PNS	SMPC Corporation Berhad	Manufacturing and trading of metal related products	13,217,000	20.45	-	-	N/A

SMPC Corporation Berhad ("SMPC")

Although PNS has a substantial equity interest in SMPC, which has business activities similar to that of the TGG Group, the Board is of the view that this will not give rise to conflict of interest situation given that PNS is principally involved in investing in companies to increase Bumiputera participation. Further, PNS is not involved in the management of either TGG or SMPC.

9.2 RELATED-PARTY TRANSACTIONS

Save for the TGH Acquisition and the TGO Acquisition as described in Section 5.3 of this Prospectus and the related-party transactions disclosed below, there are no existing or proposed related-party transactions entered/to be entered into between the Group and its Directors, substantial shareholders, persons connected with the Directors or substantial shareholders, key management and/or key technical personnel for the past three (3) FYE 31 December 2009 and FYE 31 December 2010 :

Related party	**Relationship**	**Nature of transaction**	**Value of the transaction for the FYE 31.12.2007 RM'000**	**Value of the transaction for the FYE 31.12.2008 RM'000**	**Value of the transaction for the FYE 31.12.2009 RM'000**	**Forecast value of the transaction for the FYE 31.12.2010 RM'000**
TGO*	58.34%-owned by Dato' Siah Kok Poay, 8.33%-owned by Tan Lu Eng and 33.33%-owned by SRSB	Purchase of steel materials from TGH Group	(1,877)	(453)	(1)	(15)
		Sales of steel materials to TGH Group	1,861	6,450	5,518	6,246

9. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST *(Cont'd)*

Related party	Relationship	Nature of transaction	Value of the transaction for the FYE 31.12.2007 RM'000	Value of the transaction for the FYE 31.12.2008 RM'000	Value of the transaction for the FYE 31.12.2009 RM'000	Forecast value of the transaction for the FYE 31.12.2010 RM'000
		Rental income received from TGH (1)	336	336	336	336
		Rental payable to TGSC (2)	(50)	(120)	(120)	(120)
Dato' Siah Kok Poay	President of TGG Group	Rental payable by TGH (3)	36	36	36	36
		Rental payable by TGH (4)	10	10	10	12

Notes:

* *TGO is currently a wholly-owned subsidiary company of TGG.*

(1) *For property bearing address No. 1237, Jalan Bagan Lallang, Bagan Lallang, 13400 Butterworth*

(2) *For property bearing address No. 1617, Lorong Perusahaan Maju 6, Prai Industrial Estate IV, 13600 Prai, Pulau Pinang*

(3) *For property bearing address 1604, Block B, Summervilla, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan*

(4) *For property bearing address B3-4-11, Subang Ville-Ehsan Apartment, Taman Sri Subang, Phase 5A, 46000 Petaling Jaya, Selangor Darul Ehsan*

Our Directors through our Audit Committee, will ensure that any recurrent related party transactions are carried out on an arm's length basis and are not prejudicial to TGG nor on terms more favourable to the related parties than those normally agreed with other customers/suppliers and are also not to the detriment of the Company and our minority shareholders. We intend to seek our shareholders' mandate in relation to any future transactions with related parties subsequent to our Listing.

Our Directors and substantial shareholders are not aware of any transactions that may give rise to a conflict of interests. No approvals were required from non-interested shareholders for the related-party transactions.

9.3 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the past three (3) FYE 31 December 2007 to 31 December 2009 immediately preceding the date of this Prospectus. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature, condition, involving goods, services, tangible or intangible assets, to which our Group was a party to.

9.4 LOANS MADE BY THE GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by the Group to or for the benefit of related parties during the past three (3) FYE 31 December 2007 to 31 December 2009.

9.5 PROMOTION OF MATERIAL ASSETS

Save as disclosed below, none of our Directors or substantial shareholders or any persons connected to our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which have, during the past three (3) FYE 31 December 2007 to 31 December 2009, been acquired or are proposed to be acquired or disposed of or are proposed to be disposed of or leased to or are proposed to be leased to our Group, or in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to our business taken as a whole:

(a) the Disposal of Shares in Nippon EGalv as disclosed in Section 5.1.1 of this Prospectus;

(b) the Acquisitions as disclosed in Sections 5.2.1 and 5.3.2 of this Prospectus; and

(c) the related party transactions as disclosed in Section 9.2 of this Prospectus.

9.6 DECLARATION BY EXPERTS

Save as disclosed below, Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Sole Underwriter and Sole Placement Agent for our Listing.

Alliance Bank Malaysia Berhad, the holding company of Alliance, has the following banking facilities with our Group:

Type of Facilities	Principal Amount Approved RM'000	Amount outstanding as at Latest Practicable Date RM'000
Trade line	12,300	12,180
Term loan	4,594	1,343
Overdraft	500	388
Total	17,394	13,911

The abovementioned banking facilities to TGG Group is in the ordinary course of business as a financial institution. The proceeds raised from the Public Issue will not be utilised for the purpose of repayment of these banking facilities. As such, Alliance is of the opinion that it will not constitute an existing or potential conflict of interest for Alliance to act as the Adviser, Sole Underwriter and Sole Placement Agent for our Listing.

In addition, the issuance of ICULS will not be made to Alliance as part of any agreed terms of repayment of any of the facilities that Alliance has extended to TGG Group. As such, Alliance is of the opinion that it will not constitute an existing or potential conflict of interest for Alliance to act as the Adviser, Sole Underwriter and Sole Placement Agent for our Listing.

KPMG confirms that there is no existing or potential conflict of interests in its capacity as the Auditors/Reporting Accountants for our Listing.

Ong and Manecksha confirms that there is no existing or potential conflict of interests in its capacity as the Due Diligence Solicitors for our Listing.

Frost & Sullivan confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultants for our Listing.

Raine & Horne International Zaki + Partners Sdn Bhd confirms that there is no existing or potential conflict of interests in its capacity as the independent property valuer for our Listing.

Mayban Trustees Berhad confirms that there is no existing or potential conflict of interests in its capacity as the trustee in relation to the TGG ICULS as part of our Listing.

10. HISTORICAL FINANCIAL INFORMATION

The following sections set out the summary of our proforma consolidated income statements for the past five (5) financial years up to FYE 31 December 2009, our proforma consolidated balance sheets as at 31 December 2009 and our proforma consolidated cash flows for the FYE 31 December 2009 (collectively referred to as the "Proforma Consolidated Financial Information"), which we have prepared for illustrative purposes only. Our Proforma Consolidated Financial Information has been prepared based on the audited financial statements of TGG and its subsidiary and associated companies which were prepared in accordance with approved accounting standards for private entities in Malaysia and after giving effect to the proforma adjustments considered appropriate. In addition, the Proforma Consolidated Financial Information has been properly compiled on the basis consistent with those previously adopted in the preparation of the audited financial statements of our Group.

You should read the Proforma Consolidated Financial Information in conjunction with the "Management Discussion and Analysis of Financial Condition, Results of Operation and Prospects" as set out in Section 12 of this Prospectus.

10.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

We have prepared our proforma consolidated income statements for the past five (5) financial years up to FYE 31 December 2009 for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review. We advise you to read our proforma consolidated income statements together with the accompanying notes and assumptions included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 10.4 below.

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
Revenue	178,240,106	210,907,047	239,661,911	272,603,529	225,367,627
Profit before depreciation and interest	12,865,316	17,577,030	21,783,701	19,582,915	26,765,182
Depreciation	(2,591,389)	(3,553,119)	(4,356,750)	(5,568,500)	(9,748,040)
Interest expense	(3,718,872)	(5,565,385)	(8,213,640)	(8,229,386)	(8,390,520)
Other operating income	804,212	1,091,264	577,768	1,934,270	2,007,433
Profit before taxation and share of results of associate	7,359,267	9,549,790	9,791,079	7,719,299	10,634,055
Share of results of associate, net of tax	443,969	1,033,983	1,614,566	278,913	(154,673)
Profit before taxation	7,803,236	10,583,773	11,405,645	7,998,212	10,479,382
Tax expense	(1,615,191)	(1,868,192)	(2,324,757)	(4,107,524)	(3,611,326)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056
Attributable to :					
Shareholders of the Company	6,188,045	8,715,581	9,080,888	4,172,643	7,101,256
Minority interest	-	-	-	(281,955)	(233,200)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056

10. HISTORICAL FINANCIAL INFORMATION

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
Gross profit	19,741,518	25,530,386	29,614,994	29,166,636	33,388,138
Gross profit margin (%) [1]	11.08	12.11	12.36	10.70	14.81
Pre-tax profit margin (%) [2]	4.38	5.02	4.76	2.93	4.65
Net profit margin (%) [3]	3.47	4.13	3.79	1.43	3.05
Gross dividend rate (%)	-	-	-	-	
After the Acquisitions					
Number of ordinary shares assumed to be in issue	87,440,000	87,440,000	87,440,000	87,440,000	87,440,000
Gross earnings per share (sen) [4]	8.92	12.10	13.04	9.15	11.98
Net earnings per share (sen) [5]	7.08	9.97	10.39	4.77	8.12
After the Acquisitions and TGG ICULS conversion					
Number of ordinary shares assumed to be in issue	140,543,448	140,543,448	140,543,448	140,543,448	140,543,448
Diluted earnings per share					
Gross earnings per share (sen) [4]	5.55	7.53	8.12	5.69	7.46
Net earnings per share (sen) [5]	4.40	6.20	6.46	2.97	5.05

Notes:

(1) Gross profit over revenue.
(2) Profit before taxation over revenue.
(3) Profit for the year over revenue.
(4) Profit before taxation over number of ordinary shares assumed to be in issue.
(5) Profit for the year attributable to shareholders of the Company over number of ordinary shares assumed to be in issue.

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10.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009 AFTER INCORPORATING THE EFFECTS OF THE LISTING SCHEME

The following table sets out the proforma consolidated balance sheets for our Group as at 31 December 2009, assuming that the Listing and utilisation of the proceeds had been effected as at that date. We have prepared the proforma consolidated balance sheets for illustrative purposes only and you should read it in conjunction with the notes and assumptions to the proforma consolidated balance sheets included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 10.4 of this Prospectus.

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Assets					
Property, plant and equipment	-	186,317,851	186,317,851	186,317,851	186,317,851
Intangible assets	-	980,950	980,950	980,950	980,950
Prepaid lease payments	-	13,207,626	13,207,626	13,207,626	13,207,626
Investment properties		2,076,276	2,076,276	2,076,276	2,076,276
Investment in an associate	-	5,387,451	5,387,451	5,387,451	5,387,451
Other investments	-	198,400	198,400	198,400	198,400
Total non-current assets	-	208,168,554	208,168,554	208,168,554	208,168,554
Current assets					
Inventories	-	98,051,308	98,051,308	98,051,308	98,051,308
Receivables, deposits and prepayments	2,500	61,923,182	61,923,182	61,923,182	61,923,182
Current tax assets	-	662,060	662,060	662,060	662,060
Asset classified as held for sale	-	733,936	733,936	733,936	733,936
Cash and cash equivalents	113	11,417,902	27,917,902	27,917,902	27,917,902
Total current assets	2,613	172,788,388	189,288,388	189,288,388	189,288,388
Total assets	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Equity					
Share capital	2	43,720,000	43,720,000	51,000,000	77,551,724
ICULS [(1)]	-	27,993,592	27,993,592	27,993,592	-
Reserves	(103,812)	40,175,338	43,673,861	42,338,661	46,586,937
Total equity attributable to shareholders of the Company	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Minority interest	-	4,044,905	17,046,382	17,046,382	17,046,382
Total equity	(103,810)	115,933,835	132,433,835	138,378,635	141,185,043

10. HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Liabilities					
Borrowings	-	33,456,804	33,456,804	27,512,004	24,705,596
Deferred tax liabilities	-	19,207,172	19,207,172	19,207,172	19,207,172
Total non-current liabilities	-	52,663,976	52,663,976	46,719,176	43,912,768
Current liabilities					
Payables and accruals	106,423	56,325,481	56,325,481	56,325,481	56,325,481
Borrowings	-	155,459,899	155,459,899	155,459,899	155,459,899
Current tax liabilities	-	573,751	573,751	573,751	573,751
Total current liabilities	106,423	212,359,131	212,359,131	212,359,131	212,359,131
Total liabilities	106,423	265,023,107	265,023,107	259,078,307	256,271,899
Total equity and liabilities	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Ratios					
Number of ordinary shares in issue	2	87,440,000	87,440,000	102,000,000	155,103,448
Net tangible assets (NTA)	(103,810)	110,907,980	114,406,503	120,351,303	123,157,711
NTA per ordinary share (RM) (2)	(51,905)	1.27	1.31	1.18	0.79
Net assets (NA)	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Net assets (NA) per ordinary share (RM) (3)	(51,905)	1.31	1.32	1.19	0.80

Notes:

Proforma I — *After TGH Acquisition and TGO Acquisition.*
Proforma II — *After Proforma I and Disposal of Shares in Nippon EGalv.*
Proforma III — *After Proforma II, Public Issue and utilisation of proceeds from the Public Issue.*
Proforma IV — *After Proforma III and assuming full conversion of TGG ICULS to TGG Shares.*

(1) Represents TGG ICULS assumed to be issued at 100% of its nominal value amounting to RM30,800,000. The TGG ICULS have been separated into both the equity and the liability component where the latter represents the fair value of the interest commitment relating to the TGG ICULS over the tenure of the TGG ICULS.

(2) NTA over total number of ordinary shares in issue.

(3) NA over total number of ordinary shares in issue.

10.3 PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following table sets out the summary of the proforma consolidated cash flow statements of our Group for the FYE 31 December 2009. This proforma consolidated cash flows has been extracted from and should be read in conjunction with the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 10.4 of this Prospectus.

	2009
	RM
Cash flows from operating activities	
Profit before tax	10,479,382
Adjustments for :	
Depreciation on property, plant and equipment	9,240,222
Amortisation of intangible assets	232,574
Amortisation of prepaid lease payments	275,244
Depreciation of investment properties	15,040
Interest income	(188,111)
Gain on disposal of plant and equipment	(20,000)
Dividend income	(1,785)
Share of profit of equity accounted associate	154,673
Interest expense	8,390,520
Operating profit before working capital changes	28,577,759
Changes in working capital :	
Inventories	(12,570,358)
Receivables, deposits and prepayments	(5,364,003)
Payables and accruals	19,021,329
Cash generated from operations	29,664,727
Income tax paid	(2,861,504)
Net cash generated from operating activities	26,803,223

	2009 RM
Cash flows from investing activities	
Acquisition of plant and equipment (Note 1)	(31,797,938)
Proceeds from disposal of plant and equipment	20,000
Interest received	188,111
Dividend received	86,159
Net cash used in investing activities	(31,503,668)
Cash flows from financing activities	
Interest paid	(8,390,520)
Drawdown of term loans	7,016,435
Repayment of term loans	(10,027,327)
Proceeds from disposal of shares in Nippon EGalv	16,500,000
Drawdown of short term borrowings, net	15,209,908
Payment of listing expenses	(2,500,000)
Proceeds from public issue	8,445,000
Repayment of finance lease obligations	(3,894,301)
Withdrawal of pledged fixed deposits	411,970
Net cash generated from financing activities	22,771,165
Net increase in cash and cash equivalents	18,070,720
Cash and cash equivalents at 1 January	(3,849,534)
Cash and cash equivalents at 31 December (Note 2)	14,221,186

Notes:

(1) Acquisition of plant and equipment

During the year, the proforma Group acquired plant and equipment with an aggregate cost of RM35,164,036 of which RM886,560 was acquired by means of finance lease arrangements and RM2,376,000 remained unpaid at 31 December 2009. The balance of RM31,901,476 included an amount of RM103,538 being interest expense capitalised which is reflected as interest paid under cash flow from financing activities.

(2) Cash and cash equivalents

Cash and cash equivalents (excluding pledged fixed deposits) comprise the following amounts:

	2009 RM'000
Cash and bank balances	*18,656,297*
Bank overdrafts	*(4,435,111)*
	14,221,186

10.4 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA FINANCIAL INFORMATION

(prepared for the inclusion in this Prospectus)

KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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Fax +60 (4) 227 1888
Internet www.kpmg.com.my

The Board of Directors
Tatt Giap Group Berhad
1617, Lorong Perusahaan Maju 6
Prai Industrial Estate 4
13600 Prai
Penang

Your ref

Our ref RC/LKT/TGGpfi

Contact 604-227 2288

Date : 22 JUN 2010

Dear Sirs

Tatt Giap Group Berhad ("TGG" or "The Company")
Reporting accountants' letter on the proforma consolidated financial information

We report on the proforma consolidated financial information of TGG and its subsidiaries ("TGG Group" or "the Group") as set out in Prospectus. The proforma consolidated financial information has been prepared for illustrative purposes only on basis of assumptions as set out in Section 9 of this report and after making certain adjustments to show what:

i) the financial results of TGG Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods being reported on;

ii) the financial position of TGG Group as of 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place on 31 December 2009 adjusted for the Nippon EGalv Sdn Bhd Dilution, proceeds of the Public Issue (as defined herein), utilisation of funds and assuming full conversion of TGG ICULS (as defined herein); and

iii) the cash flows of TGG Group for the financial year ended 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the financial year ended 31 December 2009 adjusted for the Nippon EGalv Sdn. Bhd. Dilution, proceeds of the Public Issue (as defined herein), utilisation of funds.

It is the sole responsibility of the Board of Directors of TGG to prepare the proforma consolidated financial information. Our responsibility is to form an opinion on the proforma consolidated financial information and to report our opinion to you based on our work.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of TGG and its subsidiaries for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 and considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of TGG.

In our opinion,

i) the proforma consolidated financial information has been properly prepared from the audited financial statements of TGG and its subsidiaries and the audited financial statements of TGO (as defined herein) which were prepared in accordance with Financial Reporting Standards in Malaysia;

ii) such basis is consistent with the significant accounting policies (as set out in Section 6.2 of this report) to be adopted by TGG Group;

iii) each material adjustments made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information; and

iv) the proforma consolidated financial information has been properly prepared on the basis of assumptions stated as set out in Section 9 of this report.

Yours faithfully

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

INTRODUCTION

1. The summarised proforma consolidated financial information, comprising the proforma consolidated income statements for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009, the proforma consolidated balance sheet as at 31 December 2009, the proforma consolidated cash flow statement for the year ended 31 December 2009, have been prepared for inclusion in the Prospectus in connection with the listing of TGG on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. LISTING SCHEME

In conjunction with, and as an integral part of the listing and quotation of the entire issued and paid-up capital of TGG on the Main Market of Bursa Securities, TGG undertook the following exercises:

2.1 Share Split

TGG sub-divided its issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1 each into RM2 comprising 4 ordinary shares of RM0.50 each.

2.2 Tatt Giap Hardware Sdn. Bhd. ("TGH") Acquisition

Acquisition by TGG of the entire issued and paid-up share capital of TGH comprising 20,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM73,299,998 fully satisfied by the following:

(i) RM42,499,998 fully satisfied by the issue of 84,999,996 new TGG Shares at RM0.50 per TGG Share; and

(ii) RM30,800,000 fully satisfied by the issuance of 30,800,000 TGG nominal value of Irredeemable Convertible Unsecured Loan Stocks ("TGG ICULS") at 100% of its nominal value.

2.3 TG Oriental Steel Sdn. Bhd. ("TGO") Acquisition

Acquisition by TGG of the entire issued and paid-up share capital of TGO comprising 1,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,220,000 fully satisfied by the issue of 2,440,000 new TGG Shares at RM0.50 per TGG Share.

2.4 Nippon EGalv Sdn Bhd ("Nippon EGalv") Dilution

Disposal by TGSC of 5,625,000 ordinary shares or 25% of the total issued and paid-up share capital of Nippon EGalv for a total consideration of RM16,500,000 fully satisfied in cash.

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2. LISTING SCHEME (Cont'd)

2.5 Public Issue

Public issue of 14,560,000 new TGG Shares representing approximately 14.27% of the enlarged issued and paid-up share capital of TGG (prior to the conversion of the TGG ICULS), at the issue price of RM0.58 per TGG Share allocated and allotted in the following manner:

(a) Malaysian Public

6,000,000 new TGG Shares, representing approximately 5.88% of the enlarged issued and paid-up share capital of TGG (prior to the conversion of TGG ICULS), to be made available for application by the public, of which, to the extent possible, at least 50% is to be set aside for Bumiputera investors;

(b) Directors and employees of TGG and its subsidiaries

2,000,000 new TGG Shares, representing approximately 1.96% of the enlarged issued and paid-up share capital of TGG (prior to the conversion of TGG ICULS), to be reserved for the eligible Directors and employees of TGG and its subsidiaries; and

(c) Private placement

6,560,000 new TGG Shares, representing approximately 6.43% of the enlarged issued and paid-up share capital of TGG (prior to the conversion of TGG ICULS), to be placed by way of private placement to identified investors.

2.6 Offer for Sale

The Offer for Sale of:

(i) 4,000,000 TGG Shares to be offered by the Offerors to identified investors at an offer price of RM0.58 per Share;

(ii) 10,200,000 TGG Shares to be offered by the Offerors to Bumiputera investors approved by the MITI at an offer price of RM0.58 per Share; and

(iii) RM10,000 TGG ICULS to be offered by GSB at an offer price of 100% of the nominal value to the Malaysian public

2. LISTING SCHEME (Cont'd)

2.7 Listing

Admission of TGG to the Official List on the Main Market of Bursa Securities and listing of and quotation for the following on the Main Market of Bursa Securities:

(i) the entire enlarged issued and paid-up share capital of TGG of RM51,000,000 comprising 102,000,000 TGG Shares;

(ii) RM30,800,000 TGG ICULS; and

(iii) 53,103,448 new TGG Shares to be issued upon conversion of the TGG ICULS.

The above exercises were approved by the Securities Commission on 10 May 2010.

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3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF TGG GROUP

3.1 The summarised proforma consolidated income statements of TGG Group for the past five (5) financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 have been prepared for illustrative purposes assuming that the TGG Group had been in existence throughout the financial years under review.

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
Revenue	178,240,106	210,907,047	239,661,911	272,603,529	225,367,627
Profit before depreciation and interest	12,865,316	17,577,030	21,783,701	19,582,915	26,765,182
Depreciation	(2,591,389)	(3,553,119)	(4,356,750)	(5,568,500)	(9,748,040)
Interest expense	(3,718,872)	(5,565,385)	(8,213,640)	(8,229,386)	(8,390,520)
Other operating income	804,212	1,091,264	577,768	1,934,270	2,007,433
Profit before taxation and share of results of associate	7,359,267	9,549,790	9,791,079	7,719,299	10,634,055
Share of results of associate, net of tax	443,969	1,033,983	1,614,566	278,913	(154,673)
Profit before taxation	7,803,236	10,583,773	11,405,645	7,998,212	10,479,382
Tax expense	(1,615,191)	(1,868,192)	(2,324,757)	(4,107,524)	(3,611,326)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056
Attributable to :					
Shareholders of the Company	6,188,045	8,715,581	9,080,888	4,172,643	7,101,256
Minority interest	-	-	-	(281,955)	(233,200)
Profit for the year	6,188,045	8,715,581	9,080,888	3,890,688	6,868,056
Gross profit	19,741,518	25,530,386	29,614,994	29,166,636	33,388,138
Gross profit margin (%) [1]	11.08	12.11	12.36	10.70	14.81
Pre-tax profit margin (%) [2]	4.38	5.02	4.76	2.93	4.65
Net profit margin (%) [3]	3.47	4.13	3.79	1.43	3.05
Gross dividend rate (%)	-	-	-	-	-
After the Acquisitions					
Number of ordinary shares assumed to be in issue	87,440,000	87,440,000	87,440,000	87,440,000	87,440,000
Gross earnings per share (sen) [4]	8.92	12.10	13.04	9.15	11.98
Net earnings per share (sen) [5]	7.08	9.97	10.39	4.77	8.12

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3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF TGG GROUP (Cont'd)

	31.12.05 RM	31.12.06 RM	31.12.07 RM	31.12.08 RM	31.12.09 RM
After the Acquisitions and TGG ICULS conversion					
Number of ordinary shares assumed to be in issue	140,543,448	140,543,448	140,543,448	140,543,448	140,543,448
Diluted earnings per share					
Gross earnings per share (sen) [4]	5.55	7.53	8.12	5.69	7.46
Net earnings per share (sen) [5]	4.40	6.20	6.46	2.97	5.05

[1] Gross profit over revenue
[2] Profit before taxation over revenue
[3] Profit for the year over revenue
[4] Profit before taxation over number of ordinary shares assumed to be in issue
[5] Profit for the year attributable to shareholders of the Company over number of ordinary shares assumed to be in issue

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3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF TGG GROUP (CONT'D)

3.1.1 Notes to the Summarised Proforma Consolidated Income Statements of TGG Group

i) For the purpose of the notes to the proforma consolidated financial information, the following definitions will apply:

TGH	Tatt Giap Hardware Sdn Bhd
TGO	TG Oriental Steel Sdn Bhd
<u>Subsidiaries of TGH</u>	
TGSC	Tatt Giap Steel Centre Sdn Bhd
Nippon EGalv	Nippon EGalv Steel Sdn Bhd (formerly known as E-Galv Steel Industry Sdn Bhd)
SPI	Superinox Pipe Industry Sdn Bhd
SISB	Superinox International Sdn Bhd
TGPM	Tatt Giap Perforated Metals Sdn Bhd
TGMI	TGMI Industries Sdn Bhd
FI	Formosa Industries Sdn Bhd

ii) The summarised proforma consolidated income statements of TGG Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 are prepared for illustrative purposes only and are based on the audited financial statements of TGG, TGH, TGSC, Nippon EGalv, SPI, SISB, TGPM, TGMI, FI and TGO, after making the relevant adjustments deemed necessary to eliminate the transactions between TGH and its subsidiaries and TGO as follows:

(a) Sales by TGH and its subsidiaries to TGO for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;

(b) Purchases by TGH and its subsidiaries from TGO for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;

(c) Rental charged by TGH and its subsidiaries to TGO for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007 and 31 December 2008; and

(d) Rental charged by TGO to TGH and its subsidiaries for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009.

3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF TGG GROUP (CONT'D)

iii) There were no extraordinary or exceptional items for all the years under review other than the inventories written down by TGG Group of RM3,317,000 during the financial year ended 31 December 2008.

iv) The proforma gross earnings per share has been calculated based on the profit before taxation and on the assumption that the issued and paid-up share capital of TGG Group of 87,440,000 ordinary shares of RM0.50 each had been in issue throughout the years under review.

The proforma net earnings per share has been calculated based on the profit for the year attributable to shareholders of the Company and on the assumption that the issued and paid-up share capital of TGG Group of 87,440,000 ordinary shares of RM0.50 each had been in issue throughout the years under review.

v) The proforma diluted gross earnings per share has been calculated based on the profit before taxation and on the assumption that the issued and paid-up share capital of TGG Group (after the Acquisitions and full conversion of TGG ICULS) of 140,543,448 ordinary shares of RM0.50 each had been in issue throughout the years under review.

The proforma diluted net earnings per share has been calculated based on the profit for the year attributable to shareholders of the Company and on the assumption that the issued and paid-up share capital of TGG Group (after the Acquisitions and full conversion of TGG ICULS) of 140,543,448 ordinary shares of RM0.50 each had been in issue throughout the years under review.

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4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF TGG GROUP

4.1 The proforma consolidated balance sheets of TGG Group as at 31 December 2009 have been prepared for illustrative purposes only assuming that the TGH Acquisition, TGO Acquisition, Nippon EGalv Dilution, Public Issue and full conversion of TGG ICULS had been completed as at that date. The proforma consolidated balance sheets should be read in conjunction with the basis of assumptions set out in the notes below.

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Assets					
Property, plant and equipment	-	186,317,851	186,317,851	186,317,851	186,317,851
Intangible assets	-	980,950	980,950	980,950	980,950
Prepaid lease payments	-	13,207,626	13,207,626	13,207,626	13,207,626
Investment properties		2,076,276	2,076,276	2,076,276	2,076,276
Investment in an associate	-	5,387,451	5,387,451	5,387,451	5,387,451
Other investments	-	198,400	198,400	198,400	198,400
Total non-current assets	-	208,168,554	208,168,554	208,168,554	208,168,554
Current assets					
Inventories	-	98,051,308	98,051,308	98,051,308	98,051,308
Receivables, deposits and prepayments	2,500	61,923,182	61,923,182	61,923,182	61,923,182
Current tax assets	-	662,060	662,060	662,060	662,060
Asset classified as held for sale	-	733,936	733,936	733,936	733,936
Cash and cash equivalents	113	11,417,902	27,917,902	27,917,902	27,917,902
Total current assets	2,613	172,788,388	189,288,388	189,288,388	189,288,388
Total assets	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Equity					
Share capital	2	43,720,000	43,720,000	51,000,000	77,551,724
ICULS [1]	-	27,993,592	27,993,592	27,993,592	-
Reserves	(103,812)	40,175,338	43,673,861	42,338,661	46,586,937
Total equity attributable to shareholders of the Company	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Minority interest	-	4,044,905	17,046,382	17,046,382	17,046,382
Total equity	(103,810)	115,933,835	132,433,835	138,378,635	141,185,043

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4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF TGG GROUP (CONT'D)

	Company RM	Proforma (I) RM	Proforma (II) RM	Proforma (III) RM	Proforma (IV) RM
Liabilities					
Borrowings	-	33,456,804	33,456,804	27,512,004	24,705,596
Deferred tax liabilities	-	19,207,172	19,207,172	19,207,172	19,207,172
Total non-current liabilities	-	52,663,976	52,663,976	46,719,176	43,912,768
Current liabilities					
Payables and accruals	106,423	56,325,481	56,325,481	56,325,481	56,325,481
Borrowings	-	155,459,899	155,459,899	155,459,899	155,459,899
Current tax liabilities	-	573,751	573,751	573,751	573,751
Total current liabilities	106,423	212,359,131	212,359,131	212,359,131	212,359,131
Total liabilities	106,423	265,023,107	265,023,107	259,078,307	256,271,899
Total equity and liabilities	2,613	380,956,942	397,456,942	397,456,942	397,456,942
Ratios					
Number of ordinary shares in issue	2	87,440,000	87,440,000	102,000,000	155,103,448
Net tangible assets (NTA)	(103,810)	110,907,980	114,406,503	120,351,303	123,157,711
NTA per ordinary share (RM) [2]	(51,905)	1.27	1.31	1.18	0.79
Net assets (NA)	(103,810)	111,888,930	115,387,453	121,332,253	124,138,661
Net assets (NA) per ordinary share (RM) [3]	(51,905)	1.31	1.32	1.19	0.80

[1] Represents TGG ICULS assumed to be issued at 100% of its nominal value amounting to RM30,800,000. The TGG ICULS have been separated into both the equity and the liability component where the latter represents the fair value of the interest commitment relating to the TGG ICULS over the tenure of the TGG ICULS.

[2] NTA over total number of ordinary shares in issue.

[3] NA over total number of ordinary shares in issue.

4.2 Notes to the proforma consolidated balance sheets of TGG Group as at 31 December 2009

The proforma consolidated balance sheets together with the notes thereon have been prepared based on accounting principles and bases consistent with those to be adopted by TGG Group for the financial year ended 31 December 2009, a summary of which is set out in Section 6.1 of this report, and are presented in a form suitable for inclusion in the Prospectus. There will be no significant changes in the accounting policies to be adopted by the Group except for the adoption of the new and revised Financial Reporting Standards ("FRSs") Interpretations and amendments issued by the Malaysian Accounting Standards Board ("MASB") that are effective for TGG Group's first annual reporting date after its listing on the Main Market of Bursa Securities. The adoption of the above new and revised FRSs, Interpretations and amendments will not have a significant financial impact on TGG Group.

4.2.1 The proforma consolidated balance sheets of TGG Group have been prepared for illustrative purposes only assuming TGG Group had been in existence on that date and are based on the audited financial statements of TGG, TGH, TGSC, Nippon EGalv, SPI, SISB, TGPM, TGMI, FI and TGO as at 31 December 2009.

Intercompany balances have been eliminated in arriving at the proforma consolidated balance sheets.

4.2.2 The following transactions are assumed to have been effected as at 31 December 2009:

(I) Proforma I

Proforma I incorporates the Share Split, TGH Acquisition and TGO Acquisition as set out in Sections 2.1 to 2.3 respectively of this report.

For the purpose of the proforma consolidated balance sheets, the fair values of the assets and liabilities of TGH and its subsidiaries and TGO are assumed to approximate their carrying values as at 31 December 2009.

The TGH Acquisition is accounted for using reverse acquisition method of accounting in accordance with Financial Reporting Standards No. 3, Business Combinations ("FRS 3"). Upon completion of the TGH acquisition, TGG will become the legal parent company of TGG Group. Due to the relative values of TGH, the former shareholders of TGH will become the majority shareholders of TGG. Accordingly, the substance of the business combination is that TGH acquires TGG in a reverse acquisition. Under FRS 3, as a result of the reverse acquisition which was assumed to have taken place on 31 December 2009, the proforma consolidated balance sheets have been prepared in the name of the legal parent, TGG, but it represents a continuation of the balance sheet of the legal subsidiary, TGH, which is deemed as the acquirer.

The TGO Acquisition is accounted for using purchase method of accounting.

4.2 Notes to the proforma consolidated balance sheets of TGG Group as at 31 December 2009 (Cont'd)

(II) Proforma II

Proforma II incorporates Proforma I and the Nippon EGalv Dilution assuming that the Nippon EGalv Dilution took place on 31 December 2009 as set out in Section 2.4 of this report.

(III) Proforma III

Proforma III incorporates Proforma I, Proforma II, Public Issue and Listing as set out in Sections 2.5 to 2.7 of this report respectively and the following:

i) Estimated share issue expenses of RM2,500,000 will be allocated to both the new shares and existing shares on a rational and consistent basis to be set off against share premium account or expensed to the income statement as appropriate.

For the purpose of the proforma balance sheets, RM1,000,000 of the estimated share issue expense is assumed to be incurred in respect of the issuance of new shares and hence, is set off against the share premium account. The balance of RM1,500,000 is expensed to the income statement; and

ii) Utilisation of gross proceeds from the Public Issue of RM8,444,800 as set out in Note 4.2.3 of this report.

(IV) Proforma IV

Proforma IV incorporates Proforma I, Proforma II and Proforma III and assuming full conversion of TGG ICULS into ordinary shares of TGG.

4.2.3 The gross proceeds of RM8,444,800 from the Public Issue will be utilised as follows:

	RM
Repayment of term loan borrowings	5,944,800
Estimated share issue expenses	2,500,000
	8,444,800

4.2 Notes to the proforma consolidated balance sheets of TGG Group as at 31 December 2009 (Cont'd)

4.2.4. The movements of the issued and paid-up share capital and the share premium account of TGG after taking into account the transactions mentioned in Notes 4.2.2 to 4.2.3 above are as follows:

	Number of ordinary shares '000	Par value RM	Share capital RM'000	Share premium RM'000
Balance at date of incorporation	*	1.00	*	-
Proforma I				
- Effect of Share Split	^	0.50	^	-
- Issued pursuant to TGH Acquisition	85,000	0.50	42,500	-
- Issued pursuant to TGO Acquisition	2,440	0.50	1,220	-
After Proforma I	87,440	0.50	43,720	-
Proforma II	-		-	-
After Proforma II	87,440	0.50	43,720	-
Proforma III				
- Public Issue	14,560	0.50	7,280	1,165
- Estimated share issue expenses	-		-	# (1,000)
After Proforma III	102,000	0.50	51,000	165
Proforma IV				
- Issued pursuant to conversion of TGG ICULS	53,103	0.50	26,552	4,248
After Proforma IV	155,103	0.50	77,552	4,413

* Denotes RM2.00 comprising 2 ordinary shares of RM1.00 each.

^ Denotes RM2.00 comprising 4 ordinary shares of RM0.50 each.

\# Being amount assumed to be incurred in respect of issuance of new shares and set off against the share premium account.

4.2 Notes to the proforma consolidated balance sheets of TGG Group as at 31 December 2009 (Cont'd)

4.2.5 The movements in cash and cash equivalents of TGG Group after taking into account the transactions mentioned in Notes 4.2.2 to 4.2.3 above are as follows:

	RM'000
Balance as at 31 December 2009	#
Proforma I - TGH Acquisition	(1,291)
- TGO Acquisition	(988)
After Proforma I	(2,279)
Proforma II – proceeds from Nippon EGalv Dilution	16,500
After Proforma II	14,221
Proforma III	
- Public Issue	8,445
- Estimated share issue expenses	(2,500)
- Repayment of term loans	(5,945)
After Proforma III	14,221
Proforma IV	
- Full conversion of TGG ICULS	-
After Proforma IV	14,221

- denotes RM113

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5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The proforma consolidated cash flow statement of TGG Group for the financial year ended 31 December 2009 set out below, is based on the audited financial statements of TGG, TGH, TGSC, Nippon EGalv, SPI, SISB, TGPM, TGMI, FI and TGO.

The proforma consolidated cash flow statement is provided for illustrative purposes only, and has been presented on the basis that the TGH Acquisition, TGO Acquisition, Nippon EGalv Dilution, Public Issue (including the utilisation of the public issue proceeds) and assuming full conversion of TGG ICULS had been in effect throughout the financial year under review.

5.1 TGG Group

	2009 RM
Cash flows from operating activities	
Profit before tax	10,479,382
Adjustments for :	
Depreciation on property, plant and equipment	9,240,222
Amortisation of intangible assets	232,574
Amortisation of prepaid lease payments	275,244
Depreciation of investment properties	15,040
Interest income	(188,111)
Gain on disposal of plant and equipment	(20,000)
Dividend income	(1,785)
Share of profit of equity accounted associate	154,673
Interest expense	8,390,520
Operating profit before working capital changes	28,577,759
Changes in working capital :	
Inventories	(12,570,358)
Receivables, deposits and prepayments	(5,364,003)
Payables and accruals	19,021,529
Cash generated from operations	29,664,927
Income tax paid	(2,861,504)
Net cash generated from operating activities	26,803,423

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5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

	2009 RM
Cash flows from investing activities	
Acquisition of plant and equipment (Note A)	(31,797,938)
Proceeds from disposal of plant and equipment	20,000
Interest received	188,111
Proceeds from disposal of shares in Nippon EGalv	16,500,000
Dividend received	86,159
Net cash used in investing activities	(15,003,668)
Cash flows from financing activities	
Interest paid	(8,390,520)
Drawdown of term loans	7,016,435
Repayment of term loans	(10,027,327)
Drawdown of short term borrowings, net	15,209,908
Payment of listing expenses	(2,500,000)
Proceeds from public issue	8,444,800
Repayment of finance lease obligations	(3,894,301)
Withdrawal of pledged fixed deposits	411,970
Net cash generated from financing activities	6,270,965
Net increase in cash and cash equivalents	18,070,720
Cash and cash equivalents at 1 January	(3,849,534)
Cash and cash equivalents at 31 December (Note B)	14,221,186

NOTE:

(A) Acquisition of property, plant and equipment

During the year, TGG Group acquired plant and equipment with an aggregate cost of RM35,164,036 of which RM886,560 was acquired by means of finance lease arrangements and RM2,376,000 remained unpaid at 31 December 2009. The balance of RM31,901,476 included an amount of RM103,538 being interest expense capitalised which is reflected as interest paid under cash flow from financing activities.

5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

NOTE :

(B) Cash and cash equivalents

Cash and cash equivalents (excluding pledged fixed deposits) comprise the following amounts:

	2009
	RM
Cash and bank balances	18,656,297
Bank overdrafts	(4,435,111)
	14,221,186

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6. STATEMENT OF ASSETS AND LIABILITIES

The detailed statement of assets and liabilities has been prepared for illustrative purposes only and is based on the audited balance sheet of TGG, TGH and its subsidiaries and TGO as at 31 December 2009.

The proforma statement of assets and liabilities has been prepared using the reverse acquisition method of accounting for the TGH Acquisition and the purchase method of accounting for the TGO Acquisition (collectively known as "the Acquisitions"), to show the effects of the Acquisitions, Public Issue, utilisation of proceeds from the Public Issue, estimated share issue expenses of RM2,500,000 and full conversion of TGG ICULS on the assumption that the respective transactions had been completed on 31 December 2009 and should be read in conjunction with the notes thereon:-

	Note	Audited Company RM	Proforma Group RM
Assets			
Property, plant and equipment	6.3	-	186,317,851
Intangible assets	6.4	-	980,950
Prepaid lease payments	6.5	-	13,207,626
Investment properties	6.6	-	2,076,276
Investment in an associate	6.7	-	5,387,451
Other investments	6.8	-	198,400
Total non-current assets		-	208,168,554
Current assets			
Inventories	6.9	-	98,051,308
Receivables, deposits and prepayments	6.10	2,500	61,923,182
Current tax assets		-	662,060
Asset classified as held for sale	6.11	-	733,936
Cash and cash equivalents	6.12	113	27,917,902
Total current assets		2,613	189,288,388
Total assets		2,613	397,456,942
Equity			
Share capital	6.13	2	77,551,724
Reserves	6.14	(103,812)	46,586,937
Total equity attributable to equity holders of the Company		(103,810)	124,138,661
Minority interest		-	17,046,382
Total equity		(103,810)	141,185,043

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6. STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

	Note	Audited Company RM	Proforma Group RM
Liabilities			
Borrowings	6.15	-	24,705,596
Deferred tax liabilities	6.16	-	19,207,172
Total non-current liabilities		-	43,912,768
Current liabilities			
Payables and accruals	6.17	106,423	56,325,481
Borrowings	6.15	-	155,459,899
Current tax liabilities		-	573,751
Total current liabilities		106,423	212,359,131
Total liabilities		106,423	256,271,899
Total equity and liabilities		2,613	397,456,942
Ratios			
Number of ordinary shares in issue ('000)		2	155,103,448
Net tangible assets (NTA)		(103,810)	123,157,711
NTA per ordinary share (RM) [1]		(51,905)	0.79
Net assets (NA)		(103,810)	124,138,661
NA per ordinary share (RM) [2]		(51,905)	0.80

[1] NTA over total number of ordinary shares in issue
[2] NA over total number of ordinary shares in issue

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

6.1 Basis of preparation

(a) Statement of compliance

The Proforma Consolidated Statement of Assets and Liabilities of TGG Group has been prepared under the historical cost basis except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards ("FRS") and accounting principles generally accepted in Malaysia.

The Proforma Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Proforma Group:

FRS effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts *
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations *
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation *
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment *
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions *
- IC Interpretation 13, Customer Loyalty Programmes *
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction *

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.1 Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised) #
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment #
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements #
- IC Interpretation 15, Agreements for the Construction of Real Estate #
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation #
- IC Interpretation 17, Distribution of Non-cash Assets to Owners #
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The Proforma Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, except for those marked "*" which are not applicable to the Proforma Group and the Company; and

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010, except for those marked "#" which are not applicable to the Proforma Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.1 Basis of preparation (Cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed below.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 6.9 – Inventories.

6.2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Proforma Group entities.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Proforma Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Proforma Group has the ability to exercise its power to govem the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for TGH.

The acquisition of TGH is accounted for using reverse acquisition accounting principles in accordance with FRS 3, Business Combinations. Upon completion of the acquisition of TGH, the Company became the legal parent company of TGH. However, due to the relative value of TGH, the former shareholders of TGH became the majority shareholders of the Company. Further, the Company's continuing operations and management are those of TGH. Accordingly, the substance of the business combination is that TGH acquired the Company in a reverse acquisition. The reverse acquisition was assumed to have been prepared in the name of the legal parent; i.e. the Company, but it represents a combination of the balance sheet of the legal subsidiary, TGH, which is deemed to be the acquirer.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Proforma Group has significant influence, but not control, over the financial and operating policies.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(ii) Associates (Cont'd)

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Proforma Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Proforma Group, from the date that significant influence commences until the date that significant influence ceases.

When the Proforma Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Proforma Group has an obligation or has made payments on behalf of the investee. Investments in associates are stated in the Company's balance sheet at cost less any impairment losses.

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Proforma Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Proforma Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Proforma Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Proforma Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Proforma Group reserves.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(b) Basis of consolidation (Cont'd)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company.

Minority interest in the results of the Proforma Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Proforma Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Proforma Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Proforma Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. During the year, the Proforma Group and the Company changed their accounting policy to state plant and equipment at valuation. Prior to 2009, only land and buildings of the Proforma Group and the Company were carried at valuation.

The Proforma Group and the Company revalue their properties, plant and equipment every 5 years and at shorter intervals whenever the fair value of the assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Proforma Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Proforma Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Proforma Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal annual rates used for the current and comparative periods are as follows :

	%
Buildings	2 - 10
Plant, machinery, tools and moulds	3 - 20
Furniture, fittings and equipment	10 - 40
Motor vehicles	20
Renovation	10

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Proforma Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Proforma Group does not assume substantially all the risks and rewards of the ownership are classified as operating lease and the leased assets are not recognised on the Proforma Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Leasehold land were revalued on 31 December 2007 and the Proforma Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, leases in 2008.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

With the adoption of FRS 3 by the Proforma Group and the Company in financial year 2008, goodwill arising on business acquisitions after the adoption of FRS 3 represents the excess of the cost of the acquisition over the Proforma Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Proforma Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

For acquisitions prior to the adoption of FRS 3, goodwill represents the excess of the cost of the acquisition over the Proforma Group's interest in the fair values of the net identifiable assets and liabilities.

(ii) Software costs

Software costs acquired separately are measured on initial recognition at cost. Following initial recognition, software costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Software costs are assessed to have a finite life and are amortised on a straight-line basis over the estimated economic useful life of 2.5 years.

(f) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associate, are stated at cost less allowance for diminution in value, and

- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(f) Investments in equity securities (Cont'd)

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associate, the allowance for diminution in value is recognised as an expense in the financial period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Impairment of assets

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries and associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(g) Impairment of assets (Cont'd)

Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the period in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus.

Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(l) Provisions

A provision is recognised if, as a result of a past event, the Proforma Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Proforma Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Proforma Group recognises any impairment loss on the assets associated with that contract.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(m) Contingent liabilities (Cont'd)

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(o) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(q) Tax expense (Cont'd)

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when they are utilised.

(r) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Proforma Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Proforma Group's contributions to statutory pension funds are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Proforma Group has no further payment obligations.

(s) Segment report

A segment is a distinguishable component of the Proforma Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(t) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that is expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Proforma Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Proforma Group's accounting policies.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(t) Non-current assets classified as held for sale (Cont'd)

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.3 Property, plant and equipment (Cont'd)

	At valuation			At cost					
Proforma Group	**Freehold land RM'000**	**Buildings RM'000**	**Plant and equipment RM'000**	**Plant, machinery, tools and moulds RM'000**	**Furniture, fittings and equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Valuation/Cost									
At 1 January 2009	1,296	32,749	-	31,845	6,480	5,948	1,416	56,010	135,744
Additions	3,000	-	-	4,701	746	-	780	25,933	35,160
Disposal	-	-	-	-	-	(80)	-		(80)
Reclassification	-	-	81,348	(24,473)	-	-	1,382	(58,257)	-
Revaluation	-	-	31,270	-	-	-	-	-	31,270
Transfer to asset classified as held for sale (Note 6.10)	-	(759)	-	-	-	-	-	-	(759)
At 31 December 2009	4,296	31,990	112,618	12,073	7,226	5,868	3,578	23,686	201,335

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.3 Property, plant and equipment (Cont'd)

	At valuation			At cost					
Proforma Group	**Freehold land RM**	**Buildings RM**	**Plant and equipment RM**	**Plant, machinery, tools and moulds RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Renovation RM**	**Capital work-in-progress RM**	**Total RM**
Accumulated depreciation and impairment losses									
At 1 January 2009									
- Depreciation	-	671	-	14,360	2,152	3,232	357	-	20,772
- Impairment loss	-	-	-	85	-	-	-	-	85
	-	671	-	14,445	2,152	3,232	357	-	20,857
Depreciation for the year	-	644	3,053	3,549	785	863	346	-	9,240
Revaluation	-	-	-	(14,975)	-	-	-	-	(14,975)
Disposal	-	-	-	-	-	(80)	-	-	(80)
Transfer to asset classified as held for sale (Note 6.11)	-	(25)	-	-	-	-	-	-	(25)
At 31 December 2009									
- Depreciation	-	1,290	3,053	2,934	2,937	4,015	703	-	14,932
- Impairment loss	-	-	-	85	-	-	-	-	85
	-	1,290	3,053	3,019	2,937	4,015	703	-	15,017
Carrying amounts									
At 1 January 2009	4,296	30,700	109,565	9,054	4,289	1,853	2,875	23,686	186,318

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.3 Property, plant and equipment (Cont'd)

Capital work-in-progress

Included in capital work-in-progress of the Proforma Group is interest expense capitalised amounting to RM104,000 which related to borrowings used to finance the acquisition and installation of Proforma Group's plant and equipment in progress and labour costs capitalised amounting to RM94,000 The installation and testing of the said plant and equipment was completed on 31 January 2009.

Property, plant and equipment under the revaluation model

The freehold land and buildings and plant and equipment of the Proforma Group shown at Directors' valuation based on professional valuations carried out in April 2006, September 2008 and December 2009 respectively based on the open market value basis. The revaluation of the freehold land and buildings was effected on 31 December 2007 while the revaluation of the plant and equipment was effected on 31 January 2009.

Subsequent additions are shown at cost whilst disposals are at valuation or cost as appropriate.

Had the freehold land, buildings and plant and equipment been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued properties and plant and equipment that would have been included in the financial statements at the end of the year are as follows:

	Proforma Group 2009 RM'000
Freehold land	553
Buildings	15,113
Plant and equipment	66,954

Security

The freehold land, buildings, plant and equipment and capital work-in-progress of the Proforma Group with an aggregate carrying amount of RM169,066,000 are charged to banks for borrowings granted to the Proforma Group.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.3 Property, plant and equipment (Cont'd)

Leased plant and machinery

The carrying amounts of plant and machinery acquired under finance lease arrangements are as follows :

	2009 RM'000
Plant, machinery, tools and moulds	9,294
Motor vehicles	1,385
	10,679

6.4 Intangible assets – Proforma Group

	Goodwill RM'000	Software costs RM'000	Total RM'000
Cost			
At 1 January 2009/31 December 2009	826	581	1,407
Amortisation			
At 1 January 2009	-	194	194
Amortisation for the year	-	232	232
At 31 December 2009	-	426	426
Carrying amounts			
At 31 December 2009	826	155	981

6.4.1 Impairment testing for goodwill

The Proforma Group has determined the recoverable amount of the goodwill based on value in use calculations. The calculations were determined using the 2010 financial budget and projected cash flows based on management's assessment of future trends. In determining the recoverable amount of the goodwill, the projected cash flows were discounted using a pre-tax discount rate of 7%.

6.4.2 Assets under finance lease

The software costs are acquired under finance lease arrangements.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.5 Prepaid lease payments – Proforma Group

	Leasehold land		
	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2009/31 December 2009	6,222	7,500	13,722
Amortisation			
At January 2009	71	169	240
Amortisation for the year	106	169	275
At 31 December 2009	177	338	515
Carrying amounts			
At 31 December 2009	6,045	7,162	13,207

The leasehold land was shown at Directors' valuation based on professional valuations conducted in April 2006 based on the open market value basis. The revaluation was effected on 31 December 2007.

On adoption of FRS 117, Leases in 2008, the Proforma Group has retained the unamortised revalued amounts as the surrogate carrying amounts of the leasehold land in accordance with the transitional provision in FRS 117.67A.

Security

The leasehold land are charged to banks as security for borrowings granted to the Proforma Group.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.6 Investment properties – Proforma Group

	Freehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 January 2009/31 December 2009	1,392	752	2,144
Depreciation			
At January 2009	-	53	53
Amortisation for the year	-	15	15
At 31 December 2009	-	68	68
Carrying amounts			
At 31 December 2009	1,392	684	2,076

Investment properties comprise of freehold land and warehouse which is leased to generate rental income. The fair value of the investment properties is estimated at approximately RM1,980,000 based on Directors' valuation.

6.7 Investment in an associate

	Proforma Group 2009 RM'000
Unquoted shares, at cost	2,250
Share of post-acquisition reserves	3,137
	5,387

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.7 Investment in an associate (Cont'd)

Summary financial information on associate:

	Revenue (100%) RM'000	Profit/(Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009	40,807	(619)	29,865	10,214
2008	47,801	1,116	36,018	13,512

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective ownership interest 2009 %	Effective ownership interest 2008 %	Principal activities
Nippon Metal Services (M) Sdn. Bhd.	Malaysia	25	25	Shearing, slitting, polishing and trading of stainless steel and sole agent for Nippon Metal Industry Co. Ltd

6.8 Other investments

	Proforma Group 2009 RM'000
At cost :	
Quoted shares in Malaysia	198
Market value of quoted shares	150

No allowance for diminution in value has been made for the quoted shares as the Directors are of the opinion that the diminution is temporary in nature.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.9 Inventories

	Proforma Group 2009 RM'000
Raw materials	46,886
Manufactured inventories	38,210
Trading inventories	12,955
	98,051

The write-down of inventories to net realisable value of the Proforma Group amounted to RM900,000 and is included in cost of sales.

The write down is determined based on management's estimate of the net realisable values after having considered the selling price subsequent to balance sheet date and developments in the industry in which the Proforma Group operates.

6.10 Receivables, deposits and prepayments

	Note	Proforma Group 2009 RM'000
Trade		
- Associate	6.10.1	162
- External parties		57,425
		57,587
Less : Allowance for doubtful debts		(698)
		56,889