

Unless otherwise stated, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** All enquiries concerning the Rights Issue of ICPS with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, AGRITEUM Share Registration Services Sdn Bhd at 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang (Tel: +604 - 228 2321).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 3 December 2018 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 3 December 2018. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of ICPS with Warrants, application for Excess ICPS with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess ICPS with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue of ICPS with Warrants has been obtained from our shareholders at our EGM convened on 31 May 2018. Approval has been obtained from Bursa Securities via its letter dated 2 May 2018 for the admission of the ICPS and Warrants to the Official List as well as the listing and quotation of the ICPS, Warrants and the new Shares to be issued upon conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the ICPS and Warrants allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants and are in no way reflective of the merits of the Rights Issue of ICPS with Warrants.

The Board has seen and approved the Documents and the Board, collectively and individually, accepts full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of its knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Mercury Securities, being the Principal Adviser for the Rights Issue of ICPS with Warrants, acknowledges that based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS with Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.**



## TATT GIAP GROUP BERHAD

(Company No. 732294-W)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 682,453,608 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN TATT GIAP ("ICPS") AT AN ISSUE PRICE OF RM0.06 PER ICPS TOGETHER WITH UP TO 85,306,701 FREE DETACHABLE WARRANTS IN TATT GIAP ("WARRANTS") ON THE BASIS OF 8 ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN TATT GIAP HELD BY THE ENTITLED SHAREHOLDERS OF TATT GIAP AT 5.00 P.M. ON 3 DECEMBER 2018**

*Principal Adviser, Managing Underwriter and Joint Underwriter*

*Joint Underwriter*



## MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

# kenanga

## Kenanga Investment Bank Berhad

Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

### IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Monday, 3 December 2018 at 5.00 p.m.
<b>Last date and time for:</b>		
Sale of Provisional Allotments	:	Monday, 10 December 2018 at 5.00 p.m.
Transfer of Provisional Allotments	:	Thursday, 13 December 2018 at 4.00 p.m.
Acceptance and payment	:	Tuesday, 18 December 2018 at 5.00 p.m.
Excess ICPS with Warrants Application and payment	:	Tuesday, 18 December 2018 at 5.00 p.m.

**This Abridged Prospectus is dated 3 December 2018**

**UNLESS STATED OTHERWISE, ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.**

**THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS AND ANY INVESTMENT IN THE 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.**

**SHAREHOLDERS / INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR FACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF ICPS WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS THE DIRECTORS AND ADVISERS), ARE RESPONSIBLE.**

**THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN (AND WILL NOT TAKE) ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.**

**THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.**

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**DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

<b>Abridged Prospectus</b>	- This abridged prospectus dated 3 December 2018 in relation to the Rights Issue of ICPS with Warrants
<b>Act</b>	- Companies Act 2016, as amended from time to time and any re-enactment thereof
<b>Bloomberg</b>	- Bloomberg Finance Singapore L.P. and its affiliates
<b>BNM</b>	- Bank Negara Malaysia
<b>Board</b>	- Board of Directors of Tatt Giap
<b>Bursa Depository</b>	- Bursa Malaysia Depository Sdn Bhd (165570-W)
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad (635998-W)
<b>CDS</b>	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
<b>CDS Account(s)</b>	- Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
<b>Closing Date</b>	- 18 December 2018 at 5.00 p.m., being the last date and time for the acceptance of and payment for the ICPS with Warrants
<b>CMSA</b>	- Capital Markets and Services Act, 2007, of Malaysia as may be amended from time to time and any re-enactment thereof
<b>Code</b>	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time and any re-enactment thereof
<b>Constitution</b>	- Constitution / Memorandum and Articles of Association of the Company
<b>Constitution Amendments</b>	- Amendments to the Constitution to facilitate the creation and issuance of the ICPS pursuant to the Rights Issue of ICPS with Warrants, which was approved during the EGM on 31 May 2018
<b>Conversion Period</b>	- The period commencing on and including the issue date of the ICPS and up to and including the Market Day immediately preceding the date which is the 5th anniversary from the issue date of the ICPS where the ICPS may be converted into new Shares
<b>Conversion Price</b>	- RM0.12, being the amount to be satisfied in order for an ICPS holder to convert his/her/its ICPS into 1 new Share
<b>Corporate Exercises</b>	- Collectively, the Rights Issue of ICPS with Warrants, Share Capital Reduction, Diversification and Constitution Amendments
<b>Deed Poll</b>	- The deed poll constituting the Warrants executed by Tatt Giap on 16 November 2018

**DEFINITIONS (CONT'D)**

<b>Directors</b>	- The directors of the Company which has the meaning given in section 2(1) of the CMSA
<b>Diversification</b>	- Diversification of the business of Tatt Giap and its subsidiaries into the Property Business, which was approved during the EGM on 31 May 2018
<b>E&amp;E</b>	- Electrical and electronic
<b>EGM</b>	- Extraordinary general meeting of the Company
<b>Entitled Shareholder(s)</b>	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
<b>Entitlement Date</b>	- 3 December 2018 at 5.00 p.m., being the date on which shareholders' names must be registered in the Company's Record of Depositors in order to be entitled to participate in the Rights Issue of ICPS with Warrants
<b>EPS</b>	- Earnings per Share
<b>Excess ICPS with Warrants</b>	- ICPS with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
<b>Excess ICPS with Warrants Application(s)</b>	- Application(s) for additional ICPS with Warrants in excess of the Provisional Allotments
<b>Exercise Period</b>	- Any time within a period of 5 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
<b>Exercise Price</b>	- RM0.12, being the price at which 1 Warrant is exercisable into 1 Tatt Giap Share, subject to adjustments in accordance with the provisions of the Deed Poll
<b>Foreign-Addressed Shareholder(s)</b>	- Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue of ICPS with Warrants by the Entitlement Date
<b>FPE</b>	- Financial period ended / ending, as the case may be
<b>FYE</b>	- Financial year(s) ended / ending, as the case may be
<b>GDC</b>	- Gross development cost
<b>GDP</b>	- Gross domestic product
<b>GDV</b>	- Gross development value
<b>GL</b>	- Gross loss
<b>GP</b>	- Gross profit

**DEFINITIONS (CONT'D)**

<b>ICPS</b>	- Up to 682,453,608 new irredeemable convertible preference shares in Tatt Giap to be allotted and issued pursuant to the Rights Issue of ICPS with Warrants
<b>IDR</b>	- Indonesian Rupiah
<b>Joint Underwriters</b>	- Collectively, Mercury Securities and Kenanga Investment Bank Berhad
<b>Land</b>	- A parcel of freehold land measuring approximately 550,000 sf held under GM 448 Lot 1628 and GM 450 Lot 1630, both in Tempat Ladang Valdor, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang
<b>LAT</b>	- Loss after taxation
<b>LBT</b>	- Loss before taxation
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
<b>LPD</b>	- 14 November 2018, being the latest practicable date prior to the printing of this Abridged Prospectus
<b>LTD</b>	- 19 October 2018, being the last trading day prior to the date of fixing the issue price of the ICPS
<b>Market Day(s)</b>	- A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading in securities
<b>Maximum Scenario</b>	- Assuming:- <ul style="list-style-type: none"> <li>(i) all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue of ICPS with Warrants;</li> <li>(ii) the ICPS issued are fully converted into new Shares based on the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the Conversion Price of RM0.12 for 1 new Share; and</li> <li>(iii) the Warrants issued are fully exercised into new Shares based on the Exercise Price of RM0.12.</li> </ul>
<b>Mercury Securities</b>	- Mercury Securities Sdn Bhd (113193-W), being the Principal Adviser, Managing Underwriter and Joint Underwriter
<b>Maximum Subscription Level</b>	- Maximum subscription level of 682,453,608 ICPS together with 85,306,701 Warrants, assuming all the Entitled Shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue of ICPS with Warrants

**DEFINITIONS (CONT'D)**

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<b>Minimum Scenario</b>	- Assuming:-  (i) the Rights Issue of ICPS with Warrants is undertaken on the Minimum Subscription Level;  (ii) the ICPS issued are fully converted into new Shares based on the conversion mode of surrendering 2 ICPS (which are issued at an issue price of RM0.06 each) without additional cash payment to arrive at the Conversion Price of RM0.12 for 1 new Share; and  (iii) the Warrants issued are fully exercised into new Shares based on the Exercise Price of RM0.12.
<b>Minimum Subscription Level</b>	- Minimum subscription level of 300,000,000 ICPS together with 37,500,000 Warrants, based on an issue price of RM0.06 per ICPS, or such other number of ICPS such that the aggregate subscription proceeds of ICPS received by the Company amounts to not less than RM18 million
<b>N/A</b>	- Not applicable
<b>NA</b>	- Net assets
<b>NPA</b>	- Notice of provisional allotment in relation to the Rights Issue of ICPS with Warrants
<b>OECD</b>	- Organisation for Economic Co-operation and Development
<b>Official List</b>	- A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
<b>PAT</b>	- Profit after taxation
<b>Project</b>	- Redevelopment of the Land into an industrial park which is expected to comprise 38 units of 3-storey semi-detached and 2 units of detached corporate warehouse cum office building
<b>Property Business</b>	- The business of construction, property development and property investment
<b>Provisional Allotments</b>	- The ICPS with Warrants provisionally allotted to Entitled Shareholders
<b>Record of Depositors</b>	- A record of security holders provided by Bursa Depository under the Rules of Bursa Depository
<b>Rights Issue of ICPS with Warrants</b>	- Renounceable rights issue of up to 682,453,608 new ICPS together with up to 85,306,701 free detachable Warrants on the basis of 8 ICPS together with 1 free Warrant for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date
<b>RM and sen</b>	- Ringgit Malaysia and sen, respectively
<b>RSF</b>	- Rights subscription form in relation to the Rights Issue of ICPS with Warrants
<b>Rules of Bursa Depository</b>	- The rules of Bursa Depository as issued pursuant to the SICDA

**DEFINITIONS (CONT'D)**

<b>Rules on Take-overs, Mergers and Compulsory Acquisitions</b>	- Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
<b>s.m.</b>	- Square meter
<b>SC</b>	- Securities Commission Malaysia
<b>sf</b>	- Square feet
<b>Share Capital Reduction</b>	- Reduction of the Company's share capital pursuant to Section 116 of the Act, which was completed on 26 July 2018
<b>Share Registrar</b>	- AGRITEUM Share Registration Services Sdn Bhd (578473-T)
<b>Shareholders</b>	- Registered holders of Tatt Giap Shares
<b>SICDA</b>	- Securities Industry (Central Depositories) Act, 1991 of Malaysia and includes any amendments from time to time and any re-enactment thereof
<b>SPA</b>	- Sale and purchase agreement
<b>Tatt Giap or the Company</b>	- Tatt Giap Group Berhad (732294-W)
<b>Tatt Giap Group or the Group</b>	- Collectively, Tatt Giap and its subsidiaries
<b>Tatt Giap Shares or Shares</b>	- Ordinary shares in the Company
<b>TEAP</b>	- Theoretical ex-all price
<b>TGSC</b>	- Tatt Giap Steel Centre Sdn Bhd
<b>Underwriting Agreement</b>	- Underwriting agreement dated 16 November 2018 entered into between Tatt Giap, the Managing Underwriter and the Joint Underwriters
<b>VWAP</b>	- Volume weighted average price
<b>Warrants</b>	- Up to 85,306,701 free detachable Tatt Giap warrants to be allotted and issued pursuant to the Rights Issue of ICPS with Warrants
<b>Warrant Holder(s)</b>	- The holder(s) of the Warrants

In this Abridged Prospectus, all references to "the Company" are to Tatt Giap and references to "we", "us", "our" and "ourselves" are to the Company and, where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to the Entitled Shareholders.

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

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

**DEFINITIONS (CONT'D)**

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Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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**CORPORATE DIRECTORY****TATT GIAP GROUP BERHAD**

(Company No. 732294-W)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

**BOARD OF DIRECTORS**

<b>Name (Designation)</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Dato' Liang Chee Fong (Chairman / Non-Independent Non-Executive Director)	34, Jalan BU 1/9 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian	Company Director
Lee Poay Keong (Managing Director)	4-16, Sutramas 3 Jalan Dutamas Melati Off Jalan Dutamas Raya 51200 Kuala Lumpur	Malaysian	Company Director
Khoo Song Heng (Executive Director)	2, Jalan Setia 7/22 Taman Setia Indah 81100 Johor Bahru	Malaysian	Company Director
Woon Kok Kee (Executive Director)	2, Jalan Austin Heights 1/8 Taman Mount Austin 81100 Johor Bahru	Malaysian	Company Director
Dato' Loh Eng Wee (Independent Non-Executive Director)	2, Jalan Meranti 11200 Tanjung Bungah Pulau Pinang	Malaysian	Solicitor
Chew Yinn Miin (Independent Non-Executive Director)	10, Jalan Residen 1 Laman Residen Kipark Sri Utara Off Jalan Ipoh 68100 Kuala Lumpur	Malaysian	Accountant
Lim Peng Tong (Independent Non-Executive Director)	233-I, Kampung Lapan Bachang, 76200 Melaka	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chew Yinn Miin	Chairman	Independent Non-Executive Director
Dato' Liang Chee Fong	Member	Non-Independent Non-Executive Director
Dato' Loh Eng Wee	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY (CONT'D)**

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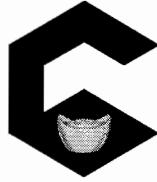
- COMPANY SECRETARIES** : Tai Yit Chan (MAICSA 7009143)  
Ong Tze-En (MAICSA 7026537)  
Suite 16-01 (Penthouse Upper)  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang  
Tel : +604 - 229 4390  
Fax : +604 - 226 5860
- REGISTERED OFFICE** : Suite 16-01 (Penthouse Upper)  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang  
Tel : +604 - 229 4390  
Fax : +604 - 226 5860
- HEAD OFFICE** : D5-U6-8, Solaris Dutamas  
1 Jalan Dutamas 1  
50480 Kuala Lumpur  
Tel : +603 - 6203 9666  
Website: [www.tattgiap.com.my](http://www.tattgiap.com.my)  
Email: [admin@tattgiap.com.my](mailto:admin@tattgiap.com.my)
- AUDITORS AND REPORTING ACCOUNTANTS** : KPMG PLT (LLP0010081-LCA&AF 0758)  
Level 18, Hunza Tower  
163E, Jalan Kelawei  
10250 Pulau Pinang  
Tel : +604 - 238 2288  
Fax : +604 - 238 2222
- SOLICITORS FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS** : Mah-Kamariyah & Philip Koh  
Advocates & Solicitors  
3A07, Block B, Phileo Damansara II  
15 Jalan 16/11, Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603 - 7956 8686  
Fax : +603 - 7956 2208
- PRINCIPAL BANKER** : Malayan Banking Berhad  
9, Lebuhr Union  
10200 Pulau Pinang  
Tel : 604 - 261 1266  
Fax : 604 - 261 0532
- SHARE REGISTRAR** : AGRITEUM Share Registration Services Sdn Bhd  
2<sup>nd</sup> Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang  
Tel : +604 - 228 2321  
Fax : +604 - 227 2391

**CORPORATE DIRECTORY (CONT'D)**

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- JOINT UNDERWRITERS** : Mercury Securities Sdn Bhd  
L-7-2, No. 2, Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Tel : +603 - 6203 7227  
Fax : +603 - 6203 7117
- Kenanga Investment Bank Berhad  
Level 17, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : +603 - 2172 2888  
Fax : +603 - 2172 2734
- PRINCIPAL ADVISER AND  
MANAGING UNDERWRITER** : Mercury Securities Sdn Bhd  
L-7-2, No. 2, Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Tel : +603 - 6203 7227  
Fax : +603 - 6203 7117
- STOCK EXCHANGE LISTED  
AND LISTING SOUGHT** : Main Market of Bursa Securities

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**TATT GIAP GROUP BERHAD**

(Company No. 732294-W)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

**Registered Office**

Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang

3 December 2018

**Board of Directors**

Dato' Liang Chee Fong (*Chairman / Non-Independent Non-Executive Director*)  
Lee Poay Keong (*Managing Director*)  
Khoo Song Heng (*Executive Director*)  
Woon Kok Kee (*Executive Director*)  
Dato' Loh Eng Wee (*Independent Non-Executive Director*)  
Chew Yinn Miin (*Independent Non-Executive Director*)  
Lim Peng Tong (*Independent Non-Executive Director*)

**To: Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 682,453,608 ICPS AT AN ISSUE PRICE OF RM0.06 PER ICPS TOGETHER WITH UP TO 85,306,701 FREE DETACHABLE WARRANTS ON THE BASIS OF 8 ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON THE ENTITLEMENT DATE**

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**1. INTRODUCTION**

On 2 April 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake, amongst others, the Rights Issue of ICPS with Warrants.

On 2 May 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 2 May 2018, granted its approval for the following:-

- (i) admission of the ICPS and Warrants to the Official List of Bursa Securities;
- (ii) listing and quotation of up to 682,453,608 ICPS and up to 85,306,701 Warrants on the Main Market of Bursa Securities;
- (iii) listing and quotation of up to 682,453,608 new Shares to be issued arising from the full conversion of the ICPS on the Main Market of Bursa Securities; and
- (iv) listing and quotation of up to 85,306,701 new Shares to be issued arising from the full exercise of the Warrants on the Main Market of Bursa Securities.

The approval by Bursa Securities is subject to the following conditions:-

Condition	Status of compliance
(i) Tatt Giap and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises;	To be met
(ii) Tatt Giap and Mercury Securities to inform Bursa Securities upon completion of the Corporate Exercises;	To be met
(iii) Tatt Giap to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed;	To be met
(iv) Tatt Giap to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the EGM for the Corporate Exercises; and	To be met
(v) Payment of additional listing fees pertaining to the conversion of ICPS and exercise of Warrants, if relevant. In this respect, Tatt Giap is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of ICPS and exercise of Warrants respectively as at the end of each quarter together with computation of the listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 31 May 2018, approved, amongst others, the Rights Issue of ICPS with Warrants. A certified true extract of the resolutions approving, amongst others, the Rights Issue of ICPS with Warrants at the said EGM is attached in Appendix II of this Abridged Prospectus.

On 22 October 2018, Mercury Securities had, on behalf of the Board, announced that the Board resolved to fix the issue price of the ICPS at RM0.06 per ICPS and the Exercise Price at RM0.12 per Warrant.

On 16 November 2018, Mercury Securities had, on behalf of the Board, announced that the entitlement date for the Rights Issue of ICPS with Warrants has been fixed at 5.00 p.m. on 3 December 2018.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by Mercury Securities or us in connection with the Rights Issue of ICPS with Warrants.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE OF ICPS WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. PARTICULARS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS**

### **2.1 Details of the Rights Issue of ICPS with Warrants**

The Rights Issue of ICPS with Warrants entails a provisional allotment of up to 682,453,608 ICPS together with up to 85,306,701 free detachable Warrants on a renounceable basis of 8 ICPS together with 1 free Warrant for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.06 per ICPS.

As the ICPS and Warrants are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS with Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess ICPS with Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants are attached to the ICPS without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the ICPS. The Warrants are exercisable into new Tatt Giap Shares and each Warrant will entitle the Warrant Holder to subscribe for 1 new Tatt Giap Share at the Exercise Price. The Warrants will be immediately detached from the ICPS upon issuance and traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.3 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the ICPS, Warrants and the new Shares to be issued and allotted arising from the conversion of the ICPS and exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and holders of ICPS who convert their ICPS and holders of Warrants who exercise their Warrants (as the case may be). No physical certificates will be issued to the Entitled Shareholders and/or their transferee(s) and/or their renounee(s), nor will any physical share certificates be issued for the new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants.

The Rights Issue of ICPS with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue of ICPS with Warrants. However, the ICPS and Warrants cannot be renounced separately, and only Entitled Shareholders who subscribe for the ICPS will be entitled to the Warrants. As such, the Entitled Shareholders who renounce all of their ICPS entitlements will not be entitled to the Warrants. If the Entitled Shareholders accept only part of their ICPS entitlements, they shall be entitled to the Warrants in proportion to their acceptance of the ICPS entitlements.

The ICPS with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess ICPS with Warrants Applications. It is the intention of the Board to allot the Excess ICPS with Warrants, if any, in a fair and equitable manner and in accordance with the procedures set out in Section 11.6 of this Abridged Prospectus.



Fractional entitlements arising from the Rights Issue of ICPS with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board at its absolute discretion deems fit or expedient and in the best interests of the Company.

Notices of allotment will be despatched to successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) within 8 Market Days from the last date for acceptance and payment of the ICPS with Warrants or such other period as may be prescribed by Bursa Securities.

The ICPS and Warrants will be admitted to the Official List and the listing and quotation of these securities will commence 2 Market Days upon the receipt of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited with the ICPS and Warrants.

## 2.2 Salient terms of the ICPS

The salient terms of the ICPS to be issued pursuant to the Rights Issue of ICPS with Warrants are set out below:-

Issuer	: Tatt Giap
Issue size	: Up to 682,453,608 ICPS
Issue price	: RM0.06 per ICPS
Form and denomination	: The ICPS will be constituted by the Constitution and will be issued in registered form.
Dividend	: No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company.

The Company has full discretion and subject to the availability of working capital to decide on whether to declare any dividends. Dividends, if declared, shall be non-cumulative with an indicative targeted dividend rate of 3% per annum calculated based on the issue price of the ICPS from and including the date of issuance of the ICPS until the date of conversion or maturity of the ICPS, whichever is earlier. Any dividends declared shall be payable annually in arrears and be in priority over the ordinary shares of the Company. The Company may defer, in part or in whole, the declaration and payment of preferential dividends depending on availability of distributable profits.

Board lot	: For the purpose of trading on Bursa Securities, a board lot of the ICPS shall be 100 units of the ICPS, or such other number of units as may be prescribed by Bursa Securities.
Tenure	: 5 years commencing from and inclusive of the issue date of the ICPS.
Maturity Date	: The Market Day immediately preceding the date which is the 5th anniversary from the date of issue of the ICPS.

- Conversion Period : The ICPS may be converted into new Shares on any Market Day commencing on and including the issue date of the ICPS up to and including the Maturity Date. Any remaining ICPS that are not converted by the Maturity Date shall be mandatorily converted into new Shares at the conversion ratio of 2 ICPS for every 1 new Share.
- Redemption : Not redeemable for cash.
- Conversion Price : The Conversion Price of the ICPS to be converted into 1 new Tatt Giap Share is RM0.12.
- Conversion Mode : The ICPS may be converted into new Shares at the Conversion Price in the following manner:-
- (i) by surrendering for cancellation the ICPS with an aggregate issue price of the ICPS equivalent to the Conversion Price, subject to a minimum of 1 ICPS and a maximum of 2 ICPS for every 1 new Share ("**Conversion Ratio**"); and
  - (ii) by paying the difference between the aggregate issue price of ICPS surrendered and the Conversion Price, if any, in cash, for every 1 new Share.

Based on the above, the 2 conversion modes are illustrated below:-

No. of ICPS to surrender for cancellation	Total issue price of ICPS surrendered RM	Additional cash payment RM	Conversion price RM
1	0.06	0.06	0.12
2	0.12	-	0.12

- Conversion Mechanism
- (i) The conversion of the ICPS into new Shares shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice ("**Conversion Notice**") and the payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the Conversion Price, if any, to the office of the share registrar of the Company during its business hours on any Market Day during the Conversion Period. The Conversion Notice is irrevocable upon receipt by the Company. A holder of the ICPS who has issued a Conversion Notice ("**Converting ICPS Holder**") shall further furnish to the Company such supporting documents or information as may be prescribed by the Company or as may be required under any applicable laws or regulations from time to time. The conversion shall be carried out in accordance with such procedures as may be prescribed by any applicable laws and regulations.
  - (ii) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new Shares.

- Conversion Mechanism
- (iii) Subject to all applicable laws, rules and regulations, within 8 Market Days from the date of receipt by the Company of a Conversion Notice or such other period as may be prescribed or allowed by the Exchange or under any applicable laws and regulations, the Company shall:-
    - (a) issue and/or allot to the relevant Converting ICPS Holders, such number of Shares to which such holders are entitled to receive by virtue of the exercise of the Conversion Rights (as defined below), credited as fully paid-up ("**Conversion Shares**"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and
    - (b) dispatch a notice of allotment to the relevant Converting ICPS Holders in respect of the Conversion Shares.
  - (iv) Once converted, the ICPS shall not be capable of reissuance.
- Conversion Rights
- (i) Each ICPS carries the entitlement to convert into new Shares at the Conversion Price through the surrender of the ICPS in the manner of the Conversion Mode; and
  - (ii) If the conversion results in a fractional entitlement to Tatt Giap Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
- Adjustments to Conversion Price and/or Conversion Mode
- : The Conversion Price and/or Conversion Mode may be adjusted at the determination of the Board, in all or any of the following events:-
    - (i) a bonus issue of Shares by the Company; or
    - (ii) a capital distribution to the Shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or
    - (iii) a rights issue of Shares or convertible securities by the Company; or
    - (iv) a consolidation of shares, subdivision of shares or reduction of capital; or
    - (v) any other circumstances deemed necessary by the Board,
- provided that any adjustment to the Conversion Price will be rounded down to the nearest 1 sen (RM0.01). The adjustments shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company, as the case may be.

Ranking of the ICPS and liquidation preference : The ICPS are unsecured and shall upon allotment and issue rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of the Company, except that:-

- (i) they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared by the Company in respect of the ordinary shares; and
- (ii) they carry no right to vote at any general meeting of the Company save for the voting rights as set out under the "Rights of the holders of ICPS" section.

In the event of liquidation or winding-up of the Company:-

- (i) the assets of the Company shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right for the holders of ICPS to participate in any surplus capital or surplus profits of the Company; and
- (ii) in the event that the Company has insufficient assets to permit payment of the full issue price to the holders of ICPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.

Ranking of new Shares to be issued pursuant to the conversion of the ICPS : The new Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the conversion of the ICPS.

Rights of the holders of ICPS : The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:-

- (a) on a proposal considering the reduction of the share capital of the Company (excluding any cancellation of capital which is lost or unrepresented by assets);
- (b) on a proposal for the sale of the whole of the Company's property, business and undertaking;
- (c) on a proposal that directly affects the rights and privileges attached to the ICPS;
- (d) on a proposal to wind-up the Company; and
- (e) during the winding-up of the Company,

in which case, the ICPS holders shall be entitled to vote at any general meeting whereby every ICPS shall on a poll, carry 1 vote for each ordinary share into which the ICPS may be converted into, based on the conversion ratio of 2 ICPS for every 1 new Share.

- Rights of the holders of ICPS (cont'd) : The ICPS holders shall be entitled to receive notice of meetings, report and accounts, and attend meetings and vote at any class meeting of the holders of the ICPS in relation to any proposal by the Company to vary or abrogate the rights of the ICPS as stated in the Articles of Association.
- Listing : The ICPS will be listed and traded on the Main Market of Bursa Securities.
- Bursa Securities had on 2 May 2018 granted its approval for the admission of the ICPS to the Official List and the listing and quotation of the ICPS and the new Shares to be issued arising from the conversion of the ICPS on the Main Market of Bursa Securities.
- Transferability : As the ICPS will be listed and quoted on the Main Market of Bursa Securities, they will be deposited with the CDS of Bursa Securities and will be subject to the Rules of Bursa Depository. The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Modification of rights : The Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of the ICPS.
- Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS.
- Governing laws : The laws of Malaysia.

### 2.3 Salient terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue of ICPS with Warrants are set out below:-

- Issuer : Tatt Giap
- Issue size : Up to 85,306,701 Warrants to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants.
- Form and detachability : The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the ICPS will immediately be detached from the ICPS upon allotment and issuance and will be traded separately on Bursa Securities.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, or such other number of units as may be prescribed by Bursa Securities.
- Tenure of the Warrants : 5 years commencing on and including the date of issuance of the Warrants.

- Exercise Period : The Warrants may be exercised at any time within a period of 5 years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 5th anniversary from the date of issuance of the Warrants ("**Exercise Period**"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- Exercise Price : The Exercise Price has been fixed at RM0.12.
- The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
- Subscription rights : Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
- Mode of exercise : The holders of Warrants are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Tatt Giap Shares.
- Adjustments to the Exercise Price and/or the number of Warrants : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditor in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll.
- Rights of the Warrant holders : The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants for new Tatt Giap Shares in accordance with the provisions of the Deed Poll and such new Tatt Giap Shares have been allotted and issued to such holders.
- Ranking of the new Tatt Giap Shares to be issued pursuant to the exercise of the Warrants : The new Tatt Giap Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants, rank *pari passu* in all respects with the then existing issued and fully paid-up Tatt Giap Shares, save and except that the holders of such new Tatt Giap Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the exercise of the Warrants.

Rights in the event of winding up, liquidation, compromise and/or arrangement

Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-

- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and
- (ii) in any other cases, every Warrant holder shall be entitled to exercise his / her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Tatt Giap Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Tatt Giap Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose.

Modification of rights of Warrant holders : Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.

Modification of Deed Poll : Any modification to the terms and conditions of the Deed Poll may be effected only by a further Deed Poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).

No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a Special Resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations or Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.

- Listing : Bursa Securities had on 2 May 2018 granted its approval for the admission of the Warrants to the Official List and the listing and quotation of the Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. The listing and quotation of the Warrants on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants.
- Transferability : The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Deed Poll : The Warrants shall be constituted by the Deed Poll to be executed by the Company.
- Governing laws : The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

## 2.4 Basis of determining the issue price of the ICPS and the Exercise Price of the Warrants

### (i) Issue price of the ICPS

The Board had fixed the issue price of the ICPS at RM0.06 per ICPS, after taking into consideration the following:-

- (a) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;
- (b) the TEAP<sup>(1)</sup> of Tatt Giap Shares based on the 5-day VWAP of Tatt Giap Shares up to and including the LTD; and
- (c) the rationale for the Rights Issue of ICPS with Warrants, as set out in Section 4 of this Abridged Prospectus.

Based on the issue price of the ICPS of RM0.06 and the Conversion Ratio of 2 ICPS for every 1 new Share, the Conversion Price of RM0.12 represents a discount of approximately 3.46% to the TEAP of Tatt Giap Shares of RM0.1243, calculated based on the 5-day VWAP of Tatt Giap Shares up to and including the LTD of RM0.1350.

#### Note:-

- (1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{(A / D) + B + C}$$

where:-

- A = Number of ICPS  
 B = Number of Warrants  
 C = Number of existing Shares  
 D = Conversion Ratio



X = Issue price of the ICPS

Y = Exercise Price

Z = 5-day VWAP of Tatt Giap Shares up to and including the LTD

and the ratio of A:B:C is 8:1:2, in accordance with the entitlement basis of 8 ICPS together with 1 free Warrant for every 2 existing Shares held.

Under the Maximum Scenario and assuming all the ICPS are converted into new Shares via the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the Conversion Price of RM0.12 for 1 new Share, the maximum number of new Shares to be issued upon full conversion of the ICPS is 682,453,608 new Shares.

**(ii) Exercise Price**

The Board had fixed the Exercise Price at RM0.12 per Warrant, after taking into consideration, amongst others, the TEAP of Tatt Giap Shares.

The Exercise Price represents a discount of approximately 3.46% to the TEAP of RM0.1243, calculated based on the 5-day VWAP of Tatt Giap Shares up to and including the LTD of RM0.1350.

**2.5 Ranking of new Tatt Giap Shares to be issued arising from conversion of the ICPS and/or exercise of the Warrants**

**New Tatt Giap Shares to be issued arising from conversion of the ICPS**

The new Shares to be issued arising from conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

**New Tatt Giap Shares to be issued arising from exercise of the Warrants**

The new Shares to be issued arising from exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

**2.6 Last date and time for acceptance and payment**

The Closing Date is 5.00 p.m. on **18 December 2018**.

**2.7 Details of other corporate exercises**

As at the LPD, save for the Rights Issue of ICPS with Warrants, the Board confirms that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion.

### 3. MINIMUM SUBSCRIPTION LEVEL AND UNDERWRITING ARRANGEMENT

The Rights Issue of ICPS with Warrants will be implemented on the Minimum Subscription Level of 300,000,000 ICPS together with 37,500,000 Warrants. Based on the issue price of RM0.06, the Group will raise minimum gross proceeds of RM18 million from the Rights Issue of ICPS with Warrants. The Minimum Subscription Level was determined by the Board after taking into consideration, inter alia, the funding requirements of the Group as set out in Section 5 of this Circular.

In order to achieve the Minimum Subscription Level, the Company had on 16 November 2018 entered into the Underwriting Agreement with the Managing Underwriter and the Joint Underwriters to underwrite 300,000,000 ICPS together with 37,500,000 Warrants (representing approximately 43.96% of the total issue size under the Rights Issue of ICPS with Warrants) in the following agreed proportions and at the following agreed underwriting commission and management fees, subject to the terms and conditions of the Underwriting Agreement:-

Party (Role)	No. of ICPS with Warrants underwritten	%	Underwriting commission RM	Management fees RM
Mercury Securities (Managing Underwriter / Joint Underwriter)	10,000,000 ICPS with 1,250,000 Warrants	3.33	12,000 <sup>(1)</sup>	135,000 <sup>(2)</sup>
Kenanga Investment Bank Berhad (Joint Underwriter)	290,000,000 ICPS with 36,250,000 Warrants	96.67	226,200 <sup>(3)</sup>	-
<b>Total</b>	<b>300,000,000 ICPS with 37,500,000 Warrants</b>	<b>100.00</b>	<b>238,200</b>	<b>135,000</b>

**Notes:-**

- (1) Based on the rate of 2.00% of the value of the ICPS underwritten by Mercury Securities.
- (2) Based on the rate of 0.75% of the value of the ICPS underwritten by the Joint Underwriters.
- (3) Based on the rate of 1.30% of the value of the ICPS underwritten by Kenanga Investment Bank Berhad.

The underwriting commission, management fees and all relevant costs in relation to the underwriting arrangement will be fully borne by the Company.

Notwithstanding anything contained in the Underwriting Agreement, the Joint Underwriters may, after consultation with the Company in such manner as the Joint Underwriters shall reasonably determine in its absolute discretion, by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its underwriting commitment at any time prior to the Closing Date on any of the following grounds:-

- (i) if in the reasonable opinion of the Joint Underwriters there shall have occurred, happened or come into effect any of the following circumstances:-
  - (a) any breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement (which, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company by the Joint Underwriters, or by the Closing Date, whichever is the earlier) which breach is, in the opinion of the Joint Underwriters, would have or can reasonably be expected to have, a material adverse effect on the financial conditions, business or operations of the Group and success of the Rights Issue of ICPS with Warrants; or

- (b) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which is likely to have a material adverse effect on the stock market in Malaysia. For the avoidance of doubt, if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is at the close of normal trading on Bursa Securities, on any Market Day:-
- (i) on or after the date of the Underwriting Agreement; and
  - (ii) prior to the Closing Date;
- lower than 90% of the Index level at the close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remain at or below that level for 3 or more consecutive Market Days, it shall be deemed a material adverse change in the stock market condition in Malaysia; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities or moratorium on banking activities or foreign exchange rating or securities or clearing services in or affecting Malaysia for 3 or more consecutive Market Days; or
- (d) any matter which had arisen immediately before the date of the Abridged Prospectus and not having been disclosed in the Abridged Prospectus which would have constituted a material omission in the context of the Rights Issue of ICPS with Warrants; or
- (e) there is withholding of information of a material nature from the Joint Underwriters by the Company, which, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company by the Joint Underwriters; or
- (f) any new law, regulation, directives, policy of ruling, or any material change in the existing law, regulation, directives, policy or ruling or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction which may have any material adverse effect on the Group or would prohibit or impede the obligations of the Joint Underwriters; or
- (g) an occurrence as a result of act or acts of God; or
- (h) any natural disorder, outbreak of war, embargo, riot, looting or other labour disputes, unavailability of transportation or severe economic dislocation, outbreak of disease, act of terrorism, insurrection, armed conflict or the declaration of a state of national emergency; or
- (i) a change or development involving a prospective change, in taxation in Malaysia; or
- (j) any formal investigation, proceeding or inquiry by or before any court or governmental or regulatory authority against the Company and/or any of its subsidiaries, which has been disclosed to the public, announced in the media or otherwise appears in the media, for which the Company has not been able to provide an explanation to the satisfaction of the Joint Underwriters; or

which, in the reasonable opinion of the Joint Underwriters, would have or can reasonably expected to have, a material adverse effect on the business or operations or financial condition of the Group taken as a whole, or the success of the Rights Issue of ICPS with Warrants, or the distribution or sale of the ICPS and Warrants; or

- (ii) in the reasonable opinion of the Joint Underwriters there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Group and/or an event occurring after the date of the Underwriting Agreement and before the Closing Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue or incorrect in any material adverse respect; or
- (iii) the closing market price of the existing Shares as transacted on Bursa Securities shall not be lower than 11 sen when the existing Shares are quoted on an ex-all basis for 3 or more consecutive Market Days at any time prior to the Closing Date; or
- (iv) if Bursa Securities suspends the trading of the Shares or removes the Company from the Official List of the Main Market of Bursa Securities, for any reason whatsoever; or
- (v) if the Company requests for a voluntary suspension of the trading of the Shares for any reason whatsoever, for a duration of more than 1 Market Day without the prior approval of the Joint Underwriters; or
- (vi) a petition is presented or an order is made or a resolution is passed for the winding up of the Company or an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Company; or
- (vii) the Company becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
- (viii) the Company ceases or threatens to cease to carry on the whole or any substantial part of its business; or
- (ix) failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement or any of the conditions precedent set out in the Underwriting Agreement have not been duly satisfied on or before the Closing Date.

In the event of such termination, cancellation and withdrawal of underwriting commitment following which the Minimum Subscription Level cannot be achieved, the Rights Issue of ICPS with Warrants shall be aborted and all application monies received by the Company pursuant to the Rights Issue of ICPS with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounee(s) (if applicable) who have subscribed for the ICPS in accordance with Section 243 of the CMSA. Pursuant thereto, the Company will explore other fund raising avenues to fund the Project.

The underwriting arrangement set out above is not expected to:-

- (a) give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the Rights Issue of ICPS with Warrants; or
- (b) result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

#### 4. RATIONALE FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

The Rights Issue of ICPS with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue of ICPS with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will not have an immediate dilution effect on the Group's EPS as the ICPS are expected to be converted over the Conversion Period as opposed to a fund raising exercise via rights issue of ordinary shares which will have an immediate upfront impact on the Group's EPS;
- (ii) it will not dilute the shareholdings of the Entitled Shareholders, assuming that all Entitled Shareholders subscribe to their entitlements and fully convert their ICPS;
- (iii) it allows the Entitled Shareholders to increase their equity participation in the Company through the conversion of the ICPS into new Shares during the Conversion Period; and
- (iv) it enables the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants which are attached to the ICPS are intended to provide an added incentive to Entitled Shareholders to subscribe for the ICPS. In addition, the free Warrants will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.

The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

#### 5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.06 per ICPS, the gross proceeds to be raised from the Rights Issue of ICPS with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue of ICPS with Warrants	<sup>(1)</sup> Minimum Subscription Level		Maximum Subscription Level	
		RM'000	%	RM'000	%
(i) Funding for the Project	Within 36 months	10,800	60.0	28,747	70.2
(ii) Repayment of borrowings	Within 3 months	4,000	22.2	7,000	17.1
(iii) Working capital	Within 24 months	1,600	8.9	3,600	8.8
(iv) Estimated expenses for the Corporate Exercises	Immediate	<sup>(2)</sup> 1,600	8.9	<sup>(2)</sup> 1,600	3.9
<b>Total</b>		<b>18,000</b>	<b>100.0</b>	<b>40,947</b>	<b>100.0</b>

Notes:-

(1) Any additional proceeds raised in excess of the RM18 million under the Minimum Subscription Level will be allocated up to its respective maximum allocation under the Maximum Subscription Level in the following order:-

- (i) working capital;
- (ii) repayment of borrowings; and
- (iii) funding for the Project.

(2) If the actual expenses incurred are higher than the budgeted amount of RM1.6 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (1) above.

**(i) Funding for the Project**

The Group intends to utilise proceeds of RM10.8 million under the Minimum Subscription Level or up to RM28.7 million under the Maximum Subscription Level to part-finance the development costs of the Project, which is expected to consist of 38 units of 3-storey semi-detached and 2 units of 3-storey detached corporate warehouse cum office building with a total built-up area of approximately 180,000 sf or 4,500 sf per unit. Further details of the Project are set out in Section 6 of this Abridged Prospectus.

The estimated GDV and GDC of the Project are approximately RM138.95 million and RM102.95 million respectively. The estimated GDC comprises the following:-

<u>Stages</u>	<b>GDC RM'000</b>
Land cost	(1)55,000
Main building and infrastructure works	27,000
Consultant fees	1,000
Management and administration costs	2,080
Sales and marketing expenses	2,080
Plan fees and development charges	4,170
Contribution to various authorities	(2)11,340
Contingencies and other costs	280
	<b>102,950</b>

Notes:-

- (1) Equivalent to the market value of the Land based on a valuation report with a date of valuation of 30 March 2016.
- (2) This includes contribution to various authorities, which is a normal requirement / condition imposed by the various authorities for a development project, as follows:-

<u>Authorities</u>	<b>Estimated amount RM'000</b>
Indah Water Konsortium Sdn Bhd	1,400
Tenaga Nasional Berhad	80
Perbadanan Bekalan Air Pulau Pinang	110
Majlis Perbandaran Seberang Perai	9,480
Land Office of Seberang Perai South	270
	<b>11,340</b>

In view that the Land is already owned by the Group, the Group's funding requirement for the Project, after excluding the land cost of RM55 million, is RM47.95 million.

Under the Minimum Subscription Level, proceeds of RM10.8 million will be allocated for the Group's funding requirement for the Project of RM47.95 million. The balance funding requirement of up to RM37.15 million is expected to be financed via a combination of bank borrowings and/or progressive sales billings to be received. However, the actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds raised from the Rights Issue of ICPS with Warrants, the sales proceeds from the Project as well as the availability and suitability of other funding options at the relevant time.

The approval for planning permission for the Project has been obtained from the relevant local authorities in February 2018. The approval for building plans for the Project is expected to be obtained by the 1st quarter of 2019.

The construction of the Project is expected to commence after completion of the Rights Issue of ICPS with Warrants, subject to all the necessary approvals being obtained from the relevant local authorities. The construction of the Project is expected to be completed within 36 months from the date of its commencement.

**(ii) Repayment of borrowings**

As at the LPD, the total outstanding principal amount of the Group's borrowings stood at approximately RM29.5 million.

The Group intends to utilise proceeds of RM4 million under the Minimum Subscription Level or up to RM7 million under the Maximum Subscription Level for the repayment of the Group's borrowings.

The Group's borrowings are proposed to be repaid as follows:-

**Minimum Subscription Level**

Name of bank	Type of facility	Outstanding principal amount as at the LPD RM'000	Proposed repayment amount RM'000	Estimated annual interest savings RM'000
Public Bank Berhad	Term Loan <sup>(1)</sup>	22,755	4,000	269 <sup>(2)</sup>

**Notes:-**

- (1) The Term Loan was drawdown in 2011 and 2012 by Superinox Pipe Industries Sdn Bhd for acquisition of the Land with factory buildings.  
 (2) Based on an effective interest rate of 6.72% per annum.

**Maximum Subscription Level**

Name of bank	Type of facility	Outstanding principal amount as at the LPD RM'000	Proposed repayment amount RM'000	Estimated annual interest savings RM'000
Public Bank Berhad	Term Loan <sup>(1)</sup>	22,755	7,000	470 <sup>(2)</sup>

**Notes:-**

- (1) The Term Loan was drawdown in 2011 and 2012 by Superinox Pipe Industry Sdn Bhd for acquisition of the Land with factory buildings.  
 (2) Based on an effective interest rate of 6.72% per annum.

**(iii) Working capital**

The Group intends to utilise proceeds of RM1.6 million under the Minimum Subscription Level or up to RM3.6 million under the Maximum Subscription Level for the Group's working capital purposes in the following manner:-

Utilisation	Minimum Subscription Level	Maximum Subscription Level
	RM'000	RM'000
Day-to-day operating expenses <sup>(1)</sup> for the Group's Property Business as well as steel manufacturing and trading business including purchasing costs for stainless steel coils and pipes as well as construction materials, payments to subcontractors for construction projects, wages for factory and construction workers, repair and maintenance costs for plant and machinery, rental of factory space and utilities	320	720
Other administrative expenses <sup>(1)</sup> including staff remuneration, insurance costs, professional fees for consultants and solicitors, secretarial fees and audit fees	1,280	2,880
<b>Total</b>	<b>1,600</b>	<b>3,600</b>

**Note:-**

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

**(iv) Estimated expenses for the Corporate Exercises**

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:-

Estimated expenses	Amount RM'000
Professional fees <sup>(1)</sup> (including underwriting fees)	1,200
Fees to relevant authorities	165
Printing, despatch and advertising expenses	110
Miscellaneous charges	125
<b>Total</b>	<b>1,600</b>

**Note:-**

- (1) Comprises estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors, and Reporting Accountants for the Rights Issue of ICPS with Warrants.



The exact quantum of proceeds that may be raised by the Company from the conversion of the ICPS and/or exercise of the Warrants would depend on the actual number of ICPS converted during the Conversion Period as well as its Conversion Mode and/or the actual number of Warrants exercised during the Exercise Period as well as its Exercise Price. The proceeds from the conversion of the ICPS and/or exercise of the Warrants will be received on an "as and when basis" over the Conversion Period and/or the Exercise Period.

It is unlikely for the Company to receive significant additional proceeds from the conversion of the ICPS as the ICPS are expected to be converted mainly based on the conversion mode of surrendering 2 ICPS without additional cash payment instead of the conversion mode of surrendering 1 ICPS with additional cash payment of RM0.06 (to arrive at the Conversion Price of RM0.12 for 1 new Share). Nevertheless, any proceeds arising from the conversion of ICPS (via the conversion mode of surrendering 1 ICPS with additional cash payment of RM0.06) during the Conversion Period will be used to finance the Group's future working capital requirements including those disclosed in Section 5(iii) above. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time. Strictly for illustrative purposes, assuming all the ICPS are converted based on the conversion mode of surrendering 1 ICPS with additional cash payment of RM0.06, the Company will raise gross proceeds of approximately RM81.89 million upon full conversion of the ICPS under the Maximum Scenario.

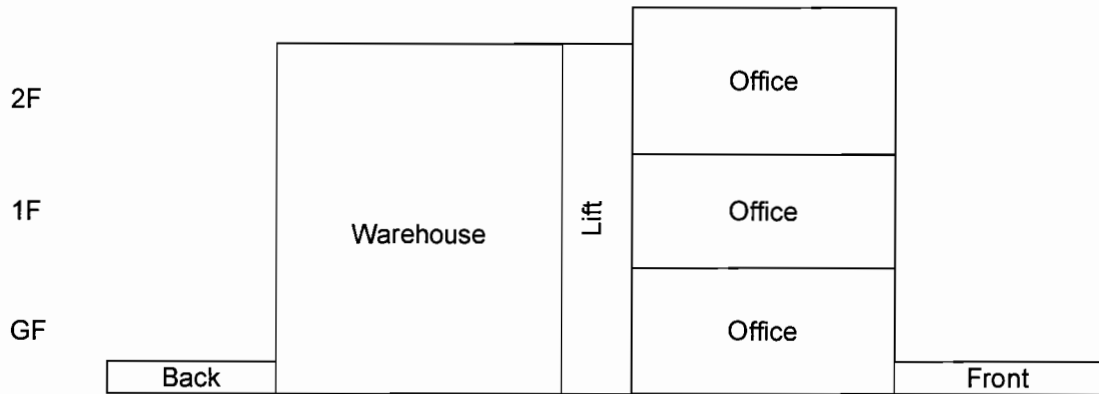
Strictly for illustrative purposes, based on the exercise price of RM0.12 per Warrant, the Company will raise gross proceeds of approximately RM10.24 million upon full exercise of the Warrants under the Maximum Scenario. Any proceeds arising from exercise of the Warrants in the future will be used to finance future working capital requirements including those disclosed in Section 5(iii) above. The exact breakdown as well as the timeframe for full utilisation cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

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**6. DETAILS OF THE PROJECT**

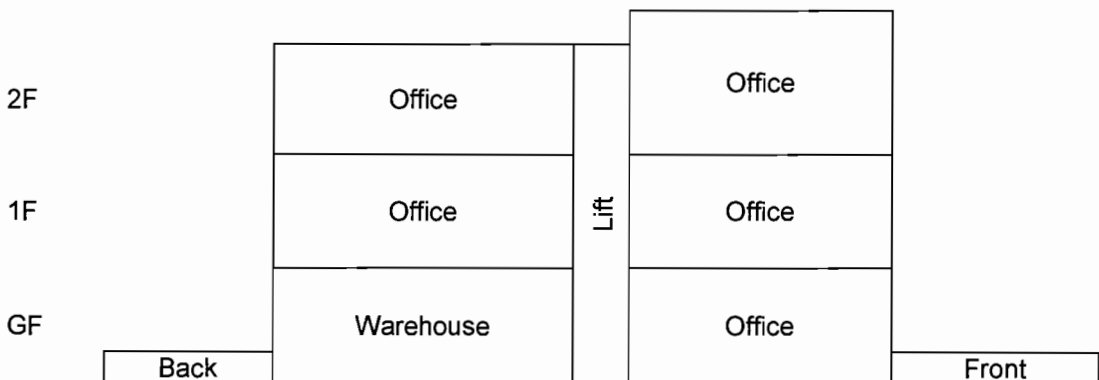
Based on the latest layout plan of the Project as at the LPD, the Project is expected to consist of 38 units of 3-storey semi-detached and 2 units of 3-storey detached corporate warehouse cum office building with a total built-up area of approximately 180,000 sf or 4,500 sf per unit. These units are expected to comprise two types of building layouts as follows:-

**Type A**



Type A comprises an office or production space at the front portion and double-volume factory or warehouse at the rear given its high ceiling warehouse layout. This design provides flexibility as it can meet the needs of various minor industrial processes and production purposes. Further, it can also be converted into research laboratories, warehouses and storage space for various materials.

**Type B**

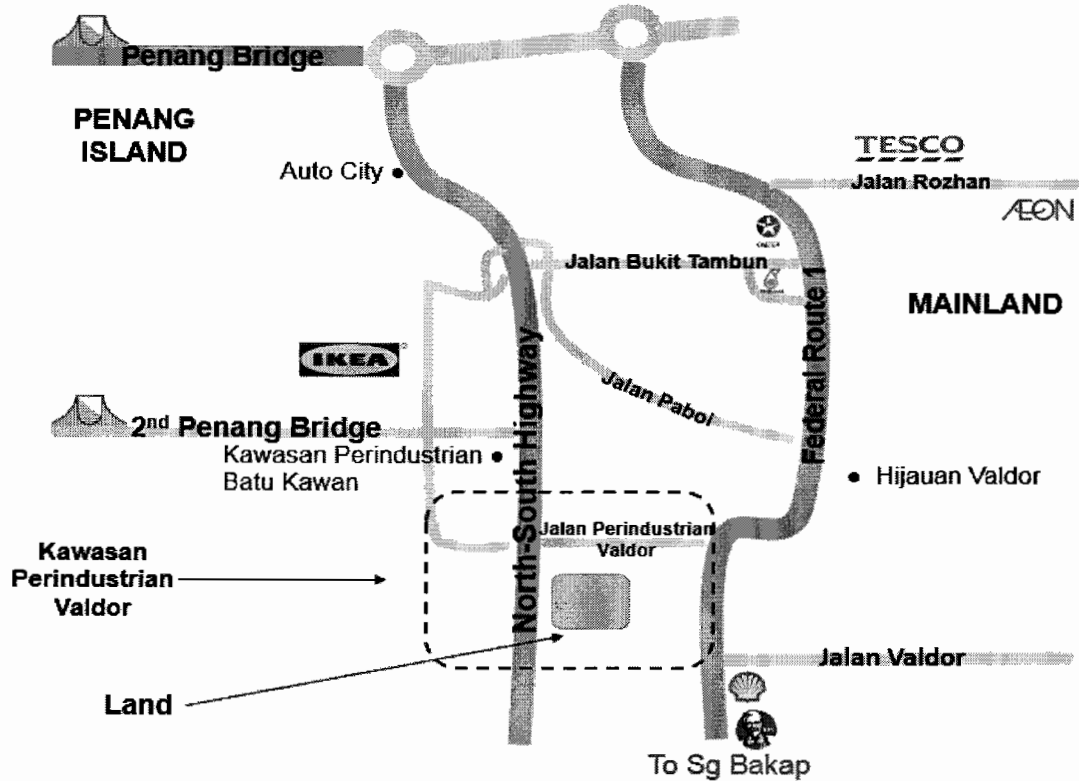


Type B comprises a full office-like building inclusive of a portion for production or warehousing on the ground floor. Both the second floor and third floor comprises office or production space. This design is ideal for various business needs and can be used as an administrative office, showroom, storage space, studio and production house, display space and others.

The approval for planning permission for the Project has been obtained from the relevant local authorities in February 2018. The approval for building plans for the Project, which is the only remaining approval required from local authorities to undertake the Project, is expected to be obtained by the 1st quarter of 2019. Accordingly, as the Project is still at the planning and approval stage, the composition of the Project layout plan illustrated above may be subject to change.

The construction of the Project is expected to commence once the approval for building plans for the Project is obtained in the 1st quarter of 2019. The construction of the Project is expected to be completed within 36 months from the date of its commencement.

The location of the Project is illustrated below:-



The Project will be developed on the Land which is located in Kawasan Perindustrian Valdor, Sungai Jawi on mainland Penang. The Land is accessible via Jalan Nafiri from the connecting local trunk road of Jalan Sungai Bakap which leads to Simpang Ampat to the north as well as the town of Sungai Bakap to the south. It is strategically located close to the 2nd Link Penang Bridge (approximately 20 minutes drive away) which connects mainland Penang with Penang Island as well as the North-South Expressway (approximately 10 minutes drive away) which connects from Bukit Kayu Hitam in Kedah at northern Peninsular Malaysia all the way to Johor Bahru at the southern tip of Peninsular Malaysia as well as Singapore.

Other landmarks nearby include an ongoing residential development known as Hijauan Valdor which comprises 1-storey and 2-storey terraced and semi-detached houses as well as bungalow lots, located around 2 km from the Project. The Project is also located within a 12 km radius of Eco Meadows, an upcoming township development in Simpang Ampat, and amenities such as schools (SK Taman Merak, SMK Simpang Ampat, SRJK (C) Keng Koon and GEMS International School) and supermarkets (Tesco and AEON Mall in Bukit Mertajam).

Currently, the Land consists of a 2-storey office building with a factory building attached, a stand-alone building and a 1-storey detached factory. The Land, which is now vacant, was previously occupied by the Group's steel manufacturing and trading operations. For the purpose of implementation of the Project, the Group's existing steel operations therein have been relocated to a smaller rented factory in Simpang Ampat in April 2018 while the existing office and factory buildings erected on the Land are planned to be demolished to make way for the Project.

Pursuant to the rationalising and streamlining of the Group's business activities, the said steel manufacturing operations have been running at a smaller scale since relocation.

Further details of the Land and the existing buildings erected thereon are as follows:-

Postal address	: No. 1564, MK12, Jalan Nafiri, Kawasan Perusahaan Valdor, 14200 Sungai Jawi, Pulau Pinang
Title particulars	: Held under GM 448 Lot 1628 and GM 450 Lot 1630, both in Tempat Ladang Valdor, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang
Land owner	: Superinox Pipe Industry Sdn Bhd, a wholly-owned subsidiary of the Company
Land area (approximate)	: 550,000 sf
Tenure	: Freehold
Category of land use	: Nil
Restriction in interest	: Nil
Encumbrance	: Charged to Public Bank Berhad
Endorsement	: Nil
Express condition	: (First Grade)
	The land comprised in this title:
	(a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Collector's right of way; and
	(b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs;
	and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).
Buildings	: 2-storey office building with a factory building attached, a stand-alone building and a 1-storey detached factory
Built-up area (approximate)	: 325,335 sf
Existing use	: All buildings are currently vacant
Audited net book value as at 31 May 2018	: RM53 million

Further details of the Project are as follows:-

Description	: Industrial park development comprising 38 units of 3-storey semi-detached and 2 units of 3-storey detached corporate warehouse cum office building. All units are intended to be sold. As at the LPD, none of the units have been sold.
Developer	: Superinox Pipe Industry Sdn Bhd, a wholly-owned subsidiary of the Company
Contractor	: The construction of the Project is expected to be outsourced to a third party contractor.
Total estimated gross floor area	: Approximately 180,000 sf
Total estimated GDV	: Approximately RM138.95 million.
Total estimated GDC	: Approximately RM102.95 million. Please refer to Section 5 of this Abridged Prospectus for details on the breakdown.
Sources of funds for the funding requirement of the Project	: Proceeds from the Proposed Rights Issue of ICPS with Warrants, internally generated funds and/or bank borrowings to be procured. The actual funding breakdown cannot be determined at this juncture and can only be determined once the Proposed Rights Issue of ICPS with Warrants is completed with the actual proceeds ascertained, as well as the availability and suitability of funding options at the relevant time.
Stage of completion	: Construction of the Project has not commenced

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## 7. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue of ICPS with Warrants:-

### 7.1 Risks relating to the Group

#### 7.1.1 Risks relating to the Group's construction, property development and property investment businesses

##### (i) Business and operational risks

Following the Diversification, the Group is subject to certain business and operational risks inherent in the construction, property development and property investment businesses. Such risks include, but are not limited to, shortages of building materials, price fluctuation of building materials costs, increase in labour costs, shortages of labour including foreign workers, drop in demand for residential, commercial and/or industrial properties, changes in general economy and business conditions, changes in government policies or political environment, changes in the legal and environment framework within which the property sector operates, defect liability claims and default by purchasers and/or contractors.

There is no assurance that the occurrence of any of the events described above will not have a material adverse effect on the Group's business and financial performance in the future.

##### (ii) Performance of the property market

The performance of the Group's Property Business will be dependent on the performance of the property market. In turn, this is affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends. Any adverse developments affecting the property market may result in adverse impact on the performance of the construction, property development and property investment sectors, which in turn may adversely affect the performance and growth of the Group's Property Business.

The property market in Malaysia has been dampened in the past few years, particularly since the introduction of cooling measures by the government to restrict the overheating of the property market and curb excessive price increases such as the following:-

- (a) The real property gains tax ("RPGT") was reintroduced in 2010. The effective maximum RPGT rates were raised from 5% in 2010 to 30% in 2014. Further, as set out in the recent Budget 2019, the RPGT for disposal of real estate from the 6th year of ownership onwards will be increased from 5% to 10% for companies, from 0% to 5% for citizens and permanent residents as well as from 5% to 10% for non-citizens and non-permanent residents in 2019.
- (b) In 2010, BNM announced a maximum loan-to-value ratio of 70% for third home purchases by consumers.

- (c) Banks can no longer provide financing for projects with developer interest bearing schemes, wherein interest payments on the loan obtained by the buyers are borne by the property developers until construction of the property is completed.
- (d) As set out in the recent Budget 2019, stamp duty on the transfer of properties valued at more than RM1 million will be increased from 3% to 4% in 2019.

Any further introduction of cooling measures by the government may lead to a softer property market, which in turn may adversely affect the take-up rate for the Project as well as the performance and growth of the Group's Property Business moving forward.

**(iii) Property overhang and/or unsold properties**

Property overhang is commonly caused by oversupply of properties leading to low take-up rate by customers of new property launches. Other factors contributing to property overhang may include economic downturn, tightening of credit and unfavourable market conditions. A prolonged property overhang situation or an increase in the number of unsold properties in the property market may also be due to other factors such as weak response to property launches, location of the properties and changes in consumer preferences.

In this regard, the Project is susceptible to the risk of not achieving full take-up rate or that it may take a longer time to achieve full take-up rate leading to a longer payback period. There can be no assurance that the Project will be able to achieve a favourable take-up rate or that the Group's future property launches will not be affected by property overhang.

**(iv) Availability of viable landbanks for development**

As at the LPD, the Group does not have any available landbank for development. Thus, the Group's success in the property development business is dependent on its ability to identify and acquire suitable landbanks with development potential to undertake property projects that are profitable. The continuous identification and replenishment of landbank is crucial in determining whether the Group's Property Business can deliver sustainable growth and contribute positively to the earnings of the Group in the medium to long term.

However, due to the scarcity of strategic landbank in the country, the Group is expected to face intense competition from other established property developers in the acquisition of attractive landbank at commercially viable prices. Given the competition, landbank may only be acquired at a higher acquisition cost. There is no assurance that this would not lead to a reduction in the Group's profitability and adversely affect the future prospects of its Property Business or that the Group will be able to identify and acquire suitable landbank at commercially viable prices from time to time.

**(v) Completion risks**

For the Project as well as the property and construction projects to be undertaken by the Group's Property Business in the future, the Group may face a longer payback period than expected due to certain risks including, amongst others, increase in development and/or construction costs, unavailability or shortage of manpower and/or building materials, delay or inability in obtaining requisite approvals from the relevant authorities, delay in performance by subcontractors, inability to secure adequate funding, site accidents, construction errors, flawed building plan and slow take-up rates or unsold units due to softening property market.

There is no assurance that none of these events will occur or that the occurrence of any such event will not result in interruptions or delays in the completion of the Project or other projects to be undertaken by the Group in the future. In turn, such delays may lead to cost overruns and affect the profitability and cash flows of the Group.

**(vi) Dependence on contractors and subcontractors**

The Group's Property Business is expected to engage third party contractors and subcontractors from time to time for its property development and construction projects. Construction of the Project will be outsourced to a third party contractor, and this may also be the case for other property development projects to be undertaken by the Group. For construction projects to be undertaken by the Group, subcontractors may be appointed for, amongst others, mechanical and electrical (M&E) works, piling and foundation works as well as interior design and fittings.

There is no assurance that the performance of the contractors and subcontractors appointed by the Group will be satisfactory or match the quality level expected by the Group and end purchasers. The contractors and subcontractors appointed by the Group may also experience financial and/or other difficulties which may affect their ability to carry out the contracted work, hence leading to possible delays in completion of projects as well as cost overruns. In turn, this may adversely affect the performance of the Group's Property Business.

**(vii) Competition**

The Group may face intense competition from other players in the Property Business. Given the Group's position as a new entrant, the Group may also face certain disadvantages such as lack of relevant track record and brand name as compared to other existing players who have established their brand name and reputation in the industry. Existing players may also have superior financial strength and balance sheet size which enables them to undertake aggressive sales and marketing initiatives while having greater access to financing and the ability to competitively price their property projects at attractive prices.

There is no assurance that the Group will be able to successfully penetrate into the property market as a new entrant and cope with the competition from existing players. This may slow or hinder the growth and sustainability of the Group's Property Business in the medium to long term.



**(viii) Financing risks**

As set out in Section 5(i) of this Abridged Prospectus, the balance funding requirement for the Project is expected to be financed via a combination of bank borrowings and/or progressive sales billings to be received. However, the actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds raised from the Rights Issue of ICPS with Warrants, the sales proceeds from the Project as well as the availability and suitability of other funding options at the relevant time

While the Group's gearing is expected to reduce from 2.19 times as at 31 May 2018 to 1.15 times (under Minimum Scenario) or 0.67 times (under Maximum Scenario) after the Rights Issue of ICPS with Warrants (as set out in Section 9.2 of this Abridged Prospectus), in the event that the Group incurs new bank borrowings to meet the Group's balance funding requirement for the Project, the Group's gearing would increase accordingly with new principal and interest servicing obligations. Besides that, new bank borrowings incurred could result in additional operating and financial covenants being imposed that could restrict, to a certain extent, the Group's operations and its ability to pay dividends to its shareholders.

The ability to secure adequate financing is crucial for the Group to undertake development and construction projects as well as to ensure their smooth and timely completion. Moving forward, the Group may also secure financing for the acquisition of landbank from time to time. However, the incurrence of debt will result in new principal and interest servicing obligations to the Group.

There is no assurance that the Group will be able to secure the necessary financing for its projects with favourable terms or that, once such financing is obtained, the Group will be able to service its principal and interest servicing obligations in a timely manner without any potential event of default which could materially affect the Group's cash flow and solvency.

**(ix) Dependence on key personnel**

Pursuant to the Diversification, the Group has identified a senior personnel with relevant experience and expertise to be employed to spearhead the Group's Property Business. In addition, the Group is in the midst of forming an experienced team of key personnel comprising, amongst others, a project manager, a project sales manager and a contract manager to run the Property Business.

In view of the above, the Group's success in the Property Business will be dependent on the skills, abilities, experience and competencies of the key personnel to be employed as well as their continued long-term employment with the Group. The loss and failure to recruit suitable candidates may adversely affect the performance and growth of the Group's Property Business.

Moving forward, the Group's Property Business will also dependent on its ability to hire, train and retrain qualified and competent personnel from time to time. If there is a shortage of personnel with the relevant skills, attributes, qualifications and competencies, the process of identifying and hiring such personnel may be difficult, time consuming and expensive.

There is no assurance that the Group will be able to identify, attract and retain skilled personnel from time to time in the future or that any loss in key personnel can be easily and quickly replaced without major disruption to the Group's Property Business.

### **7.1.2 Risks relating to the Group's steel manufacturing and trading business**

Following the Diversification, it is the Group's intention to progressively scale down its existing steel business to focus more on the new Property Business. In the meantime, these are some of the risk factors which the Group's existing steel business is currently subjected to:-

#### **(i) The Group's steel business has been operating at a loss since 2012**

The Group's steel business has been recording consecutive losses since 2012, mainly due to the influx of cheap steel imports from China as well as intense competition from local steel manufacturers and traders. Apart from these, the Group's steel manufacturing business is also affected by fluctuations in the prices of raw materials from time to time, as the price of stainless steel coils and pipes (being the main raw materials of the Group's steel manufacturing business) are determined by global market price which in turn is dependent on global demand and supply forces.

While the Group has been embarking on an asset rationalisation and business optimisation plan which includes, amongst others, cost cutting measures and streamlining of business operations via disposal of unprofitable subsidiaries and non-core assets, there is no assurance that these initiatives will be able to successfully lead to a turnaround in profitability. Even if these measures are successful in the near term, there is no assurance that, in light of the intense competition dynamics with local and foreign players, the Group's steel business will not revert back into a loss-making position.

#### **(ii) Competition**

The Group's steel manufacturing and trading business operates in a market characterised by strong competition resulting from the number of established market participants as well as the volume of imported steel products. In particular, the influx of cheap steel products from China has depressed margins for local steel producers in Malaysia. In addition, the Group faces competition locally from various steel distributors, service centres and manufacturers. Apart from pricing, competition may also be in the form of product quality, product range and speed of delivery.

There is no assurance that the Group's steel business will be able to withstand intense competition from both local and foreign players to earn a sustainable profit margin moving forward.

**(iii) Fluctuation in prices of raw materials**

The Group's steel manufacturing business is dependent on imported steel coils and pipes as raw materials. These are commodities which are subject to fluctuation in world prices and are dependent on global demand and supply. In some situations, increases in the prices of raw materials are not easily passed on to customers. This could negatively impact the profit margin or alternatively, if the increase in cost is passed on to customers, the manufacturer may not be price competitive. Therefore, a significant increase in the market prices of raw materials will have an adverse effect on the business and financial performance of the Group's steel manufacturing business.

In the steel business, the prices of both raw materials and finished goods tend to increase or decrease in tandem with global movement in steel prices. Hence, there may be situations where raw materials are purchased at a time when steel prices were higher, but used to manufacture finished goods after a downturn in steel prices. With a timing mismatch in purchasing price and selling price, the carrying value of inventories stocked by the Group will have to be impaired as such inventories now have a lower realisable value. There is no assurance that the Group will be able to correctly anticipate future movement in steel prices in order to time its purchases, or that the Group will be able to enter into back-to-back arrangements with its customers to lock the purchasing and selling price upfront so as to preserve the profit margin.

**7.2 Risks relating to the Rights Issue of ICPS with Warrants**

**(i) Delay in or abortion of the Rights Issue of ICPS with Warrants**

The Rights Issue of ICPS with Warrants may be delayed or cancelled if there is a material adverse change of events or circumstances such as rapid economic decline or a major natural disaster, which is beyond the control of the Company and the Principal Adviser.

In the event of failure in the completion of the Rights Issue of ICPS with Warrants, all application monies received by the Company pursuant to the Rights Issue of ICPS with Warrants will be refunded without interest to the Entitled Shareholders and or their renouncee(s) (if applicable) who have subscribed for the ICPS in accordance with Section 243 of the CMSA and if any such monies is not repaid within 14 days after it becomes liable, the Company and its officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the event that the Rights Issue of ICPS with Warrants is cancelled after the ICPS and Warrants have been validly allotted to the Entitled Shareholders and/or their renounce(s) (if applicable), a return of monies of the Entitled Shareholders and/or their renounce(s) (if applicable) can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of the Shareholders by way of a special resolution in a general meeting, consent of creditors (where applicable) and may require the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

**(ii) Capital market risk**

The market price of the new securities arising from the Rights Issue of ICPS with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in. In view of this, there can be no assurance that the Tatt Giap Shares (together with the ICPS and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TEAP disclosed in Section 2.4 of this Abridged Prospectus after completion of the Rights Issue of ICPS with Warrants.

The Warrants are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.

**(iii) Forward-looking statements and other information**

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

All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

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## 8. INDUSTRY OVERVIEW AND PROSPECTS

### 8.1 Malaysian economy

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q 2018: 4.5%), supported by expansion in domestic demand amid a decline in net exports growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.6% (2Q 2018: 0.3%).

Domestic demand expanded at a faster pace during the quarter (6.9%; 2Q 2018: 5.6%), driven by private sector activity. Private consumption growth accelerated to 9.0% (2Q 2018: 8.0%). Household spending was boosted in July and August 2018, following the zerorisation of the Goods and Services Tax (GST) rate, particularly on durable goods such as motor vehicles and furnishings, as well as food and beverages. Continued expansion in income and employment provided key support to household spending.

During the quarter, the manufacturing sector registered sustained growth, as improvements in the E&E and consumer-related clusters offset softer growth in primary-related output. Faster expansion in the E&E and consumer-related cluster was accounted by higher production of consumer-based electronics, household appliances, passenger cars and auto parts, following higher spending on durable goods during the tax holiday period. Manufacture of construction-related materials was sustained in line with activity in the construction sector.

The construction sector registered sustained growth in the third quarter. Despite the on-going review of several mega projects, construction activity in the civil engineering sub-sector remained supportive of growth, underpinned by steady progress in existing transportation, petrochemical and power plant projects. Growth in the non-residential sub-sector improved slightly, while growth in the residential sub-sector remained weak amidst the high number of unsold residential properties.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2018, BNM)

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real GDP is projected to expand 4.8% and 4.9% in 2018 and 2019, respectively, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and ongoing projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

### 8.2 Property market in Penang

The state's property market performance softened further in 2017. There were 16,592 transactions worth RM10.39 billion, decreased by 9.6% in volume though value increased by 8.6% against 2016. Residential sub-sector continued to lead the overall market, accounting for 72.9% of the state's property transaction volume. This was followed by agriculture (9.1%), commercial (8.1%), development land (7.2%), and industrial (2.7%) sub-sectors.

Market activity across all sub-sectors recorded downtrend except for industrial. Commercial sub-sector led the decrease by 20.8%, followed by development land (-12.6%), residential (-8.7%) and agriculture (-5.6%) sub-sectors. In terms of value, all sub-sectors recorded upward trend with the exception of commercial and industrial sub-sectors, down by 11.9% and 25.4% respectively.

### Residential property

Residential sub-sector remained as the leading sub-sector with 72.9% share, there were 12,090 transactions worth RM5.41 billion recorded in the review period, declined by 8.7% in volume but increased slightly by 0.9% in value.

Prices of residential properties showed mixed movements. In Seberang Perai Tengah, single storey terraced houses located nearby AEON Mall and TESCO Hypermarket experienced price increase while double storey terraces close to industrial areas recorded price gain. Similar price uptrend was recorded in housing schemes located within new townships due to higher demand. In the stratified segment, two-bedroom flats in Taman Sri Aman recorded a notable increase due its strategic location nearby The Golden Development Triangle area. Double-digit price increase was also noted for three-bedroom flats located adjacent to higher learning institution such as Politeknik Seberang Perai. As at Q4 2017, the All House Price Index for the state stood at 191.4 points, up by 4.6% from 182.9 points in Q4 2016. The average All House Price for the state as at Q4 2017 stood at RM429,234, increased from RM410,058 in Q4 2016.

The residential rental market was on a stable mode across the board with positive rental growth recorded in selected locations. In Seberang Perai Utara, double storey terraces in schemes adjacent to Pusat Perniagaan Raja Uda registered rental increase from 3.1% to 14.2%. Similar property in Seberang Perai Selatan also experienced rental increase for houses located nearby Batu Kawan development area. Stratified units particularly flats which are located within industrial areas' vicinity recorded rental growth mainly due to higher demand from foreign workers. Meanwhile, apartments and condominiums showed stable rental trend with movements noted due to tenancy and rental renewals.

### Commercial property

The commercial sub—sector moderated. There were 1,344 transactions worth RM1.05 billion recorded, down by 20.8% in volume and 11.9% in value as compared to 2016. The performance of purpose-built office sustained as the occupancy rate stood at 82.2%, almost similar to 82.3% recorded in 2016 with a negative take-up of 851 s.m.

The office sub-sector saw a stable performance with positive movements noted in several buildings. Rentals of office space in KOMTAR Tower Block with floor area 464 s.m. to 1,161 s.m. witnessed double-digit growth. Other buildings namely MWE Plaza, Sri Weld, Wisma Great Eastern, NB Tower, NB Plaza and Wisma Sempilai experienced rental increase in some from floor levels due to rental re visions.

### Industrial property

The industrial sub-sector contributed a small portion to the overall market activity. There were 452 transactions worth RM678.17 million recorded in the review period, indicating an increase of 2.0% in volume whilst value decreased by 25.4%.

The industrial sub-sector observed higher number of overhang. There were 110 overhang units worth RM178.85 million recorded in the review period, increased by 22.2% and 36.6% in volume and value respectively (2016: 90 units worth RM130.94 million). There was no unsold under construction and not constructed unit recorded.

Prices of industrial sub-sector were stable on the whole with several movements recorded in strategic areas served with good accessibility.

(Source: Property Market Report 2017, Valuation and Property Services Department, Ministry of Finance)

The industrial area in Sungai Jawi is mainly concentrated in Kawasan Perindustrian Valdor and Kawasan Perindustrian Nafiri, both located adjacent to each other in the north. These industrial zones are strategically located due to their close proximity to the North South Expressway and 2nd Link Penang Bridge. The North South Expressway provides connectivity with other industrial hubs, namely Bukit Mertajam in the north, Perai in the north west and Kulim in the north east. The 2nd Link Penang Bridge is connected to the Bayan Lepas Free Industrial Zone, well known for its electrical and electronics industry with the presence of various multi-national firms.

This close proximity and strategic connectivity to other manufacturing hubs in Penang has allowed the industrial area of Sungai Jawi to thrive. Amongst its occupants include manufacturers of steel, plastic and paper materials as well as chemical products and various other trading companies. Locally, the nearby townships of Taman Valdor and Sungai Bakap provide various amenities such as commercial shop lots, banks, food & beverage outlets, petrol stations and convenience stores. The upcoming residential development, Hijauan Valdor, is also expected to be positive for the area.

(Source: Management of Tatt Giap)

### **8.3 Malaysian manufacturing sector**

Currently, Tatt Giap's steel division is principally involved in the manufacturing of stainless steel fittings as well as trading of stainless steel pipes, stainless steel tubes and mild steel products (both flat and long). These products have various applications including water works and treatment, refineries and plants, paper and pulp, food processing, petrochemical, pharmaceutical, air conditioning, marine engineering, oil and gas, building and construction materials, E&E and metal fabrication. In view thereof, the end-users of the steel products manufactured and traded by the Group are primarily manufacturers operating in various sub-segments of the Malaysian manufacturing sector.

Hence, the prospects of Tatt Giap's steel manufacturing and trading business is, to a certain extent, dependent on the prospects of the Malaysian manufacturing sector as set out below:-

The manufacturing sector increased 5.1% (y-o-y) during the first half of 2018 and for the year is expected to grow 4.9% largely driven by export-oriented industries. This is in line with the increase in Manufacturing Production Index which grew 4.9% (y-o-y) and sales at 7.3% (y-o-y) during the first eight months of 2018. Continuous expansion in the electronics cycle and favourable global industrial activities are expected to translate into firm demand for Malaysian manufactured exports, hence strong growth in the production of export-oriented manufactured goods. These include E&E, petroleum, chemical, rubber and plastic products. Meanwhile, the domestic-oriented industries will remain steady supported by sustained demand for consumer- and construction-related products.

Steady performance in the E&E subsector is supported by strong demand for electronic integrated circuits and semiconductors; telecommunications equipment; and consumer electronics. Output of petroleum, chemical, rubber and plastic products subsector will be mainly supported by rising demand in the healthcare industry, particularly for rubber gloves, plastic medical appliances and pharmaceutical products. Meanwhile, production of chemical will be driven by expansion in petrochemicals and oleochemicals industries. This is in tandem with the higher sales of vehicles following the zero-rated GST. Meanwhile, growth in the domestic-oriented industries will be driven by continued demand for food-related products as well as sustained production of construction-related materials amid new and ongoing infrastructure projects.

In 2019, the manufacturing sector is forecast to expand 4.7% supported by export-oriented industries following continuous expansion in E&E as well as chemicals and chemical product subsectors. Growth in E&E output will continue to surge driven by the increasing use of wearable gadgets and smart home applications. In the chemical industry, production of petrochemicals and oleochemicals are expected to benefit from the abundance of feedstock in the form of O&G as well as palm oil coupled with sustained demand from China, Indonesia and Thailand. The domestic-oriented industries are expected to be driven by robust growth of the food subsector following strong household demand while the construction-related subsector will be supported by continuous expansion in the construction activities.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

#### 8.4 Steel industry

Over the last few years, the Group's steel business was affected by depressed steel prices. In turn, the depression in steel prices was contributed by global excess capacity of steel as well as slowdown in global demand for steel, primarily from China which is both a major producer and consumer of steel. Accordingly, demand and supply imbalances in China led to dumping activities where the influx of cheap steel imports from China adversely affected the Malaysian steel industry. Coupled with intense competition in the local market from other steel manufacturers and traders, the Group's business and financial performance has suffered accordingly with consecutive losses since 2012.

The prospects of the steel industry are set out below:-

Global excess capacity remains a major challenge for the global steel industry, affecting the financial and economic sustainability of the steel sector. Steel-making capacity developments are changing quickly in response to both investments and closures taking place in the industry, and the OECD works to monitor the situation on an ongoing basis. The latest available information (as of December 2017) suggests that nominal global crude steelmaking capacity decreased for the second consecutive year in 2017. The OECD has revised down its 2016 and 2017 figures for world steelmaking capacity to 2,280.7 million metric tonnes ("mmt") and 2,251.2 mmt, respectively, to incorporate closures and investments that were not taken into account previously. The decline in global steelmaking capacity in 2017 follows a deceleration in capacity growth since 2013, as a result of capacity reductions and slower capacity growth in OECD/EU economies and non-OECD/EU economies.

The last Short Range Outlook released by the World Steel Association was in October 2017, at which time global steel demand was expected to reach 1 622. mmt in 2017, and 1 648.1 mmt in 2018. This corresponds to a 2.8% global growth rate for 2017, and a 1.6% global growth rate for 2018, taking into account the adjustments for Chinese data.

The previous forecasts, released in April 2016, had indicated an increase in steel demand of 1.3% in 2017 and 0.9% in 2018. The upward revisions reflected the broadening of the cyclical upturn throughout 2017, leading to better-than-expected demand outcomes for both developed and most developing economies.

Nevertheless, the steel sector continues to face longer-term challenges such as the longer-term decline in steel intensities in some economies, excess capacity, expressed in still very low capacity utilisation rates, as well as in the still fragile financial situation of many steel firms.

(Source: Steel Market Developments – Q2 2018 by Fabien Mercier, Hokuto Hotsuka and Filipe Silva, OECD, Paris)



## 8.5 Prospects and future plans of the Group

The Group has been incurring consecutive losses since 2012 due to, amongst others, the depression in global steel prices, influx of cheap steel imports from China and intense competition from other local manufacturers of steel pipes and other metal products.

In order to address the Group's deteriorating financial position, the Group has been undertaking various efforts including, amongst others, cost-cutting measures and streamlining of business operations via disposal of non-core assets as part of the Group's asset rationalisation and business optimisation plan.

Pursuant thereto, the Group ventured into a new business segment i.e. the Property Business, which was approved by the Shareholders during the EGM on 31 May 2018. The Diversification is one of the Group's long term measures to turnaround its financial performance. The new business segment i.e. the Property Business, is expected to provide an alternative source of income to the Group while reducing its reliance on its existing core business. In conjunction with the Diversification, the Group intends to undertake the Project as its maiden property project. As the Project is to be developed on the Land, the Group plans to demolish the existing office and factory buildings erected on the Land to make way for the Project while its existing steel manufacturing operations therein have been relocated to a smaller rented factory in Simpang Ampat.

Moving forward, the Group expects its financial performance to improve in view of the following:-

- (i) the Project is expected to contribute positively to the earnings of the Group given the strategic location of the Project in an established industrial area known as Kawasan Perindustrian Valdor, Sungai Jawi, Penang which is close to the 2nd Link Penang Bridge and is therefore expected to augur well for the sales prospects of the Project; and
- (ii) pending the successful completion of the Project, the Group will continue with its asset rationalisation and business optimisation plan for its existing steel manufacturing business in order to remain competitive in the local steel industry.

Apart from the Project, it is the Group's objective to expand its Property Business and ensure its long term sustainability via the continuous acquisition and replenishment of landbank for development. At this juncture, the Group does not have any landbank that is readily available for development. Hence, while the Property Business will initially focus on the Project, the Group will also seek to continuously identify opportunities to acquire suitable landbank situated in strategic locations at attractive prices in order to undertake property development projects that are commercially viable and profitable to the Group. In addition, the Group may consider joint-venture arrangements with landowners to develop land with good development potential and favourable returns.

As part of the Group's Diversification initiatives, the Group has started to venture into the construction segment following its acceptance of 4 Letter of Awards from Dynaciate Engineering Sdn Bhd on 31 October 2018 to undertake various sub-contracting works such as civil, main mechanical, architectural, piping pre-fabrication and installation works for 4 separate projects for a total contract sum of RM67 million. The sub-contract works are expected to commence in 4th quarter of 2018.

As for the Group's existing steel business, the Group intends to progressively scale it down via the gradual reduction of production lines and/or divestment via disposal of excess machineries and equipment. Given the tough business environment in the local steel industry as well as its competitive landscape, it is the Group's intention to slowly divert its attention and resources away from its existing steel business into the new Property Business or such other businesses that will be able to generate positive returns to the Group.

## 9. EFFECTS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

The pro forma effects of the Rights Issue of ICPS with Warrants are set out below:-

### 9.1 Share capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Share capital as at the LPD	170,613,402	24,681,031	170,613,402	24,681,031
New Shares to be issued assuming full conversion of the ICPS	<sup>(1)</sup> 150,000,000	18,000,000	<sup>(2)</sup> 682,453,608	81,894,433
New Shares to be issued assuming full exercise of the Warrants	<sup>(3)</sup> 37,500,000	<sup>(4)</sup> 10,665,000	<sup>(3)</sup> 85,306,701	<sup>(4)</sup> 24,261,226
<b>Enlarged issued share capital</b>	<b>358,113,402</b>	<b>53,346,031</b>	<b>938,373,711</b>	<b>130,836,690</b>

#### Notes:-

- (1) Assuming all 300,000,000 ICPS issued under the Minimum Scenario are fully converted into 150,000,000 Shares based on the conversion mode of surrendering 2 ICPS (which are issued at an issue price of RM0.06 each) without additional cash payment to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (2) Assuming all 682,453,608 ICPS issued under the Maximum Scenario are fully converted into 682,453,608 Shares based on the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (3) The Warrants, which are convertible into new Shares based on the conversion ratio of 1 new Share for every 1 Warrant exercised, are issued on the basis of 1 Warrant for every 8 ICPS subscribed for.
- (4) Based on the Exercise Price of RM0.12 per Warrant after accounting for the reversal of warrants reserve based on the issuance of the Warrants at an allocated fair value of RM0.1644 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).

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## 9.2 NA and gearing

Minimum Scenario

	Audited as at 31 May 2018 RM'000	(I) After subsequent event <sup>(2)</sup> RM'000	(II) After (I) and Rights Issue of Warrants <sup>(3),(4),(5)</sup> RM'000	(III) After (II) and conversion of ICPS <sup>(6)</sup> RM'000	(IV) After (III) and assuming full exercise of Warrants <sup>(7)</sup> RM'000
<b>Group level</b>					
Share capital	84,681	24,681	24,681	42,681	53,346
ICPS	-	-	11,835	-	-
Reserves <sup>(1)</sup>	(62,778)	(2,778)	1,787	(4,378)	(10,543)
Shareholders' equity / NA	21,903	21,903	38,303	38,303	42,803
Non-controlling interest	6,000	6,000	6,000	6,000	6,000
<b>Total equity</b>	<b>27,903</b>	<b>27,903</b>	<b>44,303</b>	<b>44,303</b>	<b>48,803</b>
No. of Shares in issue ('000)	170,613	170,613	170,613	320,613	358,113
NA per Share (RM)	0.13	0.13	0.22	0.12	0.12
Total borrowings (RM'000)	47,987	47,987	43,987	43,987	43,987
Gearing (times) <sup>(8)</sup>	2.19	2.19	1.15	1.15	1.03

Notes:-

- (1) Reserves include warrants reserve, reverse acquisition reserve, revaluation reserve and/or (accumulated losses) / retained earnings.
- (2) After accounting for the Share Capital Reduction which was completed on 26 July 2018.
- (3) Based on the minimum subscription level of 300,000,000 ICPS at an issue price of RM0.06 per ICPS together with 37,500,000 free Warrants.
- (4) After accounting for the warrants reserve based on the issuance of 37,500,000 Warrants at an allocated fair value of RM0.1644 per Warrant and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1.6 million.
- (5) After accounting for the repayment of borrowings amounting to RM4 million based on the proposed utilisation as set out in Section 5 of this Abridged Prospectus.
- (6) Assuming all 300,000,000 ICPS issued under the Minimum Scenario are fully converted into 150,000,000 Shares based on the Conversion Mode of surrendering 2 ICPS (which are issued at an issue price of RM0.06 each) without additional cash payment to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (7) Based on the exercise price of RM0.12 per Warrant.
- (8) Computed based on total borrowings divided by net assets.

**Maximum Scenario**

Group level	Audited as at 31 May 2018 RM'000	(I) After subsequent event <sup>(2)</sup> RM'000	(III) After (II) and Rights issue of ICPS with Warrants <sup>(3)(4)(5)</sup> RM'000	(IV) After (III) and assuming full conversion of ICPS <sup>(6)</sup> RM'000	(V) After (IV) and assuming full exercise of Warrants <sup>(7)</sup> RM'000
Share capital	84,681	24,681	24,681	106,575	130,836
ICPS Reserves <sup>(1)</sup>	- (62,778)	- (2,778)	26,923 9,646	- (4,378)	- (18,402)
Shareholders' equity / NA	21,903	21,903	61,250	102,197	112,434
Non-controlling interest	6,000	6,000	6,000	6,000	6,000
<b>Total equity</b>	<b>27,903</b>	<b>27,903</b>	<b>67,250</b>	<b>108,197</b>	<b>118,434</b>
No. of Shares in issue ('000)	170,613	170,613	170,613	853,067	938,374
NA per Share (RM)	0.13	0.13	0.36	0.12	0.12
Total borrowings (RM'000)	47,987	47,987	40,987	40,987	40,987
Gearing ratio (times) <sup>(8)</sup>	2.19	2.19	0.67	0.40	0.36

**Notes:-**

- (1) Reserves include warrants reserve, reverse acquisition reserve, revaluation reserve and/or (accumulated losses) / retained earnings.
- (2) After accounting for the Share Capital Reduction which was completed on 26 July 2018.
- (3) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of ICPS at an issue price of RM0.06 per ICPS.
- (4) After accounting for the warrants reserve based on the issuance of 85,306,701 Warrants at an allocated fair value of RM0.1644 per Warrant and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1.6 million.
- (5) After accounting for the repayment of borrowings amounting to RM7 million based on the proposed utilisation as set out in Section 5 of this Abridged Prospectus.
- (6) Assuming all 682,453,608 ICPS issued under the Maximum Scenario are fully converted into 682,453,608 Shares based on the Conversion Mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (7) Based on the Exercise Price of RM0.12 per Warrant.
- (8) Computed based on total borrowings divided by net assets.

### 9.3 Substantial shareholders' shareholdings

The substantial shareholders of the Company based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Rights Issue of ICPS with Warrants on their shareholdings are as follows:-

#### Minimum Scenario

Substantial Shareholders <sup>(1)</sup>	As at the LPD				(I) Assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>
Arich Holdings Inc. <sup>(6)</sup>	23,694,823	13.89	-	-	23,694,823	7.39	-	-
Dynaciate Engineering Sdn Bhd	22,100,000	12.95	-	-	22,100,000	6.89	-	-
Khoo Song Heng	-	-	(6)22,100,000	12.95	-	-	22,100,000	6.89
Woon Kok Kee	-	-	(6)22,100,000	12.95	-	-	22,100,000	6.89

Substantial Shareholders <sup>(1)</sup>	(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
Arich Holdings Inc. <sup>(6)</sup>	23,694,823	6.62	-	-
Dynaciate Engineering Sdn Bhd	22,100,000	6.17	-	-
Khoo Song Heng	-	-	(6)22,100,000	6.17
Woon Kok Kee	-	-	(6)22,100,000	6.17

Notes:-

- (1) Assuming that:-
  - (i) none of the substantial Shareholders subscribe for any of the ICPS with Warrants;
  - (ii) the Minimum Subscription Level is met via subscription of the ICPS with Warrants by other Entitled Shareholders (save for the substantial Shareholders); and
  - (iii) none of the Entitled Shareholders (save for the substantial Shareholders) subscribe for a sufficient amount of ICPS with Warrants which will, upon full conversion and/or exercise, result in them becoming a substantial Shareholder.
- (2) Based on the issued share capital of 170,613,402 Tatt Giap Shares as at the LPD.
- (3) Based on the enlarged issued share capital of 320,613,402 Tatt Giap Shares.
- (4) Based on the enlarged issued share capital of 358,113,402 Tatt Giap Shares.
- (5) Based on the statutory forms filed with the company secretary of Tatt Giap, the Company does not have any information on the ultimate shareholder(s) of Arich Holdings Inc.
- (6) Deemed interest pursuant to Section 8 of the Act by virtue of their interest in Dynaciate Engineering Sdn Bhd.

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**Maximum Scenario**

Substantial Shareholders <sup>(1)</sup>	(i)					
	As at the LPD		Assuming full conversion of the ICPS			
	Direct	Indirect	Direct	Indirect		
No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>	
Arich Holdings Inc. <sup>(5)</sup>	23,694,823	13.89	-	118,474,115	13.89	-
Dynaciate Engineering Sdn Bhd	22,100,000	12.95	-	110,500,000	12.95	-
Khoo Song Heng	-	-	<sup>(6)</sup> 22,100,000	-	-	<sup>(6)</sup> 110,500,000
Woon Kok Kee	-	-	<sup>(6)</sup> 22,100,000	-	-	<sup>(6)</sup> 110,500,000

Substantial Shareholders <sup>(1)</sup>	(ii)				
	After (i) and assuming full exercise of the Warrants				
	Direct	Indirect	Direct	Indirect	
No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
Arich Holdings Inc. <sup>(5)</sup>	130,321,526	13.89	-	-	-
Dynaciate Engineering Sdn Bhd	121,550,000	12.95	-	-	-
Khoo Song Heng	-	-	<sup>(6)</sup> 121,550,000	12.95	-
Woon Kok Kee	-	-	<sup>(6)</sup> 121,550,000	12.95	-

**Notes:-**

- (1) Assuming that all the Entitled Shareholders (including the substantial Shareholders) fully subscribe for their respective entitlements under the Rights Issue of ICPS with Warrants.
- (2) Based on the issued share capital of 170,613,402 Tatt Giap Shares as at the LPD.
- (3) Based on the enlarged issued share capital of 853,067,010 Tatt Giap Shares.
- (4) Based on the enlarged issued share capital of 938,373,711 Tatt Giap Shares.
- (5) Based on the statutory forms filed with the company secretary of Tatt Giap, the Company does not have any information on the ultimate shareholder(s) of Arich Holdings Inc.
- (6) Deemed interest pursuant to Section 8 of the Act by virtue of their interest in Dynaciate Engineering Sdn Bhd.

#### 9.4 Earnings and EPS

The Board expects the Rights Issue of ICPS with Warrants to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 5 of this Abridged Prospectus.

Subsequent to the completion of the Rights Issue of ICPS with Warrants, the EPS of the Group shall be correspondingly diluted as a result of the increase in the number of Shares arising from the conversion of the ICPS during the Conversion Period and the exercise of the Warrants during the Exercise Period.

The potential effects of the conversion of the ICPS and the exercise of the Warrants on the future consolidated earnings and EPS of the Company will depend on, amongst others, the Conversion Mode of the ICPS to be chosen by the holders of the ICPS during the Conversion Period and any additional contributions to earnings that may be derived from the utilisation of proceeds received from the conversion of the ICPS with cash option and exercise of the Warrants as well as the number of Warrants exercised at any point in time.

For illustration, assuming the Rights Issue of ICPS with Warrants had been completed on 1 June 2017 (being the beginning of the latest audited FYE 31 May 2018), the pro forma effects of the Rights Issue of ICPS with Warrants on the consolidated losses and LPS of Tatt Giap would be as follows:-

	Audited FYE 31 May 2018	Pro forma I		Pro forma II	
		After the Rights Issue of ICPS with Warrants and assuming full conversion of the ICPS		After Pro forma I and assuming full exercise of the Warrants	
		Minimum Scenario	Maximum Scenario	Minimum Scenario	Maximum Scenario
(LAT) attributable to owners of the Company (RM'000)	(6,100)	(6,100)	(6,100)	(6,100)	(6,100)
Weighted average no. of Tatt Giap Shares ('000)	156,194	306,194	838,648	343,694	923,954
(LPS) (sen)	(3.91)	(1.99)	(0.73)	(1.77)	(0.66)

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**9.5 Convertible securities**

As at the LPD, Tatt Giap does not have any outstanding convertible securities.

**10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS****10.1 Working capital**

The Board confirms that, after taking into consideration the Group's financial position, the proceeds to be received from the Rights Issue of ICPS with Warrants, the funds generated from the Group's operations and the banking facilities available to the Group, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

**10.2 Borrowings**

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing) are set out as follows:-

<b>Borrowings</b>	<b>Total RM'000</b>
<u>Short-term borrowings</u>	
Term loans	6,791
<u>Long-term borrowings</u>	
Term loans	22,755
<b>Total</b>	<b>29,546</b>

There has not been any default on payments of either interest or principal sum on any of the Group's borrowings for the FYE 31 May 2018 and the subsequent financial period up to the LPD.

**10.3 Contingent liabilities**

As at the LPD, save as disclosed below, the Board confirms that there are no other contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

<b>Contingent liabilities</b>	<b>Total RM'000</b>
Corporate guarantees issued by the Company to financial institutions for borrowings granted to certain subsidiaries of the Company	29,546

**10.4 Material commitments**

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by the Group.

## **11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT**

**Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess ICPS with Warrants Applications and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.**

**Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.**

### **11.1 General**

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue of ICPS with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such ICPS with Warrants that you have been provisionally allotted as well as to apply for Excess ICPS with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available at the Registered Office, the Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **11.2 NPA**

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

### **11.3 Procedures for acceptance and payment**

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, AGRITEUM Share Registration Services Sdn Bhd, at the following address:-

AGRITEUM Share Registration Services Sdn Bhd  
2nd Floor, Wisma Penang Garden  
No. 42, Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang

Tel : +604 - 228 2321

Fax : +604 - 227 2391

so as to arrive not later than 5.00 p.m. on **Tuesday, 18 December 2018**, being the last date and time for the acceptance and payment for the ICPS with Warrants.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the Registered Office, the Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The ICPS with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the ICPS with Warrants will be given the Warrants on the basis of 1 Warrant for every 8 ICPS successfully subscribed for. The minimum number of ICPS that can be subscribed or accepted is 1 ICPS. However, you should take note that a trading board lot comprises 100 ICPS and 100 Warrants. Fractions of a ICPS or Warrant arising from the Rights Issue of ICPS with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by the Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the ICPS accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**TATT GIAP RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Tuesday, 18 December 2018**. The payment must be made for the exact amount payable for the ICPS accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.**

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF RECEIPT BY OUR SHARE REGISTRAR OR THE COMPANY.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.**

**YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

**ALL ICPS AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH ICPS AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.**

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on **Tuesday, 18 December 2018**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any ICPS with Warrants not taken up or not validly taken up to applicants applying for the Excess ICPS with Warrants in the manner as set out in Section 11.6 of this Abridged Prospectus.

#### **11.4 Procedures for part acceptance**

If you do not wish to accept the ICPS with Warrants provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of ICPS that may be accepted is 1 ICPS. Fractions of a ICPS and/or Warrant arising from the Rights Issue of ICPS with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Applicants should take note that a trading board lot comprises 100 ICPS and 100 Warrants respectively.

You must complete both Part I(A) of the RSF by specifying the number of ICPS with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 11.3 of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **11.5 Procedures for sale or transfer of Provisional Allotments**

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.**

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the ICPS with Warrants applied for to the Share Registrar. Please refer to Section 11.3 of this Abridged Prospectus for the procedures for acceptance and payment.

**YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

#### **11.6 Procedures for the Excess ICPS with Warrants Application**

If you wish to apply for additional ICPS with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess ICPS with Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Tuesday, 18 December 2018**, being the last time and date for Excess ICPS with Warrants Applications and payment.

Payment for the Excess ICPS with Warrants Application(s) be made in the same manner as set out in Section 11.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**TATT GIAP EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Tuesday, 18 December 2018**. The payment must be made for the exact amount payable for the Excess ICPS with Warrants Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess ICPS with Warrants, if any, in a fair and equitable manner in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess ICPS with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess ICPS with Warrants, taking into consideration the quantum of their respective excess application; and
- (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess ICPS with Warrants, taking into consideration the quantum of their respective excess application.

The Excess ICPS with Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess ICPS with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess ICPS with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess ICPS with Warrants are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess ICPS with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 11.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess ICPS with Warrants, in full or in part, without assigning any reason thereto.

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.**

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS ICPS WITH WARRANTS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**EXCESS ICPS WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS ICPS WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.**

#### **11.7 Procedures to be followed by transferee(s) and/or renounee(s)**

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess ICPS with Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 11.3 to 11.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of Tatt Giap, the Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

**TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **11.8 CDS Account**

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue of ICPS with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the ICPS with Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the ICPS with Warrants shall signify your consent to receiving such ICPS with Warrants as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess ICPS with Warrants allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the ICPS with Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

#### **11.9 Foreign-Addressed Shareholders**

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the ICPS with Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue of ICPS with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any ICPS, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue of ICPS with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, AGRITEUM Share Registration Services Sdn Bhd, 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

If you are a Foreign-Addressed Shareholder, the Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue of ICPS with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue of ICPS with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue of ICPS with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue of ICPS with Warrants only to the extent that it would be lawful to do so, and the Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue of ICPS with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of ICPS with Warrants available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s).



Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the ICPS with Warrants, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are aware that the ICPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the ICPS and Warrants; and
- (vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS and Warrants, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the ICPS and Warrants.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY ICPS AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.**

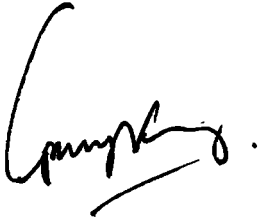
**12. TERMS AND CONDITIONS**

The issuance of the ICPS with Warrants pursuant to the Rights Issue of ICPS with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF.

**13. FURTHER INFORMATION**

You are requested to refer to the enclosed Appendices for further information.

Yours faithfully  
For and on behalf of the Board of  
**TATT GIAP GROUP BERHAD**

A handwritten signature in black ink, appearing to read 'Lee Poay Keong', with a horizontal line underneath it.

**LEE POAY KEONG**  
Managing Director

**APPENDIX I - INFORMATION ON THE COMPANY****1. HISTORY AND PRINCIPAL ACTIVITIES**

Tatt Giap was incorporated in Malaysia under the Companies Act 1965 on 3 May 2006 as a private limited company under the name of Tatt Giap Group Sdn Bhd and is deemed registered under the Companies Act 2016. The Company was subsequently converted into a public limited company on 8 May 2006. The Company was listed on the Main Market of Bursa Securities on 22 July 2010.

Tatt Giap is principally involved in investment holding. The subsidiaries of Tatt Giap are principally involved in manufacturing and trading of various steel products. The principal activities of Tatt Giap's subsidiaries are set out in Section 5 of this Appendix I.

**2. SHARE CAPITAL**

The Company's issued share capital as at the LPD is as follows:-

	<b>No. of Shares</b>	<b>Total RM</b>
Issued share capital	170,613,402	24,681,031

Details of the changes in the Company's issued share capital for the last 3 years prior to the LPD are as follows:-

<b>Date of change / allotment</b>	<b>No of Shares allotted</b>	<b>Consideration / Type of issue</b>	<b>Cumulative share capital RM</b>
31.1.2017	-	Transfer from share premium in accordance with Section 618(2) of the Act	82,574,773
28.11.2017	15,510,000	Private placement of up to 10% of the total number of issued Shares of Tatt Giap	84,681,031
26.7.2018	-	Share Capital Reduction which was completed on 26 July 2018	24,681,031

**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Please refer to Section 9.3 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue of ICPS with Warrants.

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**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)****4. DIRECTORS**

The details of the Board as at the LPD are as follows:-

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Dato' Liang Chee Fong (Chairman / Non-Independent Non-Executive Director)	45	34, Jalan BU 1/9 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian	Company Director
Lee Poay Keong (Managing Director)	63	4-16, Sutramas 3 Jalan Dutamas Melati Off Jalan Dutamas Raya 51200 Kuala Lumpur	Malaysian	Company Director
Khoo Song Heng (Executive Director)	50	2, Jalan Setia 7/22 Taman Setia Indah 81100 Johor Bahru	Malaysian	Company Director
Woon Kok Kee (Executive Director)	50	2, Jalan Austin Heights 1/8 Taman Mount Austin 81100 Johor Bahru	Malaysian	Company Director
Dato' Loh Eng Wee (Independent Non-Executive Director)	49	2, Jalan Meranti 11200 Tanjung Bungah Pulau Pinang	Malaysian	Solicitor
Chew Yinn Miin (Independent Non-Executive Director)	50	10, Jalan Residen 1 Laman Residen Kipark Sri Utara Off Jalan Ipoh 68100 Kuala Lumpur	Malaysian	Accountant
Lim Peng Tong (Independent Non-Executive Director)	60	233-I, Kampung Lapan Bachang, 76200 Melaka	Malaysian	Company Director

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**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

**Minimum Scenario**

Directors <sup>(7)</sup>	As at the LPD				(I) Assuming full conversion of the ICPS <sup>(2)</sup>				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Liang Chee Fong	8,360,000	4.90	-	-	8,360,000	2.61	-	-	8,360,000	2.33	-	-
Lee Poay Keong	4,338,660	2.54	-	-	4,338,660	1.35	-	-	4,338,660	1.21	-	-
Khoo Song Heng	-	-	(6)22,100,000	12.95	-	-	(6)22,100,000	6.89	-	-	(6)22,100,000	6.17
Woon Kok Kee	-	-	(6)22,100,000	12.95	-	-	(6)22,100,000	6.89	-	-	(6)22,100,000	6.17

**Notes:-**

- (1) Based on the issued share capital of 170,613,402 Shares.
- (2) Assuming all 300,000,000 ICPS issued under the Minimum Scenario are fully converted into 150,000,000 Shares based on the Conversion Mode of surrendering 2 ICPS (which are issued at an issue price of RM0.06 each) without additional cash payment to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (3) Based on the enlarged issued share capital of 320,613,402 Shares.
- (4) Based on the enlarged issued share capital of 358,113,402 Shares.
- (5) Negligible.
- (6) Deemed interest by virtue of their interest in Dynaciate Engineering Sdn Bhd.
- (7) Assuming that the Directors do not subscribe for any ICPS with Warrants.

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## APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

Directors <sup>(7)</sup>	As at the LPD				(1) Assuming full conversion of the ICPS <sup>(2)</sup>				(1) After (1) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Liang Chee Fong	8,360,000	4.90	-	-	41,800,000	4.90	-	-	45,980,000	4.90	-	-
Lee Poay Keong	4,338,660	2.54	-	-	21,693,300	2.54	-	-	23,862,630	2.54	-	-
Khoo Song Heng	-	-	(6)22,100,000	12.95	-	-	(6)110,500,000	12.95	-	-	(6)121,550,000	12.95
Woon Kok Kee	-	-	(6)22,100,000	12.95	-	-	(6)110,500,000	12.95	-	-	(6)121,550,000	12.95

Notes:-

- (1) Based on the issued share capital of 170,613,402 Shares.
- (2) Assuming all 682,453,608 ICPS issued under the Maximum Scenario are fully converted into 682,453,608 Shares based on the Conversion Mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the Conversion Price of RM0.12 for 1 new Share.
- (3) Based on the enlarged issued share capital of 853,067,010 Shares.
- (4) Based on the enlarged issued share capital of 938,373,711 Shares.
- (5) Negligible.
- (6) Deemed interest by virtue of their interest in Dynaciate Engineering Sdn Bhd.
- (7) Assuming that the Directors subscribe for their respective entitlements of the ICPS with Warrants.

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**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)****5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

The Company's subsidiaries and associated companies as at the LPD are as follows:-

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Share capital</b>	<b>Effective equity interest (%)</b>	<b>Principal activities</b>
<b><u>Subsidiaries</u></b>				
Tatt Giap Hardware Sdn Bhd	11 May 1978; Malaysia	RM20,000,000	100.00	Traders and importers of stainless steel and mild steel materials, wholesalers and retailers of hardware and building materials and transporters.
Superinox Pipe Industry Sdn Bhd	12 October 2005; Malaysia	RM56,000,000	89.29	Traders, exporters and importers of stainless steel pipes and steel products, iron founders and mechanical engineers and hardware dealers
Superinox International Sdn Bhd <sup>(1)</sup>	31 August 2007; Malaysia	RM100,000	100.00	Importers and exporters of steel pipes and products, iron founders and mechanical engineers and hardware dealers
Superinox Max Fittings Industry Sdn Bhd	7 October 1996; Malaysia	RM7,000,000	100.00	(1) Manufacturing of perforated steel sheets; (2) Iron founders and mechanical engineers; and (3) Hardware dealers
Formosa Industries Sdn Bhd <sup>(1)</sup>	12 January 1994; Malaysia	RM2,000,000	100.00	Property investment
<b><u>Associated Companies</u></b>				
Nippon EGalv Steel Sdn Bhd	20 January 2006; Malaysia	RM34,360,000	27.12	Manufacture of electro-galvanised steel
Nisshin Metal Services (M) Sdn Bhd	11 June 1997; Malaysia	RM9,000,000	25.00	Provide sheering, slitting, polishing services, and trading of stainless steel
PT. Indo Bestinox Industri	28 May 2015; Indonesia	IDR7,639,168,500	40.00	Manufacture and distribution of stainless steel pipes and tubes

**Note:-**

- (1) On 14 November 2018, the Company announced that it has disposed of its entire equity interests in Superinox International Sdn Bhd and Formosa Industries Sdn Bhd to TG Oriental Steel Sdn Bhd for total nominal cash consideration of RM2.00 ("**Disposal**"). As at the LPD, the transfer of shares is in the midst of being effected.

**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)****6. PROFIT AND DIVIDEND RECORD**

The profit and dividend records based on the audited consolidated financial statements of the Group for the 17-month FPE 31 May 2016, FYE 31 May 2017, FYE 31 May 2018 and the latest unaudited consolidated financial statements for the 3-month FPE 31 August 2017 and 3-month FPE 31 August 2018 are as follows:-

	Audited			Unaudited	
	17-month FPE 31 May 2016 <sup>(1)</sup>	FYE 31 May 2017	FYE 31 May 2018	3-month FPE 31 August 2017	3-month FPE 31 August 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	212,068	84,349	62,367	21,924	5,014
Cost of sales	(222,164)	(83,789)	(60,136)	(21,190)	(5,225)
<b>GP / (GL)</b>	<b>(10,096)</b>	<b>560</b>	<b>2,231</b>	<b>734</b>	<b>(211)</b>
Other operating income	10,321	20,643	8,430	916	221
Administrative and general expenses	(22,782)	(10,088)	(6,730)	(1,336)	(952)
Selling and distribution expenses	(5,063)	(1,635)	(2,212)	(995)	(134)
Other operating expenses	(7,174)	(13,836)	(6,542)	(254)	(686)
Finance costs	(15,357)	(8,305)	(5,648)	(1,572)	(982)
Share of profit / (loss) of equity-accounted associates, net of tax	(1,282)	1,965	(145)	529	(265)
<b>(LBT)</b>	<b>(51,433)</b>	<b>(10,696)</b>	<b>(10,616)</b>	<b>(1,978)</b>	<b>(3,009)</b>
Tax credit / (expense)	(622)	5,036	2,916	-	-
<b>(LAT)</b>	<b>(52,055)</b>	<b>(5,660)</b>	<b>(7,700)</b>	<b>(1,978)</b>	<b>(3,009)</b>
Profit / (loss) attributable to:-					
- owners of the Company	(47,212)	(3,007)	(6,100)	(975)	(3,009)
- non-controlling interests	(4,843)	(2,653)	(1,599)	(1,003)	-
Earnings / (loss) before interest, tax, depreciation and amortisation	(21,457)	1,526	(1,226)	929	(1,728)
GP / (GL) margin (%)	(4.76)	0.66	3.58	3.35	(4.21)
(LAT) margin (%)	(24.55)	(6.71)	(12.34)	(9.02)	(60.01)
Weighted average no. of Shares in issue	145,338	155,103	156,194	155,103	170,613
EPS / (LPS)					
- basic (sen) <sup>(2)</sup>	(32.48)	(1.94)	(3.91)	(0.63)	(1.76)
- diluted (sen) <sup>(3)</sup>	-	-	-	-	-
Dividend (sen)	-	-	-	-	-

**Notes:-**

- (1) As a result of change in the financial year end of the Company from 31 December to 31 May, the audited financial statements of the Company was for a period of 17 months from 1 January 2015 to 31 May 2016.



**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**

- (2) Basic EPS is computed based on PAT / (LAT) divided by the weighted average number of Shares in issue.
- (3) Tatt Giap's diluted EPS is the same as its basic EPS as it does not have any convertible securities.

**Commentary on past financial performance:-****(i) FYE 31 May 2017 vs. 17-month FPE 31 May 2016**

The Group's revenue for the FYE 31 May 2017 decreased by RM127.72 million as compared to the 17-month FPE 31 May 2016 (the annualised revenue for the 17-month FPE 31 May 2016 was RM149.70 million, representing a drop in revenue of RM65.35 million or 43.65% on an annualised basis). The lower revenue was mainly due to overall decline in sales following weaker demand in both domestic and export markets.

The Group recorded a 62.29% decrease in cost of sales for the FYE 31 May 2017 as compared to the previous financial year. The higher cost of sales in previous financial year was due to a one-off inventories write down of RM10.57 million which was included in cost of sales.

Despite the lower revenue, the Group recorded a GP of RM0.56 million on the back of a GP margin of 0.66% in the FYE 31 May 2017 as compared to GL of RM10.10 million on the back of a GL margin of 4.76% in the previous 17-month FPE 31 May 2016. The improvement in profit margins was mainly due to the following:-

- (a) lower cost of sales in the FYE 31 May 2017 arising from lower depreciation on plant and equipment of RM1.71 million (17-month FPE 31 May 2016: RM8.94 million), which was due to a lower depreciable amount following the disposal of plant and equipment as well as a one-off impairment on plant and equipment during the 17-month FPE 31 May 2016; and
- (b) higher cost of sales in the previous 17-month FPE 31 May 2016 arising from an inventory write down of RM10.57 million (FYE 31 May 2017: Nil), where the carrying amount of the inventories was written down to its net realisable value in view that the continued downward trend in steel prices had resulted in the selling price of steel pipes to be lower than the carrying value of the inventories.

The Group's LAT for the FYE 31 May 2017 decreased by RM46.40 million as compared to the 17-month FPE 31 May 2016 (the annualised LAT for the 17-month FPE 31 May 2016 was RM36.74 million, representing a drop of RM31.08 million or 84.59% an annualised basis). Apart from the tax credit of RM5.04 million recorded in the FYE 31 May 2017 as compared to tax expense of RM0.62 million recorded in the previous 17-month FPE 31 May 2016, the lower LAT was mainly due to the following:-

- (a) the Group recorded a GP of RM0.56 million as compared to a gross loss of RM10.10 million in the 17-month FPE 31 May 2016;
- (b) one-off gain on disposal of assets classified as held for sale of RM16.23 million arising from the disposal of land with factory building in Prai, Penang for a total consideration of RM41 million during the FYE 31 May 2017;
- (c) lower depreciation on property, plant and equipment of RM3.92 million in the FYE 31 May 2017 as compared to RM14.61 million (or RM10.31 million on an annualised basis) in the 17-month FPE 31 May 2016, mainly due to lower depreciable amount following the disposal of land with factory building as mentioned in (b) above;

**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**

- (d) lower impairment loss on trade receivables of RM0.20 million in the FYE 31 May 2017 as compared to RM2.22 million (or RM1.57 million on annualised basis) in the previous 17-month FPE 31 May 2016; and
- (e) one-off impairment loss on other receivables of RM1.34 million (or RM0.95 million on an annualised basis) in the previous 17-month FPE 31 May 2016 (FYE 31 May 2017: Nil). This was in relation to advances made by the Company to Buminox Sdn Bhd (previously a 60%-owned subsidiary of the Company before it was disposed of in January 2013) for working capital purposes. The said amount was impaired following an assessment that it may not be recoverable.

**(ii) FYE 31 May 2018 vs. FYE 31 May 2017**

The Group's revenue for the FYE 31 May 2018 decreased by 26.1% as compared to FYE 31 March 2017. The lower revenue was mainly due to lower domestic market sales and deconsolidation of the financial results of TGSC subsequent to the Company's disposal of its 41% equity interest in TGSC during the FYE 31 May 2018.

Despite the lower revenue, the Group recorded a GP of RM2.23 million on the back of GP margin of 3.58% in the FYE 31 May 2018 as compared to a GP of RM0.56 million on the back of GP margin of 0.66% in the previous FYE 31 May 2017. The higher GP was mainly due to the scaling down of the manufacturing of stainless steel pipes and tubes segment which had been unprofitable, as well as higher focus on the trading of mild steel segment which maintained its profit margin. The manufacturing of stainless steel pipes and tubes segment was affected by weak domestic demand, anti-dumping duties in the United States of America which is one of the Group's export markets and fluctuation in raw material prices.

Despite the higher GP, the Group's LBT remained relatively unchanged from RM10.62 million in the FYE 31 May 2018 as compared to RM10.70 million in the previous FYE 31 May 2017. However, the Group's financial results for the previous FYE 31 May 2017 included a large one-off gain on disposal of assets classified as held for sale of RM16.23 million which was recognised in the previous FYE 31 May 2017 as set out in Section 6(i) of this Appendix I above.

Moreover, during the FYE 31 May 2018, the Group recorded the following significant items which contributed to lowering the LBT:-

- (a) lower impairment loss on property, plant and equipment of RM4.73 million in the FYE 31 May 2018 as compared to RM11.02 million in the FYE 31 May 2017. The Group continued to incur impairment loss on property, plant and equipment as a result of continuing losses suffered by certain subsidiaries of the Company, namely Superinox Pipe Industry Sdn Bhd, Superinox Max Fittings Industry Sdn Bhd and Tatt Giap Hardware Sdn Bhd, which led to further impairment of the property, plant and machinery owned by the said subsidiaries;
- (b) one-off gain on disposal of investment in subsidiaries of RM3.08 million arising from the disposal of the Company's 41% equity interest in TGSC during the FYE 31 May 2018; and
- (c) lower finance costs of RM5.65 million in the FYE 31 May 2018 as compared to RM8.31 million in the FYE 31 May 2017.

**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**

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Eventhough the Group's LBT remained relatively unchanged, the Group recorded a 36.0% increase in LAT as compared to the previous financial year. This was mainly due to lower tax credit of RM2.92 million recorded in the FYE 31 March 2018 as compared to RM5.04 million in the previous financial year. The tax credit recorded in the previous FYE 31 May 2017 was contributed by the reversal of deferred tax liabilities of RM6.50 million on the revaluation surplus attributed to a piece of land with factory building in Prai, Penang which was disposed of during the FYE 31 May 2017. On the other hand, the tax credit recorded in the FYE 31 March 2018 was contributed by the following:-

- (a) reversal of deferred tax liabilities of RM1.4 million on the revaluation surplus attributed to TGSC's land and building, following the disposal of the Company's 41% equity interest in TGSC; and
- (b) overprovision of tax expenses of RM1.5 million in the previous financial year.

**(iii) 3-month FPE 31 August 2018 vs. 3-month FPE 31 August 2017**

The Group's revenue for the 3-month FPE 31 August 2018 decreased by 77.1% as compared to 3-month FPE 31 August 2017. The lower revenue was mainly due to lower contribution from TGSC following the deconsolidation of the financial results of TGSC subsequent to the disposal of the Company's 41% equity interest in TGSC as well as a drop in local and export sales.

The Group recorded a GL of RM0.21 million on the back of a GL margin of 4.21% in the 3-month FPE 31 August 2018 as compared to a GP of RM0.73 million on the back of a GP margin of 3.35% in the previous 3-month FPE 31 August 2017. This was mainly due to contraction in selling prices to below the purchasing cost of the raw materials which were sourced at an earlier time. The contraction in selling prices was mainly due to weak demand following uncertainties arising from the results of the general election in May 2018 which led many of the Group's customers to put their production lines on hold. With shrinking demand coupled with intense competition among existing steel manufacturers, selling prices contracted.

The Group's LAT for the 3-month FPE 31 August 2018 increased by 52.1% as compared to the 3-month FPE 31 August 2017. The higher LAT was mainly due to the GL of RM0.21 million as well as share of loss of equity-accounted associates of RM0.27 million recorded in the 3-month FPE 31 August 2018 as compared to the GP of RM0.73 million and share of profit of equity-accounted associates of RM0.53 million recorded in the previous financial year.

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**APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)****7. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of Tatt Giap Shares traded on Bursa Securities for the past 12 months up to October 2018 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High RM	Low RM
<b>2017</b>		
November	0.180	0.140
December	0.185	0.140
<b>2018</b>		
January	0.210	0.160
February	0.175	0.145
March	0.160	0.135
April	0.140	0.110
May	0.175	0.100
June	0.150	0.120
July	0.135	0.120
August	0.170	0.120
September	0.170	0.125
October	0.200	0.125

**RM**

Last transacted market price on 2 April 2018, being the last Market Day immediately prior to the announcement of the Corporate Exercises 0.135

Last transacted market price as at the LPD 0.215

Last transacted market price on 28 November 2018, being the Market Day immediately prior to the ex-date for the Rights Issue of ICPS with Warrants 0.230

(Source: Bloomberg)

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**APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT THE EGM HELD ON 31 MAY 2018**

**TATT GIAP GROUP BERHAD**  
(Company No. 732294-W)  
(Incorporated in Malaysia)



EXTRACT of the Minutes of the Extraordinary General Meeting (“EGM”) of Tatt Giap Group Berhad (“Tatt Giap” or “the Company”) held at Room 2, Level 1, Vistana Hotel Penang, 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Bayan Lepas, Pulau Pinang on Thursday, 31 May 2018 at 10.30 am

It was **RESOLVED** as follows:

**SPECIAL RESOLUTION 1**

**PROPOSED REDUCTION OF THE COMPANY’S SHARE CAPITAL PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)**

“THAT subject to the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, the Board be and is hereby given the authority and approval to reduce the ordinary share capital of the Company via the cancellation of the issued share capital of the Company by a sum of RM60,000,000 and that the credit arising from such share capital reduction shall be credited to the Company’s retained earnings accounts and be utilised to set off the accumulated losses of the Company and the remaining balance (if any) will be credited to the retained earnings of the Company which shall then be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws (“Proposed Share Capital Reduction”);

**AND THAT** the Board be and is hereby authorised to take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Share Capital Reduction with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or permitted by the High Court of Malaya and/or as a consequence of any such requirement or as may be deemed fit, necessary, expedient and/or appropriate and in the best interest of the Company.”

**ORDINARY RESOLUTION 1**

**PROPOSED DIVERSIFICATION OF THE BUSINESS OF TATT GIAP AND ITS SUBSIDIARIES INTO CONSTRUCTION, PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT (“PROPOSED DIVERSIFICATION”)**

“THAT, subject to the approvals of all relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the Group to diversify its existing principal activities to include construction, property development and property investment.

THAT, authority be and is hereby given to the Directors to do all such acts, deeds and things as are necessary and deemed fit to implement and give full effect to the Proposed Diversification, and where applicable with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required or imposed by the relevant regulatory authorities, for and on behalf of the Company.”

**APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT THE EGM HELD ON 31 MAY 2018 (CONT'D)**

Stamped for identification of the subsequent pages of the document certified to be sighted on the main page dated :

05 NOV 2018

Ong Tze-En  
Company Secretary  
MAICSA 7026537

**TATT GIAP GROUP BERHAD**  
(Company No. 732294-W)  
(Incorporated in Malaysia)

EXTRACT of the Minutes of the Extraordinary General Meeting ("EGM") of Tatt Giap Group Berhad ("Tatt Giap" or "The Company") held at Room 2, Level 1, Vistana Hotel Penang, 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Bayan Lepas, Pulau Pinang on Thursday, 31 May 2018 at 10.30 am

**ORDINARY RESOLUTION 2**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 682,453,608 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN TATT GIAP ("ICPS") TOGETHER WITH UP TO 85,306,701 FREE DETACHABLE WARRANTS IN TATT GIAP ("WARRANTS") ON THE BASIS OF 8 ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON A RIGHTS ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")**

"THAT subject to the passing of the Special Resolution 2 as well as the approval of all relevant authorities or parties being obtained (if required), including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the ICPS and the Warrants to be issued hereunder and the new Shares to be issued pursuant to the conversion of the ICPS and exercise of the Warrants, the Board be and is hereby authorised:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 682,453,608 ICPS together with up to 85,306,701 Warrants to the shareholders of the Company ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board ("**Entitlement Date**") ("**Entitled Shareholders**") and/or their renounee(s), on the basis of 8 ICPS together with 1 Warrant for every 2 existing Shares held on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;
- (ii) to enter into and execute the Deed Poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);
- (iii) to allot and issue the Warrants in registered form to the Entitled Shareholders (and/or their renounee(s), as the case may be) and Excess Applicants (as defined below), if any, who subscribe for and are allotted the ICPS, each Warrant conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date, subject to any provisions for adjustment to the subscription rights attached to the Warrants in accordance with the provisions of the Deed Poll to be executed;
- (iv) to allot and issue such number of additional Warrants pursuant to adjustments as provided under the Deed Poll ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required);
- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of the ICPS upon their conversion of the relevant ICPS to subscribe for new Shares during the tenure of the ICPS in accordance with the Constitution / Memorandum and Articles of Association of the Company; and

**APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT THE EGM HELD ON 31 MAY 2018 (CONT'D)**

Stamped for identification of the subsequent pages of the document certified to be sighted on the main page dated :  
05 NOV 2018  
Ong Tze-En  
Company Secretary  
MAICSA 7026537

**TATT GIAP GROUP BERHAD**  
(Company No. 732294-W)  
(Incorporated in Malaysia)

EXTRACT of the Minutes of the Extraordinary General Meeting ("EGM") of Tatt Giap Group Berhad ("Tatt Giap" or "the Company") held at Room 2, Level 1, Vistana Hotel Penang, 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Bayan Lepas, Pulau Pinang on Thursday, 31 May 2018 at 10.30 am

- (vi) to allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants upon their exercise of the relevant Warrants to subscribe for new Shares during the tenure of the Warrants, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll.

**THAT** the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the ICPS and the exercise price of the Warrants to be issued in connection with the Proposed Rights Issue of ICPS with Warrants;

**THAT** any ICPS which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess applications in such manner and to such persons ("Excess Applicants") as the Board shall determine at its absolute discretion;

**THAT** the ICPS, the Warrants and the new Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants shall be listed on the Main Market of Bursa Securities;

**THAT** the proceeds of the Proposed Rights Issue of ICPS with Warrants be utilised for the purposes as set out in Section 6 of the Circular to Shareholders dated 8 May 2018 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue of ICPS with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue of ICPS with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue of ICPS with Warrants in order to implement and give full effect to the Proposed Rights Issue of ICPS with Warrants;

**THAT** the new Shares to be issued arising from the conversion of the ICPS and/or the exercise of the Warrants (including the Additional Warrants, if any) shall, upon allotment, issuance and (where applicable) full payment of the conversion price of the ICPS or exercise price of the Warrants (or the Additional Warrants, as the case may be), rank *pari passu* in all respects with the then existing Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares arising from the conversion of the ICPS and/or the exercise of the Warrants (or the Additional Warrants, as the case may be);



**APPENDIX II – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT THE EGM HELD ON 31 MAY 2018 (CONT'D)**

Stamped for identification of the subsequent pages of the document certified to be sighted on the main page dated :

05 NOV 2018

Ong Tze-En  
Company Secretary  
MAICSA 7026537

**TATT GIAP GROUP BERHAD**  
(Company No. 732294-W)  
(Incorporated in Malaysia)

EXTRACT of the Minutes of the Extraordinary General Meeting ("EGM") of Tatt Giap Group Berhad ("Tatt Giap" or the Company) held at Room 2, Level 1, Vistana Hotel Penang, 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Bayan Lepas, Pulau Pinang on Thursday, 31 May 2018 at 10.30 am

**AND THAT** this Ordinary Resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all ICPS, Warrants, Additional Warrants (if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue of ICPS with Warrants have been allotted and issued in accordance with the terms of the Proposed Rights Issue of ICPS with Warrants."

**SPECIAL RESOLUTION 2**

**PROPOSED AMENDMENTS TO THE CONSTITUTION / MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")**

**"THAT** subject to the passing of the Ordinary Resolution 2, approval be and is hereby given to the Company to authorise the Proposed Amendments in the manner as set out in Appendix II of the Circular to Shareholders dated 8 May 2018.

**AND THAT** the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Amendments with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Amendments."

CERTIFIED TRUE EXTRACT

  
\_\_\_\_\_  
Dato' Liang Chee Fong  
Chairman/Director

  
\_\_\_\_\_  
Lee Poay Keong  
Director



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON**



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 18, Hunza Tower  
163E, Jalan Kelawei  
10250 Penang, Malaysia

Telephone +60 (4) 238 2288  
Fax +60 (4) 238 2222  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

**The Board of Directors**

Tatt Giap Group Berhad  
D5-U6-8, Solaris Dutamas  
1, Jalan Dutamas 1  
50480 Kuala Lumpur

16 November 2018

Dear Sirs

**Tatt Giap Group Berhad ("Tatt Giap" or the "Company")**

**Reporting Accountants' letter on the compilation of the pro forma consolidated statements of financial position for inclusion in the Company's abridged prospectus to shareholders ("Abridged Prospectus") in relation to the renounceable rights issue of up to 682,453,608 new irredeemable convertible preference shares in Tatt Giap ("ICPS") at an issue price of RM0.06 per ICPS together with up to 85,306,701 free detachable warrants in Tatt Giap ("Warrants") on the basis of eight (8) ICPS together with one (1) free Warrant for every two (2) existing Tatt Giap shares held by the entitled shareholders of the Company ("Rights Issue of ICPS with Warrants").**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of Tatt Giap and its subsidiaries ("Tatt Giap Group") as at 31 May 2018, compiled by the Board of Directors of Tatt Giap (the "Board"). The pro forma consolidated statements of financial position and the related notes as set out in Attachment I have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board has compiled the pro forma consolidated statements of financial position are described in Note 3 and Note 4 of Attachment I.

The pro forma consolidated statements of financial position have been compiled by the Board solely to illustrate the impact of the Rights Issue of ICPS with Warrants on Tatt Giap Group's consolidated statements of financial position as at 31 May 2018, as if the Rights Issue of ICPS with Warrants had taken place as at 31 May 2018. As part of this process, information about Tatt Giap Group's financial position have been extracted by the Board for the year ended 31 May 2018, on which an audit report has been published.

**The Boards' Responsibilities for the Pro Forma Consolidated Statements of Financial Position**

The Board is responsible for compiling the pro forma consolidated statements of financial position on the basis described in Note 3 and Note 4 of Attachment I.

**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

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*Tatt Giap Group Berhad  
Reporting Accountants' letter on the  
Pro Forma Consolidated Statements of Financial Position*

**Reporting Accountants' Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Board on the basis described in Note 3 and Note 4 of Attachment I.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in Note 3 and Note 4 of Attachment I.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of significant events or transactions on unadjusted financial information of Tatt Giap Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**



*Tatt Giap Group Berhad  
Reporting Accountants' letter on the  
Pro Forma Consolidated Statements of Financial Position*

**Reporting Accountants' Responsibilities (continued)**

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effects to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of Tatt Giap Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis stated in Note 3 and Note 4 of Attachment I.

**Other Matter**

Our report on the pro forma consolidated statements of financial position have been prepared for the Company for inclusion in the Abridged Prospectus in relation to the Rights Issue of ICPS with Warrants and should not be relied upon for any other purposes.

Yours faithfully,

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

**Raymond Chong Chee Mon**  
Approval Number: 03272/06/2020 J  
Chartered Accountant

**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad (“Tatt Giap”)**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**1. Introduction**

The pro forma consolidated statements of financial position of Tatt Giap Group Berhad (“Tatt Giap” or the “Company”) have been prepared for inclusion in the Company’s Abridged Prospectus to shareholders (“Abridged Prospectus”) in relation to the renounceable rights issue of up to 682,453,608 new irredeemable convertible preference shares in Tatt Giap (“ICPS”) at an issue price of RM0.06 per ICPS together with up to 85,306,701 free detachable warrants (“Warrants”) on the basis of eight (8) ICPS together with one (1) free Warrant for every two (2) existing shares in Tatt Giap held by the entitled shareholders of the Company (“Rights Issue of ICPS with Warrants”).

**2. Particulars of the Rights Issue of ICPS with Warrants**

**2.1 Details of the Rights Issue of ICPS with Warrants**

The Rights Issue of ICPS with Warrants entails a provision allotment of up to 682,453,608 ICPS together with up to 85,306,701 free Warrants on a renounceable basis of eight (8) ICPS together with one (1) free Warrant for every two (2) existing Tatt Giap shares held by entitled shareholders on the rights entitlement date (“Entitled Shareholders”) at an issue price of RM0.06 per ICPS.

The Warrants are attached to the ICPS without any cost and will be issued only to the entitled shareholders and/or their transferee(s) and or their renouncee(s) who subscribe for the ICPS. The Warrants are exercisable into new Tatt Giap shares and each Warrant will entitle the warrant holder to subscribe for one (1) new Tatt Giap share at an exercise price of RM0.12 per Warrant. The Warrants will be immediately detached from the ICPS upon issuance and will be traded separately. The Warrants will be issued in the registered form and constituted by the deed poll.

The Rights Issue of ICPS with Warrants is renounceable in full or in part. Accordingly, the entitled shareholders may fully or partially renounce their entitlements under the Rights Issue of ICPS with Warrants. However, the ICPS and Warrants cannot be renounced separately and only the entitled shareholders who subscribe for the ICPS will be entitled to the Warrants. As such, the entitled shareholders who renounce all of their ICPS entitlements will not be entitled to the Warrants. If the entitled shareholders accept only part of their ICPS entitlements, they shall be entitled to the Warrants in proportion to their acceptance of their ICPS entitlements.

The ICPS with Warrants which are not taken up or not validly taken up by entitled shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available to other entitled shareholders and/or their transferee(s) and/or their renouncee(s) for application(s) for additional ICPS with Warrants.

Fractional entitlements arising from the Rights Issue of ICPS with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board at its absolute discretion deems fit or expedient and in the best interests of the Company.



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**2. Particulars of the Rights Issue of ICPS with Warrants (continued)**

**2.2 Issue price of the ICPS and the exercise price of the Warrants**

**(i) Issue price of the ICPS**

The Board had fixed the issue price of the ICPS at RM0.06 per ICPS, after taking into consideration the following:

- (a) the funding requirements of Tatt Giap Group, as set out below;
- (b) the theoretical ex-all price ("TEAP") of Tatt Giap shares based on the 5-day volume weighted average price ("VWAP") of Tatt Giap shares up to and including the last trading day ("LTD"); and
- (c) the rationale for the Rights Issue of ICPS with Warrants, as set out in the Abridged Prospectus.

Based on the issue price of the ICPS of RM0.06 and the conversion ratio of 2 ICPS for every 1 new Tatt Giap share, the conversion price of RM0.12 represents a discount of approximately 3.46% to the TEAP of Tatt Giap shares of RM0.1243, calculated based on the 5-day VWAP of Tatt Giap shares up to and including the LTD of RM0.1350.

**(ii) Exercise Price**

The Board had fixed the exercise price at RM0.12 per Warrant, after taking into consideration, amongst others, the TEAP of Tatt Giap shares.

The exercise price represents a discount of approximately 3.46% to the TEAP of RM0.1243, calculated based on the 5-day VWAP of Tatt Giap shares up to and including the LTD of RM0.1350.

**2.3 Ranking of new Tatt Giap shares to be issued arising from conversion of the ICPS and/or exercise of the Warrants**

**New Tatt Giap shares to be issued arising from conversion of the ICPS**

The new Tatt Giap shares to be issued arising from conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Tatt Giap shares, save and except that the holders of such new Tatt Giap shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of such new Tatt Giap shares.



APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**2. Particulars of the Rights Issue of ICPS with Warrants (continued)**

**2.3 Ranking of new Tatt Giap shares to be issued arising from conversion of the ICPS and/or exercise of the Warrants (continued)**

**New Tatt Giap shares to be issued arising from exercise of the Warrants**

The new Tatt Giap shares to be issued arising from exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Tatt Giap shares, save and except that the holders of such new Tatt Giap shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of such new Tatt Giap Shares.

**2.4 Underwriting arrangement**

On 16 November 2018, the Company had entered into an underwriting agreement with Mercury Securities Sdn Bhd and Kenanga Investment Bank Berhad to underwrite 300,000,000 ICPS together with 37,500,000 Warrants (representing approximately 43.96% of the total issue size under the Rights Issue of ICPS with Warrants) in the agreed proportions and at the agreed underwriting commission and management fees as set out in the Abridged Prospectus, subject to the terms and conditions of the underwriting agreement.

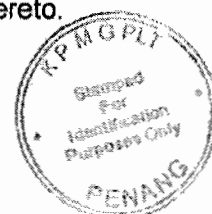
The underwriting commission and all relevant costs in relation to the underwriting arrangement will be fully borne by the Company.

**3. Basis of preparation of the pro forma consolidated statements of financial position**

The pro forma consolidated statements of financial position of Tatt Giap Group as at 31 May 2018 have been compiled based on the audited financial statements of Tatt Giap for the financial year ended 31 May 2018, which had been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The pro forma consolidated statements of financial position do not include the effects of the adoption of accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on or after 1 January 2018 and beyond.

The auditors' report of the audited financial statements of Tatt Giap for the financial year ended 31 May 2018 was not subject to any qualification, modification or disclaimer of opinion.

The pro forma consolidated statements of financial position of Tatt Giap as at 31 May 2018 of which the Board are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of Tatt Giap Group had the events in Note 4 been effected on that date, and should be read in conjunction with the notes accompanying thereto.



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**3. Basis of preparation of the pro forma consolidated statements of financial position**

For illustration purposes, the pro forma consolidated statements of financial position of Tatt Giap Group in relation to the Rights Issue of ICPS with Warrants are presented in two (2) scenarios as follows:

**(i) Minimum Scenario**

Under the Minimum Scenario, it is assumed that:

- a) the Rights Issue of ICPS with Warrants is undertaken based on the minimum subscription level of 300,000,000 ICPS together with 37,500,000 Warrants, based on an issue price of RM0.06 per ICPS, or such other number of ICPS such that the aggregate subscription proceeds of ICPS received by the Company amounts to not less than RM18.0 million ("Minimum Subscription Level");
- b) the ICPS issued are fully converted into new Tatt Giap Shares based on the conversion mode of surrendering 2 ICPS (which are issued at an issue price of RM0.06 each) without additional cash payment to arrive at the conversion price of RM0.12 for 1 new Tatt Giap share; and
- c) the Warrants issued are fully exercised into new Tatt Giap shares based on the exercise price of RM0.12.

**(ii) Maximum Scenario**

Under the Maximum Scenario, it is assumed that:

- a) all the entitled shareholders and/or their renounee(s) fully subscribe for their respective entitlements under the Rights Issue of ICPS with Warrants up to 682,453,608 ICPS together with 85,306,701 Warrants ("Maximum Subscription Level");
- b) the ICPS issued are fully converted into new Tatt Giap shares based on the conversion mode of surrendering 1 ICPS (which is issued at an issue price of RM0.06 each) with additional cash payment of RM0.06 to arrive at the conversion price of RM0.12 for 1 new Tatt Giap share; and
- c) the Warrants issued are fully exercised into new Tatt Giap shares based on the exercise price of RM0.12.





**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

## Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position**

The pro forma consolidated statements of financial position incorporates the following events or transactions under the Minimum Scenario and Maximum Scenario:

**Minimum scenario****a) Adjustment for subsequent event**

On 20 July 2018, the High Court granted an order confirming a reduction of the Company's share capital pursuant to Section 116 of the Companies Act 2016 ("Share Capital Reduction") ("Court Order"). The Court Order was lodged with the Registrar of Companies on 26 July 2018, following which the Share Capital Reduction became effective and is deemed completed. Pursuant to the Share Capital Reduction, the issued and paid-up share capital of the Company was reduced from RM84,681,031 comprising of 170,613,402 ordinary shares to RM24,681,031 comprising of 170,613,402 ordinary shares.

The Share Capital Reduction gave rise to a total credit of RM60,000,000 which was utilised to set-off against the accumulated losses of the Company.

**b) Pro Forma I - Rights Issue of ICPS with Warrants**

Pro Forma I incorporates the effects of the adjustment for subsequent event and the Rights Issue of ICPS with Warrants.

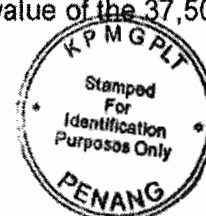
Based on the Minimum Subscription Level, the issuance of up to 300,000,000 ICPS together with 37,500,000 Warrants, based on an issue price of RM0.06 per ICPS, on the basis of eight (8) ICPS together with one (1) free Warrant for every two (2) existing ordinary shares in Tatt Giap, raising illustrative gross proceeds of approximately RM18.0 million.

The ICPS reserves (equity component) is determined based on the proceeds from the issuance of the ICPS. There is no liability component as the ICPS is not interest bearing.

	<b>RM'000</b>
Proceeds from issuance of ICPS	18,000
Less: Theoretical fair value of the free Warrants	<sup>^</sup> (6,165)
<b>Equity component of the ICPS</b>	<b><u>11,835</u></b>

<sup>^</sup> The theoretical fair value of the free Warrants of RM0.1644 each is based on the Trinomial Option Pricing Model as at LPD as extracted from Bloomberg, multiplied by 37,500,000 free Warrants to be issued pursuant to the Rights Issue of RCPS with Warrants.

The free Warrants issued will result in a corresponding creation of warrant reserve amounting to RM6.165 million, based on the theoretical fair value of the 37,500,000 free Warrants of RM0.1644 each.





**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)**

**Minimum scenario (continued)**

**b) Pro Forma I - Rights Issue of ICPS with Warrants (continued)**

The estimated expenses for the Rights Issue of ICPS with Warrants of approximately RM1.6 million will be charged to the statement of profit or loss and other comprehensive income. These estimated expenses comprise professional fees, fees to relevant authorities, printing, despatch and advertising expenses and miscellaneous charges.

**c) Pro Forma II - Utilisation of Proceeds**

Pro Forma II incorporates the effects of the adjustment for subsequent event, Pro Forma I and the effects of the utilisation of proceeds from the Rights Issue of ICPS with Warrants.

The gross proceeds from the Rights Issue of ICPS with Warrants of approximately RM18.0 million is intended to be utilised as follows:

	<b>RM'000</b>	
1) Funding for the redevelopment of a freehold land into an industrial park (the "Project")	10,800	(i)
2) Repayment of borrowings	4,000	(ii)
3) Working capital	1,600	(iii)
4) Estimated expenses for the Rights Issue of ICPS with Warrants	1,600	(iv)
	<u>18,000</u>	

**Notes:**

*Any additional proceeds raised in excess of the RM18.0 million under the Minimum Scenario will be allocated up to its respective maximum allocation under the Maximum Scenario in the following order:*

- i. working capital;*
- ii. repayment of borrowings; and*
- iii. funding for the Project.*

*If the actual expenses for the corporate exercise incurred are higher than the budgeted amount of RM1.6 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in*



APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)**

**Minimum scenario (continued)**

**c) Pro Forma II - Utilisation of Proceeds (continued)**

**(i) Funding for the Project**

*Tatt Giap Group intends to utilise proceeds of RM10.8 million under the Minimum Scenario to part-finance the development costs of the Project, which is expected to consist of 38 units of 3-storey semi-detached and 2 units of 3-storey detached corporate warehouse cum office building with a total built-up area of approximately 180,000 sf or 4,500 sf per unit. Further details of the Project are set out in the Abridged Prospectus.*

**(ii) Repayment of borrowings**

*As at the LPD, the total outstanding principal amount of Tatt Giap Group's borrowings stood at approximately RM29.5 million.*

*Tatt Giap Group intends to utilise proceeds of RM4.0 million under the Minimum Scenario for the repayment of Tatt Giap Group's borrowings which includes term loans.*

**(iii) Working capital**

*Tatt Giap Group intends to utilise proceeds of RM1.6 million under the Minimum Scenario for Tatt Giap Group's working capital purposes which includes day to day operating expenses such as purchasing costs, payments to suppliers, labour costs, maintenance costs, rental and utilities and other administrative expenses such as salaries, directors' fees, insurance costs, secretarial fees, audit fees and other miscellaneous items.*

**(iv) Estimated expenses for Rights Issue of ICPS with Warrants**

*The estimated expenses for the Rights Issue of ICPS with Warrants of approximately RM1.6 million will be charged to the statement of profit or loss and other comprehensive income. These estimated expenses comprise professional fees, fees to relevant authorities, printing, dispatch and advertising expenses and miscellaneous charges.*

**d) Pro Forma III - Full conversion of ICPS**

Pro Forma III incorporates the effects of the adjustment for subsequent event, Pro Forma I, Pro Forma II and the effects of the full conversion of 300,000,000 ICPS into new Tatt Giap shares at the conversion price of RM0.12 per ICPS and conversion mode of surrendering two (2) ICPS for every one (1) Tatt Giap share without additional cash payment.

The assumed full conversion of ICPS will result in an increase in Tatt Giap's share capital by RM18.0 million and a corresponding reduction in the equity component of the ICPS by RM11.835 million respectively.



APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)**

**Minimum scenario (continued)**

**e) Pro Forma IV - Full exercise of free Warrants**

Pro Forma IV incorporates the effects of the adjustment for subsequent event, Pro Forma I, Pro Forma II, Pro Forma III and the effects of the full exercise of 37,500,000 Warrants into 37,500,000 new Tatt Giap shares at an exercise price of RM0.12 each, raising gross proceeds of up to RM4.5 million

The warrant reserve of RM6.165 million will be transferred to share capital upon the exercise of the free Warrants.

Pursuant to the above, the total share capital will increase by RM10.665 million, being the total gross proceeds raised from the exercise of the free Warrants amounting to RM4.5 million and the transfer from the warrant reserve account amounting to RM6.165 million.

**Maximum Scenario**

**a) Adjustment for subsequent event**

On 20 July 2018, the High Court granted an order confirming a reduction of the Company's share capital pursuant to Section 116 of the Companies Act 2016 ("Share Capital Reduction") ("Court Order"). The Court Order was lodged with the Registrar of Companies on 26 July 2018, following which the Share Capital Reduction became effective and is deemed completed. Pursuant to the Share Capital Reduction, the issued and paid-up share capital of the Company was reduced from RM84,681,031 comprising of 170,613,402 ordinary shares to RM24,681,031 comprising of 170,613,402 ordinary shares.

The Share Capital Reduction gave rise to a total credit of RM60,000,000 which was utilised to set-off against the accumulated losses of the Company.

**b) Pro Forma I - Rights Issue of ICPS with Warrants**

Pro Forma I incorporates the effects of the adjustment for subsequent event and the Rights Issue of ICPS with Warrants.

Based on the Maximum Subscription Level, the issuance of up to 682,453,608 ICPS together with 85,306,701 Warrants, based on an issue price of RM0.06 per ICPS, on the basis of eight (8) ICPS together with one (1) free Warrant for every two (2) existing ordinary shares in Tatt Giap, raising illustrative gross proceeds of approximately RM40.947 million.



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)****Maximum scenario (continued)****b) Pro Forma I - Rights Issue of ICPS with Warrants (continued)**

The ICPS reserves (equity component) is determined based on the proceeds from the issuance of the ICPS. There is no liability component as the ICPS is not interest bearing.

	<b>RM'000</b>
Proceeds from issuance of ICPS	40,947
Less: Theoretical fair value of the free Warrants	<u>^(14,024)</u>
<b>Equity component of the ICPS</b>	<b><u>26,923</u></b>

<sup>^</sup> The theoretical fair value of the free Warrants of RM0.1644 each is based on the Trinomial Option Pricing Model as at LPD as extracted from Bloomberg, multiplied by 85,306,701 free Warrants to be issued pursuant to the Rights Issue of ICPS with Warrants.

The free Warrants issued will result in a corresponding creation of warrant reserve amounting to RM14.024 million, based on the theoretical fair value of the 85,306,701 free Warrants of RM0.1644 each.

The estimated expenses for the Rights Issue of ICPS with Warrants of approximately RM1.6 million will be charged to the statement of profit or loss and other comprehensive income. These estimated expenses comprise professional fees, fees to relevant authorities, printing, despatch and advertising expenses and miscellaneous charges.

**c) Pro Forma II - Utilisation of Proceeds**

Pro Forma II incorporates the effects of the adjustment for subsequent event, Pro Forma I and the effects of the utilisation of proceeds from the Rights Issue of ICPS with Warrants.

The gross proceeds from the Rights Issue of ICPS with Warrants of approximately RM40.947 million is intended to be utilised as follows:

	<b>RM'000</b>	
5) Funding for the Project	28,747	(i)
6) Repayment of borrowings	7,000	(ii)
7) Working capital	3,600	(iii)
8) Estimated expenses for the Rights Issue of ICPS with Warrants	1,600	(iv)
	<b><u>40,947</u></b>	



APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)**

**Maximum scenario (continued)**

**c) Pro Forma II - Utilisation of Proceeds (continued)**

**(i) Funding for the Project**

*Tatt Giap Group intends to utilise proceeds of RM28.747 million under the Maximum Scenario to part-finance the development costs of the Project, which is expected to consist of 38 units of 3-storey semi-detached and 2 units of 3-storey detached corporate warehouse cum office building with a total built-up area of approximately 180,000 sf or 4,500 sf per unit. Further details of the Project are set out in the Abridged Prospectus.*

**(ii) Repayment of borrowings**

*As at the LPD, the total outstanding principal amount of Tatt Giap Group's borrowings stood at approximately RM29.5 million.*

*Tatt Giap Group intends to utilise proceeds of RM7.0 million under the Maximum Scenario for the repayment of Tatt Giap Group's borrowings which includes term loans.*

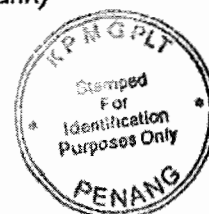
**(iii) Working capital**

*Tatt Giap Group intends to utilise proceeds of RM3.6 million under the Maximum Scenario for Tatt Giap Group's working capital purposes which includes day to day operating expenses such as purchasing costs, payments to suppliers, labour costs, maintenance costs, rental and utilities and other administrative expenses such as salaries, directors' fees, insurance costs, secretarial fees, audit fees and other miscellaneous items.*

**(iv) Estimated expenses for Rights Issue of ICPS with Warrants**

*The estimated expenses for the Rights Issue of ICPS with Warrants of approximately RM1.6 million will be charged to the statement of profit or loss and other comprehensive income. These estimated expenses comprise professional fees, fees to relevant authorities, printing, despatch and advertising expenses and miscellaneous charges.*

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**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the pro forma consolidated statements of financial position (continued)**

**Maximum scenario (continued)**

**d) Pro Forma III - Full conversion of ICPS**

Pro Forma III incorporates the effects of the adjustment for subsequent event, Pro Forma I, Pro Forma II and the effects of the full conversion of 682,453,608 ICPS into new Tatt Giap shares at the conversion mode of surrendering one (1) ICPS for every one (1) Tatt Giap share with additional cash payment of RM0.06 to arrive at the conversion price of RM0.12 for 1 new Tatt Giap share.

The assumed full conversion of ICPS will result in an increase in Tatt Giap's share capital by RM40.947 million and a corresponding reduction in the equity component of the ICPS by RM26.923 million respectively.

**e) Pro Forma IV - Full exercise of free Warrants**

Pro Forma IV incorporates the effects of the adjustment for subsequent event, Pro Forma I, Pro Forma II, Pro Forma III and the effects of the full exercise of 85,306,701 Warrants into 85,306,701 new Tatt Giap shares at an exercise price of RM0.12 each, raising gross proceeds of up to RM10.24 million.

The warrant reserve of RM14.024 million will be transferred to share capital upon the exercise of the free Warrants.

Pursuant to the above, the total share capital will increase by RM24.26 million, being the total gross proceeds raised from the exercise of the free Warrants amounting to RM10.24 million and the transfer from the warrant reserve account amounting to RM14.024 million.

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**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Tatt Giap Group Berhad ("Tatt Giap")** **Attachment I**  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

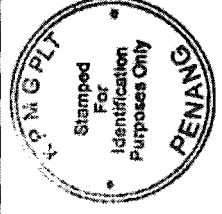
**5. Pro forma Consolidated Statements of Financial Position**

**Minimum Scenario**

The pro forma consolidated statements of financial position of Tatt Giap Group as at 31 May 2018 as set out below have been prepared for illustrative purposes only, to show the effects of all the events or transactions set out in Note 4, had these events been effected as at 31 May 2018, and should be read in conjunction with the rest of the notes in this attachment.

	(I)	(II)	(III)	(IV)
	As at Note 31 May 2018*	After adjustment for subsequent event	After (I) and the utilisation of proceeds	After (II) and assuming full conversion of ICPS
	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>				
Property, plant and equipment	55,124	55,124	55,124	55,124
Investments in associates	5,977	5,977	5,977	5,977
Other investments	3,057	3,057	3,057	3,057
<b>Total non-current assets</b>	<b>64,158</b>	<b>64,158</b>	<b>64,158</b>	<b>64,158</b>
Inventories	1,641	1,641	12,441	12,441
Current tax assets	7	7	7	7
Trade and other receivables	5,925	5,925	5,925	5,925
Cash and cash equivalents	3,896	3,896	5,496	5,496
Assets classified as held for sale	11,469	11,469	23,869	23,869
	14,155	14,155	14,155	14,155
<b>Total current assets</b>	<b>25,624</b>	<b>25,624</b>	<b>38,024</b>	<b>38,024</b>
<b>Total assets</b>	<b>89,782</b>	<b>89,782</b>	<b>102,182</b>	<b>106,682</b>

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

## Tatt Giap Group Berhad ("Tatt Giap")

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**5. Pro forma Consolidated Statements of Financial Position (continued)**  
**Minimum Scenario (continued)**

	(I)	(II)	(III)	(IV)
	After subsequent event and the Rights Issue of ICPS with Warrants of proceeds	After (I) and the assuming full utilisation of proceeds	After (II) and assuming full conversion of ICPS	After (III) and After (IV) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
<b>Equity</b>				
Ordinary shares	84,681	24,681	42,681	53,346
Irredeemable Cumulative Preference Shares	-	11,835	-	-
Reverse acquisition reserve	(53,300)	(53,300)	(53,300)	(53,300)
Revaluation reserve	16,571	16,571	16,571	16,571
Warrants reserve	-	6,165	6,165	-
(Accumulated losses)/Retained earnings	(26,049)	33,951	26,186	26,186
<b>Equity attributable to owners of the Company</b>	<b>21,903</b>	<b>39,903</b>	<b>38,303</b>	<b>42,803</b>
<b>Non-controlling interests</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Total equity</b>	<b>27,903</b>	<b>45,903</b>	<b>44,303</b>	<b>48,803</b>
	6.3	27,903	44,303	48,803

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018





**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

**5. Pro forma Consolidated Statements of Financial Position (continued)**  
**Minimum Scenario (continued)**

	(I)	(II)	(III)	(IV)	
	After subsequent				
	event and the				
	Rights Issue				
	After (I) and After (II) and After (III) and				
	and the assuming full				
	exercise of				
	Warrants				
	ICPS				
	RM'000				
Note	31 May 2018*	As at subsequent event	adjustment for subsequent event	After (I) and After (II) and After (III) and After (IV) and assuming full utilisation of proceeds of conversion of Warrants	
	RM'000	RM'000	RM'000	RM'000	
<b>Liabilities</b>					
Loans and borrowings	6.4	21,245	21,245	17,695	17,695
Other payables		4,586	4,586	4,586	4,586
Deferred tax liabilities		1,956	1,956	1,956	1,956
<b>Total non-current liabilities</b>		<b>27,787</b>	<b>27,787</b>	<b>24,237</b>	<b>24,237</b>
Loans and borrowings	6.4	26,742	26,742	26,292	26,292
Trade and other payables		7,314	7,314	7,314	7,314
Current tax liabilities		36	36	36	36
<b>Total current liabilities</b>		<b>34,092</b>	<b>34,092</b>	<b>33,642</b>	<b>33,642</b>
<b>Total liabilities</b>		<b>61,879</b>	<b>61,879</b>	<b>57,879</b>	<b>57,879</b>
<b>Total equity and liabilities</b>		<b>89,782</b>	<b>107,782</b>	<b>102,182</b>	<b>106,682</b>

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**5. Pro forma Consolidated Statements of Financial Position (continued)**

**Minimum Scenario (continued)**

**Supplementary information**

	(I)	(II)	(III)	(IV)	
	After subsequent event and the Rights Issue of ICPS with Warrants	After (I) and the assuming full utilisation of proceeds of conversion	After (II) and the assuming full exercise of Warrants	After (III) and the assuming full exercise of Warrants	
	As at 31 May 2018*	After subsequent event	After (I) and the assuming full utilisation of proceeds of conversion	After (II) and the assuming full exercise of Warrants	
	Note	31 May 2018*	ICPS	Warrants	
No. of Tatt Giap shares in issue ('000)		170,613	170,613	320,613	358,113
Net assets (RM'000)	(i)	21,903	21,903	38,303	42,803
Net assets per share (RM)	(ii)	0.13	0.13	0.22	0.12
Total borrowings (RM'000)		47,987	47,987	43,987	43,987
Gearing (times)	(iii)	2.19	2.19	1.15	1.03

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018

**Notes:**

- (i) Net assets represent equity attributable to owners of the Company  
(ii) Net assets per share = Net assets / Number of Tatt Giap shares in issue  
(iii) Gearing ratio = Total borrowings / Net assets



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

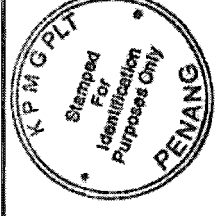
Attachment I

**5. Pro forma Consolidated Statements of Financial Position (continued)**

Maximum Scenario

	(I)	(II)	(III)	(IV)
	<b>After</b>			
	<b>subsequent event and the adjustment for Rights Issue of ICPS with Warrants</b>	<b>After (I) and the utilisation of proceeds</b>	<b>After (II) and assuming full conversion of ICPS</b>	<b>After (III) and assuming full exercise of Warrants</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Note</b>	<b>31 May 2018*</b>			
<b>Assets</b>				
Property, plant and equipment	55,124	55,124	55,124	55,124
Investments in associates	5,977	5,977	5,977	5,977
Other investments	3,057	3,057	3,057	3,057
<b>Total non-current assets</b>	<b>64,158</b>	<b>64,158</b>	<b>64,158</b>	<b>64,158</b>
<b>6.1</b>	<b>1,641</b>	<b>1,641</b>	<b>30,388</b>	<b>30,388</b>
Inventories				
Current tax assets	7	7	7	7
Trade and other receivables	5,925	5,925	5,925	5,925
Cash and cash equivalents	3,896	3,896	7,496	48,443
<b>6.2</b>	<b>11,469</b>	<b>11,469</b>	<b>43,816</b>	<b>84,763</b>
Assets classified as held for sale				
Total current assets	14,155	14,155	14,155	14,155
Total assets	25,624	25,624	57,971	98,918
	89,782	89,782	122,129	163,076
				173,313

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Attachment I**

**Tatt Giap Group Berhad ("Tatt Giap")**  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

**5. Pro forma Consolidated Statements of Financial Position (continued)**  
**Maximum Scenario (continued)**

	(I)	(II)	(III)	(IV)
	After			
	subsequent	After (I) and	After (II) and	After (III) and
	event and the	and the	and the	assuming full
	adjustment for	utilisation of	conversion of	exercise of
	Rights Issue of	proceeds	ICPS	Warrants
	ICPS with	of proceeds	ICPS	Warrants
	Warrants	of proceeds	ICPS	Warrants
	RM'000	RM'000	RM'000	RM'000
<b>Note 31 May 2018*</b>	RM'000	RM'000	RM'000	RM'000
<b>Equity</b>				
Ordinary shares	84,681	24,681	24,681	106,575
Irredeemable Cumulative Preference Shares	-	-	26,923	-
Reverse acquisition reserve	(53,300)	(53,300)	(53,300)	(53,300)
Revaluation reserve	16,571	16,571	16,571	16,571
Warrants reserve	-	-	14,024	-
(Accumulated losses)/Retained earnings	(26,049)	33,951	32,351	18,327
<b>Equity attributable to owners of the Company</b>	21,903	21,903	61,250	112,434
<b>Non-controlling interests</b>	6,000	6,000	6,000	6,000
<b>Total equity</b>	6.3 27,903	27,903	67,250	118,434

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

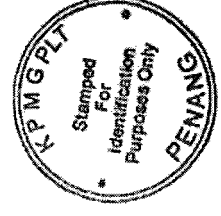
## Attachment I

Tatt Giap Group Berhad ("Tatt Giap")  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

**5. Pro forma Consolidated Statements of Financial Position (continued)**  
**Maximum Scenario (continued)**

		(I)	(II)	(III)	(IV)
		After subsequent event and the Rights Issue of ICPS with Warrants of proceeds	After (I) and the assuming full conversion of full exercise of Warrants	After (II) and After (III) and assuming full exercise of Warrants	After (IV) and After (III) and assuming full exercise of Warrants
		RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>					
Loans and borrowings	6.4	21,245	21,245	14,695	14,695
Other payables		4,586	4,586	4,586	4,586
Deferred tax liabilities		1,956	1,956	1,956	1,956
<b>Total non-current liabilities</b>		<b>27,787</b>	<b>27,787</b>	<b>21,237</b>	<b>21,237</b>
Loans and borrowings	6.4	26,742	26,742	26,292	26,292
Trade and other payables		7,314	7,314	7,314	7,314
Current tax liabilities		36	36	36	36
<b>Total current liabilities</b>		<b>34,092</b>	<b>34,092</b>	<b>33,642</b>	<b>33,642</b>
<b>Total liabilities</b>		<b>61,879</b>	<b>61,879</b>	<b>54,879</b>	<b>54,879</b>
<b>Total equity and liabilities</b>		<b>89,782</b>	<b>89,782</b>	<b>122,129</b>	<b>173,313</b>

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

## 5. Pro forma Consolidated Statements of Financial Position (continued)

Maximum Scenario (continued)

## Supplementary information

	(I)	(II)	(III)	(IV)
	After			
	subsequent event and the Rights Issue of ICPS with Warrants	After (I) and the utilisation of proceeds	After (II) and assuming full conversion of ICPS	After (III) and assuming full exercise of Warrants
	As at Note 31 May 2018*	After adjustment for subsequent event	After (I) and the assuming full conversion of ICPS	After (III) and assuming full exercise of Warrants
No. of Tatt Giap shares in issue ('000)	170,613	170,613	170,613	170,613
Net assets (RM'000)	21,903	21,903	62,850	62,850
Net assets per share (RM)	0.13	0.13	0.37	0.37
Total borrowings (RM'000)	47,987	47,987	40,987	40,987
Gearing (times)	2.19	2.19	0.76	0.76
			853,067	853,067
			102,197	102,197
			0.12	0.12
			40,987	40,987
			0.67	0.67
			938,374	938,374
			112,434	112,434
			0.12	0.12
			40,987	40,987
			0.40	0.40

\* Extracted from the audited financial statements of Tatt Giap for the financial year ended 31 May 2018

**Notes:**

- (i) Net assets represent equity attributable to owners of the Company
- (ii) Net assets per share = Net assets / Number of Tatt Giap shares in issue
- (iii) Gearing ratio = Total borrowings / Net assets



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE  
GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING  
ACCOUNTANTS' REPORT THEREON (CONT'D)**

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)****6.1 Movements in inventories****Minimum Scenario**

	<b>Minimum scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event, Pro Forma I</b>	1,641
<i>Effect of Pro Forma II</i>	
- Proposed funding for the Project	10,800
<b>Pro Forma II, III, IV</b>	<u>12,441</u>

**Maximum Scenario**

	<b>Maximum Scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event, Pro Forma I</b>	1,641
<i>Effect of Pro Forma II</i>	
- Proposed funding for the Project	28,747
<b>Pro Forma II, III, IV</b>	<u>30,388</u>

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**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad (“Tatt Giap”)**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)****6.2 Movements in cash and cash equivalents****Minimum Scenario**

	<b>Minimum scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event</b>	3,896
<i>Effects of Pro Forma I</i>	
- Proceeds from Rights Issue of ICPS with Warrants	18,000
<b>Pro Forma I</b>	<u>21,896</u>
<i>Effects of Pro Forma II</i>	
- Proposed utilisation of proceeds	
- Funding for the Project	(10,800)
- Repayment of borrowings	(4,000)
- Payment of expenses for corporate exercises	(1,600)
<b>Pro Forma II and III</b>	<u>5,496</u>
<i>Effect of Pro Forma IV</i>	
- Assumed full exercise of Warrants	4,500
<b>Pro Forma IV</b>	<u><u>9,996</u></u>

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**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

## Attachment I

**Tatt Giap Group Berhad (“Tatt Giap”)**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)****6.2 Movements in cash and cash equivalents (continued)****Maximum Scenario**

	<b>Maximum scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event</b>	3,896
<i>Effects of Pro Forma I</i>	
- Proceeds from Rights Issue of ICPS with Warrants	40,947
<b>Pro Forma I</b>	<u>44,843</u>
<i>Effects of Pro Forma II</i>	
- Proposed utilisation of proceeds	
- Funding for the Project	(28,747)
- Repayment of borrowings	(7,000)
- Payment of expenses for corporate exercises	(1,600)
<b>Pro Forma II</b>	<u>7,496</u>
<i>Effect of Pro Forma III</i>	
- Additional cash payment from conversion of ICPS	40,947
<b>Pro Forma III</b>	<u>48,443</u>
<i>Effect of Pro Forma IV</i>	
- Assumed full exercise of Warrants	10,237
<b>Pro Forma IV</b>	<u>58,680</u>

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**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

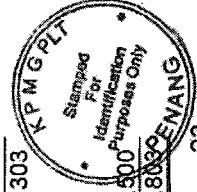
Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)**

**6.3 Movements in equity**

**Minimum Scenario**

	← Share capital →											
	Irredeemable cumulative preference shares											
	Ordinary shares	RM'000	Reverse acquisition reserve	RM'000	Revaluation reserve	RM'000	Warrants reserve	RM'000	(Accumulated losses)/ Retained earnings	RM'000	Total equity	RM'000
Balance as at 31 May 2018	84,681	-	(53,300)	16,571	-	(26,049)	21,903	6,000	27,903	27,903	-	
Adjustment for subsequent event	(60,000)	-	-	-	-	60,000	-	-	-	-	-	
- Capital reduction	24,681	-	(53,300)	16,571	-	33,951	21,903	6,000	27,903	27,903	-	
Subsequent Event												
Effects of pro forma I	-	11,835	-	-	-	-	6,165	-	18,000	18,000	-	
- Issuance of ICPS and Warrants	24,681	11,835	(53,300)	16,571	-	33,951	6,165	6,000	39,903	45,903	-	
Pro Forma I												
Effects of pro forma II	-	-	-	-	-	(1,600)	-	-	(1,600)	(1,600)	-	
- Utilisation of proceeds	24,681	11,835	(53,300)	16,571	-	32,351	6,165	6,000	38,303	44,303	-	
Pro Forma II												
Effect of pro forma III	18,000	(11,835)	-	-	-	(6,165)	-	-	-	-	-	
- Assumed full conversion of ICPS	42,681	-	(53,300)	16,571	-	26,186	6,165	6,000	38,303	44,303	-	
Pro Forma III												
Effect of pro forma IV	10,665	-	-	-	-	-	(6,165)	-	4,500	4,500	-	
- Assumed full exercise of Warrants	53,346	-	(53,300)	16,571	-	26,186	-	6,000	42,803	48,803	-	
Pro Forma IV												



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

Attachment I

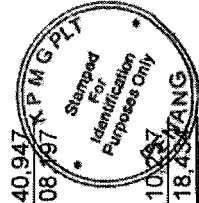
Tatt Giap Group Berhad ("Tatt Giap")  
Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)**

**6.3 Movements in equity (continued)**

**Maximum Scenario**

	← Share capital →											
	Ordinary shares RM'000	Irredeemable cumulative preference shares RM'000	Reverse acquisition reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000			
Balance as at 31 May 2018	84,681	-	(53,300)	16,571	-	(26,049)	21,903	6,000	27,903			
<i>Adjustment for subsequent event</i>												
- Capital reduction	(60,000)	-	-	-	-	60,000	-	-	-			
<b>Subsequent Event</b>	24,681	-	(53,300)	16,571	-	33,951	21,903	6,000	27,903			
<i>Effects of pro forma I</i>												
- Issuance of ICPS and Warrants	-	26,923	-	-	14,024	-	40,947	-	40,947			
<b>Pro Forma I</b>	24,681	26,923	(53,300)	16,571	14,024	33,951	62,850	6,000	68,850			
<i>Effects of pro forma II</i>												
- Utilisation of proceeds	-	-	-	-	-	(1,600)	(1,600)	-	(1,600)			
<b>Pro Forma II</b>	24,681	26,923	(53,300)	16,571	14,024	32,351	61,250	6,000	67,250			
<i>Effect of pro forma III</i>												
- Assumed full conversion of ICPS	81,894	(26,923)	-	-	-	(14,024)	40,947	-	40,947			
<b>Pro Forma III</b>	106,575	-	(53,300)	16,571	14,024	18,327	102,197	6,000	108,197			
<i>Effect of pro forma IV</i>												
- Assumed full exercise of Warrants	24,261	-	-	-	(14,024)	-	10,237	-	10,237			
<b>Pro Forma IV</b>	130,836	-	(53,300)	16,571	-	18,327	112,434	6,000	118,434			



**APPENDIX III – PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 MAY 2018 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

Attachment I

**Tatt Giap Group Berhad ("Tatt Giap")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)****6.4 Movements in loans and borrowings (current and non-current)****Minimum Scenario**

	<b>Minimum scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event, Pro Forma I</b>	47,987
<i>Effect of Pro Forma II</i>	
- Proposed utilisation of proceeds	(4,000)
<b>Pro Forma II, III and IV</b>	<u>43,987</u>

**Maximum Scenario**

	<b>Maximum scenario RM'000</b>
<b>Balance as at 31 May 2018, Subsequent Event, Pro Forma I</b>	47,987
<i>Effect of Pro Forma II</i>	
- Proposed utilisation of proceeds	(7,000)
<b>Pro Forma II, III and IV</b>	<u>40,987</u>

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