

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CHIN HIN GROUP BERHAD ("CHIN HIN" OR THE "COMPANY") DATED 18 FEBRUARY 2016 ("ELECTRONIC PROSPECTUS")**

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

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at [www.bursamalaysia.com](http://www.bursamalaysia.com) ("Website").

**Availability and Location of Paper/Printed Prospectus**

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

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Chin Hin take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 18 February 2016 and will close at 5.00 p.m. on 25 February 2016 or for such further period or periods as the Directors of Chin Hin in their absolute discretion may decide.

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

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

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website. The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:-

(I) PUBLIC ISSUE OF 63,197,900 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") IN THE FOLLOWING MANNER:-

- 25,294,400 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,400,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES; AND
- 31,503,500 NEW SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS,

AND

(II) OFFER FOR SALE OF 65,000,000 EXISTING SHARES IN THE FOLLOWING MANNER:-

- 14,411,200 EXISTING SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS; AND
- 50,588,800 EXISTING SHARES BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE/OFFER PRICE OF RM0.65 PER SHARE, PAYABLE IN FULL UPON APPLICATION



**CHIN HIN GROUP BERHAD**  
(Company No. 1097507-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

**REGISTERED OFFICE**

Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Telephone number: 03-2279 3080  
Facsimile: 03-2279 3090

**HEAD OFFICE**

A-1-9, Pusat Perdagangan Kuchai  
No. 2, Jalan 1/127  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur

Telephone number: 03-7981 7878  
Facsimile: 03-7981 7575

[www.chinhingroup.com](http://www.chinhingroup.com)

CHIN HIN GROUP BERHAD  
(Company No. 1097507-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

Adviser, Underwriter and Placement Agent



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

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 4 HEREIN.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

This Prospectus is dated 18 February 2016

### **RESPONSIBILITY STATEMENTS**

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

M&A Securities Sdn Bhd ("**M&A Securities**"), being the Adviser, Underwriter and Placement Agent for our Initial Public Offering ("**IPO**"), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

### **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia ("**SC**") has approved our IPO and a copy of this Prospectus has been registered with the SC. The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends our IPO or assumes the responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the Shares being offered for investment.

The SC is not liable for any non-disclosure on the part of our company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our entire enlarged issued and paid-up share capital. Our admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our company or our securities. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

### **OTHER STATEMENTS**

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the 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 issue for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

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

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

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

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable time be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the offer, sale and/or issue of our IPO Shares (as defined herein) are subject to Malaysian law, and neither we nor M&A Securities take any responsibility for the distribution of this Prospectus and/or offer, sale and/or issue of our IPO Shares outside Malaysia, which may be restricted by law in other jurisdictions. We will not take any action to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. This Prospectus does not constitute and may not be used for purpose of an offer to sell and/or issue, or an invitation of an offer to buy and/or subscribe for, any IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. It is your sole responsibility to consult your legal and/or other professional advisers on the applicable laws that you are or might be subjected to. Neither we nor our Adviser will accept any responsibility or liability if your application becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

We have not authorised any person to give any information or to make any representation that is not contained in this Prospectus in connection with our IPO. If any such information or representation is given or made, you must not rely on them as having been authorised by us and/or M&A Securities. Neither the delivery of this Prospectus nor any public issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date of this Prospectus. Nonetheless, should we become aware of any significant change affecting a matter disclosed in this Prospectus up to the date of the Listing (as defined herein), we shall further issue a supplemental or replacement prospectus (as the case may be), in accordance with the provisions of Section 238 of the CMSA.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from the Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. You may also obtain a copy of the Electronic Prospectus from the websites of CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com), CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my), Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my), RHB Bank Berhad at [www.rhbbank.com.my](http://www.rhbbank.com.my), Public Bank Berhad at [www.pbe.com.my](http://www.pbe.com.my), Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) and Affin Hwang Investment Bank Berhad at [trade.affinhwang.com](http://trade.affinhwang.com).

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

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House (as defined herein), a paper / printed copy of this Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper / printed copy.

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

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

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

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent that the content of the Electronic Prospectus situated on the web server or the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions, and subsequently communicated or disseminated in any manner to you or other parties; and

- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the Internet is not a fully secured medium.

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

**If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this Prospectus, the English version shall prevail.**

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**INDICATIVE TIMETABLE**

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

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities is set out below:-

<b>Events</b>	<b>Tentative Dates</b>
Issuance of this Prospectus/Opening of Application for our IPO	18 February 2016
Closing of application for our IPO	25 February 2016
Balloting of the application for our IPO Shares	1 March 2016
Allotment of our IPO Shares to successful applicants	4 March 2016
Tentative date of Listing	8 March 2016

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for our IPO will close at the date stated above or such later date as our Directors and our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly.

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## PRESENTATION OF INFORMATION

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

All references to "Chin Hin" and "Company" in this Prospectus are to Chin Hin Group Berhad (Company No. 1097507-W), references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors, key management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or one (1) decimal place (for percentages) or dollar and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

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

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

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

This Prospectus includes statistical data provided by our Management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the report(s) prepared by our IMR. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

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

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## **FORWARD LOOKING STATEMENTS**

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

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

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

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

- (a) demand for our products and/or services;
- (b) our business strategies;
- (c) our plans and objectives for future operations;
- (d) our financial position;
- (e) our future earnings, cash flows and liquidity; and
- (f) our ability to pay future dividends.

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

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

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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## DEFINITIONS

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

### COMPANIES WITHIN OUR GROUP:-

"Ace Logistic"	: Ace Logistic Sdn Bhd (642802-M)
"C&H Transport"	: C&H Transport Sdn Bhd (808916-H)
"Chin Hin" or "Company"	: Chin Hin Group Berhad (1097507-W)
"Chin Hin Concrete"	: Chin Hin Concrete Holdings Sdn Bhd (969862-P)
"Chin Hin Concrete (KL)"	: Chin Hin Concrete (KL) Sdn Bhd (818159-D)
"Chin Hin Concrete (North)"	: Chin Hin Concrete (North) Sdn Bhd (803784-W)
"Chin Hin Group" or "Group"	: Chin Hin and its wholly-owned subsidiaries, collectively
"Comet Steel"	: Comet Steel Sdn Bhd (1009789-M)
"G-Cast Concrete"	: G-Cast Concrete Sdn Bhd (971228-X)
"Green Cement"	: Green Cement Sdn Bhd (1008610-A)
"Metal Sphere"	: Metal Sphere Sdn Bhd (1082934-A)
"Metex Steel"	: Metex Steel Sdn Bhd (957930-X)
"Pintar Sinar"	: Pintar Sinar Sdn Bhd (916505-X)
"PP Chin Hin"	: PP Chin Hin Sdn Bhd (334885-H)
"PP Chin Hin (SG)"	: PP Chin Hin Pte Ltd (200908657H)
"SPPCH"	: Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd (now known as PP Chin Hin)
"Starken AAC"	: Starken AAC Sdn Bhd (752003-D)

### GENERAL:-

"Acquisitions"	: Acquisitions comprising the following:-  (i) Acquisition of PP Chin Hin; (ii) Acquisition of PP Chin Hin (SG); (iii) Acquisition of Chin Hin Concrete; (iv) Acquisition of Ace Logistic; and (v) Acquisition of C&H Transport
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which were completed on 2 December 2014. Additional information on the Acquisitions is further described in Section 5.3 of this Prospectus

**DEFINITIONS (cont'd)**

"Acquisition of Ace Logistic"	: Acquisition by Chin Hin of the entire equity interest of Ace Logistic, comprising 11,000,000 ordinary shares of RM1.00 each in Ace Logistic for a total purchase consideration of RM16,800,000 satisfied via the issuance of 33,600,000 new Shares at par
"Acquisition of C&H Transport"	: Acquisition by Chin Hin of the entire equity interest of C&H Transport, comprising 1,250,000 ordinary shares of RM1.00 each in C&H Transport for a total purchase consideration of RM5,107,000 satisfied via the issuance of 10,214,000 new Shares at par
"Acquisition of Chin Hin Concrete"	: Acquisition by Chin Hin of the entire equity interest of Chin Hin Concrete, comprising 12,001,000 ordinary shares of RM1.00 each in Chin Hin Concrete for a total purchase consideration of RM26,279,000 satisfied via the issuance of 52,558,000 new Shares at par
"Acquisition of PP Chin Hin"	: Acquisition by Chin Hin of the entire equity interest of PP Chin Hin, comprising 50,000,000 ordinary shares of RM1.00 each in PP Chin Hin for a total purchase consideration of RM170,624,000 satisfied via the issuance of 341,248,000 new Shares at par
"Acquisition of PP Chin Hin (SG)"	: Acquisition by Chin Hin of the entire equity interest of PP Chin Hin (SG), comprising 1,000 ordinary shares in PP Chin Hin (SG) for a total purchase consideration of RM2,535,000 satisfied via the issuance of 5,070,000 new Shares at par
"Act"	: Companies Act, 1965, as amended from time to time, and any re-enactments thereof
"ADA"	: Authorised Depository Agent
"Application"	: The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	: The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM"	: Automated teller machines of a Participating Financial Institution
"Board"	: Board of Directors of Chin Hin
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CAGR"	: Compounded annual growth rate
"CCM"	: Companies Commission of Malaysia
"CDS"	: Central Depository System
"CDS Account"	: An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor

**DEFINITIONS (cont'd)**

"Closing Date"	: Means the date adopted in this Prospectus as the last date for acceptance and receipt of application for the subscription to our IPO Shares or such other later date as our Company and the Underwriter may agree upon
"CMSA"	: Capital Markets & Services Act 2007, as amended from time to time, and any re-enactments thereof
"CPM"	: Concrete Plant Management Sdn Bhd (1085236-P)
"Depository Rules"	: The Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Divine Inventions"	: Divine Inventions Sdn Bhd (1119952-P)
"EBIT"	: Earnings before interest and taxes
"EBITDA"	: Earnings before interest, taxes, depreciation and amortisation
"Electronic Share Application"	: Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	: Earnings per share
"FPE"	: Financial period ended/ending 31 August, as the case may be
"FYE"	: Financial year(s) ended/ending 31 December, as the case may be
"GP"	: Gross profit
"GST"	: Goods and Services Tax
"IMR"	: Protégé Associates Sdn Bhd, our Independent Business and Market Research Consultants for our Listing
"IMR Report"	: Independent Market Research Report on the Strategic Analysis of the Building Materials Industry in Malaysia prepared by the IMR
"Internet Share Application"	: Application for our IPO Shares through an Internet Participating Financial Institution
"Internet Participating Financial Institutions"	: The participating financial institutions for Internet Share Application as listed in Section 16 of this Prospectus
"IPO"	: Our initial public offering comprising the Public Issue and the Offer for Sale
"IPO Price"	: The issue/offer price of RM0.65 per IPO Share pursuant to our IPO
"IPO Shares"	: Collectively, the Issue Shares and the Offer Shares
"ISO"	: International Organisation for Standardisation

**DEFINITIONS (cont'd)**

"Issue Shares"	: 63,197,900 new Shares to be issued under the Public Issue, representing 12.5% of the enlarged issued and paid-up share capital of our Company upon Listing
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"LPD"	: 18 January 2016, being the latest practicable date prior to the registration of this Prospectus
"Listing"	: Listing of and quotation for our entire enlarged issued and paid-up share capital of 505,888,000 Shares on the Main Market of Bursa Securities
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"Listing Scheme"	: Comprising the Public Issue, Offer for Sale and Listing, collectively
"M&A Securities"	: M&A Securities Sdn Bhd (15017-H)
"Malaysian Public"	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"MIDA"	: Malaysian Investment Development Authority
"MITI"	: Ministry of International Trade and Industry
"NA"	: Net asset
"NBV"	: Net book value
"NTA"	: Net tangible asset
"Offer for Sale"	: The offer for sale by our Offerors of the Offer Shares at our IPO Price payable in full upon full application subject to the terms and conditions of this Prospectus
"Offer Shares"	: 65,000,000 existing Shares to be offered pursuant to the Offer for Sale, representing 12.8% of the enlarged issued and paid-up share capital of our Company upon Listing
"Offerors"	: Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon, collectively
"Participating Financial Institution(s)"	: Participating financial institution(s) for Electronic Share Application
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"PE Multiple"	: Price-earnings multiple
"Pink Form Allocations"	: The allocation of 6,400,000 new Shares to our eligible Directors and employees pursuant to our IPO

**DEFINITIONS (cont'd)**

"PP Chin Hin Realty"	: PP Chin Hin Realty Sdn Bhd (963099-V)
"Private Placement"	: Placement of 96,503,500 IPO Shares by way of private placement in conjunction with our IPO to identified investors
"Promoters"	: Promoters for our IPO, comprising PP Chin Hin Realty, Divine Inventions and the Offerors
"Prospectus"	: This prospectus dated 18 February 2016 in relation to our IPO
"Public Issue"	: Public issue of the Issue Shares at the IPO Price payable in full upon application subject to the terms and conditions of this Prospectus
"RM and sen"	: Ringgit Malaysia and sen respectively
"SC"	: Securities Commission Malaysia
"SGD"	: Singapore Dollar
"Share(s)"	: Ordinary share(s) of RM0.50 each in Chin Hin
"SICDA"	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time, and any re-enactments thereof
"SIRIM"	: Sirim QAS International Sdn Bhd (410334-X)
"SPAN"	: Suruhanjaya Perkhidmatan Air Negara
"TNB"	: Tenaga Nasional Berhad (200866-W)
"Underwriter"	: M&A Securities
"Underwriting Agreement"	: The underwriting agreement dated 26 January 2016 entered into between our Company and M&A Securities pursuant to our IPO
"Vendors"	: Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mee Leng, collectively
"Vendors' Shareholdings Reorganisation"	: The reorganisation of the Vendors' shareholdings in our Company during the subscription period involving the transfer of 303,532,800 Shares which they collectively received from the Acquisitions to Divine Inventions, a wholly-owned subsidiary of PP Chin Hin Realty, which in turn is collectively owned by the Vendors

**GLOSSARY OF TECHNICAL TERMS**

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"AAC"	: Autoclaved Aerated Concrete, a lightweight, precast concrete building material that is an alternative to cement and clay bricks
"AC"	: Asbestos Cement, a cement mixture that consist of asbestos fibres, cement and water
"ft <sup>2</sup> "	: Square feet
"HDW"	: Hard drawn wire, a type of wire product that is made with a special heat treatment and cold drawing process
"IBS"	: Industrialised building system, a construction process that utilises products and/ or components which involve prefabricated components and on-site installations
"m <sup>2</sup> "	: Square metre
"m <sup>3</sup> "	: Cubic metre
"mm"	: Millimetre
"mt"	: Metric tonne
"OBM"	: Other building materials such as plywood, concrete products, roofing, tiles, pipes, sanitary wares, ironmongery, wire mesh and bricks
"PVC"	: Polyvinyl chlorite, a type of synthetic plastic polymer
"Ready-mixed concrete"	: A concrete product that is produced in concrete batching plants
"Roof batten" or "batten"	: Horizontal structural members on a roof truss which form the fixing points for roofing tiles
"Roof truss" or "trusses"	: A structural framework designed to bridge the space above a building to provide support for a roof
"Skimcoats"	: A coating product that is applied to internal AAC walls

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>Nationality/ Profession/ Gender</b>
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Independent Non-Executive Chairman	No. 25, Jalan Bidai U8/13 Section U8, Bukit Jelutong 40150 Shah Alam Selangor	Malaysian/ Director/ Male
Datuk Chiau Beng Teik	Deputy Group Executive Chairman	B-22-1, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Malaysian/ Director/ Male
Chiau Haw Choon	Group Managing Director	B-22-1, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Malaysian/ Director/ Male
Lee Hai Peng	Executive Director cum Chief Financial Officer	A-20-3A, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Malaysian/ Director/ Male
Datuk Cheng Lai Hock	Independent Non-Executive Director	29-C, Taman Berjaya Off Jalan Pegawai 05050 Alor Star Kedah	Malaysian/ Director/ Male
Yeoh Chin Hoe	Independent Non-Executive Director	No 37, Jalan BU2/5 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian/ Director/ Male

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yeoh Chin Hoe	Chairman	Independent Non-Executive Director
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Member	Independent Non-Executive Chairman
Datuk Cheng Lai Hock	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chiau Haw Choon	Chairman	Group Managing Director
Datuk Cheng Lai Hock	Member	Independent Non-Executive Director
Yeoh Chin Hoe	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Chairman	Independent Non-Executive Chairman
Datuk Cheng Lai Hock	Member	Independent Non-Executive Director
Yeoh Chin Hoe	Member	Independent Non-Executive Director

<b>REGISTERED OFFICE</b>	: Suite 10.03, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur  Telephone number: 03-2279 3080 Facsimile: 03-2279 3090
<b>HEAD OFFICE</b>	: A-1-9, Pusat Perdagangan Kuchai No. 2, Jalan 1/127 Off Jalan Kuchai Lama 58200 Kuala Lumpur  Telephone number: 03-7981 7878 Facsimile: 03-7981 7575
<b>EMAIL ADDRESS AND WEBSITE</b>	: Email address: <a href="mailto:info@chinhingroup.com">info@chinhingroup.com</a> Website: <a href="http://www.chinhingroup.com">http://www.chinhingroup.com</a>
<b>COMPANY SECRETARIES</b>	: <b>Tan Tong Lang (MAICSA 7045482)</b> <b>Chong Voon Wah (MAICSA 7055003)</b>  Suite 10.03, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur  Telephone number: 03-2279 3080 Facsimile: 03-2279 3090

**1. CORPORATE DIRECTORY (Cont'd)**

**AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **UHY (AF1411)**  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
  
Telephone number: 03-2279 3088  
Facsimile: 03-2279 3099

**SOLICITORS FOR OUR LISTING** : **Teh & Lee**  
A-3-3 & A-3-4, Northpoint Offices  
Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
  
Telephone number: 03-2283 2800  
Facsimile: 03-2283 2500

**PRINCIPAL BANKERS** : **Maybank Islamic Berhad**  
Alor Setar Business Centre  
Business Banking  
No.19, Lengkok Sari  
Taman Bandar Baru Mergong  
Lebuhraya Sultanah Bahiyah  
05150 Alor Setar  
Kedah  
  
Telephone number: 04-730 4811  
Facsimile: 04-730 8533

**AmBank (M) Berhad**  
Wholesale Banking Coverge-Northern Region  
Level 8, 37, Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
  
Telephone number: 04-226 1818  
Facsimile: 04-229 7488

**Hong Leong Bank Berhad**  
Kuala Lumpur Business Centre  
Business Banking Division  
Level 5, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
  
Telephone number: 03-2180 8888  
Facsimile: 03-2161 4457

**1. CORPORATE DIRECTORY (Cont'd)**

**HSBC Bank Malaysia Berhad**

Head Office  
2, Leboh Ampang  
50100 Kuala Lumpur

Telephone number: 03-2075 3870

Facsimile: 03-2031 1254

**OCBC Bank (Malaysia) Berhad**

Head Office  
Menara OCBC  
18, Jalan Tun Perak  
50050 Kuala Lumpur

Telephone number: 03-2034 5034

Facsimile: 03-2698 4363

**United Overseas Bank (Malaysia) Bhd**

North Area Centre  
1st Floor, 64E-H  
Lebuh Bishop  
P.O. Box 820  
10200 Pulau Pinang

Telephone number: 04-258 8188

Facsimile: 04-262 9119

**INDEPENDENT  
BUSINESS AND  
MARKET RESEARCH  
CONSULTANTS**

**: Protégé Associates Sdn Bhd**

Suite C-06-06 Plaza Mont' Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

Telephone number: 03-6201 9301

Facsimile: 03-62017302

**ADVISER,  
UNDERWRITER AND  
PLACEMENT AGENT**

**: M&A Securities Sdn Bhd**

No. 45-11 & 47-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Telephone number: 03-2284 2911

Facsimile: 03-2284 2718

**ISSUING HOUSE**

**: Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South,  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

**1. CORPORATE DIRECTORY (Cont'd)**

	Telephone number: 03-2264 8888 Facsimile: 03-2282 1886
<b>SHARE REGISTRAR</b>	<b>: Boardroom Corporate Services (KL) Sdn Bhd</b>  Lot 6.05, Level 6, KPMG Tower 8, First Avenue Bandar Utama 47800 Petaling Jaya Selangor  Telephone number: 03-7720 1188 Facsimile: 03-7720 1111
<b>LISTING SOUGHT</b>	<b>: Main Market of Bursa Securities</b>

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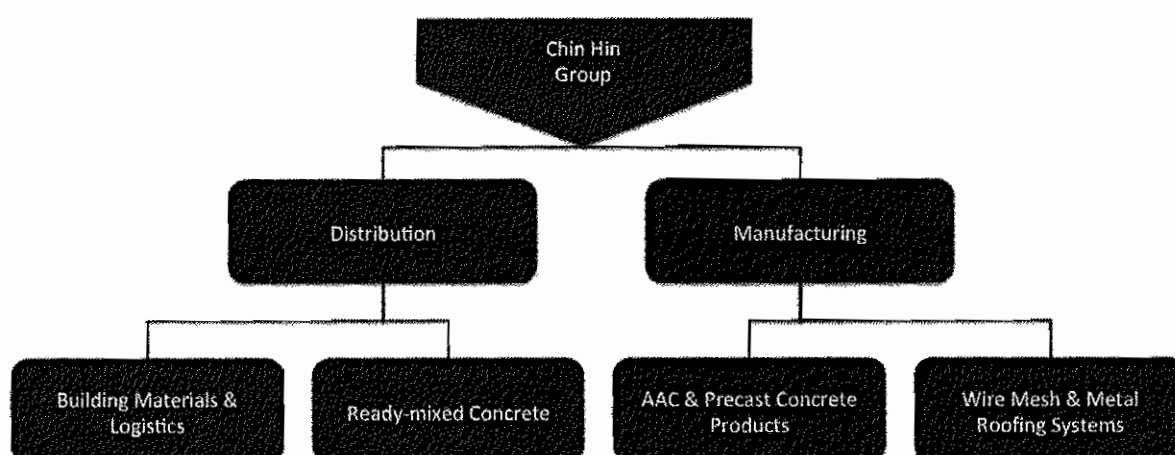
## 2. INFORMATION SUMMARY

THE INFORMATION CONTAINED IN THIS SECTION IS INTENDED ONLY TO BE A SUMMARY OF SOME SALIENT INFORMATION RELATING TO US AND OUR IPO, AND THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES.

### 2.1 HISTORY AND BUSINESS

We are principally involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of AAC and precast concrete products, wire mesh and metal roofing systems.

Our products are categorised under four (4) main business segments, as illustrated in the diagram below:-



Our Group's history can be traced back to 1974 when our founder, Datuk Chiau Beng Teik took over his family's hardware shop in Alor Setar, Kedah selling building materials to local renovators and walk-in customers, under the name Chop Chin Hin.

In 1995, Datuk Chiau Beng Teik saw an opportunity to venture into the transportation business and established SPPCH to undertake this new business. Operating from an office in Alor Setar, Kedah, SPPCH started providing transportation services to cement traders and manufacturers in the northern region of Malaysia, for instance, Cement Industries Malaysia Berhad and Perak-Hanjoong Simen Sdn Bhd (now part of YTL Cement Bhd).

In 1996, SPPCH expanded into the distribution of building materials to contractors and developers operating in the northern region of Malaysia. In 1998, having established its business in the northern region, SPPCH turned its attention to the construction activities in Kuala Lumpur and Selangor by setting up a branch office in Kuala Lumpur.

In May 2008, our Group ventured into the ready-mixed concrete business through our subsidiary Chin Hin Concrete (KL). This was an upstream diversification move. In 2011, we successfully expanded our ready-mixed concrete business to the northern region through the acquisition of Chin Hin Concrete (North).



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## 2. INFORMATION SUMMARY (Cont'd)

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SPPCH subsequently changed its name to PP Chin Hin in December 2008. In 2009, our Group undertook an internal restructuring exercise to consolidate and streamline our distribution businesses and operations. As part of the reorganisation and efforts to centralise our business operations, we moved our head office from Alor Setar to Kuala Lumpur. We made further steps to strengthen our presence nationwide by setting up branches /warehouse in Mentakab (Pahang), Kuala Terengganu (Terengganu), Muar (Johor), Ipoh (Perak) and Kuantan (Pahang).

Towards the end of 2009, our current Group Managing Director, Chiau Haw Choon joined his father, Datuk Chiau Beng Teik in running the fast growing businesses under our Group. After a strategic review of these businesses, our Group decided that it was time to further diversify and broaden our earnings base.

Having reviewed and analysed various options, we decided on a vertical integration through the manufacturing of building material products which are less labour intensive as follows:-

- (a) AAC products which have growth potential as a substitution for cement and clay bricks;
- (b) precast concrete products which allow us to penetrate into the infrastructure sector; and
- (c) wire mesh and metal roofing systems on the back of regular orders from PP Chin Hin's customers.

In September 2010, Pintar Sinar was set up to acquire the land on which the manufacturing facilities owned by Starken AAC and G-Cast Concrete are currently situated and in 2011, commenced construction of the abovesaid manufacturing facilities. The construction of G-Cast Concrete's factory was completed in 2012 and production of precast concrete pipes commenced soon after. In 2013, Starken AAC's factory was completed and we commenced production of AAC products in January 2014.

In 2010, we also commenced construction of our manufacturing facilities for wire mesh and metal roofing systems in Nilai, Negeri Sembilan which was completed in October 2012 and began production of wire mesh and metal roofing systems immediately thereafter. In 2012, we acquired a factory in Prai, Pulau Pinang for the manufacturing of HDW and metal roofing systems to expand our market coverage in the northern region.

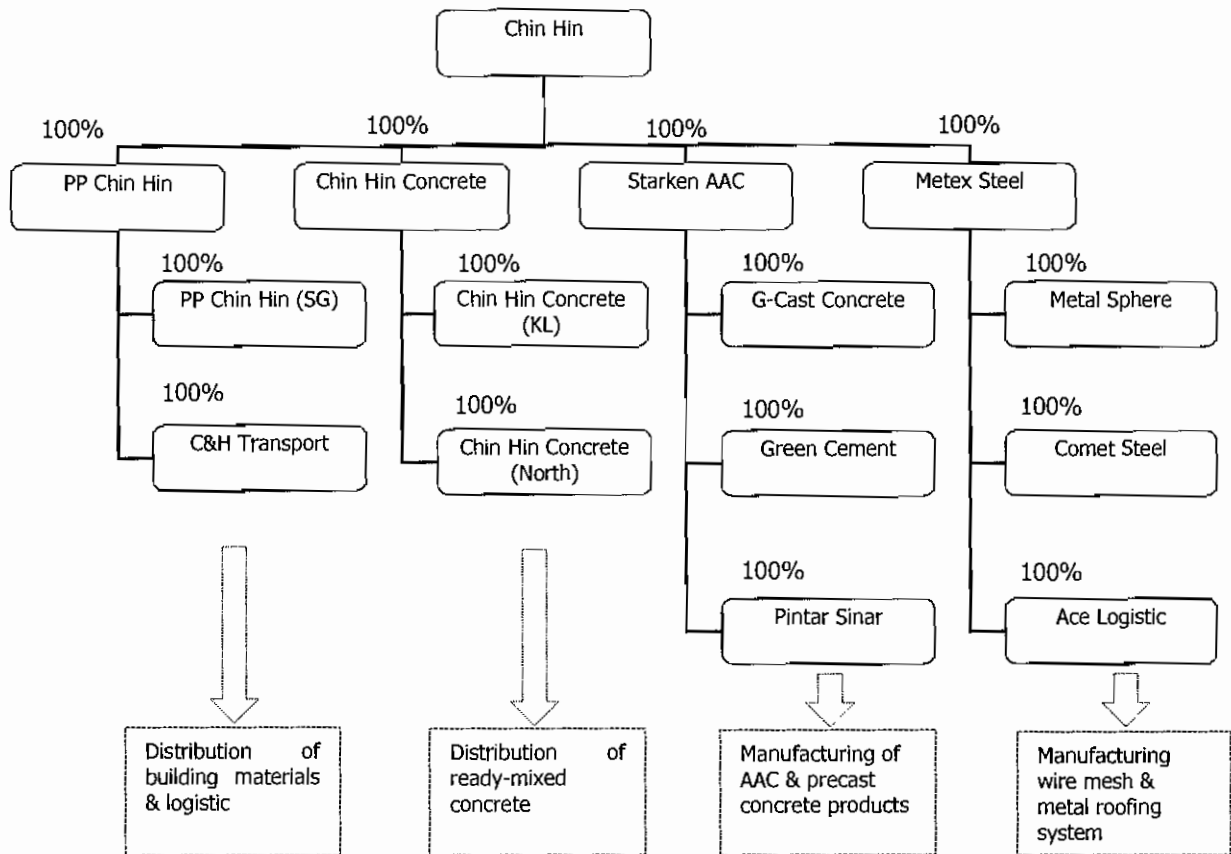
Over the years, our Deputy Group Executive Chairman together with our Group Managing Director and key management team have successfully transformed our business from the distribution of building materials to an integrated building materials provider.

Please refer to Section 5.1 of this Prospectus for further details of our Group's history.

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**2. INFORMATION SUMMARY (Cont'd)**

Our Group structure as at the LPD and prior to our IPO is diagrammatically summarised below:-



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**2. INFORMATION SUMMARY (Cont'd)**

The details of our subsidiaries are as follows:-

Company	Date/ Place of incorporation	Date of commencement of business	Authorised share capital RM (unless otherwise stated)	Issued and paid-up share capital RM (unless otherwise stated)	Equity interest %	Principal activities
<b>Held by Chin Hin</b>						
PP Chin Hin (334885-H)	25 February 1995/Malaysia	March 1995	50,000,000	50,000,000	100.0	Distribution of building materials, letting of properties and hire purchase financing
Chin Hin Concrete (969862-P)	29 November 2011/Malaysia	December 2011	25,000,000	12,001,000	100.0	Investment holding
Starken AAC (752003-D)	2 November 2006/Malaysia	January 2014	50,000,000	30,000,000	100.0	Manufacturing and sales of AAC products
Metex Steel (957930-X)	22 August 2011/Malaysia	October 2012	50,000,000	30,000,000	100.0	Manufacturing and sales of wire mesh and metal roofing systems
<b>Held by PP Chin Hin</b>						
PP Chin Hin (SG) (200908657H)	16 May 2009/ Singapore	June 2009	SGD1,000	SGD1,000	100.0	Trading and distribution of building materials in Singapore
C&H Transport (808916-H)	6 March 2008/ Malaysia	April 2008	5,000,000	1,250,000	100.0	Transportation of cement

**2. INFORMATION SUMMARY (Cont'd)**

Company	Date/ Place of incorporation	Date of commencement of business	Authorised share capital RM (unless otherwise stated)	Issued and paid-up share capital RM (unless otherwise stated)	Equity interest %	Principal activities
<b>Held by Chin Hin Concrete</b>						
Chin Hin Concrete (KL) (818159-D)	18 May 2008/ Malaysia	June 2008	5,000,000	4,000,000	100.0	Distribution of ready-mixed concrete
Chin Hin Concrete (North) (803784-W)	21 January 2008/ Malaysia	February 2008	5,000,000	2,000,000	100.0	Distribution of ready-mixed concrete
<b>Held by Starken AAC</b>						
G-Cast Concrete (971228-X)	11 December 2011/ Malaysia	August 2012	5,000,000	5,000,000	100.0	Manufacturing and sales of precast concrete products
Green Cement (1008610-A)	4 July 2012/ Malaysia	<sup>(i)</sup> N/A	100,000	2	100.0	Currently dormant, the intended principal activity is to produce concrete products
Pintar Sinar (916505-X)	30 September 2010/ Malaysia	<sup>(i)</sup> March 2012	100,000	2	100.0	Property investment holding

**2. INFORMATION SUMMARY (Cont'd)**

Company	Date/ Place of incorporation	Date of commencement of business	Authorised share capital RM (unless otherwise stated)	Issued and paid-up share capital RM (unless otherwise stated)	Equity interest %	Principal activities
<b>Held by Metex Steel</b>						
Metal Sphere (1082934-A)	2 March 2014/ Malaysia	2 February 2015	25,000,000	15,000,002	100.0	Manufacturing of metal roofing profiles and trusses
Comet Steel (1009789-M)	12 July 2012/ Malaysia	<sup>(i)</sup> N/A	100,000	2	100.0	Currently dormant, the intended principal activity is sales and trading of steel wire mesh, wire rods and other steel products
Ace Logistic (642802-M)	18 February 2004/Malaysia	<sup>(i)</sup> November 2009	25,000,000	11,000,000	100.0	Property investment holding

**Notes:-**

- (i) These dates refer to the dates in which these companies commenced their investing activities.
- (ii) Not applicable as these companies are presently dormant and have not commenced operations since their incorporation. Please refer to Sections 5.4.9(a), 5.4.12(a) and 5.4.13(a) for further information on the future plans of these companies.

As at the date of this Prospectus, we do not have any associate company.

Further details on our history and business overview are set out in Sections 5 and 6 of this Prospectus, respectively.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.2 COMPETITIVE STRENGTHS

Set out below are our competitive strengths which we believe allow our Group to compete effectively within the industry we operate in:-

- (a) Integrated building materials provider;
- (b) Nationwide offices and warehouses;
- (c) Established market reputation and broad customer base;
- (d) Strong and experienced management; and
- (e) Production efficiency and quality products.

Further details on our Group's competitive strengths are set out in Section 6.14 of this Prospectus.

### 2.3 FUTURE PLANS

Our future plans and strategies are as follows:-

- (a) Penetration into foreign markets especially those in the Asia Pacific regions such as Taiwan, Australia, Hong Kong, Singapore, Philippines and Indonesia as well as widening of customer base geographically;
- (b) Expansion of G-Cast Concrete's new manufacturing plant and Starken AAC's production facilities; and
- (c) Widening and expansion of product range, especially our Group's in-house manufactured products such as our present range of wire mesh, AAC products, industrialised building system precast products and jacking pipe.

Further details on our Group's future plans are set out in Section 6.15 of this Prospectus.

### 2.4 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Our Promoters, substantial shareholders, Directors and key management personnel are as follows:-

Name	Designation
<b>Promoters and substantial shareholders</b>	
Datuk Chiau Beng Teik	Deputy Group Executive Chairman
Datin Wong Mee Leng	Substantial shareholder
Chiau Haw Choon	Group Managing Director
Divine Inventions	-
PP Chin Hin Realty	-
<b>Directors</b>	
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Independent Non-Executive Chairman
Datuk Chiau Beng Teik	Deputy Group Executive Chairman
Chiau Haw Choon	Group Managing Director
Lee Hai Peng	Executive Director cum Chief Financial Officer
Yeoh Chin Hoe	Independent Non-Executive Director
Datuk Cheng Lai Hock	Independent Non-Executive Director

**2. INFORMATION SUMMARY (Cont'd)**

Name	Designation
<b>Key management personnel</b>	
Tan Cheak Joo	Head of Business Unit, PP Chin Hin
Yeoh Meng Hooi	National General Manager, PP Chin Hin
Lok Boon Cheng	Head of Business Unit, Metex Steel
Chen Meng Aik	General Manager of Operations, Metex Steel
Chong Kam Yean	Senior General Manager (Metal Roofing), Metex Steel
Ng Wai Luen	Head of Business Unit, Starken AAC and G-Cast Concrete
Yee Chut Yau	General Manager of Operations, Starken AAC and G-Cast Concrete
Tan Ming Hong	Head of Business Unit, Chin Hin Concrete

Details of our Promoters, substantial shareholders, Directors and key management personnel are set out in Section 8 of this Prospectus.

**2.5 FINANCIAL HIGHLIGHTS**

For detailed financial information relating to our Group, please refer to Sections 11, 12 and 13 of this Prospectus, respectively.

**2.5.1 Historical combined statements of comprehensive income**

The following table sets forth an extract of the audited combined statements of comprehensive income for the past FYEs 2011 to 2014 and FPEs 2014 to 2015. The following selected historical financial information should be read in conjunction with the "Management Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12 of this Prospectus and the Accountants' Report and related notes set out in Section 13 of this Prospectus.

	Combined Group					
	Audited					
	FYE				FPE	
	2011	2012	2013	2014	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,014,597	1,046,108	1,220,416	1,219,418	833,667	816,980
Less: Cost of sales	(953,805)	(989,339)	(1,149,925)	(1,130,887)	(777,578)	(750,722)
<b>GP</b>	<b>60,792</b>	<b>56,769</b>	<b>70,491</b>	<b>88,531</b>	<b>56,089</b>	<b>66,258</b>
Other operating income	3,068	24,600	17,800	16,306	4,366	5,505
Administrative expenses	(28,155)	(28,659)	(36,512)	(42,920)	(22,879)	(32,120)
<b>Profit from operations</b>	<b>35,705</b>	<b>52,710</b>	<b>51,779</b>	<b>61,917</b>	<b>37,576</b>	<b>39,643</b>
Finance costs	(8,628)	(11,513)	(14,457)	(18,702)	(12,798)	(13,455)
<b>PBT</b>	<b>27,077</b>	<b>41,197</b>	<b>37,322</b>	<b>43,215</b>	<b>24,778</b>	<b>26,188</b>
Taxation	(7,956)	(6,603)	(7,870)	(13,029)	(8,454)	(6,183)
<b>PAT</b>	<b>19,121</b>	<b>34,594</b>	<b>29,452</b>	<b>30,186</b>	<b>16,324</b>	<b>20,005</b>

**2. INFORMATION SUMMARY (Cont'd)**

	Combined Group					
	Audited					
	FYE				FPE	
	2011	2012	2013	2014	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
No. of Shares assumed to be in issue ('000) <sup>(i)</sup>	442,690	442,690	442,690	442,690	442,690	442,690
EBIT <sup>(ii)</sup>	35,705	52,710	51,779	61,917	37,576	39,643
EBITDA <sup>(iii)</sup>	43,867	58,388	61,241	75,020	46,353	49,238
GP margin (%)	6.0	5.4	5.8	7.3	6.7	8.1
PBT margin (%)	2.7	3.9	3.1	3.5	3.0	3.2
PAT margin (%)	1.9	3.3	2.4	2.5	2.0	2.4
Effective tax rate (%)	29.4	16.0	21.1	30.1	34.1	23.6
Net EPS (sen) <sup>(iii)</sup>	4.32	7.81	6.65	6.82	3.69	4.52
No. of Shares assumed to be in issue ('000) <sup>(iv)</sup>	505,888	505,888	505,888	505,888	505,888	505,888
Diluted net EPS (sen) <sup>(v)</sup>	3.78	6.84	5.82	5.97	3.23	3.95

**Notes:-**

- (i) Based on the number of Shares in issue before our IPO.  
(ii) Calculated based on the following:-

	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	19,121	34,594	29,452	30,186	20,005
Add: Finance costs	8,628	11,513	14,457	18,702	13,455
Tax expense	7,956	6,603	7,870	13,029	6,183
<b>EBIT</b>	<b>35,705</b>	<b>52,710</b>	<b>51,779</b>	<b>61,917</b>	<b>39,643</b>
Add: Depreciation	7,726	5,583	9,335	13,103	9,595
Amortisation	436	95	127	-	-
<b>EBITDA</b>	<b>43,867</b>	<b>58,388</b>	<b>61,241</b>	<b>75,020</b>	<b>49,238</b>

- (iii) Calculated based on PAT divided by our existing issued and paid-up share capital of 442,690,100 Shares.  
(iv) Based the enlarged number of Shares after our IPO.  
(v) The diluted net EPS is computed by dividing PAT over the enlarged number of Shares after our IPO.

There were no exceptional or extraordinary items during the financial years/period under review. Our audited financial statements for the past financial years under review have not been subjected to any audit qualifications.



**2. INFORMATION SUMMARY (Cont'd)****2.5.2 Pro forma consolidated statements of financial position**

The pro forma consolidated statements of financial position as set out below are provided for illustrative purposes only to show the effects on the consolidated statements of financial position of our Group as at 31 August 2015 should the Acquisitions, Group re-organisation, Public Issue and utilisation of proceeds been completed on that date.

	As at 31 August 2015 RM'000	(I) After Public Issue RM'000	(II) After Pro forma (I) and utilisation of proceeds RM'000
<b>Non-Current Assets</b>			
Property, plant and equipment	195,485	195,485	210,485
Investment properties	103,235	103,235	103,235
<b>Total Non-Current Assets</b>	<b>298,720</b>	<b>298,720</b>	<b>313,720</b>
<b>Current Assets</b>			
Inventories	46,153	46,153	46,153
Trade receivables	308,460	308,460	308,460
Other receivables	22,149	22,149	22,149
Hire purchase receivables	819	819	819
Tax recoverable	85	85	85
Derivative financial assets	585	585	585
Fixed deposits with licensed banks	14,589	14,589	14,589
Cash and bank balances	149,875	190,954	156,954
	542,715	583,794	549,794
Asset held for sale	3,663	3,663	3,663
<b>Total Current Assets</b>	<b>546,378</b>	<b>587,457</b>	<b>553,457</b>
<b>Total Assets</b>	<b>845,098</b>	<b>886,177</b>	<b>867,177</b>
<b>Equity</b>			
Share capital	221,345	252,944	252,944
Share premium	-	9,480	9,480
Foreign exchange reserve	427	427	427
Revaluation reserve	8,769	8,769	8,769
Merger deficit	(153,192)	(153,192)	(153,192)
Retained profits	173,657	173,657	169,657
<b>Total equity attributable to equity holders of the Company</b>	<b>251,006</b>	<b>292,085</b>	<b>288,085</b>
<b>Non-Current Liabilities</b>			
Finance lease payables	12,989	12,989	12,989
Bank borrowings	81,834	81,834	81,834
Deferred tax liabilities	5,218	5,218	5,218
<b>Total Non-Current Liabilities</b>	<b>100,041</b>	<b>100,041</b>	<b>100,041</b>

**2. INFORMATION SUMMARY (Cont'd)**

	(I)	(II)	
	As at 31 August 2015 RM'000	After Public Issue RM'000	After Pro forma (I) and utilisation of proceeds RM'000
<b><u>Current Liabilities</u></b>			
Trade payables	140,091	140,091	140,091
Other payables	20,129	20,129	20,129
Amount owing to Directors	11,382	11,382	11,382
Finance lease payables	10,496	10,496	10,496
Bank borrowings	309,182	309,182	294,182
Tax payable	2,771	2,771	2,771
<b>Total Current Liabilities</b>	<b>494,051</b>	<b>494,051</b>	<b>479,051</b>
<b>Total Liabilities</b>	<b>594,092</b>	<b>594,092</b>	<b>579,092</b>
<b>Total Equity and Liabilities</b>	<b>845,098</b>	<b>886,177</b>	<b>867,177</b>
Par value per Share (RM)	0.50	0.50	0.50
Number of Shares ('000)	442,690	505,888	505,888
NA (RM'000)	251,006	292,085	288,085
NA per share (RM)	0.57	0.58	0.57
Borrowings (All interest bearing debts) (RM'000)	414,501	414,501	399,501
Gearing (times) <sup>(i)</sup>	1.65	1.42	1.39

**Note:-**

(i) Calculated based on the total borrowings (i.e. finance lease payables and bank borrowings) of our Group divided by the total equity of our Group.

Detailed information on our pro forma consolidated statements of financial position is set out in Section 11 of this Prospectus.

**2.5.3 Dividend policy**

As we are a holding company, our Company's income and therefore our ability to pay dividends are dependent upon the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

Further details of our dividend policy are set out in Section 12.8 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.6 PRINCIPAL STATISTICS RELATING TO OUR IPO

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

<b>IPO Price</b>	<b>RM0.65</b>
63,197,900 Issue Shares for subscription by:	
• Malaysian Public via balloting	25,294,400
• Eligible Directors and employees of our Group	6,400,00
• Identified investors via private placement	31,503,500
65,000,000 Offer Shares for subscription by:-	
• Identified investors via private placement	14,411,200
• Placement to Bumiputera investors approved by MITI	50,588,800
Total enlarged issue and paid-up share capital after Listing	505,888,000
<b>Market capitalisation at our IPO Price</b>	<b>RM328,827,200</b>

The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The basis of arriving at our IPO Price is set out in Section 3.7 of this Prospectus.

### 2.7 UTILISATION OF PROCEEDS

The total estimated gross proceeds of RM41.08 million to be raised from the Public Issue shall be utilised in the following manner:-

No.	Proposed utilisation	RM'000	%	Estimated timeframe for use (from the listing date)
(a)	Purchase of new plant, equipment and machineries as well as expansion of manufacturing facility	15,000	36.5	Within twenty four (24) months
(b)	Repayment of bank borrowings	15,000	36.5	Within six (6) months
(c)	Working capital requirements	7,079	17.2	Within twenty four (24) months
(d)	Estimated listing expenses	4,000	9.8	Immediately
	<b>Total</b>	<b>41,079</b>	<b>100.0</b>	

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

Detailed information on our utilisation of proceeds is set out in Section 3.10 of this Prospectus.

## **2. INFORMATION SUMMARY (Cont'd)**

### **2.8 RISK FACTORS**

Before applying for our IPO Shares, you should carefully consider the following material risk factors in addition to the other information contained elsewhere in this Prospectus.

**(a) Risks relating to the industry in which our Group operates:-**

- Our Group's business is dependent on the construction and property development industries;
- Competition risks; and
- Political, regulatory and economic risks.

**(b) Risks relating to our business and our operations:-**

- We are dependent on our experienced management and key personnel;
- We do not have any long term contracts with our customers;
- We are subject to the credit risks of our customers;
- We are dependent on obtaining adequate financing to fund our operations;
- We are subject to our debt servicing obligations;
- Dependency on major suppliers;
- We are exposed to product warranties and product liability claims by our customers; and
- Fluctuation in prices of raw materials.

**(c) Risks relating to the investment in our Shares:-**

- No prior market for our Shares;
- Failure/delay in or termination/abortion of our Listing;
- Dividend payment is not assured; and
- Trading prices and volume of our Shares.

**(d) Other risks:-**

- Continued control by our Promoters/substantial shareholders;
- Future fund raising may dilute shareholders' equity or restrict our operations; and
- Forward-looking/prospective statements.

For more detailed commentaries, please refer to Section 4 of this Prospectus.

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### **3. PARTICULARS OF OUR IPO**

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#### **3.1 INTRODUCTION**

This Prospectus is dated 18 February 2016. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Form with the Registrar of Companies Malaysia, who takes no responsibility for their contents.

We received the SC's approval for our IPO and Listing on 20 October 2015. The approval of the SC shall not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness or any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any part of the contents of this Prospectus.

**You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our IPO and an investment in our Company.**

We have also obtained the approval from Bursa Securities on 18 December 2015, for, *inter-alia*, our admission to the Official List of the Main Market of Bursa Securities and for permission to deal in and for the listing of and quotation for all our Shares on the Main Market of Bursa Securities.

Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been issued and despatched to all the successful applicants. Admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

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

Pursuant to the Listing Requirements, at least 25% of our issued and paid-up share capital must be in the hands of 1,000 public shareholders, each holding not less than 100 Shares upon admission to the Main Market of Bursa Securities. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within fourteen (14) days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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**3. PARTICULARS OF OUR IPO (Cont'd)**

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

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

**You must have a CDS Account when applying for our IPO Shares.** In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares. In the case of an application by way of Electronic Share Application, you shall furnish your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

This Prospectus can also be viewed or downloaded from the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

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

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**3.2 OPENING AND CLOSING OF APPLICATION PERIOD**

The application period will open at 10.00 a.m. on 18 February 2016 and will remain open until at 5.00 p.m. on 25 February 2016 or such further period or periods as our Directors and Underwriter may in their absolute discretion mutually decide. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

Our Directors and Underwriter may in their absolute discretion mutually decide to extend the closing date and time for application of our IPO to any later date or dates. In the event the closing date for application is extended, we will advertise the notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the application for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly.

**3. PARTICULARS OF OUR IPO (Cont'd)****3.3 IMPORTANT TENTATIVE DATES**

<b>Events</b>	<b>Tentative Dates</b>
Issuance of this Prospectus/Opening of Application for our IPO	18 February 2016
Closing of application for our IPO	25 February 2016
Balloting of the application for our IPO Shares	1 March 2016
Allotment of our IPO Shares to successful applicants	4 March 2016
Tentative date of Listing	8 March 2016

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and Underwriter may, in their absolute discretion, mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the balloting, allotment of our IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in the widely circulated English and Bahasa Malaysia newspapers in Malaysia.

**3.4 DETAILS OF OUR IPO****3.4.1 Public Issue**

Our public issue of 63,197,900 Issue Shares at the IPO Price, representing approximately 12.5% of our enlarged issued and paid-up share capital, shall be allocated in the following manner:-

**(a) Malaysian Public**

25,294,400 Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:-

- (i) 12,647,200 Issue Shares made available to public investors; and
- (ii) 12,647,200 Issue Shares allocated to Bumiputera public investors.

**(b) Eligible Directors and employees**

6,400,000 Issue Shares, representing 1.3% of our enlarged issued and paid-up share capital, will be reserved for our eligible Directors and employees under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 3.4.3 of this Prospectus.

**(c) Private placement to identified investors**

31,503,500 Issue Shares, representing 6.2% of our enlarged issued and paid-up share capital has been reserved for private placement to identified investors.

Upon completion of our Public Issue, our issued and paid-up share capital will increase from RM221,345,050 comprising 442,690,100 Shares to RM252,944,000 comprising 505,888,000 Shares.

### **3. PARTICULARS OF OUR IPO (Cont'd)**

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The basis of allocation for our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

There is no over-allotment or 'greenshoe' option.

31,694,400 Issue Shares available for application by the Malaysian Public, our eligible Directors and employees. The balance 31,503,500 Issue Shares reserved under the private placement will not be underwritten and will be placed out by M&A Securities, our Placement Agent. Please refer to Section 3.11 and Section 3.12 of this Prospectus for further details on the underwriting and placement arrangements.

Any of our Issue Shares not subscribed for under Section 3.4.1(a) and Section 3.4.1(b) shall be made available to identified investors via private placement. Thereafter, any remaining re-offered Issue Shares that have not been subscribed for will then be subscribed for by our Underwriter based on the terms of the Underwriting Agreement. However, in the event that all of our Issue Shares under Section 3.4.1(a) are oversubscribed, shares not subscribed for under Section 3.4.1(b), Section 3.4.1(c) and Section 3.4.2, if any, will be made available for application for subscription by the Malaysian Public.

#### **3.4.2 Offer for Sale**

65,000,000 Offer Shares, representing 12.8% of our enlarged issued and paid-up share capital will be offered by our Offerors at the IPO Price in the following manner:-

**(a) Private placement to identified investors**

14,411,200 Offer Shares, representing 2.8% of our enlarged issued and paid-up share capital has been reserved for private placement to identified investors.

**(b) Private placement to identified investors**

50,588,800 Offer Shares, representing 10.0% of our enlarged issued and paid-up share capital, will be allocated to Bumiputera public investors approved by MITI.

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**3. PARTICULARS OF OUR IPO (Cont'd)**

Details of our Offerors are as follows:-

Name/ Address	Material relationship with our Group	Before Offer for Sale <sup>(i)</sup>		Offer Shares offered		After Offer for Sale		
		No. of Shares	%	No. of Offer Shares	% <sup>(ii)</sup>	No. of Shares	% <sup>(iv)</sup>	
<b>Datuk Chiau Beng Teik</b> B-22-1, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Deputy Group Executive Chairman, Promoter and substantial shareholder	244,034,320	55.1	35,832,000	8.1	7.1	208,202,320	41.2
<b>Chiau Haw Choon</b> B-22-1, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Group Managing Director, Promoter and substantial shareholder	142,895,750	32.3	20,981,000	4.6	4.0	121,914,750	24.1
<b>Datin Wong Mee Leng</b> B-22-1, Kondominium Gembira Residen 2, Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Promoter and substantial shareholder	55,759,930	12.6	8,187,000	1.8	1.6	47,572,930	9.4

**3. PARTICULARS OF OUR IPO (Cont'd)****Notes:-**

- (i) After the completion of the Acquisitions prior to the Public Issue.
- (ii) Based on our issued and paid-up share capital of 442,690,100 Shares before our Public Issue.
- (iii) Based on our issued and paid-up share capital of 505,888,000 Shares after our Public Issue.
- (iv) Before taking into consideration the Vendors' Shareholdings Reorganisation. Please refer to Section 9.2.1 of this Prospectus for further details on the Vendors' Shareholdings Reorganisation.

Further details of our Offerors can be found in Section 8 of this Prospectus.

Our Offerors shall bear all expenses relating to the Offer for Sale. The Offer Shares are not underwritten.

Save as disclosed above, there is no other offeror in conjunction with our IPO who has a material relationship with our Group for the past three (3) years up to the LPD.

**3.4.3 Pink Form Allocations**

We have allocated 6,400,000 Issue Shares to our eligible Directors and our employees under the Pink Form Allocations as follows:-

Category	No. of eligible persons/ corporations	Aggregate number of Issue Shares allocated
Eligible Directors	4	650,000
Eligible employees	542	5,750,000
<b>Total</b>	<b>546</b>	<b>6,400,000</b>

The criteria of allocation for the Issue Shares to our eligible Directors and employees (as approved by our Board) are based on, *inter-alia*, the following:-

- (a) The employee must be an eligible and confirmed employee and on the payroll of our Group;
- (b) The number of shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (c) The employee must be a full-time employee of at least eighteen (18) years of age.

Our Issue Shares to be allotted to our eligible Directors and employees shall be based on their contribution and support to our Group, as approved by our Board.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Independent Non-Executive Chairman	200,000
Lee Hai Peng	Executive Director cum Chief Financial Officer	250,000
Datuk Cheng Lai Hock	Independent Non-Executive Director	100,000
Yeoh Chin Hoe	Independent Non-Executive Director	100,000
<b>Total</b>		<b>650,000</b>

**3.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS**

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

	<b>No. of Shares</b>	<b>Par Value RM</b>	<b>RM</b>
<b>Authorised share capital</b>	1,000,000,000	0.50	500,000,000
<b>Issued and fully paid-up</b>			
As at the date of this Prospectus	442,690,100	0.50	221,345,050
To be issued pursuant to the Public Issue	63,197,900	0.50	31,598,950
<b>Enlarged issued and paid-up share capital upon Listing</b>	<b>505,888,000</b>	<b>0.50</b>	<b>252,944,000</b>
<b>IPO Price</b>			<b>0.65</b>
<b>Market capitalisation (based on the IPO Price and the enlarged issued and paid-up share capital upon Listing)</b>			<b>328,827,200</b>

**Note:-**

*The Offer for Sale would not have any effect on our issued and paid-up share capital.*

**THE IPO PRICE IS PAYABLE IN FULL UPON APPLICATION.**

As at the date of this Prospectus, we have only one (1) class of shares, being ordinary shares of RM0.50 each, all of which rank *pari passu* amongst one another. Our IPO Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our IPO Shares.

**3. PARTICULARS OF OUR IPO (Cont'd)**

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to dividends and other distributions of our Group, in accordance with our Memorandum and Articles of Association.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by the attorney or by other duly authorised representative. On a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and in the case of a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of our Group and the provisions of Section 149(1)(b) of the Act shall not apply to our Group.

**3.6 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:-

- (a) To enable our Group to raise funds for the purposes specified in Section 3.10 herein;
- (b) To enable us to gain access to the capital market to raise additional funds for our future expansion and growth;
- (c) To provide an opportunity for the Malaysian Public, our eligible Directors and our employees to participate in our equity; and
- (d) To enable our Group to gain recognition through its listing status and further enhance our corporate reputation and image which is aimed at expanding our customer base.

**3.7 BASIS OF ARRIVING AT THE IPO PRICE**

The IPO Price was determined and agreed upon by our Directors, Promoters, Offerors and M&A Securities, as the Adviser, Underwriter and Placement Agent, after taking into consideration the following factors:-

- (a) The PE Multiple of about 10.96 times based on our annualised net EPS of approximately 5.93 sen for the FPE 2015 and our enlarged issued and paid-up share capital upon Listing of 505,888,000 Shares.
- (b) Our pro forma consolidated NA per Share as at 31 August 2015 after the Public Issue (but before utilisation of proceeds) of RM0.58 based on our pro forma audited consolidated NA as at 31 August 2015 of approximately RM292.08 million and our enlarged issued and paid-up share capital upon Listing of 505,888,000 Shares;
- (c) Our historical financial track record for the past four (4) FYEs 2011 to FYE 2014 as well as FPE 2015:-

	FYE2011	FYE2012	FYE2013	FYE 2014	FPE 2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,014,597	1,046,108	1,220,416	1,219,418	816,980
GP	60,792	56,769	70,491	88,531	66,258
PAT	19,121	34,594	29,452	30,186	20,005
Net EPS (sen) <sup>(i)</sup>	4.32	7.81	6.65	6.82	<sup>(ii)</sup> 6.80

**3. PARTICULARS OF OUR IPO (Cont'd)****Notes:-**

- (i) Based on our issued and paid-up share capital of 442,690,100 Shares before our IPO.  
(ii) Annualised.

- (d) Our competitive strengths as set out in Section 6.14 of this Prospectus; and  
(e) The prospects and future plans of our Group as set out in Section 6.15 of this Prospectus.

In relation to the PE Multiple in (a) above, we set out below the PE Multiple of selected companies involved in similar business as our Group listed on the Main Market of Bursa Securities:-

No.	Name	Principal activities	<sup>(i)</sup> 1 year volume weighted average price RM	<sup>(ii)</sup> EPS Sen	<sup>(iii)</sup> PE Multiple times	<sup>(vi)</sup> Market capitalisation RM'000
1.	Chuan Huat Resources Berhad <sup>(iv)</sup>	Principally involved in the distribution of building materials segment as a stockist of iron and steel, and as an importer and exporter of structural steel and other construction materials.	0.55	0.02	>100	92,240
2.	Ipmuda Berhad	Involved in multiple business segments, including trading, property and investment holding, contracting, manufacturing as well as property development. The trading segment is the largest revenue contributor and under the trading segment, the company is involved in the distribution of building materials as a distributor and supplier of construction and finishing building materials, heavy steel products, architectural hardware, home improvement materials, cabinet systems, fuel and lubricants for the construction, infrastructural and manufacturing sectors and end users.	1.30	12.57	10.34	94,210
3.	Atta Global Group Berhad (formerly known as SMPC Corporation Berhad)	Principally involved in manufacturing or processing of steel coil, tube, strapping, steel furniture, metal roofing, floor decking, perforated metal and the industrial recycling of scrap metal.	0.64	7.34	8.72	44,964

**3. PARTICULARS OF OUR IPO (Cont'd)**

No.	Name	Principal activities	<sup>(i)</sup> 1 year volume weighted average price RM	<sup>(ii)</sup> EPS Sen	<sup>(iii)</sup> PE Multiple times	<sup>(vii)</sup> Market capitalisation RM'000
4.	Harrisons Holdings (Malaysia) Berhad	Principally involved in marketing, sales, warehousing and distribution of consumer, building materials and engineering products, fine wines, agricultural and industrial chemicals, and the operation of shipping/logistics and travel agencies.	3.21	25.85	12.42	219,808
5.	Ajiya Berhad	Principally involved in manufacturing and marketing of glass products, metal roofing, metal door and window frames, floor decks, metal ceiling and other building materials.	3.59	29.85	12.03	273,365
6.	Lafarge Malaysia Berhad <sup>(iv)</sup>	Principally involved in the manufacture and sale of cement, ready-mixed concrete, aggregates and other related building materials.	9.42	30.40	30.99	8,004,127
			<b>High</b>		<b>12.42</b>	
			<b>Low</b>		<b>8.72</b>	
			<b>Average</b>		<b>10.88</b>	
	Chin Hin Group	Principally involved in the distribution of building materials and provision of logistics, the supply of ready-mixed concrete, manufacturing of AAC and precast concrete, wire mesh and metal roofing systems.	<sup>(v)</sup> 0.65	<sup>(vi)</sup> 5.93	10.96	328,827

The selected public listed companies may not be directly comparable to our Group as there is no listed company involved in all four (4) business segments of our Group. The selected public listed companies are however to a certain extent involved in certain business segments similar to our Group as set out in the "Competitive Analysis" in Section 7 of this Prospectus. Please refer to Section 7 "Competitive Analysis" of this Prospectus for further details on the selection criteria of the comparable companies. We have excluded certain companies such as Hap Seng Consolidated Berhad, Hong Leong Industries Berhad and Wah Seong Corporation Berhad as they are involved in various business segments and distribution of building materials segment contributes less than 50% of their revenue.

**Notes:-**

- (i) From 1 January 2015 to 31 December 2015.
- (ii) Based on the trailing twelve (12) months EPS of the respective companies extracted from their quarterly results announced to Bursa Securities up to the LPD.
- (iii) PE Multiple is calculated based on the one (1) year volume weighted average price or IPO Price (where applicable) divided by EPS.

### 3. PARTICULARS OF OUR IPO (Cont'd)

- (iv) *Chuan Huat Resources Berhad has been excluded from the computation of the average and high-low range of PE Multiple as its PE Multiple is above 100 times and thus is considered as an anomaly. Lafarge Malaysia Berhad has also been excluded from the computation of the average and the high-low range of PE Multiple as its market capitalisation is more than twenty (20) times larger than that of Chin Hin based on the IPO Price.*
- (v) *Being our IPO Price.*
- (vi) *As our latest audited net EPS was based on our eight (8) months financial results, we have annualised it to estimate and reflect the net EPS for a full financial year. The annualised net EPS of 5.93 sen was calculated based on our Group's annualised net profit of RM30.01 million (computed based on our PAT of RM20.01 million for FPE 2015) divided by our enlarged issued and paid-up share capital upon our Listing of 505,888,000 Shares.*
- (vii) *Calculated based on the outstanding number of shares of the respective company as at 31 December 2015 multiplied by the one (1) year volume weighted average price of each company.*

You should note that the price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 4 of this Prospectus and form your own views on the value of our IPO Shares before deciding to invest in our Shares.

#### 3.8 TOTAL MARKET CAPITALISATION

Based on the IPO Price and our enlarged issued and paid-up share capital comprising 505,888,000 Shares upon Listing, our total market capitalisation is RM328,827,200.

#### 3.9 DILUTION

Dilution is the amount by which the IPO Price exceeds the NA per Share immediately after our IPO. Our pro forma consolidated NA per Share as at 31 August 2015 before the Public Issue is RM0.57. Our pro forma consolidated NA per Share as at 31 August 2015 after the Public Issue and utilisation of gross proceeds remains at RM0.57.

Based on the foregoing, there is no immediate change in the pro forma consolidated NA per Share to our existing shareholders. However, there is an immediate dilution of RM0.08 in the pro forma consolidated NA per Share to our new public investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.65
Our pro forma consolidated NA per Share as at 31 August 2015 before Public Issue	0.57
Change in the pro forma consolidated NA per Share attributable to existing shareholders	-
Our pro forma consolidated NA per Share as at 31 August 2015 after Public Issue and utilisation of proceeds	0.57
Dilution in the pro forma consolidated NA per Share to our new public investors	0.08
Dilution in the pro forma consolidated NA per Share as a percentage of the IPO Price	12.3%

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares for the past three (3) years prior to the date of this Prospectus as well as new investors who subscribe for our Shares pursuant to our IPO:-

**3. PARTICULARS OF OUR IPO (Cont'd)**

Shareholders and Promoters	No. of Shares received	Total consideration RM	Average effective cost per Share RM
Datuk Chiau Beng Teik	<sup>(i)</sup> 244,034,320	122,017,160	0.50
Chiau Haw Choon	<sup>(i)</sup> 142,895,750	71,447,875	0.50
Datin Wong Mee Leng	<sup>(i)</sup> 55,759,930	27,879,965	0.50
<b>Total</b>	<b>442,690,000</b>	<b>221,345,000</b>	<b>0.50</b>
New investors from the Public Issue	63,197,900	41,078,635	0.65

**Note:-**

(i) Received on 2 December 2014 pursuant to the Acquisitions.

Apart from the Shares received by our Directors, substantial shareholders and Promoters pursuant to the Acquisitions, there is no material acquisition of any existing Shares that involved cash in our Company by our Directors, senior management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past three (3) years prior to the date of this Prospectus.

**3.10 UTILISATION OF PROCEEDS AND ITS FINANCIAL IMPACT****3.10.1 Utilisation of proceeds**

Based on the IPO Price, the estimated gross proceeds arising from the Public Issue of RM41.08 million shall accrue entirely to our Company and are planned to be utilised within twenty four (24) months from the date of our Listing in the following manner:-

No.	Proposed Utilisation	RM'000	%	Estimated timeframe for use (from the listing date)
(a)	Expansion of existing manufacturing facility and purchase of new equipment and machineries	15,000	36.5	Within twenty four (24) months
(b)	Repayment of bank borrowings	15,000	36.5	Within six (6) months
(c)	Working capital requirements	7,079	17.2	Within twenty four (24) months
(d)	Estimated listing expenses	4,000	9.8	Immediately
	<b>Total</b>	<b>41,079</b>	<b>100.0</b>	



**3. PARTICULARS OF OUR IPO (Cont'd)**

Brief details on the proposed utilisation of the gross proceeds from our Public Issue are as follows:-

**(a) Expansion of existing manufacturing facility and purchase of new equipment and machineries**

The details of utilisation of proceeds are set out below:-

<b>Items</b>	<b>Notes</b>	<b>No. of unit</b>	<b>Total cost RM'000</b>
<b>G-Cast Concrete (for manufacturing of precast concrete products)</b>	(i)		
Expansion of existing manufacturing facility			1,800
Installation of additional plant and machineries:			
- Spinning machine		6	900
- Caging machine		1	250
- Batching plant		1	600
- Spinning mould		100	1,000
- Manholes mould		40	450
<b>Subtotal</b>			<b>5,000</b>
<b>Starken AAC (for manufacturing of AAC products)</b>	(ii)		
New plant, equipment and machineries:			
- Chiller		1	100
- Slurry tank		1	350
- Cement silo		1	50
- Pre-curing mould		15	1,000
- Autoclave		3	5,500
- Cutting line machine		1	2,500
- Packing		1	500
<b>Subtotal</b>			<b>10,000</b>
<b>Total</b>			<b>15,000</b>

**Notes:-**

- (i) We have earmarked RM5.0 million for the expansion of our existing manufacturing facility operated by G-Cast Concrete, located at Plot 6, Jalan Bunga Azalea 1/2, Kawasan Industri Jalan Bunga Azalea, 48200, Serendah, Selangor, including the installation of additional equipment and machineries. The expansion of our manufacturing floor space is undertaken to expand our existing manufacturing line pursuant to the purchase of the new plant, equipment and machineries.

Our plant is currently automated, with the increase in the number of spinning and caging machines used in production as well as the addition of a new concrete batching plant to supplement the existing one at the factory, we will be able to produce more concrete for the production of our precast concrete products. The increase in the number of spinning moulds and manhole moulds will increase the daily casting capacity of the precast concrete products and as such our overall production capacity increases as well. With the expansion of the manufacturing floor space and the increase in the number of machines and moulds, it is expected that G-Cast Concrete's

**3. PARTICULARS OF OUR IPO (Cont'd)**

production capacity will increase from 45,000 mt per annum to 67,500 mt per annum. We will then be able to cater to the secured purchase orders for various precast concrete pipe products amounting to approximately RM100.73 million, to be fulfilled by 2018.

Upon completion, the manufacturing floor space shall be expanded from 2,160 m<sup>2</sup> to 3,660 m<sup>2</sup>. Expansion has begun in January 2016 and is estimated to complete by December 2016.

- (ii) The Starken AAC factory is an automated factory. The installation of the new equipment in our Starken AAC factory will reduce the cycle time and as such we will be able to produce more AAC products daily. The increase in the number of pre-curing moulds and autoclave will increase the production capacity of Starken AAC as there are more pre-curing moulds and autoclaving space to cure the AAC products. As such, we will be able to produce more AAC products. The installation and/or upgrading of new machineries onto our existing production facilities in Starken AAC will result in an increase of our AAC products production capacity from 375,000 m<sup>3</sup> to 600,000 m<sup>3</sup> per annum. With the increase in production capacity, we will be able to cater to the anticipated increase in sales and order book of AAC products by our customers. The expansion is expected to begin in the first half of 2016 and expected to be completed by the end of 2016.

The total cost of expansion and installation of new machineries in our existing manufacturing facilities in G-Cast Concrete and Starken AAC is expected to be RM15.0 million, which shall be fully funded via the IPO proceeds.

**(b) Repayment of bank borrowings**

We intend to utilise the proceeds of RM15.0 million to pare down and reduce the utilisation of our bankers' acceptance facilities. The interest rates and the tenure of the bankers acceptances are set out below:-

No.	Banking facility	Tenure	Interest rate (% per annum)/ Maturity/ Duration	Amount outstanding as at the LPD RM'000	Proposed repayment RM'000	Purpose of borrowing
(1)	Bankers' acceptances	30 to 120 days	4.15% to 5.56%/ 1 month to 4 months as at LPD	263,411	15,000	To finance working capital

As at the LPD, we have utilised bankers acceptance facilities from various banks including Maybank Islamic Berhad, Standard Chartered Bank Berhad, Hong Leong Bank Berhad, OCBC Bank Berhad, RHB Bank Berhad, AmBank (Malaysia) Berhad, United Overseas Bank Berhad and HSBC Bank (Malaysia) Berhad.

We will repay the bankers acceptances as and when it falls due and as such we are unable to determine which bankers acceptance we will repay at this juncture as it depends on the timing of the receipt of the IPO proceeds and the maturity date of the bankers acceptances at that point in time. There is no cost advantage to us to

**3. PARTICULARS OF OUR IPO (Cont'd)**

repay bankers acceptances ahead of their maturity dates as interest on it has been paid upfront and is not refundable. Furthermore, based on our past experience, banks as a matter of practice do not accept early repayment of bankers acceptances prior to their maturity dates.

The proposed repayment will reduce our overall gearing level from 1.65 times to 1.39 times based on the pro forma consolidated statements of financial position as at 31 August 2015 as set out in Section 2.5.2 of this Prospectus and result in an expected annual interest savings of approximately RM0.75 million per annum, assuming the effective interest rate of 5.00% per annum, which was arrived at based on the average interest rate charged, amount of bank borrowings undertaken and repayment period. However, the actual interest savings may vary depending on the then applicable interest rate.

**(c) Working capital**

RM7.08 million has been earmarked for working capital to finance our day to day operations in the following manner:-

	RM'000
Purchase of raw materials and day-to-day operating expenses for the following business segments:-	
(i) Manufacturing of precast concrete products (cement, sand, lime powder, aluminium and gypsum)	1,000
(ii) Manufacturing of AAC products (cement, sand, aggregates, admixture, hard drawn wire, steel bars and steel collars)	4,000
Marketing, promotion and branding activities on our in-house products <sup>(i)</sup> :-	
(i) Manufacturing of AAC products	1,079
(ii) Manufacturing of precast concrete products	1,000
<b>Total</b>	<b>7,079</b>

**Note:-**

- (i) This includes the costs to be incurred for various publications such as magazines, brochures, flyers, booklets, online content on websites as well as costs to be incurred for our Group's participation in various exhibitions to promote our AAC products and precast concrete products.

**3. PARTICULARS OF OUR IPO (Cont'd)****(d) Listing expenses**

The allocated amount of RM4.00 million is based on the estimated costs for our Listing. If our actual Listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital and vice versa.

The following summarises the estimated expenses incidental to our Listing:-

<b>Estimated Listing Expenses</b>	<b>RM'000</b>
Professional fees <sup>(i)</sup>	2,000
Fees payable to the authorities	500
Underwriting, placement and brokerage fees	1,232
Contingencies <sup>(ii)</sup>	268
<b>Total</b>	<b>4,000</b>

**Notes:-**

- (i) Includes advisory fees for, amongst others, our Adviser, Solicitors, Reporting Accountants, Solicitors, IMR and other professional advisers as well as Issuing House.
- (ii) Other incidental or related expenses in connection with our IPO.

Pending full utilisation, we intend to place the proceeds raised from our Public Issue (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licensed financial institution(s) or in short-term money market instruments.

**3.10.2 Financial impact**

Our utilisation of the proceeds raised from our IPO is expected to have a financial impact on our Group in the following manner:-

- (a) Our cash and cash equivalents will increase from RM149.9 million to approximately RM191.0 million immediately after our Public Issue;
- (b) Gearing ratio will improve from 1.65 times to 1.39 times upon repayment of our bank borrowings;
- (c) Interest expense is expected to reduce by approximately RM0.75 million per annum assuming the effective interest rate of 5.0% per annum. However, the actual interest savings may vary depending on the then applicable interest rate; and
- (d) The expansion and upgrading of our manufacturing facilities will increase our production capacity from the existing 45,000 mt to 67,500 mt per annum for G-Cast Concrete and an increase of our production capacity from 375,000 m<sup>3</sup> to 600,000 m<sup>3</sup> per annum for Starken AAC, which will contribute positively towards our revenue.

### **3. PARTICULARS OF OUR IPO (Cont'd)**

#### **3.11 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION**

Brokerage is payable by us in respect of our Issue Shares which are made available for application by the Malaysian Public at the rate of 1.0% of the IPO Price in respect of successful applications which bear the stamp of either M&A Securities, the Adviser, Underwriter and Participating Agent, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

The placement fee is payable by us to M&A Securities, our Placement Agent at a rate of 2.5% of the IPO Price in respect of the number of IPO Shares successfully placed out.

The Underwriter has agreed to underwrite up to 31,694,400 Issue Shares, the details of which are set out in Section 3.4 of this Prospectus. The underwriting commission is payable by us at the rate of 3.0% of the IPO Price in respect of the 31,694,400 Issue Shares to be underwritten.

#### **3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

The following are the salient terms contained in the Underwriting Agreement including terms which allow our Underwriter to withdraw from the underwriting obligation after the opening of our Public Issue. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:-

- 1.1 Pursuant to the terms of the Underwriting Agreement, M&A Securities has agreed to underwrite 31,694,400 Issue Shares ("Underwritten Shares").
- 1.2 The several obligations of the Underwriter under the Underwriting Agreement shall be further conditional upon the following ("Conditions Precedent"):-
  - (a) the acceptance of the listing proposal from Bursa Securities, the clearance of registrable prospectus from the SC and the lodgement of registrable prospectus with the CCM respectively together with copies of all documents required under Section 42 of the Act prior to the issuance of the Prospectus to the public;
  - (b) the issuance of the Prospectus (including advertisement of the Prospectus and all other procedures, requirements, letters and documents) required under Section 42 of the Act to the public within three (3) months from the date hereof or such extension as consented by the Underwriter;
  - (c) there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Company and its subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings, if they are repeated on and as of the Closing Date;

**3. PARTICULARS OF OUR IPO (Cont'd)**

- (d) the issue, offering and subscription of the Underwritten Shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
  - (e) all necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having been obtained and are in full force and effect;
  - (f) the Underwriter having been satisfied that the arrangements have been made by our Company to ensure payment of the expenses;
  - (g) the delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the IPO and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence;
  - (h) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of our Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group or its subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties as though they have been given and/or made on such date; and
  - (i) the Underwriter being satisfied that our Company will, following completion of the IPO be admitted to the Official List and its entire issued and paid-up share capital listed and quoted on the Main Market of Bursa Securities without undue delay.
- 1.3 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than three (3) market days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by our Group for the relevant payment of the expenses). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

**3. PARTICULARS OF OUR IPO (Cont'd)**

- 1.4 The Underwriter may by notice in writing to our Group given at any time on or before the allotment and issuance of the IPO Shares, terminate and cancel and withdraw its commitment to underwrite the 31,694,400 Issue Shares if:-
- (a) there is any breach by our Group of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution of the IPO Shares; or
  - (b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the IPO, or the distribution of the IPO Shares; or
  - (c) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Company or any of its subsidiaries; or
  - (d) there shall have occurred, happened or come into effect any of the following circumstances:-
    - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
    - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Group and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or any of its subsidiaries and the success of the IPO, or the distribution of the IPO Shares, or which has or is likely to have the effect of making any material part of this agreement incapable of performance in accordance with its terms;

**3. PARTICULARS OF OUR IPO (Cont'd)**

(iii) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any market day:-

- (aa) On or after the date of the Underwriting Agreement; and
- (ba) Prior to the allotment of the IPO Shares,

Lower than ninety percent (90%) of the level of the Index at the last close of normal trading on the relevant exchange on the market day immediately prior to such date and remains at or below that level for at least three (3) market days; and

(iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency.

(e) there is failure on the part of our Company to perform any of their respective obligations contained in the Underwriting Agreement.

(f) any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the IPO; or

(g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

1.5 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and its undertaking to indemnify the Underwriter.

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## **4. RISK FACTORS**

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**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL THE OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.**

**THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE OR EXCLUSIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON US OR OUR SHARES.**

**IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

### **4.1 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**

#### **4.1.1 Our Group's business is dependent on the construction and property development industries**

Our Group is involved in the distribution and manufacturing of building materials to the construction and property development industries. As such, our Group is exposed to the vagaries of these industries caused by various factors which include political and economic stability, inflation, labour shortages, as well as increase in raw material costs. Any adverse changes to the construction and property development industries will adversely affect the business of our Group.

#### **4.1.2 Competition risks**

The building materials industry in which our Group operate is highly competitive in nature. Although there is intense competition amongst the existing players (both new and existing) in the manufacturing of building materials industry, there are high barriers to entry such as high initial capital investment and working capital resources, which lessen the threat from more players entering the industry.

On the other hand, the Malaysian building materials distribution industry is very fragmented, characterised by a host of small, medium and large players, which resulted in a very competitive market. Players survive and grow by adopting strategies that allow them to maintain their competitiveness. For larger players like us, our strategy is to continually leverage on our economies of scale, negotiating power, strong financial resources and wide distribution network which smaller market players do not have.

#### **4.1.3 Political, regulatory and economic risks**

Our financial and business prospects, and the prospects of the industry in which we operate, will depend to some degree on the developments of the political, economic and regulatory front in the countries in which we operate. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates and foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in government policies and regulations. Any adverse developments in the political, economic and regulatory conditions in Malaysia and other countries which we operate could materially and unfavourable affect the financial position and business prospects of our Group.

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**4. RISK FACTORS (Cont'd)**

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**4.2 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS****4.2.1 We are dependent on our experienced management and key personnel**

We attribute our success to the leadership and contributions of our Deputy Group Executive Chairman, Group Managing Director and our key management team. The loss of these key management personnel without any suitable and timely replacement, and our inability to attract or retain qualified and right personnel would have an unfavourable and material impact on our Group's operations.

**4.2.2 We do not have any long term contracts with our customers**

Our Group does not enter into any long term contracts with our customers. Our business is normally transacted via purchase orders, which is commonplace practice in the industry. There is no assurance on the continuity of purchase orders from our customers. Because of this, the financial results of our Group are dependent on our ability to secure new purchase orders on a timely basis.

**4.2.3 We are subject to the credit risks of our customers**

Our financial performance and position are dependent, to a certain extent, on the creditworthiness of our customers. If our customers are unable to pay us on time or have difficulty in making payments to us, our cash flow will be affected. We generally grant our customers credit terms within the range of sixty (60) to ninety (90) days. We are exposed to credit risks arising from trade receivables which risks may increase during periods of economic uncertainty or market downturn, and which are beyond our control.

**4.2.4 We are dependent on obtaining adequate financing to fund our operations**

There is an inherent timing difference between our trade collections from our customers and payments to our suppliers. Normally, we are granted trade credit facilities of between fourteen (14) to ninety (90) days by our suppliers, whereas our trade collections are between sixty (60) to ninety (90) days. As such, we are required to fund our purchases from our suppliers, either from internal resources or borrowings. If we are unable to secure adequate financing, our cash flow, operations, growth and expansion plans will be adversely affected.

Our total borrowings as at the LPD amounted to approximately RM395.86 million. Any significant increase in interest rates will adversely affect our profitability.

**4.2.5 We are subject to our debt servicing obligations**

In general, the building materials industry is capital intensive in nature. This is mainly due to high costs associated with the financing of purchases of building materials upfront before we are able to collect the amount owed by our customers. Our working capital and capital expenditure requirements are funded by internally generated funds and/or bank borrowings. As at the LPD, our total outstanding borrowings amounted to RM395.86 million of which RM312.99 million is short term borrowings and RM82.88 million is long term borrowings. As mentioned in Section 4.2.4 above, there is an inherent timing difference between our collections from our customers and payments to our suppliers. The reason is that our Group leverages on the early payment rebates from our suppliers to enjoy cost savings by utilising trade line facilities to repay our suppliers earlier than the due date. This has resulted in the high short term borrowings taken up by our Group.

**4. RISK FACTORS (Cont'd)**

As we operate in a capital-intensive industry, we have historically required capital to finance purchases of building materials. Our ability to meet our debt settlement serving obligation is dependent upon our ability to generate sufficient cash from the sales of these building materials. Our total finance costs and our interest coverage ratio for the past four (4) FYE 31 December 2011 to 2014 and FPE 2015 is as follows:-

	Finance costs RM'000	Profit before interest and tax RM'000	<sup>(i)</sup> Interest coverage ratio times
FYE 2011	8,628	35,705	4.1
FYE 2012	11,513	52,710	4.6
FYE 2013	14,457	51,779	3.6
FYE 2014	18,702	61,917	3.3
FPE 2015	13,455	39,643	2.9

**Note:-**

(i) Computed based on profit before interest and tax divided by finance costs.

Our Group's current ratio for the past four (4) FYE 2011 to 2014 and FPE 2015 are as follows:-

	Current assets RM'000	Current liabilities RM'000	<sup>(i)</sup> Current ratio times
FYE 2011	398,833	378,989	1.1
FYE 2012	429,451	488,525	0.9
FYE 2013	497,100	578,433	0.9
FYE 2014	519,616	508,840	1.0
FPE 2015	546,378	494,051	1.1

**Note:-**

(i) Computed based on current asset divided by current liabilities.

**4.2.6 Dependency on major suppliers**

Sales of cement consistently exceed 30% of our Group's total revenue for the past four (4) financial years. As such, we are dependent on our major cement suppliers, as disclosed in Section 6.11 of this Prospectus.

We have been dealing with our major suppliers for at least three (3) years. Other than our cement suppliers, we are not dependent on any other major suppliers for our other products and raw materials.

Our ready-mixed concrete business however is solely dependent on CPM for the production and mixing of ready-mixed concrete through an exclusivity agreement with them. In the event of sudden termination of the exclusivity agreement with CPM, the operations of our ready-mixed concrete product business segment may be disrupted while we source for other reliable contractors. Please refer to Section 6.1.1.2 of this Prospectus for further details of the arrangement with CPM.

#### **4. RISK FACTORS (Cont'd)**

##### **4.2.7 We are exposed to product warranties and product liability claims by our customers**

We provide product warranties for our AAC products and metal roofing systems. Such product warranties are for ten (10) years from the date of purchase of the AAC products or date of completion and installation of the metal roofing systems. If products manufactured by us prove to be defective and result in losses to our customers, we may be liable to product liability claims and any such claims could damage our relationships with our customers and business reputation.

##### **4.2.8 Fluctuations in prices of raw materials**

We utilise various raw materials in our manufacturing processes, which include cement, sand, aggregates, steel bars and others. Hence, we are dependent on the supply of such raw materials which we source from a number of suppliers.

Raw materials are price sensitive, and we face the risk of obtaining sufficient quantities of raw materials at competitive prices. Price fluctuations in the raw materials market caused by the price volatility of raw materials, which are beyond our control, could also result in increased costs and material adverse effect on our Group's financial performance.

#### **4.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**

##### **4.3.1 No prior market for our Shares**

Prior to our Listing, there has been no public trading for our Shares on any stock market. Accordingly, there can be no assurance that an active market for our Shares will develop and continue to develop upon our Listing or, if developed, that such a market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our Group's historical earnings, prospects and future plans, our financial and operating history and conditions, and the market value of our assets. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the Main Market of Bursa Securities after our IPO may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions. There is no assurance that the market price may not decline below our IPO Price. Hence, there can be no assurance of the ability of the shareholders or the prices at which they would be able to sell their shares.

##### **4.3.2 Failure/delay in or termination/abortion of our Listing**

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

- (a) Our Underwriter exercising its rights pursuant to the Underwriting Agreement discharging itself from their obligations therein;
- (b) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25% of our enlarged issued and paid-up share capital for which listing is sought must be held by a minimum number of 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing; and

#### **4. RISK FACTORS (Cont'd)**

- (c) The revocation of approvals from the relevant authorities for our Listing and/or admission to the Official List of the Main Market of Bursa Securities for whatever reason.

In this respect, we will exercise our best endeavour to comply with the various regulatory requirements, including, *inter-alia*, the public shareholding spread requirement in paragraph (b) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and our Offerors and us will return in full, without interest, all monies paid in respect of any application for our Shares within fourteen (14) days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all of our shareholders could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

##### **4.3.3 Dividend payment is not assured**

Our Company, an investment holding company, derives its income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividend and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves and tax-exempt profit/tax credits, future expansion plans, loan covenants and compliance with regulatory requirements.

##### **4.3.4 Trading prices and volume of our Shares**

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

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

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**4. RISK FACTORS (Cont'd)**

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**4.4 OTHER RISKS****4.4.1 Continued control by our Promoters/substantial shareholders**

Upon our Listing, our Promoters, as set out in Section 8.1 of this Prospectus will collectively control 74.6% of our Group's enlarged issued and paid-up share capital.

Thus, our Promoters will be able to exercise some influence over the business direction and matters governing our Group requiring the vote of our Company's shareholders unless they are required to abstain from voting by law and/or by the relevant guidelines or regulations. The interests of our Promoters may differ from or have conflict with the interests of other shareholders of our Company.

**4.4.2 Future fund raising may dilute shareholders' equity or restrict our operations**

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/or dividend payouts.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our building materials supply business activities. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. An issue of Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

**4.4.3 Forward-looking/prospective statements**

Certain statements in this Prospectus are based on historical data of our Group which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our IPO Shares.

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## **5. GENERAL INFORMATION ON OUR GROUP**

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### **5.1 OUR HISTORY**

We are principally involved in the distribution of building materials and provision of logistics, the supply of ready-mixed concrete, manufacturing of AAC and precast concrete products, wire mesh and metal roofing systems.

Our Group's history can be traced back to 1974 when our founder, Datuk Chiau Beng Teik took over his family's hardware shop in Alor Setar, Kedah selling building materials to local renovators and walk-in customers, under the name Chop Chin Hin.

In 1995, Datuk Chiau Beng Teik saw an opportunity to venture into the transportation business and established SPPCH to undertake this new business venture. Operating from an office in Alor Setar, Kedah, SPPCH started by providing transportation services to cement traders and manufacturers in the northern region of Malaysia, for instance, Cement Industries Malaysia Berhad and Perak-Hanjoong Simen Sdn Bhd (now part of YTL Cement Bhd).

In 1996, SPPCH expanded into the distribution of building materials to contractors and developers operating in the northern region of Malaysia. With the expansion of SPPCH, the hardware shop business under Chop Chin Hin was gradually wound down.

In 1998, having established its business in the northern region of Malaysia, SPPCH turned its attention to the construction activities in Kuala Lumpur and Selangor by setting up a branch office in Kuala Lumpur. This move was later followed by expansions into the eastern and southern regions of Malaysia with the setting up of branches in Kota Bharu, Kelantan and Johor Bahru, Johor in 2004 and 2005, respectively. As our business grew, our fleet of cement tankers and trucks expanded and proved to be not efficient for us to maintain them as it required tedious and time consuming administrative attention arising from the maintenance of these vehicles, managing large pool of drivers and complying with vehicle licensing requirements. As such, we undertook a strategic decision to dispose off our fleet of cement tankers and trucks and started to engage external contractors to provide logistic services to our customers instead of maintaining our own fleet of vehicles. Given that our Group had a long history in the transportation business especially for cement manufacturers, we continue to maintain our logistic business segment despite that the revenue earned from the logistic business segment is not as significant as our distribution of building materials segment. The provision of the logistic services is a value-add services to our customers in our business of distribution of building materials in in the sense that we can ensure prompt delivery of cement directly from the cement manufacturers to our customers.

In 2006, we successfully obtained a money lending license from the Ministry of Local Government and Housing, Malaysia for the provision of hire purchase financing activity. When required, we also provide financing to these external contractors to purchase their own vehicles on the condition that they will provide transportation services to our Group. Such financing is provided as part of our hire purchase financing activities specifically to our contractors for our logistic business. In 2007, SPPCH transferred its transportation business to C&H Transport so that it can focus on its distribution business.

## 5. GENERAL INFORMATION ON OUR GROUP (*Cont'd*)

In May 2008, our Group ventured into the ready-mixed concrete business segment through our subsidiary, Chin Hin Concrete (KL). This was also an upstream diversification move by our Group from our cement distribution and transportation business segment. In 2011, we successfully expanded our ready-mixed concrete business to the northern region through the acquisition of Chin Hin Concrete (North). As our ready-mixed concrete business expanded, we had to sub-contract a portion of approximately 30.0% of the manufacturing and operations of our batching plants to sub-contractors since 2012. Such arrangement was undertaken on a plant by plant basis to a few external sub-contractors. We found it to be more efficient to sub-contract certain plants as it will allow us to redeploy our resources from activities such as managing the labour and operations, repair and maintenance of the equipment and mixer trucks to more critical areas in the marketing and distribution functions.

SPPCH subsequently changed its name to PP Chin Hin in December 2008. In 2009, our Group undertook an internal restructuring exercise to consolidate and streamline our distribution businesses and operations. As part of the reorganisation and efforts to centralise our business operations, we moved our head office from Alor Setar to Kuala Lumpur. We also made further steps to strengthen our presence in the east coast of Malaysia by setting up additional branches / warehouse in Mentakab (Pahang) and Kuala Terengganu (Terengganu) in 2009. In 2009, our Group expanded into Singapore with the establishment of PP Chin Hin (SG). Our expansion continued in 2010, with the setting up of branches in Muar (Johor) and Ipoh (Perak), followed by Melaka in 2011. PP Chin Hin's branch office in Kuantan was also set up in October 2012. In 2013, PP Chin Hin opened a sales office cum warehouse in Jalan Ipoh, Kuala Lumpur to better serve its hardware and retail customers. Please refer to Section 6.14.2 of this Prospectus for a listing of our nationwide offices and warehouses.

Towards the end of 2009, our current Group Managing Director, Chiau Haw Choon, joined his father Datuk Chiau Beng Teik in running the fast growing businesses under our Group, which at the time were mainly in transportation of cement, distribution of building materials and ready-mixed concrete. Under the leadership of our Group Managing Director, we undertook a strategic review of our businesses and decided that it was time to diversify and broaden our earnings base.

Having reviewed and analysed various strategies, we decided on vertical integration by venturing into the manufacturing of the following building material products:-

- (a) AAC products which have growth potential as a substitution for cement and clay bricks;
- (b) precast concrete products which allow us to penetrate into the infrastructure sector; and
- (c) wire mesh and metal roofing systems on the back of regular orders from PP Chin Hin's customers.

In September 2010, Pintar Sinar was set up to acquire the land on which the manufacturing facilities owned by Starken AAC and G-Cast Concrete are currently situated and in 2011, commenced construction of the abovesaid manufacturing facilities. The construction of our G-Cast Concrete factory was completed in 2012 and production of precast concrete pipes commenced soon after. In 2013 Starken AAC's factory was completed and we commenced production of AAC products in January 2014.

In 2010, we also commenced construction of our manufacturing facilities for wire mesh and metal roofing systems in Nilai, Negeri Sembilan which was completed in October 2012 and began production of wire mesh and metal roofing systems immediately thereafter. In 2012, we acquired a factory in Prai, Pulau Pinang for the manufacturing of HDW and metal roofing systems to expand our market coverage in the northern region.

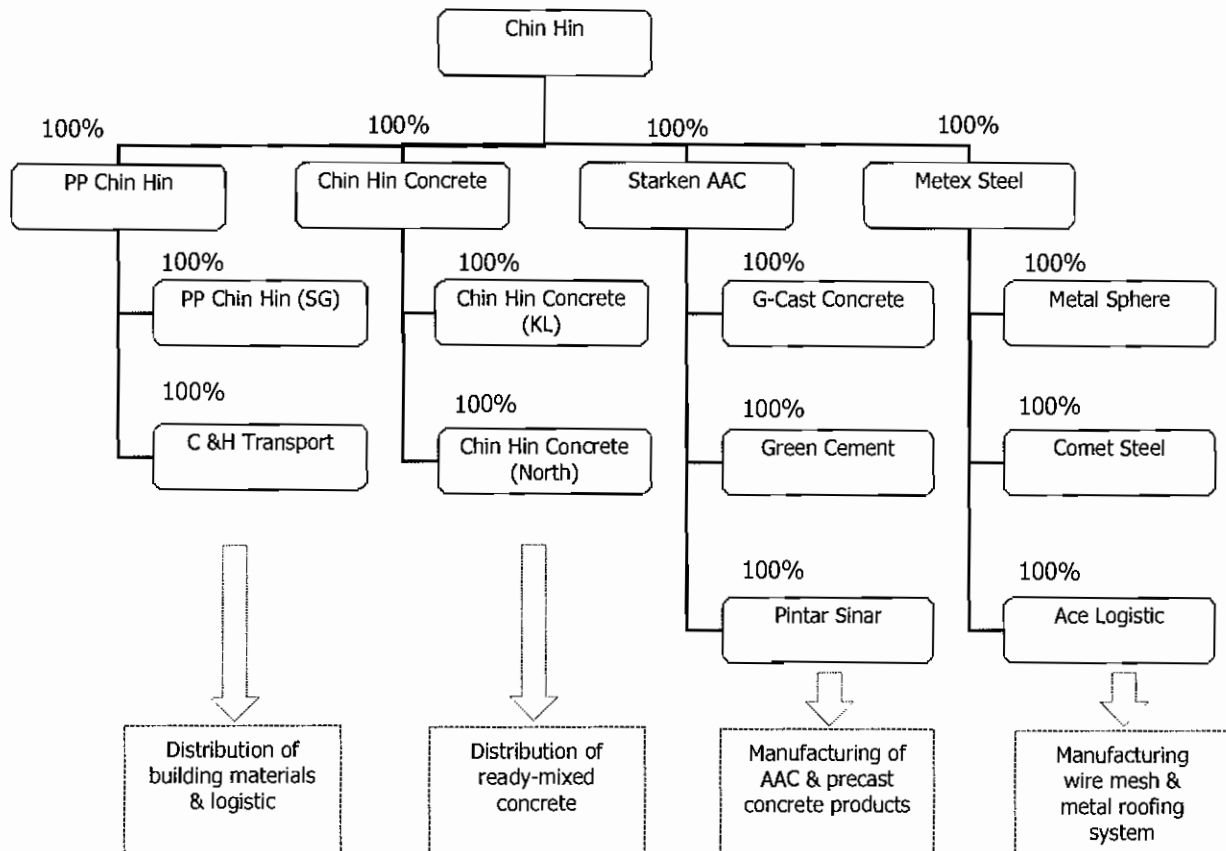


## 5. GENERAL INFORMATION ON OUR GROUP (*Cont'd*)

Our Group experienced significant growth in revenue from 2007 to 2014 where our Group's revenue grew from approximately RM392 million in FYE 2007 to RM1.22 billion for FYE 2014. Such growth in our revenue was mainly contributed by our distribution of building materials segment. Prior to FYE 2007, our Group's distribution of building materials business only focussed on the distribution of cement. Subsequently between FYE 2007 to FYE 2014, we expanded our product range into the distribution of steel bars and OBM to increase our Group's revenue and profitability. Today, we supply more than 1,000 types of building materials as compared to only supplying cement to our customers. During the same period, we also expanded our presence and distribution networks all across Malaysia and into Singapore by setting up additional branches and warehouses to better serve our customers. We increased the strength of our sales and marketing team from only eight (8) personnels in 2007 to ninety six (96) people in 2014. We further diversified into the ready-mixed concrete business segment in 2008 which contributed to the improvement of our revenue to surpass the RM1.0 billion mark in 2011. We also ventured into the manufacturing of building materials in 2010 so that we can enhance and improve our future earnings and profitability. The manufacturing segment started to contribute to our revenue in FYE 2012 and its contribution had gradually increased from FYE 2012 to FPE 2014.

Over the years, our Deputy Group Executive Chairman together with our Group Managing Director and key management team have successfully transformed our business from the distribution of building materials to an integrated building materials provider.

Our Group structure as at the LPD and prior to our IPO is diagrammatically summarised below:-



## 5. GENERAL INFORMATION ON OUR GROUP (*Cont'd*)

### 5.2 SHARE CAPITAL

Our authorised share capital is RM500,000,000.00 comprising 1,000,000,000 ordinary shares of RM0.50 each, of which RM221,345,050.00 comprising 442,690,100 Shares have been issued and fully paid-up as at the LPD.

The movements in our issued and paid-up share capital since the date of our incorporation are set out below:-

Date of allotment	No. of Shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
12 June 2014	2	0.50	RM1/Subscribers' shares	1
22 August 2014	98	0.50	RM49/Cash	50
2 December 2014	442,690,000	0.50	RM221,345,000/ Acquisitions	221,345,050

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. Upon completion of our IPO, our enlarged issued and paid-up share capital will be increased to RM252,944,000 comprising 505,888,000 Shares.

### 5.3 OUR RESTRUCTURING

In preparation of our Listing, we have undertaken a restructuring exercise in relation to the companies under our Group and a rationalisation exercise to streamline our business. The restructuring comprises the Acquisitions and internal re-organisation which is summarised below.

#### 5.3.1 Acquisitions

Our Company had entered into share sale agreements dated 19 November 2014 for the acquisitions of the entire 100% equity interests of PP Chin Hin, Chin Hin Concrete, Ace Logistis, C&H Transport and PP Chin Hin (SG) for an aggregate consideration of RM221,345,000.00 satisfied via the issuance of 442,690,000 Shares to the Vendors in the proportions set out in the table below. The Acquisitions were undertaken in preparation of our Listing to formalise our listing group.

The purchase consideration was arrived at willing-buyer willing-seller basis, after taking into consideration the then unaudited NA position of the respective companies as at 31 August 2014 as the audit for FPE 31 August 2014 was still ongoing at that point in time. The Acquisitions were completed on 2 December 2014. Thereafter, PP Chin Hin, Chin Hin Concrete, Ace Logistic and C&H Transport became our direct wholly owned subsidiaries. PP Chin Hin (SG) became a wholly owned subsidiary of PP Chin Hin vide our renunciation cum nomination letter dated 2 December 2014 whereby we have renounced and nominated PP Chin Hin to receive the PP Chin Hin (SG) shares that we purchased from the Vendors.

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

A summary of the Acquisitions are as follows:-

<b>Company</b>	<b>% of equity interest acquired</b>	<b>Unaudited NA as at 31 August 2014 RM</b>	<b>Purchase consideration RM</b>
PP Chin Hin	100.0	170,623,685	170,624,000
PP Chin Hin (SG)	100.0	2,534,730	2,535,000
Chin Hin Concrete	100.0	26,278,253	26,279,000
Ace Logistic	100.0	16,799,295	16,800,000
C&H Transport	100.0	5,106,413	5,107,000
<b>Total</b>		<b>221,342,376</b>	<b>221,345,000</b>

A summary of the number of Shares received by the Vendors pursuant to the Acquisitions is set out in the table below:-

<b>Vendors</b>	<b>No. of Shares received</b>	<b>Purchase consideration RM</b>
Datuk Chiau Beng Teik	244,034,320	122,017,160
Chiau Haw Choon	142,895,750	71,447,875
Datin Wong Mee Leng	55,759,930	27,879,965
<b>Total</b>	<b>442,690,000</b>	<b>221,345,000</b>

**5.3.2 Internal reorganisation**

Subsequent to the Acquisitions, our Company entered into a share sale agreement dated 23 January 2015 and letter of amendment dated 1 June 2015 with PP Chin Hin in relation to our acquisition of the entire 100% equity interests of Metex Steel and Starken AAC for an aggregate cash consideration of RM54,836,895. This intercompany transaction was also completed on 23 January 2015 and resulted in Metex Steel and Starken AAC being our direct wholly owned subsidiaries.

Further to the above, our Company had in turn entered into share sale agreements dated 1 June 2015 respectively with:-

- (a) PP Chin Hin for the transfer of our entire 100% equity interest in C&H Transport to PP Chin Hin for an aggregate cash consideration of RM4,955,414; and
- (b) Metex Steel for the transfer of our entire 100% equity interest in Ace Logistic to Metex Steel an aggregate cash consideration of RM16,800,296.

The purchase consideration for the internal reorganisation was based on the audited NA position of the respective companies as at 31 August 2014. The internal reorganisation was undertaken so that the eventual group structure clearly reflects the four (4) main business segments that our Group is involved in. With the completion of this subsequent intercompany transaction on 10 June 2015, our Group had completed its internal reorganisation resulting in our Group structure as illustrated in Section 5.1.

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

The above intercompany transactions do not have any impact on our Group's financial position and were undertaken to streamline our Group's business operations.

For your better understanding of our group's business and history we have also set out below part of the rationalisation exercise undergone by our subsidiaries' business in Section 5.3.3 below.

**5.3.3 Rationalisation**

We have undertaken the following rationalisation exercise to streamline our businesses.

**Cessation of property development business segment**

In 2010, PP Chin Hin ventured into the development of twenty (20) units of three (3)-storey shop offices located in Kelantan and eight (8) units of semi-detached factories located in Alor Setar, Kedah on several pieces of its land. By the end of 2012, both projects were completed and fully sold except for three (3) semi-detached factories retained by PP Chin Hin for its own use. Subsequently, we decided to focus and concentrate on our core business in the building materials business segment and PP Chin Hin's property development activities were discontinued. As both projects were completed in 2012 with all related revenue and costs fully recognised by FYE 2012, there is no further financial impact from the discontinuation of the property development activities. Despite the discontinuation of our property development activities, our Group is still maintaining the property investment activities including letting of properties under PP Chin Hin and property investment under Ace Logistic and Pintar Sinar. We are maintaining our property investment activities in PP Chin Hin as the properties we invested in are mainly used as collaterals for our bank borrowings. We are involved in the distribution of building materials where strong working capital is required to finance the purchase of building materials from our suppliers and we have utilised bank borrowings to take advantage of the early repayment discounts given by certain suppliers. Nevertheless, we have over the years disposed off certain investment properties and are not actively looking to increase our pool of investment properties.

**Disposal of Chin Hin Concrete Sdn Bhd and Chin Hin Building Materials Supply (JB) Sdn Bhd**

On 24 July 2013, PP Chin Hin disposed the entire 100% equity interest in Chin Hin Concrete Sdn Bhd, a dormant company, to Asthetik Property Group Sdn Bhd (involved in property development, property investment and property management), a wholly owned subsidiary of PP Chin Hin Realty (involved in property management and investment holding in investment properties, property development and hotels business), for an aggregate cash consideration of RM100,000.00. On 30 December 2013, PP Chin Hin also disposed the entire 100% equity interest in Chin Hin Building Materials Supply (JB) Sdn Bhd, a dormant company, for the same cash consideration to Datuk Chiau Beng Teik and Chiau Haw Choon, our Promoters. The disposal consideration for Chin Hin Concrete Sdn Bhd and Chin Hin Building Materials Supply (JB) Sdn Bhd was arrived at after taking into consideration the issued and paid-up share capital of Chin Hin Concrete Sdn Bhd of RM250,000.00 and Chin Hin Building Materials Supply (JB) Sdn Bhd of RM500,000.00. We have disposed the above two (2) companies as part of our move to streamline our businesses into the four (4) main business segments and to dispose dormant and non core subsidiaries.

## 5. GENERAL INFORMATION ON OUR GROUP (*Cont'd*)

### **Outsourcing of manufacturing of ready-mixed concrete**

We have since 2012 sub-contracted part of the manufacturing and operations of our batching plants to sub-contractors on a plant by plant basis as it was challenging to manage all the operations of our batching plants. We then realised that such arrangement is more effective and efficient to manage our ready-mixed concrete business. To further enhance the efficiency in managing our ready-mixed concrete business, in 2014, we decided to fully outsource the manufacturing of ready-mixed concrete to an external party not related to our Group, CPM. CPM's shareholders and directors are Lim Kian Hin and Ho Yau Kong, both holding 50.0% equity interest each in CPM. They are business associates of our Promoters. Ho Yao Kong was involved in the concrete batching system where Chin Hin's batching plants were using such system whereas Lim Kian Hin on the other hand was involved in the logistic and transportation business especially cement transportation and was one of Chin Hin's contractor for its logistic business. We disposed all the assets, stocks and business of our manufacturing of ready-mixed concrete to CPM as further disclosed in the paragraphs below. Such outsourcing arrangement will relieve us from managing the manufacturing operations of ready-mixed concrete whilst we retain the quality control responsibilities and enable us to focus on the distribution of the ready-mixed concrete. By outsourcing the manufacturing operations, we will no longer be responsible for managing the overheads of the batching plants, repair and maintenance of the equipment and mixer trucks, managing the labour, licensing and operations of the batching plant. It is a more cost effective method to manage our business as it will reduce our administration work as we only concentrate on the sales and distribution of ready-mixed concrete instead of running the entire manufacturing operations where we will need to bear the operational risks. The most challenging part of the ready-mixed concrete business is on-time delivery, as such we remain focused on managing the customers' orders and delivery and the production scheduling part of the business.

To ensure the continuity of our supply of ready-mixed concrete, we have entered into an exclusivity agreement with CPM whereby CPM will provide ready-mixed concrete manufacturing services exclusively to our Group.

Consequently Chin Hin Concrete (KL) and Chin Hin Concrete (North) entered into an asset sale agreement and an exclusivity agreement both dated 28 March 2014 with CPM for the disposal of properties, plant and equipment and stocks to CPM for an aggregate consideration of RM9,570,938.87, after taking into account the net asset value of the properties, plant and equipment and stocks to be disposed as at 28 March 2014. In accordance with the exclusivity agreement, Chin Hin Concrete (KL) and Chin Hin Concrete (North) shall supply the raw materials to CPM who shall in return continue to supply ready-mixed concrete to our Group. The ready-mixed concrete shall adhere to our Group's quality control standard.

The salient terms of the asset sale agreement and the exclusivity agreement are as follows:-

#### **Asset sale agreement**

- (a) Chin Hin Concrete (KL) and Chin Hin Concrete (North) desire to sell and CPM intends to purchase all the stocks and business to manufacture ready-mixed concrete of Chin Hin Concrete (KL) and Chin Hin Concrete (North) for RM9,570,938.87;
- (b) Conditions precedent

The sale and purchase is subject to the fulfillment of the following within the three (3) months from date of the asset sale agreement:-

- (i) Chin Hin Concrete (KL), Chin Hin Concrete (North) and CPM shall procure directors' and shareholders' approval approving the transaction;

## **5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

- (ii) Within seven (7) days from the execution of the asset sale agreement, Chin Hin Concrete (KL) and Chin Hin Concrete (North) shall provide to CPM a list of its existing employees and their employment terms;
- (iii) Within seven (7) days from the execution of the asset sale agreement, Chin Hin Concrete (KL) and Chin Hin Concrete (North) shall provide to CPM a list of existing stocks and allowing the purchaser during the conditional period or extended conditional period to conduct initial stock take;
- (iv) Satisfactory legal and operation due diligence on the assets and business by CPM; and
- (v) Chin Hin Concrete (North) and Chin Hin Concrete (KL)'s company secretary confirming that there is no debenture or negative pledge created by Chin Hin Concrete (North) and Chin Hin Concrete (KL),

failing which, the parties shall extend the conditional period by one (1) month or such period the parties mutually agreed. In the event that all the conditions precedents are not fulfilled with, the purchaser shall terminate the asset sale agreement and be deemed null and void. The conditions precedent had been fulfilled.

### (c) Exclusivity Agreement

Within seven (7) days from the date of the asset sale agreement, Chin Hin Concrete (KL) and Chin Hin Concrete (North) had entered into an exclusivity agreement dated 28 March 2014 and subsequently on 16 November 2015 entered into a supplementary agreement with CPM to supply mixture of ready mixed concrete to Chin Hin Concrete (North) and Chin Hin Concrete (KL). The supplementary agreement was entered into to amend the error made in the name of CPM in the exclusivity agreement dated 28 March 2014.

### (d) Completion

The legal possession of the sites and assets were delivered to CPM on 18 April 2014 and CPM shall be solely and exclusively entitled to utilise the assets and business to manufacture ready-mix concrete. CPM is responsible on the taxation payable on income of the manufacturing and supplying of ready-mix concrete.

### **Exclusivity agreement**

- (a) Chin Hin Concrete (KL) and Chin Hin Concrete (North) have engaged the contract manufacturing services of CPM for the following services:-
  - (i) To manage the operations of the plant in the production and manufacture of product in compliance with the production schedules for supply to Chin Hin Concrete (KL) and Chin Hin Concrete (North);
  - (ii) To repair and maintain Chin Hin Concrete (KL)'s and Chin Hin Concrete (North)'s cement mixer trucks; and
  - (iii) To do all such other things necessary or ancillary to (i) and (ii) above.

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

- (b) Responsibilities of CPM:-
- (i) CPM shall be responsible for any costs related to the rental of the land for the plant operation;
  - (ii) CPM shall maintain the plant at its own costs and expense (including statutory contribution) as well as recruit and employ a competent and experienced workforce to carry out necessary work relating to the services provided under the exclusivity agreement. These workmen shall be the employees of CPM who has sole responsibility to ensure that its workmen are competent and hold the appropriate permits to operate the relevant equipment (where applicable);
  - (iii) All raw materials required for the production and manufacture at the plant of ready-mixed concrete shall be purchased or procured directly by Chin Hin Concrete (KL) and Chin Hin Concrete (North) for supply to CPM. CPM shall be liable for any raw material stock variances and Chin Hin Concrete (KL) and Chin Hin Concrete (North) shall back charge the raw material stock variances to CPM with the allowance of variances as follows:-
    - (a) Cement – 1%
    - (b) Aggregates – 3%
    - (c) Sand – 3%
  - (iv) CPM is required to cast internal cubes for the purpose of monitoring the cure strength performance and to ensure compliance with product quality and specification set by Chin Hin Concrete (KL) and Chin Hin Concrete (North) and to carry out workability test on fresh product in manner in accordance with the standard methods BS 1881:1983/ MS26:1991 at the direction of Chin Hin Concrete (KL)'s and Chin Hin Concrete (North)'s customers. CPM shall also assist Chin Hin Concrete (KL) and Chin Hin Concrete (North)'s quality assurance /quality control personnel to carry out related works with regards to quality assurance /quality control;
  - (v) CPM shall maintain at its own cost the plant and all other necessary and/or ancillary equipment in good and serviceable conditions; and
  - (vi) CPM shall comply and all persons employed by CPM shall comply in all respects with all acts, statutes, rules, regulations or other guidelines made by government authority pertaining to the safety, health and welfare of persons working in the plant. Chin Hin Concrete (KL) and Chin Hin Concrete (North) undertakes to pay CPM the service charge subject always that CPM shall produce minimum on guaranteed production volume of 1,500 m<sup>3</sup> for each plant. If the agreed rate is RM10 per m<sup>3</sup> for volume up to 4,000 m<sup>3</sup>, Chin Hin Concrete (KL) and Chin Hin Concrete (North) will pay a minimum of RM15,000.00 per month for each plant.

The following acquisitions and/or disposals of shares from and/or to our Promoters and/or their related companies were undertaken as part of our exercise to streamline our business segments:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****PP Chin Hin**

- (a) acquired 5,000,000 ordinary shares of RM1.00 each in Metex Steel on 27 June 2014, being the remaining 17% equity interest not held by it for an aggregate cash consideration of RM5 million. The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of Metex Steel of RM30 million;
- (b) disposed its entire 100% equity interest comprising 550,000 ordinary shares of RM1.00 each in Landmark Grace Development Sdn Bhd, a dormant company on 10 February 2014, for a nominal consideration of RM2.00. The disposal consideration was based on a nominal amount as the company was dormant and had no assets in it;
- (c) disposed its entire 99.3% equity interest comprising 29,800,000 ordinary shares of RM1.00 each in PP Chin Hin Realty on 1 July 2014 for an aggregate consideration of RM29.80 million which was satisfied by way of contra with the dividend payable to the directors of PP Chin Hin. The disposal consideration was arrived at willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of PP Chin Hin Realty of RM29.80 million;

**Chin Hin Concrete**

- (a) Disposed its entire 100% equity interest comprising 1,000,000 ordinary shares of RM1.00 each in Chin Hin Concrete Mix Sdn Bhd on 27 March 2014 (ceased operations since May 2013) for an aggregate consideration of RM1 million. The disposal consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of Chin Hin Concrete Mix Sdn Bhd of RM1 million;
- (b) Chin Hin Concrete had on 9 December 2011 acquired 1,400,000 ordinary shares of RM1.00 each in Chin Hin Concrete (North), representing 70% equity interest in Chin Hin Concrete (North) for an aggregate cash consideration of RM2,800,000.00 from Datuk Chiau Beng Teik and Chiau Haw Choon. The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the net assets of Chin Hin Concrete (North). Furthermore, Chin Hin Concrete had on 31 March 2014 acquired 600,000 ordinary shares of RM1.00 each in Chin Hin Concrete (North), being the remaining 30% equity interest not held by it for an aggregate cash consideration of RM600,000.00 from Daveen Neoh Sun Jie and Wan Qi Xin who are unrelated parties. The purchase consideration was arrived at willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of Chin Hin Concrete (North) of RM2 million; and
- (c) Chin Hin Concrete had also on 29 January 2012 acquired 3,000,000 ordinary shares of RM1.00 each in Chin Hin Concrete (KL), being the entire 100% equity interest of Chin Hin Concrete (KL) for an aggregate cash consideration of RM7,700,000.00 from Datuk Chiau Beng Teik, Chiau Haw Choon, Ng Poh Choon and Kua Kong Chuan. The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA of Chin Hin Concrete (KL).



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

**Metex Steel**

- (a) Acquired entire 100% equity interests of Comet Steel on 27 June 2014 for nominal consideration of RM2.00. Metex Steel invested RM1.00 in Metal Sphere and acquired the balance of 50% equity interest in Metal Sphere on 2 March 2014 for RM1.00. The purchase acquisition was arrived at on a willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of Metal Sphere and Comet Steel of RM2.00 each;

**Starken AAC**

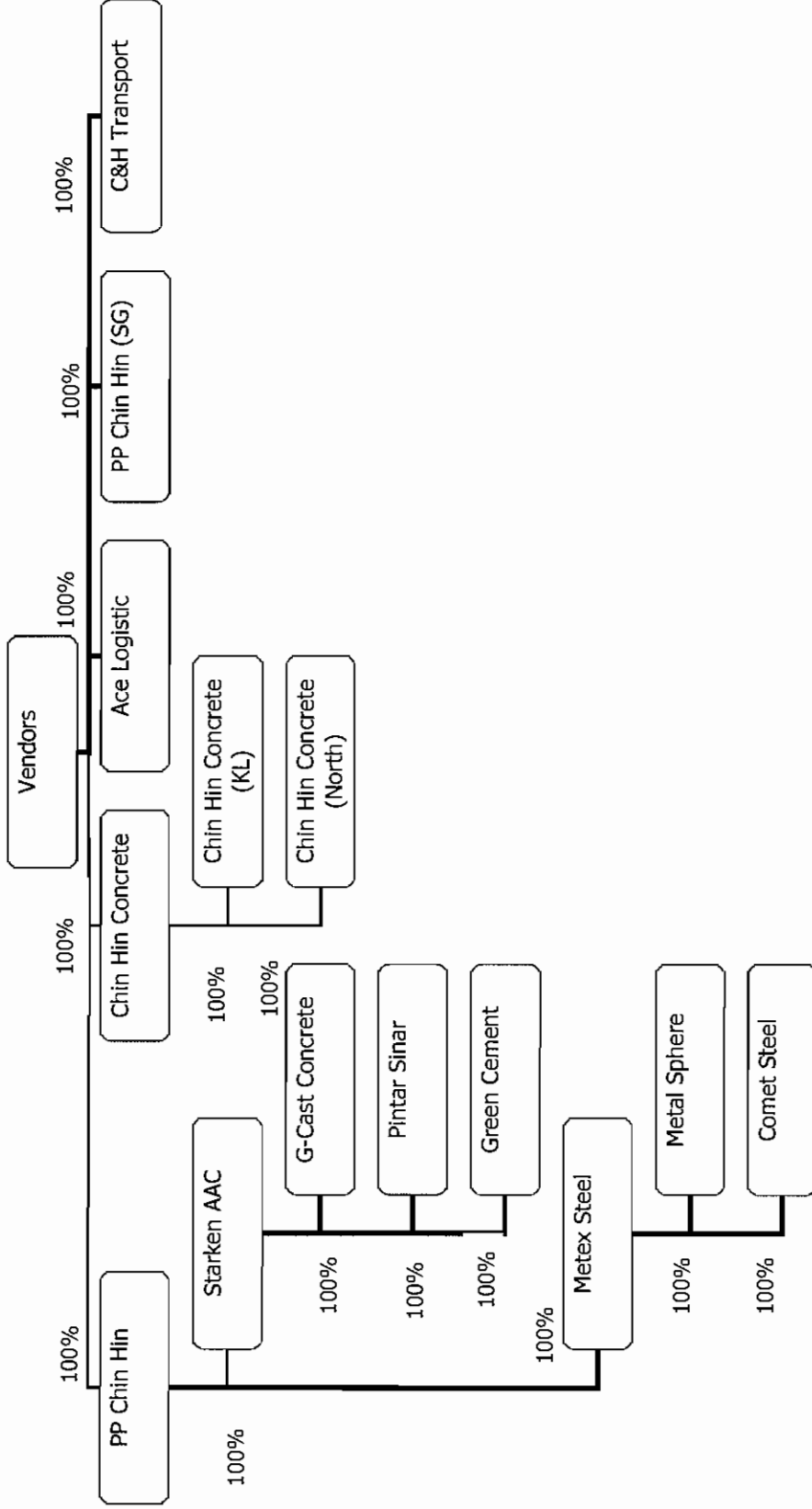
- (a) Acquired entire 100% equity interests of Green Cement on 27 June 2014 for nominal consideration of RM2.00. The purchase acquisition was arrived at on a willing-buyer willing-seller basis, after taking into consideration the issued and paid-up share capital of Green Cement of RM2.00;

The above rationalisation exercises were intended to streamline the businesses of our Group through the disposal / cessation of non core subsidiaries / businesses and consolidating the equity ownership of our core subsidiaries. As such, the purchase / disposal considerations for the above rationalisation exercises were arrived at after taking into consideration the net asset or the issued and paid-up share capital of the respective companies. The above rationalisation exercises do not have any impact on our Group's existing business activities including the provision of hire purchase financing to our Group's contractors for the logistic business segment.

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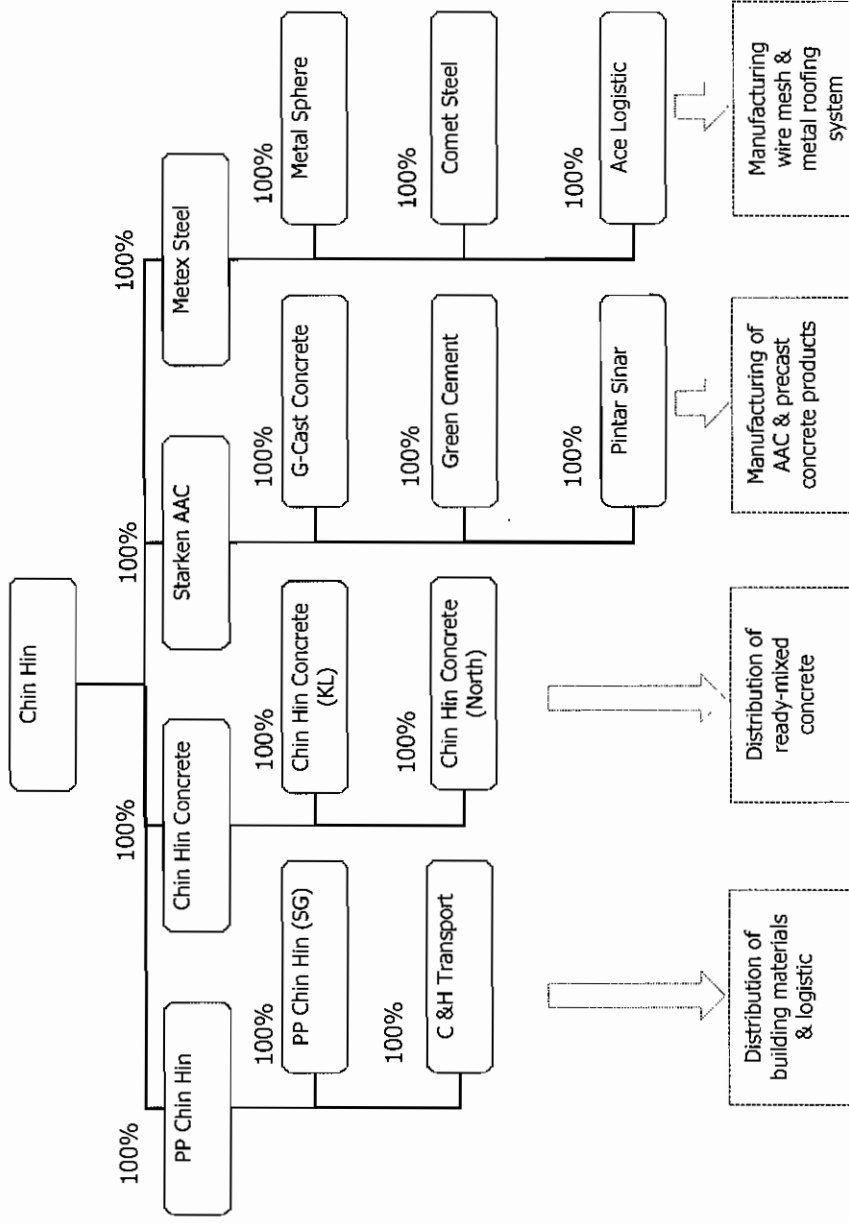
**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Our Group structure immediately before the Acquisitions and the Group internal re-organisation (but post rationalisation) is as follows:-



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Our Group structure as at the LPD (after our Group's restructuring comprising the Acquisitions and internal reorganisation) but prior to our IPO is diagrammatically summarized below:-



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****5.4 SUBSIDIARIES**

All of our subsidiaries are wholly-owned by our Company. As at the LPD, we do not have any associate companies. Details of our subsidiaries are summarised as follows:-

<b>Company</b>	<b>Date/ Place of incorporation</b>	<b>Date of commencement of business</b>	<b>Authorised share capital RM (unless otherwise stated)</b>	<b>Issued and paid-up share capital RM (unless otherwise stated)</b>	<b>Equity interest %</b>	<b>Principal activities</b>
<b>Held by Chin Hin</b>						
PP Chin Hin (334885-H)	25 February 1995/Malaysia	March 1995	50,000,000	50,000,000	100.0	Distribution of building materials, letting of properties and hire purchase financing
Chin Hin Concrete (969862-P)	29 November 2011/Malaysia	December 2011	25,000,000	12,001,000	100.0	Investment holding
Starken AAC (752003-D)	2 November 2006/Malaysia	January 2014	50,000,000	30,000,000	100.0	Manufacturing and sales of AAC products
Metex Steel (957930-X)	22 August 2011/Malaysia	October 2012	50,000,000	30,000,000	100.0	Manufacturing and sales of wire mesh and metal roofing systems
<b>Held by PP Chin Hin</b>						
PP Chin Hin (SG) (200908657H)	16 May 2009/ Singapore	June 2009	SGD1,000	SGD1,000	100.0	Trading and distribution of building materials in Singapore

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

<b>Company</b>	<b>Date/ Place of incorporation</b>	<b>Date of commencement of business</b>	<b>Authorised share capital RM (unless otherwise stated)</b>	<b>Issued and paid-up share capital RM (unless otherwise stated)</b>	<b>Equity interest %/</b>	<b>Principal activities</b>
C&H Transport (808916-H)	6 March 2008/ Malaysia	April 2008	5,000,000	1,250,000	100.0	Transportation of cement
<b><u>Held by Chin Hin Concrete</u></b>						
Chin Hin Concrete (KL) (818159-D)	18 May 2008/ Malaysia	June 2008	5,000,000	4,000,000	100	Distribution of ready-mixed concrete
Chin Hin Concrete (North) (803784-W)	21 January 2008/ Malaysia	February 2008	5,000,000	2,000,000	100	Distribution of ready-mixed concrete
<b><u>Held by Starken AAC</u></b>						
G-Cast Concrete (971228-X)	11 December 2011/ Malaysia	August 2012	5,000,000	5,000,000	100	Manufacturing and sales of precast concrete products
Green Cement (1008610-A)	4 July 2012/ Malaysia	<sup>(b)</sup> N/A	100,000	2	100	Currently dormant, the intended principal activity is to produce concrete products
Pintar Sinar (916505-X)	30 September 2010/ Malaysia	<sup>(b)</sup> March 2012	100,000	2	100	Property investment holding

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Company	Date/ Place of incorporation	Date of commencement of business	Authorised share capital RM (unless otherwise stated)	Issued and paid-up share capital RM (unless otherwise stated)	Equity interest %	Principal activities
<b>Held by Metex Steel</b>						
Metal Sphere (1082934-A)	2 March 2014/ Malaysia	February 2015	25,000,000	15,000,002	100	Manufacturing of metal roofing profiles and trusses
Comet Steel (1009789-M)	12 July 2012/ Malaysia	<sup>(i)</sup> N/A	100,000	2	100	Currently dormant, the intended principal activity is sales and trading of steel wire mesh, wire rods and other steel products
Ace Logistic (642802-M)	18 February 2004/Malaysia	<sup>(i)</sup> November 2009	25,000,000	11,000,000	100	Property investment holding

**Notes:-**

- (i) These dates refer to the dates in which these companies commenced their investing activities.  
(ii) Not applicable as these companies are presently dormant and have not commenced operations since their incorporation.

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**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****5.4.1 PP Chin Hin****(a) History and business**

PP Chin Hin was incorporated in Malaysia under the Act on 25 February 1995 as a private limited company under the name Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd. It subsequently changed to its current name on 16 December 2008. PP Chin Hin is currently involved in the distribution of building materials, letting of properties and hire purchase financing.

Save for the cessation of its property development business in 2012, there have been no material changes in the manner in which PP Chin Hin conducts its business or activities since the last three (3) years prior to the LPD.

**(b) Share capital**

PP Chin Hin's present authorised share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 50,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of PP Chin Hin since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
25 February 1995	4	1.00	Subscribers' shares	4
2 May 1995	499,996	1.00	Cash	500,000
1 November 1995	500,000	1.00	Cash	1,000,000
2 May 2001	1,000,000	1.00	Cash	2,000,000
15 May 2002	2,000,000	1.00	Cash	4,000,000
27 September 2004	2,000,000	1.00	Cash	6,000,000
30 November 2009	3,000,000	1.00	Cash	9,000,000
22 August 2010	11,000,000	1.00	Cash	20,000,000
31 December 2012	10,000,000	1.00	<sup>(i)</sup> Others	30,000,000
31 July 2014	20,000,000	1.00	<sup>(i)</sup> Others	50,000,000

**Note:-**

- (i) Represents debt capitalisation of shareholders / directors advances for the amount of RM30.0 million. Such advances from directors / shareholders were provided from December 2011 to December 2013 in various tranches, and were utilised as working capital expenditure to support PP Chin Hin's business growth over the years. The debt capitalisation was undertaken to eliminate all amount owing to directors / shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PP Chin Hin.

**(c) Substantial shareholders and Directors**

PP Chin Hin is our wholly-owned subsidiary and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

## **5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

### **(d) Subsidiaries and associate companies**

As at the LPD, PP Chin Hin has two (2) subsidiaries, namely PP Chin Hin (SG) and C&H Transport. PP Chin Hin does not have any associate company as at the LPD.

#### **5.4.2 PP Chin Hin (SG)**

##### **(a) History and business**

PP Chin Hin (SG) was incorporated in Singapore under the Singapore Companies Act, Chapter 50 on 16 May 2009 as a private limited company under its present name. PP Chin Hin (SG) is currently principally engaged in the trading and distribution of building materials in Singapore.

There have been no material changes in the manner in which PP Chin Hin (SG) conducts its business or activities since the last three (3) years prior to the LPD.

##### **(b) Share capital**

PP Chin Hin (SG)'s present issued and fully paid-up capital is SGD1,000 comprising 1,000 ordinary shares. There has been no movement in issued and paid-up share capital of PP Chin Hin (SG) since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PP Chin Hin (SG).

##### **(c) Substantial shareholders and Directors**

PP Chin Hin (SG) is a wholly-owned subsidiary of PP Chin Hin and the Directors are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Ong It Teong.

##### **(d) Subsidiaries and associate companies**

As at the LPD, PP Chin Hin (SG) does not have any subsidiary and/or associate company.

#### **5.4.3 C&H Transport**

##### **(a) History and business**

C&H Transport was incorporated in Malaysia under the Act on 6 March 2008 as a private limited company under its present name. C&H Transport is currently principally involved in the transportation of cement.



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****(b) Share capital**

C&H Transport's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 1,250,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of C&H Transport since its incorporation are as follows:-

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative issued and paid-up share capital RM</b>
6 March 2008	2	1.00	Subscribers' shares	2
19 March 2008	99,998	1.00	Cash	100,000
17 May 2008	150,000	1.00	Cash	250,000
2 January 2011	1,000,000	1.00	Cash	1,250,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in C&H Transport.

**(c) Substantial shareholders and Directors**

C&H Transport is a wholly-owned subsidiary of PP Chin Hin and the Directors are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, C&H Transport does not have any subsidiary and/or associate company.

**5.4.4 Chin Hin Concrete****(a) History and business**

Chin Hin Concrete was incorporated in Malaysia under the Act on 29 November 2011 as a private limited company under the name of Chin Hin Mix Holding Sdn Bhd. It subsequently changed to its current name on 17 January 2012.

Chin Hin Concrete is currently principally an investment holding company.

**(b) Share capital**

Chin Hin Concrete's present authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which 12,001,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Chin Hin Concrete since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
29 November 2011	1,000	1.00	Subscribers' shares	1,000
31 July 2014	12,000,000	1.00	<sup>(i)</sup> Other	12,001,000

**Note:-**

(i) Represents debt capitalisation of shareholders / directors advances for the total amount of RM12,000,000. Such advances from directors / shareholders were provided in January 2012 to support Chin Hin Concrete's acquisition of Chin Hin Concrete (KL) and Chin Hin Concrete (North) in year 2011, 2012 and 2014. The debt capitalisation was undertaken to eliminate all amount owing to directors / shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Chin Hin Concrete.

**(c) Substantial shareholders and Directors**

Chin Hin Concrete is our wholly-owned subsidiary and the Directors are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Chin Hin Concrete has two (2) subsidiaries, namely Chin Hin Concrete (KL) and Chin Hin Concrete (North). Chin Hin Concrete does not have any associate company as at the LPD.

**5.4.5 Chin Hin Concrete (KL)****(a) History and business**

Chin Hin Concrete (KL) was incorporated in Malaysia under the Act on 18 May 2008 as a private limited company under its present name. Chin Hin Concrete (KL) is currently principally involved in the distribution of ready-mixed concrete.

**(b) Share capital**

Chin Hin Concrete (KL)'s present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 4,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Chin Hin Concrete (KL) since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
18 May 2008	2	1.00	Subscribers' shares	2
8 June 2008	499,998	1.00	Cash	500,000
21 July 2009	500,000	1.00	Cash	1,000,000
6 May 2010	1,000,000	1.00	Cash	2,000,000
18 June 2011	1,000,000	1.00	Cash	3,000,000
28 April 2012	1,000,000	1.00	Cash	4,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Chin Hin Concrete (KL).

**(c) Substantial shareholders and Directors**

Chin Hin Concrete (KL) is a wholly-owned subsidiary of Chin Hin Concrete and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Chin Hin Concrete (KL) does not have any subsidiary and/or associate company.

**5.4.6 Chin Hin Concrete (North)****(a) History and business**

Chin Hin Concrete (North) was incorporated in Malaysia under the Act on 21 January 2008 as a private limited company under the name Large Version Sdn Bhd. It then changed its name to L.V. Mix Sdn Bhd on 4 August 2008 and subsequently changed its name to LV Mix Sdn Bhd on 10 February 2010. On 8 November 2011, it changed its name to Chin Hin Mix Sdn Bhd and subsequently adopted its current name on 27 December 2011. Chin Hin Concrete (North) is currently principally involved in the distribution of ready-mix concrete.

**(b) Share capital**

Chin Hin Concrete (North)'s present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Chin Hin Concrete (North) since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative issued and paid-up share capital RM</b>
21 January 2008	2	1.00	Subscribers' shares	2
12 June 2008	249,998	1.00	Cash	250,000
30 September 2009	750,000	1.00	Cash	1,000,000
23 July 2010	500,000	1.00	Cash	1,500,000
20 October 2010	500,000	1.00	Cash	2,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Chin Hin Concrete (North).

**(c) Substantial shareholders and Directors**

Chin Hin Concrete (North) is a wholly-owned subsidiary of Chin Hin Concrete. Its Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Chin Hin Concrete (North) does not have any subsidiaries and/or associate company.

**5.4.7 Starken AAC****(a) History and business**

Starken AAC was incorporated in Malaysia under the Act on 2 November 2006 as a private limited company under the name Chin Hin Cement Brick Sdn Bhd. It then changed its name to Chin Hin Industries Sdn Bhd on 25 April 2011. It subsequently changed to its current name on 13 September 2011. It is currently principally involved in the manufacturing and sales of AAC products.

**(b) Share capital**

Starken AAC's present authorised share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 30,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Starken AAC since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative issued and paid-up share capital RM</b>
2 November 2006	2	1.00	Subscribers' shares	2
26 December 2006	99,998	1.00	Cash	100,000
11 October 2007	150,000	1.00	Cash	250,000
9 January 2012	7,750,000	1.00	<sup>(i)</sup> Other	8,000,000
26 July 2012	2,000,000	1.00	<sup>(i)</sup> Other	10,000,000
31 July 2013	10,000,000	1.00	<sup>(i)</sup> Other	20,000,000
26 December 2013	10,000,000	1.00	<sup>(i)</sup> Other	30,000,000

**Note:-**

(i) Represents debt capitalisation of shareholders advances for the total amount of RM29,750,000. Such advances from shareholders were provided from December 2011 to December 2013 in various tranches, and were utilised as working capital expenditure to support Starken AAC's capital expenditure over the years. The debt capitalisation was undertaken to eliminate all amount owing to directors / shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Starken AAC.

**(c) Substantial shareholders and Directors**

Starken AAC is our wholly-owned subsidiary and the Directors are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Starken AAC has three subsidiaries, namely G-Cast Concrete, Green Cement and Pintar Sinar. Starken AAC does not have any associate company as at the LPD.

**5.4.8 G-Cast Concrete****(a) History and business**

G-Cast Concrete was incorporated in Malaysia under the Act on 11 December 2011 as a private limited company under its present name. It is currently principally involved in the manufacturing and sales of precast concrete products.

**(b) Share capital**

G-Cast Concrete's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 5,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of G-Cast Concrete since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
11 December 2011	2	1.00	Subscribers' shares	2
10 August 2012	99,998	1.00	Cash	100,000
8 January 2013	2,400,000	1.00	Cash	2,500,000
19 July 2013	2,500,000	1.00	Cash	5,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in G-Cast Concrete.

**(c) Substantial shareholders and Directors**

G-Cast Concrete is a wholly-owned subsidiary of Starken AAC and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, G-Cast Concrete does not have any subsidiary and/or associate company.

**5.4.9 Green Cement****(a) History and business**

Green Cement was incorporated in Malaysia under the Act on 4 July 2012 as a private limited company under its present name. Green Cement is currently dormant and its intended principal activities are investments into the production of industrialised building system (IBS) concrete products which we expect to materialise within two (2) years from the date of our Listing.

**(b) Share capital**

Green Cement's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two (2) ordinary shares of RM1.00 each have been issued and fully paid-up. There has been no movement in issued and paid-up share capital of Green Cement since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Green Cement.

**(c) Substantial shareholders and Directors**

Green Cement is a wholly-owned subsidiary of Starken AAC and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Green Cement does not have any subsidiary and/or associate company.

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## **5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

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### **5.4.10 Pintar Sinar**

#### **(a) History and business**

Pintar Sinar was incorporated in Malaysia under the Act on 30 September 2010 as a private limited company under its present name. Pintar Sinar is currently principally involved in property investment holding.

#### **(b) Share capital**

Pintar Sinar's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two (2) ordinary shares of RM1.00 each have been issued and fully paid-up. There has been no movement in issued and paid-up share capital of Pintar Sinar since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Pintar Sinar.

#### **(c) Substantial shareholders and Directors**

Pintar Sinar is a wholly-owned subsidiary of Starken AAC and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

#### **(d) Subsidiaries and associate companies**

As at the LPD, Pintar Sinar does not have any subsidiary and/or associate company.

### **5.4.11 Metex Steel**

#### **(a) History and business**

Metex Steel was incorporated in Malaysia under the Act on 22 August 2011 as a private limited company under its present name.

It is currently principally involved in the manufacturing and sales of wire mesh and metal roofing systems.

#### **(b) Share capital**

Metex Steel's present authorised share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 30,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Metex Steel since its incorporation are as follows:-

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
22 August 2011	2	1.00	Subscribers' shares	2
22 May 2012	6,000,000	1.00	<sup>(i)</sup> Others	6,000,002
26 July 2012	3,999,998	1.00	<sup>(i)</sup> Others	10,000,000
23 January 2013	5,000,000	1.00	Cash	15,000,000
4 December 2013	15,000,000	1.00	Cash	30,000,000

**Note:-**

(i) Represents debt capitalisation of shareholders advances for the amount of RM9,999,998. Such advances from shareholders were provided from September 2011 to July 2012 in various tranches, and were utilised as working capital expenditure to support Metex Steel's capital expenditure over the years. The debt capitalisation was undertaken to eliminate all amount owing to directors / shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Metex Steel.

**(c) Substantial shareholders and Directors**

Metex Steel is our wholly-owned subsidiary. Its Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Metex Steel has three (3) subsidiaries, namely Metal Sphere, Comet Steel and Ace Logistic. Metex Steel does not have any associate company as at the LPD.

**5.4.12 Metal Sphere****(a) History and business**

Metal Sphere was incorporated in Malaysia under the Act on 2 March 2014 as a private limited company under its present name. The metal roofing business undertaken by Metex Steel has been transferred to Metal Sphere and has commenced operations on 2 February 2015.

**(b) Share capital**

Metal Sphere's present authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which 15,000,002 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in the issued and paid-up share capital of Metal Sphere since its incorporation are as follows:-



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
2 March 2014	2	1.00	Subscribers' shares	2
10 June 2015	15,000,000	1.00	<sup>(i)</sup> Others	15,000,002

**Note:-**

- (i) Represents debt capitalisation of shareholders advances for the amount of RM15,000,000. Such advances from shareholders were provided in June 2015 and were utilised as working capital expenditure to support Metal Sphere's capital expenditure over the year. The debt capitalisation was undertaken to eliminate all amount owing to shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Metal Sphere.

**(c) Substantial shareholders and Directors**

Metal Sphere is a wholly-owned subsidiary of Metex Steel and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Metal Sphere does not have any subsidiary and/or associate company.

**5.4.13 Comet Steel****(a) History and business**

Comet Steel was incorporated in Malaysia under the Act on 12 July 2012 as a private limited company under its present name. Comet Steel is currently dormant and its intended principal activities are sales and trading of steel wire mesh, wire rods and other steel products. We expect Comet Steel to commence operations in 2016 and to focus on the sales and trading of steel wire mesh, wire rods and other steel products. Comet Steel will undertake sales and trading of both steel products produced by our Group and also steel products sourced from external suppliers. Although Comet Steel will be involved in the trading business, it will not compete with PP Chin Hin directly as Comet Steel will mainly service the customers of Metex Steel and will focus on steel products.

**(b) Share capital**

Comet Steel's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two (2) ordinary shares of RM1.00 each have been issued and fully paid-up. There has been no movement in issued and paid-up share capital of Comet Steel since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Comet Steel.

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****(c) Substantial shareholders and Directors**

Comet Steel is a wholly-owned subsidiary of Metex Steel and the Directors are Datuk Chiau Beng Teik and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Comet Steel does not have any subsidiary and/or associate company.

**5.4.14 Ace Logistic****(a) History and business**

Ace Logistic was incorporated in Malaysia under the Act on 18 February 2004 as a private limited company under Chin Hin Building Material Supply Sdn Bhd. It then changed its name to Ace Tiles Sdn Bhd on 7 January 2010 and subsequently changed to its current name on 9 May 2010. Ace Logistic is currently a property investment holding company.

**(b) Share capital**

Ace Logistic's present authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which 11,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Ace Logistic since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Cumulative issued and paid-up share capital RM
23 February 2004	2	1.00	Subscribers' shares	2
26 February 2004	99,998	1.00	Cash	100,000
12 September 2006	400,000	1.00	Cash	500,000
31 July 2014	10,500,000	1.00	<sup>(i)</sup> Other	11,000,000

**Note:-**

(i) Represents debt capitalisation of shareholders / directors advances for the total amount of RM10,500,000. Such advances from directors / shareholders were provided from November 2010 to July 2014 in various tranches, and were utilised as working capital expenditure to support Ace Logistic's capital expenditure. The debt capitalisation was undertaken to eliminate all amount owing to directors / shareholders in preparation for our Listing.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Ace Logistic.

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**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

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**(c) Substantial shareholders and Directors**

Ace Logistic is a wholly-owned subsidiary of Metex Steel. Its Directors are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon.

**(d) Subsidiaries and associate companies**

As at the LPD, Ace Logistic does not have any subsidiary and/or associate company.

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**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****5.5 MAJOR APPROVALS, PERMITS AND LICENSES**

The major approvals, permits and licenses issued/obtained by our Group to enable us to operate our business as at LPD are summarised below:-

No.	Company	Nature of approval/ Licenses/	Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
1.	Starken AAC	Manufacturing license	MITI	License No:- A018464 Serial No:- A031282	20 December 2011	N/A <sup>(i)</sup> -	-	N/A
2.	Metex Steel	Manufacturing license	MITI	License No:- A018629 Serial No:- A031550	19 April 2012	N/A <sup>(i)</sup> -	-	N/A
3.	Metex Steel	Manufacturing license	MITI	License No:- A018889 Serial No:- A031981	22 October 2012	N/A <sup>(i)</sup> -	-	N/A
4.	G-Cast Concrete	Manufacturing license	MITI	License No:- A019732 Serial No:- A033410	6 August 2014	N/A <sup>(i)</sup> -	-	N/A
5.	Metex Steel	Iron works license	Majlis Perbandaran Seberang Perai	License No:- 35/13055A/17104	22 January 2015	3 March 2016	-	N/A
6.	PP Chin Hin	Trading license	Ministry of Domestic Trade, Malaysia	License No:- BB05322W Serial No:- A088315	24 July 2014	13 July 2017	-	N/A

## 5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Nature of approval/ Licenses/	Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
7.	PP Chin Hin	Trading license	Ministry of Domestic Trade, Malaysia	License No:- SB05915U Serial No:- A 088285	23 June 2014	22 June 2019	-	Complied
8.	Starken AAC	Pioneer Status approval letter	MIDA	Approval Letter Reference:- 020/B18/002280/3/PS	7 April 2015	30 June 2019	The conditions are as follows:- (i) the value added for the production of lightweight autoclaved aerated concrete blocks and panels must reach at least 67% as proposed; (ii) the total staffs in management, technical and supervisory level must reach at least 54% of the total employment as proposed; (iii) the company must use local oil palm ash as raw material in the finished products of lightweight autoclaved aerated	Complied <sup>(i)</sup>

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Nature of approval/ Licenses/	Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
9.	G-Cast Concrete	Environmental Impact Assessment endorsement	Environmental Department Selangor	Approval Letter Reference:- B91/110/621	24 April 2013	N/A <sup>(b)</sup>	<p>concrete blocks and panels;</p> <p>(iv) the company must use at least 10% oil palm ash; and</p> <p>(v) the company must keep a separate account for the encouraged products.</p> <p>Conditions are as follow:- (i) Maximum monthly production of 1400 mt of concrete pipes and 700 mt of concrete products;</p> <p>(ii) to acquire written approval for all fuel-burning equipment;</p> <p>(iii) to maintain noise level &lt;70 A-weighted decibels (\"dB(A)\") from 7.00 a.m. to 10.00 p.m. and &lt;60dB(A) from 10.00 p.m. to 7.00 a.m.; and</p> <p>(iv) to prohibit all open burning.</p>	Complied

## 5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Nature of approval/ Licenses/ Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
10.	Starken AAC	Endorsement Letter In Relation to Environmental Impact Assessment	Approval Letter Reference:- (B)B36/921/000/053	26 April 2014	N/A <sup>(ii)</sup>	Conditions are as follow:- (i) Maximum monthly production of 12,500 mt of autoclaved aerated light weight concrete blocks (ii) to acquire written approval for all fuel- burning equipment; (iii) to maintain noise level <70dB(A) from 7.00 a.m. to 10.00 p.m. and <60dB(A) from 10.00 p.m. to 7.00 a.m.; and (iv) to prohibit all open burning	Complied
11.	Starken AAC	Certificate In Relation to Rules 36 and 38 of Environment Quality (Clean Air) Regulation, 1978	Certificate No:- AKUP/280/2013	3 June 2013	N/A <sup>(iii)</sup>	-	N/A

## 5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Nature of approval/ Licenses/ Licenses/	Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
12.	Starken AAC	Design Approval for Autoclaves (Pressurised Vessels)	Department of Occupation Health and Safety	Approval Letter Reference:- JKKP IS 127/453/2-2013238352(4)	2 October 2013	N/A <sup>(iv)</sup> -		N/A
13.	PP Chin Hin	Money lending license	Ministry of Housing and Local Government	Approval Letter Ref: WL3126/02/01-6/231116	6 February 2014	23 November 2016	The conditions are as follows:- (i) all money lending transaction must be carried on the name of PP Chin Hin Sdn Bhd and at its registered address; (ii) the license is not transferable or allowed or caused others to use the right under license without prior approval of the registrar of Money Lending of Ministry of Urban Wellbeing, Housing and Local Government; (iii) the license is not allowed to be used for pawn business; and	Complied



Company No.: 1097507-W

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Nature of approval/ Licenses/	Issuing Body	License No/ Registration No/ Serial No/ Approval No	Issuance Date	Expiry date	Equity and/or major conditions imposed	Status of Compliance
							(iv) Renewal fees of RM2,000.00 is payable	

**Notes:-**

- (i) License does not require renewal and shall remain valid unless it has been revoked under the Industrial Co-ordination Act 1975.
- (ii) The department reserves the right to retract the endorsement in the event of failure to implement appropriate pollution control measures during operation of plant.
- (iii) This approval can be retracted or cancelled should installation of the multi cyclone does not comply with drawing/plan approved.
- (iv) Approval is valid up and until:- (a) any amendment to the current design code that differs from the specifications and practice when approval was granted which requires alteration and/or changes in the existing design; or (b) withdrawal or cancellation of such approval by the department.

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**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****5.6 PROPERTIES OF OUR GROUP****5.6.1 Properties occupied and owned by our Group**

Kindly refer to **Appendix I** of this Prospectus for further details of the properties occupied and owned by our Group.

**5.6.2 Properties occupied which are rented by our Group**

The details of properties rented by us as at the LPD are set out below:-

No.	Address	Owner/ Tenant <sup>(i)</sup>	Description/ Existing Use	Built-up Area/ Land Area (m <sup>2</sup> )	Period of tenancy/ Rental per Annum (RM)	Date of issuance of certificate of fitness for occupation
1.	A-2-5, Pusat Perdagangan Kuchai, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Wan Foong Realty Sdn Bhd/ Starken AAC	One storey of a 3- storey shop house/ Office premises of Starken AAC	<sup>(ii)</sup> 133.5/ 400.1	1 January 2016 to 31 December 2018/ RM19,200	6 July 2010
2.	PT 1493, Kawasan Perindustrian Pengkalan Chepa II, Jalan Chepa II, 16100 Pengkalan Chepa, Kota Bharu, Kelantan	Laksana Saujana Sdn Bhd/ PP Chin Hin	Single storey open sided factory/ Warehouse and office unit of PP Chin Hin	5,616/ 10,189	1 November 2014 to 30 October 2016/ RM60,000	31 January 2013
3.	No. 88-1, Jalan PPM 4, Plaza Pandan Malim Business Park, Balai Panjang, 75250 Melaka	Texland Sdn Bhd/ PP Chin Hin	One storey of a 3- storey shop house/ Office premises of PP Chin Hin	<sup>(ii)</sup> 144.8/ 434.4	1 September 2015 to 31 August 2018/ RM10,200	4 October 2007

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

No.	Address	Owner/ Tenant <sup>(c)</sup>	Description/ Existing Use	Built-up Area/ Land Area (m <sup>2</sup> )	Period of tenancy/ Rental per Annum (RM)	Date of issuance of certificate of fitness for occupation
4.	No. 27, Jalan Industri 3/6, Taman Perindustrian Temerloh, 28400 Mentakab, Pahang	Kong Yen Transport & Trading Sdn Bhd/ PP Chin Hin	Single storey fully closed factory unit/ Warehouse and office premises of PP Chin Hin	668.0/ 1,888.0	1 June 2013 to 31 May 2016/ RM66,000	28 October 2011
5.	Lot 2975, Kawasan Perindustrian Cendering, 21080 Kuala Terengganu, Terengganu	JH Agency Sdn Bhd/ PP Chin Hin	Single storey detached factory/Warehouse and office premises of PP Chin Hin	3,025.6/ 3,546.48	1 October 2014 to 30 September 2016/ RM120,000	31 July 2006
6.	Lot 1178, Mukim Batu, NVS 2, Jalan Ipoh, Kuala Lumpur	East & Orient Enterprise Sdn Bhd/ PP Chin Hin	Single storey fully closed factory unit/ Warehouse and office premises of PP Chin Hin	556/ 3,100	1 March 2013 to 29 February 2016/ RM144,000	17 August 1994
7.	No. A-1-11, Pusat Perdagangan Kuchai, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	PP Chin Hin Realty Sdn Bhd/Chin Hin Group Berhad	One storey of a 3-storey shop house/ Office premises of Chin Hin Group Berhad	136/ 153	1 May 2015 to 30 April 2017/ RM25,440	6 July 2010

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

No.	Address	Owner/ Tenant <sup>(i)</sup>	Description/ Existing Use	Built-up Area/ Land Area (m <sup>2</sup> )	Period of tenancy/ Rental per Annum (RM)	Date of issuance of certificate of fitness for occupation
8.	No. A-2-11, Pusat Perdagangan Kuchai, No. 2 Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	PP Chin Hin Realty Sdn Bhd/ Chin Hin Concrete (KL) Sdn Bhd	One storey of a 3- storey shop house/ Office premises of Chin Hin (KL) Concrete Sdn Bhd	136/ 153	15 May 2015 to 14 May 2017/ RM20,352	6 July 2010
9.	No. 22-01, Jalan Kempas Utama 3/1, Taman Kempas Utama, 81200 Kempas, Johor	Lou Feng Leong/ Starken AAC Sdn Bhd	One unit of 2&1/2 storey shop office (1 <sup>st</sup> floor)/ Office premises of Starken AAC	143.1/ 143.1	1 February 2015 to 31 January 2016/ RM15,600	6 August 2013

**Notes:-**

- (i) Save for Laksana Saujana Sdn Bhd where Datuk Chiau Beng Teik and Chiau Haw Choon are directors and substantial shareholders, there are no other relationships between the owner of our rented properties and our Group.
- (ii) We occupy only one (1) storey of the three (3) storey shop house unit. As such, the built-up area disclosed for these properties represents only the built up area of one (1) storey currently occupied whilst the land area represents the total area occupied by the respective properties.

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**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

In addition to the above, our Group has also rented several properties for the purpose of accommodating our production workers. There is no non-compliance with current statutory requirements, relevant land rules or building regulations in respect of the above properties leased by our Group. In addition, none of the properties disclosed above are in breach of any land use conditions and/or is in non-compliance with current statutory requirements, land rules or building regulations or is subject to any environmental issues that would have a material adverse impact on our Group's business operations and/or our financial position.

**5.6.3 Regulatory requirements and environmental issues**

Save for the major approvals, permits and licenses disclosed in Section 5.5 of this Prospectus, there are no regulatory requirements and/or major environmental issues which may affect our Company's operations arising from the utilisation of our assets.

**5.6.4 Material capital expenditures and divestitures**

Save as disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for the past four (4) financial years and the FPE 2015:-

	At cost				
	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
<b>Material capital expenditures</b>					
<b>Chin Hin Group</b>					
Investment in subsidiaries	<sup>(i)</sup> 1,800	<sup>(ii)</sup> 29,000	-	<sup>(iii)</sup> 5,600	-
Freehold land and shop offices/building	12,027	17,739	516	1,828	-
Freehold building	-	2,200	1,097	-	-
Leasehold land	2,179	-	-	-	-
Building	1,225	1,631	1,894	896	813
Building under construction	-	4,699	17,272	-	-
Investment property	-	12,336	-	-	-
Plant and machineries	1,521	23,107	13,962	2,903	1,248
Plant and machineries under construction	509	19,015	28,506	-	-
Cabin	1,198	687	2,516	-	-
Capital work-in-progress	3,252	5,162	-	-	-
Factory equipments	-	1,368	1,222	1,560	845
Factory equipments under construction	-	-	-	-	4,682
Mould	-	-	1,636	1,015	603
Electrical installations	-	-	2,477	1,192	-
Motor vehicles	-	-	-	5,501	<sup>(iv)</sup> 9,126
Renovations	-	1,008	-	-	-
<b>Total</b>	<b>23,711</b>	<b>117,952</b>	<b>71,098</b>	<b>20,495</b>	<b>17,317</b>

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

	At cost				
	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
Material capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Analysed by:-</b>					
<b>Distribution of building materials &amp; provision of logistics</b>					
Investment in subsidiaries	1,800	28,000	-	5,000	-
Freehold land and shop offices/building	9,404	6,449	-	-	-
Freehold building	-	2,200	1,097	-	-
Building	1,225	-	-	-	-
Building under construction	-	-	8,225	-	-
Motor vehicles	-	-	-	800	6,064
Renovations	-	535	-	-	-
	<b>12,429</b>	<b>37,184</b>	<b>9,322</b>	<b>5,800</b>	<b>6,064</b>
<b>Ready-mixed concrete</b>					
Investment in subsidiaries	-	1,000	-	600	-
Freehold land and shop offices/building	2,623	-	-	-	-
Plant and machineries	1,521	877	628	116	-
Plant and machineries under construction	509	325	-	-	-
Cabin	1,198	678	2,504	-	-
Factory equipments	-	105	36	9	-
Motor vehicles	-	-	-	3,916	1,824
Renovations	-	77	-	-	-
	<b>5,851</b>	<b>3,062</b>	<b>3,168</b>	<b>4,641</b>	<b>1,824</b>
<b>Manufacturing of AAC and precast concrete products</b>					
Leasehold land	2,179	-	-	-	-
Freehold land and building	-	-	-	1,072	-
Building	-	1,631	210	896	813
Building under construction	-	4,699	9,047	-	-
Investment property	-	12,336	-	-	-
Plant and machineries	-	869	344	1,601	983
Plant and machineries under construction	-	18,690	28,506	-	-
Cabin	-	8	12	-	-
Factory equipments	-	1,263	1,186	1,551	845
Factory equipments under construction	-	-	-	-	602
Mould	-	-	1,636	1,015	603
Motor vehicles	-	-	-	264	1,238
Electrical installations	-	-	2,477	1,192	-
	<b>2,179</b>	<b>39,496</b>	<b>43,418</b>	<b>7,591</b>	<b>5,084</b>

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

	At cost				
	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
Material capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Manufacturing of wire mesh and metal roofing system</b>					
Investment in subsidiaries	-	-	-	-	-
Freehold land and shop offices/building	-	11,290	516	756	-
Building	-	-	1,684	-	-
Plant and machineries	-	21,362	12,990	1,186	265
Factory equipment	3,252	5,162	-	-	-
Factory equipment under construction	-	-	-	-	4,080
Motor vehicles	-	-	-	521	-
Renovations	-	396	-	-	-
	<b>3,252</b>	<b>38,210</b>	<b>15,190</b>	<b>2,463</b>	<b>4,345</b>

**Notes:-**

- (i) This involves the increase in share capital in PP Chin Hin Realty, previously subsidiary of PP Chin Hin.
- (ii) This involves the increase in share capital in PP Chin Hin Realty and Chin Hin Concrete Mix Sdn Bhd, previously subsidiaries of PP Chin Hin and Chin Hin Concrete respectively.
- (iii) This involves the purchase of the remaining equity interests in Metex Steel and Chin Hin (North), which was previously held by other minority shareholders.
- (iv) During FYE 2014 and FPE 2015, we had purchased new motor vehicles for the following purposes:-
- (a) Additional lorries were purchased to increase our fleet of lorries as well as to replace several units of old lorries for use by our distribution of building materials business segment. With the new lorries, we can improve the efficiency of the transportation of building materials to our customers and provide more support for our warehouses located nationwide;
- (b) Additional mixer trucks were purchased to add and replace several old fleets of mixer trucks used for the distribution of ready-mixed concrete business segment. With the new mixer trucks, we can improve efficiency in the delivery of ready-mixed concrete from the batching plants to our customer's construction locations; and
- (c) In line with the increase in order books received by both Starken AAC and G-Cast Concrete, more units of trailer cranes were purchased in order to support the business growth of the manufacturing of AAC and precast concrete products business segment. This would improve our efficiency in delivery of AAC and precast concrete products to our customers.

The above material capital expenditures were made within Malaysia and primarily financed by a combination of bank borrowings and internally generated funds.

**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**

Save as disclosed below, there are no other material capital divestitures (including interests in other corporations) made by us for the past four (4) financial years and the FPE 2015:-

	At cost				
	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
<b>Material capital divestitures</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investment in subsidiaries	-	-	-	<sup>(1)</sup> 31,350	-
Freehold land and shop office	-	4,125	3,458	3,702	-
Freehold land and shop office – under assets held for sale	-	-	-	2,023	4,635
Leasehold land	-	2,179	-	-	-
Plant and machineries	1,194	1,264	617	10,851	-
Motor vehicles	-	-	-	4,750	423
<b>Total</b>	<b>1,194</b>	<b>7,568</b>	<b>4,075</b>	<b>52,676</b>	<b>5,058</b>
<b>Analysed by:</b>					
<b>Distribution of building materials &amp; provision of logistics</b>					
Investment in subsidiaries	-	-	-	30,350	-
Freehold land and shop office	-	4,125	3,458	3,702	-
Freehold land and shop office – under assets held for sale	-	-	-	2,023	4,635
Plant and machineries	1,194	-	-	-	-
Motor vehicles	-	-	-	60	-
	<b>1,194</b>	<b>4,125</b>	<b>3,458</b>	<b>36,135</b>	<b>4,635</b>
<b>Ready-mixed concrete</b>					
Investment in subsidiaries	-	-	-	1,000	-
Plant and machineries	-	-	131	10,318	-
Motor vehicles	-	-	-	4,690	423
	-	-	<b>131</b>	<b>16,008</b>	<b>423</b>
<b>Manufacturing of AAC and precast concrete products</b>					
Leasehold land	-	2,179	-	-	-
Plant and machineries	-	1,264	-	-	-
	-	<b>3,443</b>	-	-	-
<b>Manufacturing of wire mesh and metal roofing system</b>					
Plant and machineries	-	-	486	533	-
	-	-	<b>486</b>	<b>533</b>	-



**5. GENERAL INFORMATION ON OUR GROUP (Cont'd)****Note:-**

- (i) This includes the disposal of the following companies pursuant to the rationalisation undertaken by our Company in 2014:-

<b>No.</b>	<b>Company</b>	<b>RM At cost</b>
(a)	PP Chin Hin Realty	29,800,000
(b)	Landmark Grace Development Sdn Bhd	550,000
(c)	Chin Hin Concrete Mix Sdn Bhd	1,000,000
	<b>Total</b>	<b>31,350,000</b>

The disposal of both PP Chin Hin Realty and Chin Hin Concrete Mix Sdn Bhd was satisfied by way of contra with the dividend payable to the shareholders of PP Chin Hin and Chin Hin Concrete, respectively.

**5.6.5 Material plans to construct, expand or improve facilities.**

Save as disclosed below, we do not have immediate plans to construct, expand or improve our existing facilities as at the LPD:-

- (a) utilisation of the IPO proceeds for the expansion of our existing manufacturing facility and purchase of new equipment and machineries as set out in Section 3.10 of this Prospectus; and
- (b) the capital commitment of RM5.032 million for the purchase of solar system (such as panel, inverter, array junction box, main switch board, vacuum circuit breaker and transformer) to be installed at our Group's existing factories pursuant to the separate renewable energy power purchase agreements entered into between TNB with Starken AAC and Metex Steel, both dated 19 June 2015, whereby Starken AAC and Metex Steel shall sell and deliver, and TNB shall purchase and accept the metered renewable energy which is generated and delivered from the renewable energy installation and metered by TNB at the respective connection points. The purchase of solar system shall be funded via bank borrowings.

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## 6. BUSINESS OVERVIEW

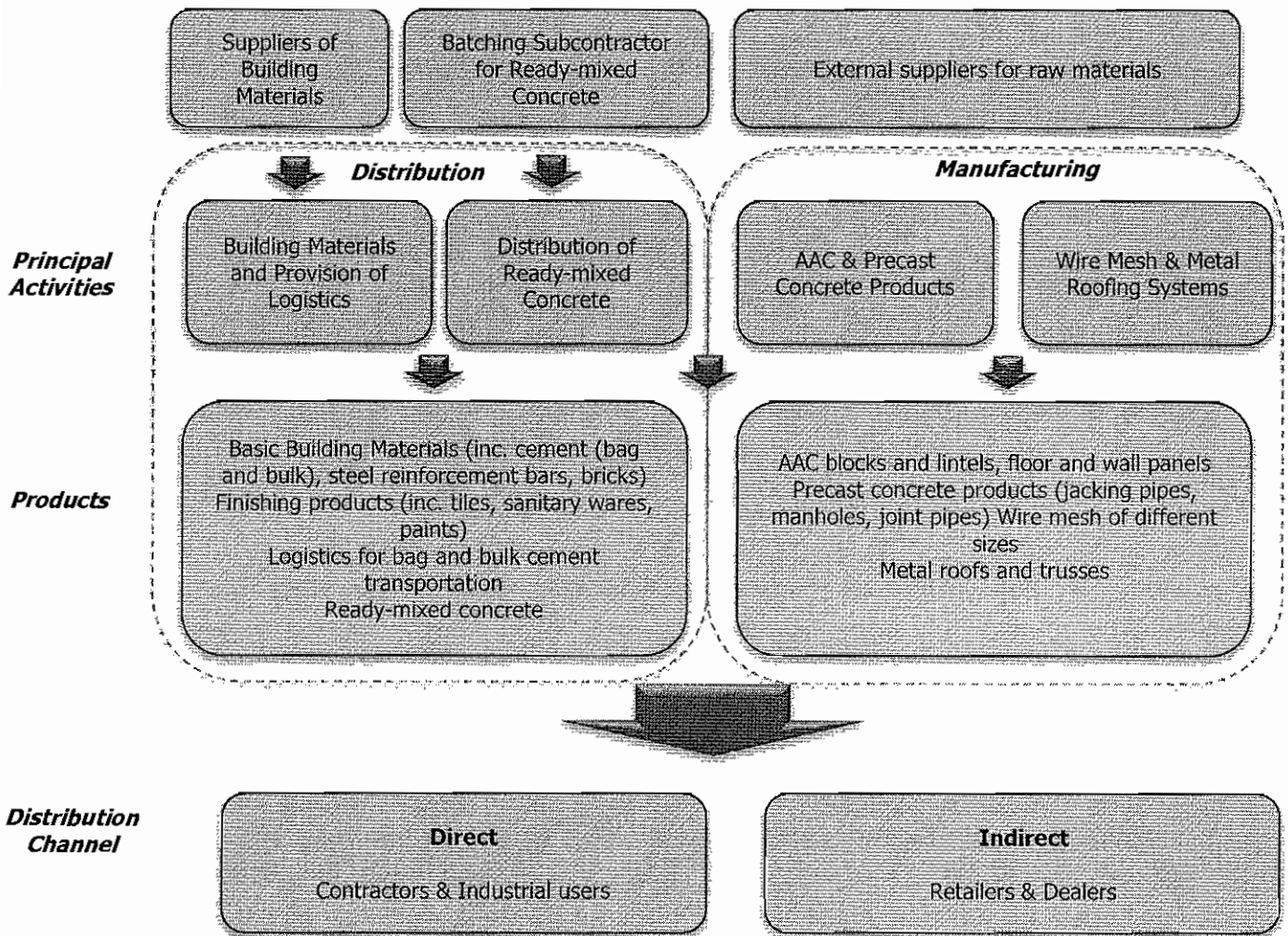
### 6.1 PRINCIPAL ACTIVITIES AND PRODUCTS

This section outlines our principal activities as well as the range of building materials products distributed and manufactured by us.

#### 6.1.1 Principal business activities

We are principally involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of AAC and precast concrete products, wire mesh and metal roofing systems.

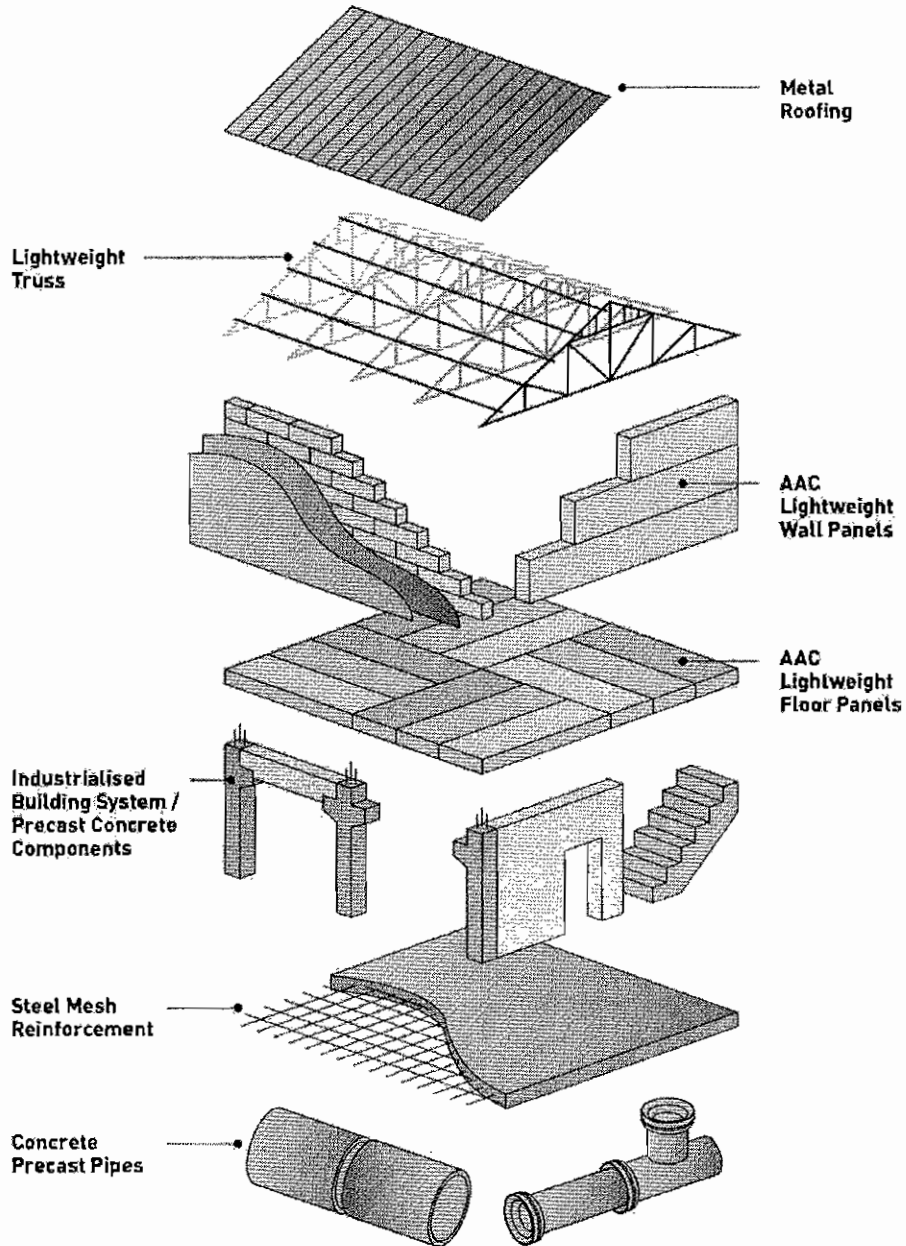
The following diagram depicts our Group's principal activities, the products that we distribute and manufacture as well as the distribution channel of our products to our customers:-



Our Group has grown over the years from a small hardware shop to an integrated building materials provider with the ability to supply a comprehensive range of building materials including in-house manufactured products.

## 6. BUSINESS OVERVIEW (Cont'd)

The diagram below illustrates our in-house manufactured products used in a typical building project:-



**Note:-**

*Our Group also offers ready-mix concrete to various construction/building projects.*

**6. BUSINESS OVERVIEW (Cont'd)****6.1.1.1 Distribution - Building materials and logistics****Building materials**

Building materials that we distribute can be categorised under three (3) main product categories namely cement, steel reinforcement bars and OBM, as shown in the following table.

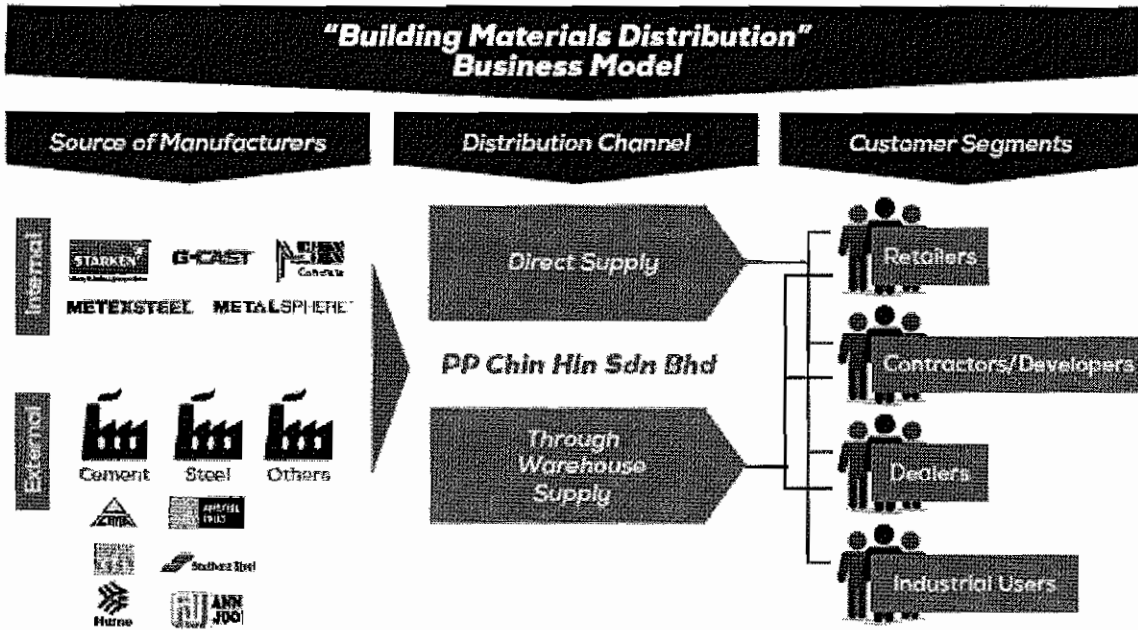
No.	Product Categories	Details	Usage
1.	Steel reinforcement bars	Standard lengths and cut-to-length/bent mild steel or, high tensile bars	All sub- and super-structure works in a reinforced concrete building or structure
2.	Cement	Various types of bag and bulk cement, ordinary Portland cement, blended and specialty cement	All sub- and super-structure works in a reinforced concrete building
3.	OBM		
(a)	Piles	Timber/concrete piles, spun piles, sheet piles.	Foundation and substructure works
(b)	Ready mixed-concrete	Various grades as required by customer	All reinforced concrete works
(c)	Wire mesh	Standard, engineering and cut-to-size sheets	All reinforced concrete works
(d)	Plywood	Various grades and types: Normal, waterproof, special coated and etc.	Used for formwork and/ or permanent finishing
(e)	Sawn timber	Various sizes	Used for formwork and/ or permanent finishing
(f)	Bricks/Blocks	Common clay bricks, cement sand bricks, facing bricks, hollow bricks, AAC product	Used for walls and partitions.
(g)	Dry mix	Skim Coat, tiles adhesives	Plastering of walls, tiling
(h)	Precast concrete products	Culverts, pipes, wall panels, industrialised building system elements, pavers	Drainage and sewerage works, buildings (columns/beams), pedestrian walkways/ car parks
(i)	Roof tiles/decking	Concrete roof tiles, clay roof tiles, metal roofing	Commercial and residential buildings
(j)	Trusses, aluminium foil and rockwool	Timber or lightweight steel trusses plus insulation (single or double sided)	Roofing systems and roof insulation

**6. BUSINESS OVERVIEW (Cont'd)**

No.	Product Categories	Details	Usage
(k)	Gutter, rainwater down pipe	Made of un-plasticised polyvinyl chloride ("UPVC") or galvanised iron ("GI") - Various types of cast iron, galvanized steel, PVC or vinyl materials	Roof gutters and rainwater down pipes
(l)	Ceiling boards	Various types made from fibre cement board, calcium silicate or plasterboard	Internal ceiling
(m)	Pipes	Concrete pipes, UPVC pipes, GI pipes, sewerage pipes	Drainage, plumbing works, sewerage works
(n)	Water tank	Metal, fibreglass, stainless steel	Water Storage
(o)	Water proofing chemicals compounds	Specialty chemicals	Waterproofing of roofs, slabs/ tanks
(p)	Fencing	Poly vinyl coated galvanised iron fencing, PVC coated galvanised barbed wire, galvanized steel wire, BRC fencing hot dip galvanized wire, chain link fencing	Security fencing
(q)	Road furniture	Concrete or metal, road kerbs, cone/divider, signage	Road works
(r)	Door (and frames)	Solid decorative timber door, plywood flush door, engineered door, PVC door, fire rated door	Internal finishes
(s)	Ironmongery	Locksets and door hinges	Security
(t)	Wall and floor tiles	Ceramic tiles, mosaic tiles, glass mosaic, terrazzo, stones-marble/granite, timber parquet, solid timber strip, laminate floor, vinyl tiles, carpet tiles	Internal bathroom finishes
(u)	Sanitary wares and fittings	Water closets, basin/sinks, bathes and shower trays, urinal, taps and fitting, accessories – paper/soap, holder, towel rails and others	Internal finishes
(v)	Paints	Various kinds of paints	Internal and external finishes

**6. BUSINESS OVERVIEW (Cont'd)**

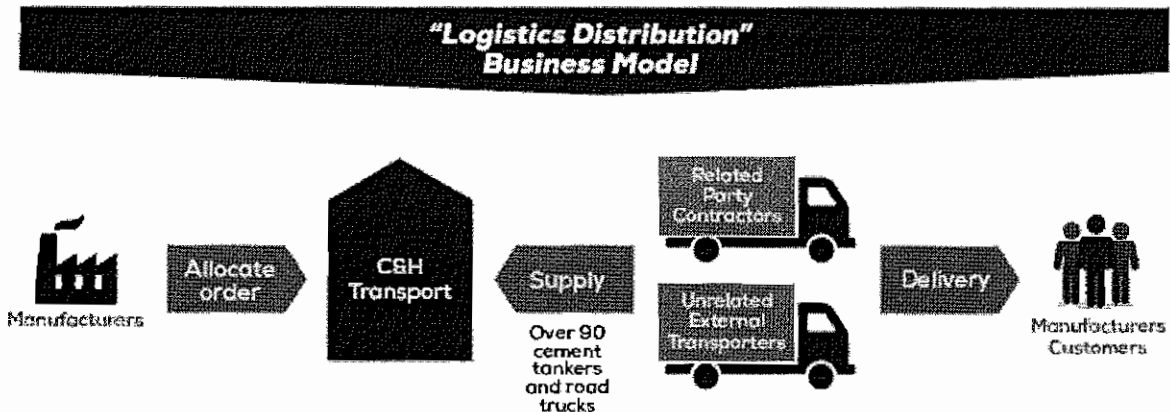
Our business model for the distribution of building materials is depicted as follows:-



We source for our building materials from external suppliers as well as our manufacturing operations and supply it to our customers. We could either supply it directly to our customers from the manufacturer or the customers could purchase it from our warehouse. To date, there had been no changes to our business model for the distribution of building materials.

**Logistics**

Our current business model for our logistic business is depicted as follows:



**6. BUSINESS OVERVIEW (Cont'd)**

This business segment is carried out by C&H Transport, and involves the provision of logistics services to transport bulk and bag cement for local cement manufacturers (e.g. Cement Industries of Malaysia Berhad and YTL Cement Berhad) to their respective customers nationwide. In this regard, C&H Transport engages the services of external contractors to undertake the transportation of the bulk and bag cement. As set out in Section 5.1 of this Prospectus, our Group started by providing transportation services to cement traders and manufacturers in the northern region of Malaysia. As our business grew, our fleet of vehicles expanded and proved to be not efficient for us to maintain as it required tedious and time consuming administrative attention arising from the maintenance of the vehicles, managing large pool of drivers and dealing with vehicle licensing issues. As such, we disposed off our fleet of vehicles and started to engage external contractors to provide logistic services to our customers instead of maintaining our own fleet of vehicles. We believe that it is more effective for our Group to fully engage the services of external contractors for this business segment so that we can focus on just managing the orders from our customers.

The key external contractors engaged by C&H Transport to provide logistic services for this business segment are CH Hardware & Transport Sdn Bhd, CHL Logistics Sdn Bhd, Chip Hin Trading, who are our related parties. Notwithstanding, we also engage the services of other third party external transporters (approximately 50 in total).

The above related party contractors (together with AS Chin Sdn Bhd, who is also a related party) constitute approximately 32.0%, 37.2%, 36.2%, and 46.6% of our total cost of sales for the logistics business segment for FYE 2011, FYE 2012, FYE 2013 and FYE 2014, respectively. We have consistently engaged the services of our related parties as they have the required financial strengths and larger fleet of vehicles to support our transportation requirements. CH Hardware & Transport Sdn Bhd, CHL Logistics Sdn Bhd and Chip Hin Trading have in total 46, 34 and 19 cement tankers and road trucks respectively. The other external contractors do not have such large fleet of vehicles to support our logistics business. External transportations companies who have large fleet of vehicles can negotiate and be engaged by the cement manufacturers directly and may not be willing to work with us. The services provided by our related party contractors have proven to be reliable thus far and their large fleet of vehicles enables wide coverage across Malaysia which is an advantage for our business. Nonetheless, to reduce dependency on our related party contractors, we have over the years increased the number of external contractors that work with us. We have added 31 and 21 new external contractors in 2014 and 2015 respectively. We select our contractors based on the location of their trucks and their track record with the cement manufacturers.

All business transactions carried out between our Group and our contractors, whether related parties or otherwise, are carried out at arm's length and on similar terms. Please refer to Section 10.1.2 of this Prospectus for further details of our recurrent related party transactions which includes the logistics services provided by our related parties.

**6. BUSINESS OVERVIEW (Cont'd)**

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There are no formal agreements signed between our Group and our contractors. Our contractors will claim for their services based on the delivery orders duly signed by the recipient of the cement as evidence of the transportation services provided to our customers. We will then invoice our customers based on the acknowledged delivery orders. Fees payable by our customers for the transportation services is based on an agreed rate of RM10 to RM70 per tonne depending on the location of the delivery. We will retain between 4.0% to 6.0% of these fees, and the balance will be paid to our contractors. The allocation of work to our contractors is dependent on the availability and location of their trucks or cement tankers as well as the delivery location.

The bulk cement is transported by specialised cement tankers, whereas bag cement is transported by normal road trucks. These vehicles are owned and operated by our contractors. When required, we also provide financing to these contractors to purchase their own vehicles on the condition that they will provide transportation services to our Group.

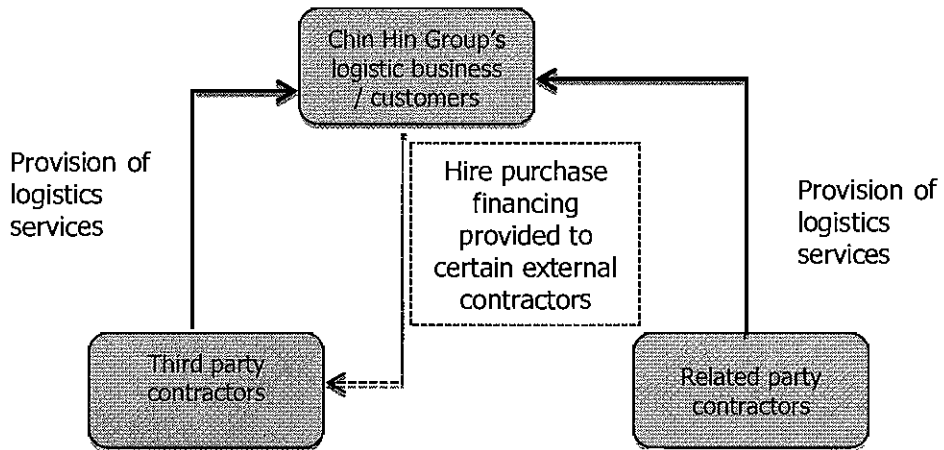
Such financing is provided as part of our hire purchase financing activities specifically to our contractors for our logistic business. As at the LPD, we have not extended any financing to our related parties under our hire purchase financing to our Group's logistic providers. A hire purchase agreement is signed between our Group and these third party transporters to formalise the terms and conditions of the hire purchase loan given, and an interest rate of 8.0% to 18.0% per annum is charged, depending on the terms and conditions of the hire purchase loan as well as the condition of the vehicles involved. Prior to giving out such financing, we will conduct reference check of the borrower through CTOS Data Systems Sdn Bhd, a registered credit reporting agency under the Credit Reporting Agencies Act 2010, and we will retain the registration cards of those vehicles financed by us. For certain cases, we are able to deduct the hire purchase instalments due from the transporter from our payment to them for the transportation services rendered. Our money lending license is renewed every two (2) years.

Since we obtained our money lending license in 2006, the highest outstanding balance under our hire purchase financing to our Group's logistic providers amounted to about RM4 million. However, as at the LPD, the outstanding balance had reduced to RM0.94 million. Our entire outstanding balance under our hire purchase financing for our Group's logistic providers as at LPD relates only to hire purchase financing extended to 22 third party transporters for the financing of 24 trucks. Since the commencement of our hire purchase financing activities, there have been no disputes between our Group and the borrowers. As this is not our core business, moving forward, we will put less emphasis on this business segment.



**6. BUSINESS OVERVIEW (Cont'd)**

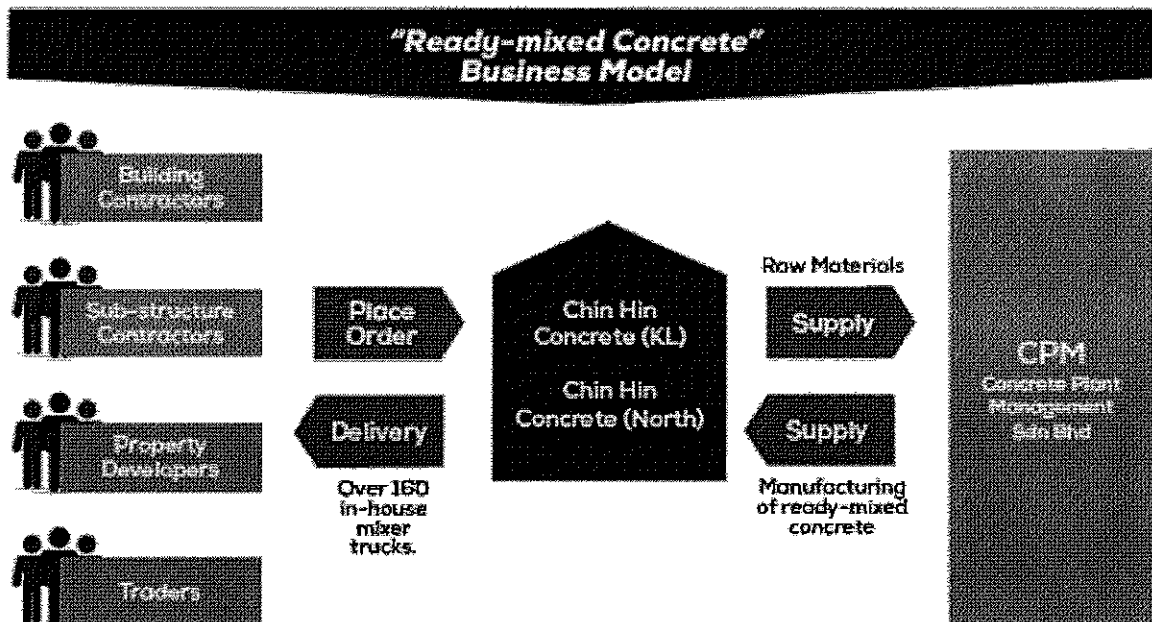
The picture below depicts our arrangement with our contractors under the logistics business:-



**6.1.1.2 Distribution - Ready-mixed concrete**

Our ready-mixed concrete business is carried out by Chin Hin Concrete (KL) and Chin Hin Concrete (North).

Our current business model for our ready-mixed concrete business is depicted as follows:-



**6. BUSINESS OVERVIEW (Cont'd)**

We ventured into the ready-mixed concrete business in 2008. As our ready-mixed concrete business expanded, we had to sub-contract a portion of approximately 30.0% of the manufacturing and operations of our batching plants to sub-contractors since 2012 on a plant by plant basis as it was too challenging to manage all the operations of our batching plants. We then realised that such arrangement is a more effective and efficient manner to manage our ready-mixed concrete business. To further enhance the efficiency in managing our ready-mixed concrete business, in 2014, we disposed all the assets and stocks related to the manufacturing of ready-mixed concrete and outsourced all the production of ready-mixed concrete to CPM, while we retain the delivery and quality control aspects of the ready-mixed concrete business. Such outsourcing arrangement will relieve us from having to manage the manufacturing aspects of the ready-mixed concrete business (we will no longer be responsible for managing the overheads of the concrete batching plants, repair and maintenance of the equipment and mixer trucks, managing the labour, licensing and operations of the batching plants) and instead enable us to focus on the distribution aspects of the ready-mixed concrete business.

The operations and productivity of the concrete batching plants will be managed by CPM. Pursuant to our arrangement with CPM, CPM is required to produce a minimum guaranteed production volume of 1,500 m<sup>3</sup> for each plant per month which will enable the concrete batching plants to operate at a level that is able to generate sufficient revenue to at least cover its fixed operating costs. Please refer to Section 5.3.3 for the salient terms of the exclusivity agreement with CPM.

It is a common practice within the ready-mixed concrete manufacturing segment to outsource the plant's operations to third party plant operators. By outsourcing the operations, these third party plant operators will be responsible for any operational and quality issues that may arise.

*(Source: IMR report)*

Having evaluated the cost and benefits of the outsourcing arrangement, we have disposed of our stocks and business to manufacture ready-mixed concrete to external party, CPM via an asset sale agreement executed with CPM on 28 March 2014.

Prior to the execution of the asset sale agreement with CPM, we have negotiated with various parties for the sale and purchase of our stocks and business to manufacture ready-mixed concrete. Our negotiations were however hindered by our pre-requisite that the purchaser of our business shall enter into an exclusivity agreement for the supply of ready-mixed concrete to us, which was not widely acceptable.

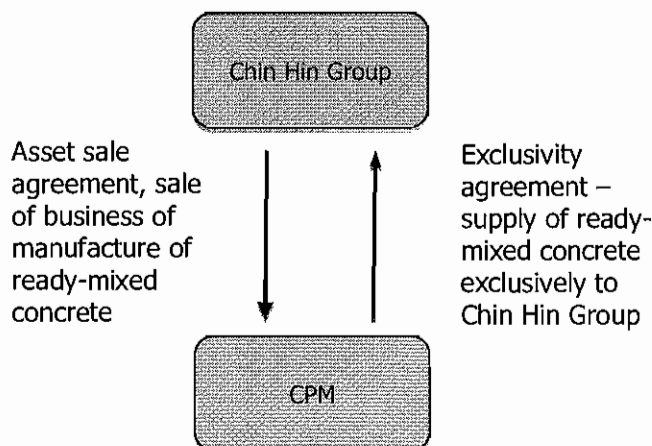
Consequently, we had executed an asset sale agreement with CPM and correspondingly also entered into an exclusivity agreement with CPM, whereby CPM shall be responsible for:-

- Providing ready-mixed concrete manufacturing services exclusively to Chin Hin Concrete (KL) and Chin Hin (North) whereby all the required raw materials shall be procured by Chin Hin Concrete (KL) and Chin Hin Concrete (North);
- Managing the operations of the batching plant in the production of ready-mixed concrete on an ex-plant basis;
- Maintaining the batching plant and all other necessary and/ or ancillary equipment in good and serviceable conditions;

## 6. BUSINESS OVERVIEW (Cont'd)

- Repairing and maintaining Chin Hin Concrete (KL)'s and Chin Hin Concrete (North)'s cement mixer trucks; and
- Producing a minimum guaranteed production volume of 1,500 m<sup>3</sup> for each plant per month. If the agreed rate is RM10 per m<sup>3</sup> for volume up to 4,000 m<sup>3</sup>, Chin Hin Concrete (KL) and Chin Hin Concrete (North) will pay a minimum of RM15,000.00 per month for each plant based on the guaranteed minimum volume of 1,500 m<sup>3</sup> for each plant per month. The rate per m<sup>3</sup> is to be agreed upon by both parties depending on the prevailing market rate for ready-mixed concrete. Based on the 25 batching plants owned by CPM as at the LPD and assuming the agreed rate is RM10 per m<sup>3</sup> for guaranteed minimum volume of 1,500 m<sup>3</sup> for each plant per month, our minimum guaranteed payment to CPM per annum is about RM4.50 million. The assumed rate of RM10 per m<sup>3</sup> was based on the average rate per m<sup>3</sup> paid to CPM from the commencement of the exclusivity arrangement in April 2014 up till FPE 2015.

Please refer to Section 5.3.3 for the salient terms of the asset sale agreement and the exclusivity agreement with CPM. Our arrangement with CPM is depicted as follows:



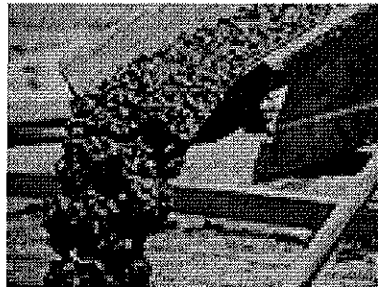
The delivery of ready-mixed concrete is carried out using our in-house mixer trucks (approximately 160 mixer trucks) as well as engaging the services of third party contractors.

Our ready-mixed concrete business however is solely dependent on CPM for the production and mixing of ready-mixed concrete through an exclusivity agreement with them. Our management is of the view that in the event that the exclusivity agreement with CPM is terminated, they can be easily replaced as there are other such contractors in the market. We do not foresee any difficulty in appointing new producer of ready-mixed concrete should the need arises as there are other alternative producers readily available in the market. Prior to our exclusivity arrangement with CPM, we have in the past sub-contracted part of our manufacturing and operations of our batching plants to other sub-contractors such as Apex Connection Sdn Bhd and Stanwell Engineering & Hardware Sdn Bhd. Such alternative producers are able to cater to our demands, both in terms of quantity and quality. In addition, we can also source for ready-mixed concrete from our customers who purchase cement from us and other suppliers of ready-mixed concrete in the market.

**6. BUSINESS OVERVIEW (Cont'd)**

Ready-mixed concrete are produced at concrete batching plants, usually situated outside the construction site to reduce on-site congestion, and delivered to the site using special cement-mixer trucks. It can be produced with consistency in qualities, such as strength, workability and slump, and can be produced in large batches.

Depending on projects, our ready-mixed concrete is designed to suit the specifications of our customers (e.g. strength, water proofing and/or setting times).

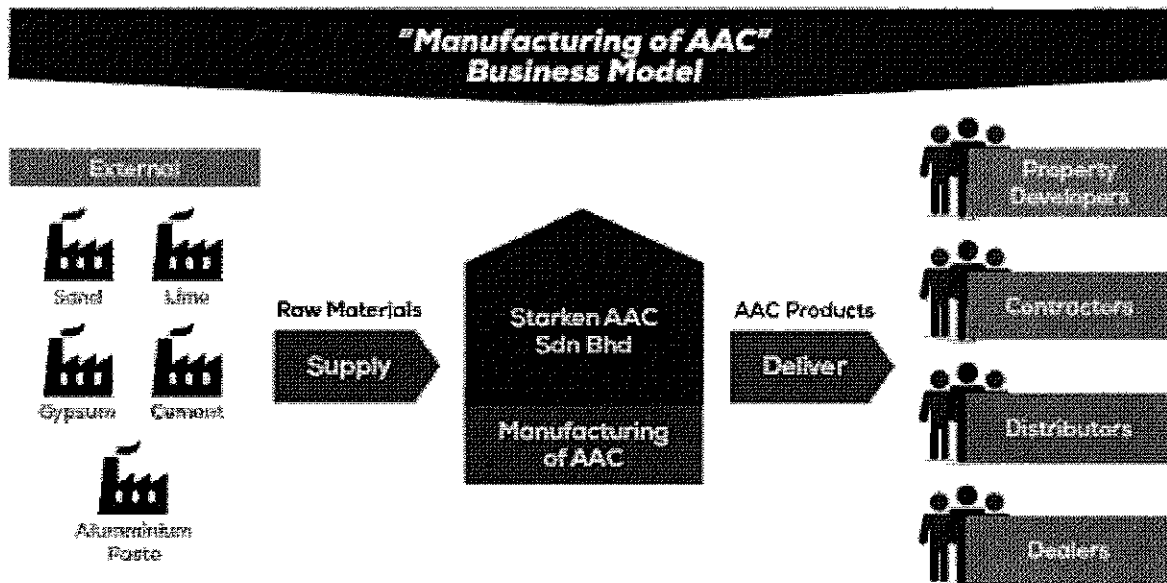


**6.1.1.3 Manufacturing AAC and precast concrete products**

Starken AAC and G-Cast Concrete are involved in the manufacturing of AAC and precast concrete products, respectively.

**AAC products**

Our current business model for our manufacturing of AAC products is depicted below:-



AAC products is a type of concrete that is lighter in weight and yet provides better insulation and fire resistance compared to regular concrete. Starken AAC specialises in the manufacturing of AAC products as an alternative to cement bricks, clay bricks and/or masonry concrete blocks.

## 6. BUSINESS OVERVIEW (Cont'd)

Our AAC products are certified as a green product eco-friendly building material by the Singapore Environment Council and we are currently applying from SIRIM QAS International Sdn Bhd for eco-labelling certification of our AAC products, the approval of which is still pending. Our AAC products are offered as our initiatives to support the Malaysian Government's initiatives to promote the use of green buildings in the country.

Walls built with AAC products do not need to be plastered because they are inherently smoother. Instead of plastering, a layer of skimcoat which is much easier to apply is used, thereby reducing construction costs and time. It is also much lighter than conventional cement or clay bricks thus saving foundation costs by reducing the dead weight of a building.

Unreinforced, it is normally used in non-load bearing applications such as infill walls. AAC can also be reinforced and used for load-bearing applications. At present, Starken AAC only produces reinforced AAC lintels which are used at wall openings such as doors and windows.

The table below shows a price comparison between AAC products and two (2) other commonly used types of bricks, namely clay bricks and cement sand bricks, which are used in the building of one (1) m<sup>2</sup> of internal wall structure:-

Description	AAC Blocks	Claybricks	Cement sand bricks
	RM	RM	RM
Material price per m <sup>2</sup>	29	18 to 20 <sup>(i)</sup>	11 to 13
Labour and installation per m <sup>2(ii)</sup>	10 to 13	10 to 13	10 to 13
Skim coating per m <sup>2</sup>	11 to 15	-	-
Plastering per m <sup>2(ii)</sup>	-	30 to 36	30 to 36
<b>Total price per m<sup>2</sup></b>	<b>50 to 57</b>	<b>58 to 69</b>	<b>51 to 62</b>

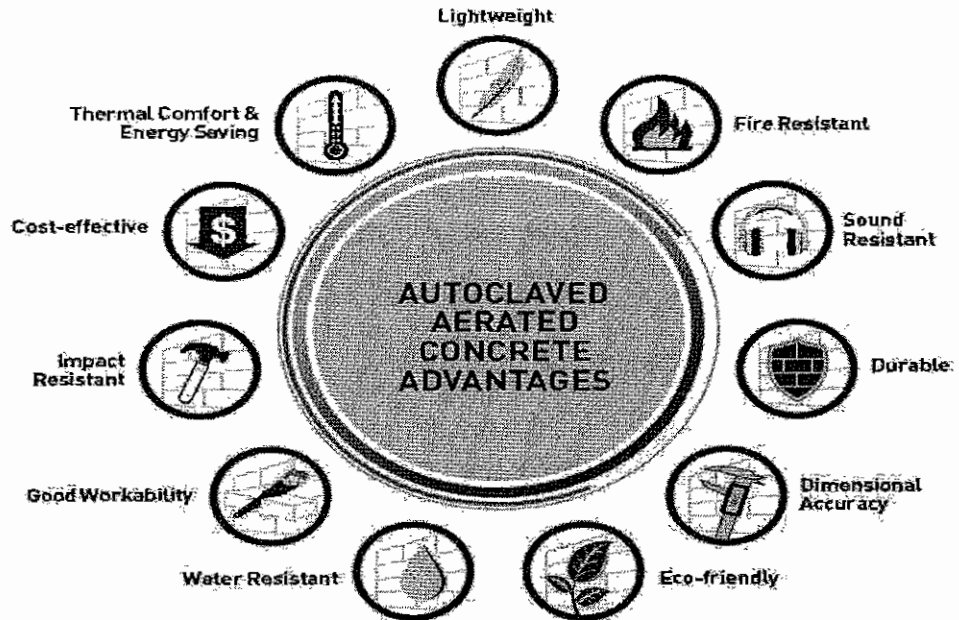
### Notes:-

- (i) Assuming the use of ten (10) AAC standard blocks and sixty (60) pieces of clay bricks per m<sup>2</sup>
- (ii) Price shown varies depending on location and site of project. The assumptions above are based on average prices in Klang Valley.

As shown in the table above, the use of AAC blocks is more cost effective compared to clay bricks and cement sand bricks, mainly due to the savings in plastering costs. Even though AAC blocks are more costly in terms of price per piece compared to claybricks and cement sand bricks, the size of AAC blocks are, on average, approximately six (6) times bigger than clay bricks and cement sand bricks, making it more cost effective on a per square meter basis. Other than its higher costs per piece which is largely offset by other factors (ease of application, lower labour input, lighter weight) and also the need for more careful handling (breaks easier than common bricks), there are no other drawbacks in the utilisation of AAC blocks.

**6. BUSINESS OVERVIEW (Cont'd)**

Key advantages of AAC products and its descriptions are detailed below:-

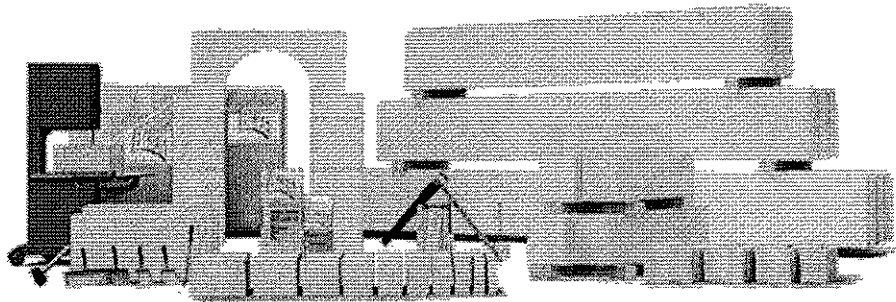


Key Advantages	Description
Lightweight	AAC products weigh approximately one-fifth of the weight of concrete blocks of the same size due to its porosity
Fire resistant	The main materials used to produce AAC products, namely sand, gypsum, lime and cement, creates a product that is inorganic and incombustible and is therefore, suited for fire-rated applications
Sound resistant	AAC products have high sound absorption characteristic due to its porous structure
Durable	The porous structure of AAC products reduces the mass of the AAC products, therefore decreasing the impact that it absorbs, making it particularly durable in the event of earthquakes
Dimensional accuracy	Comes in standard block sizes. Due to its lightweight nature, it can be easily cut, drilled and grooved to fit building designs
Eco-friendly	Made with natural raw materials, AAC products are eco-friendly and does not emit polluting gases during its manufacturing process

**6. BUSINESS OVERVIEW (Cont'd)**

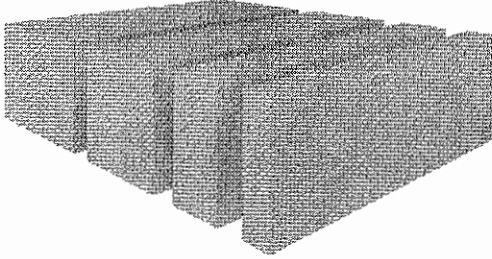
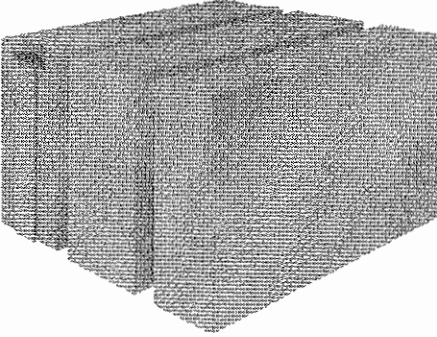
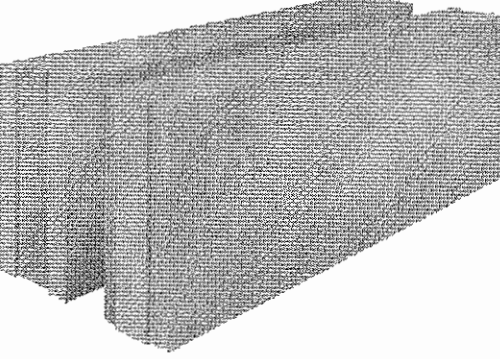

Key Advantages	Description
Water resistant	Contains millions of closed microscopic cells in a standard block due to its porous structure, which strongly resist moisture from seeping through
Good workability	It can be easily sawn, cut, carved, nailed using ordinary hand tools to fit design requirements
Impact resistant	Its design and porous structure enables AAC products to withstand impact loads potentially resulting from rough usage
Cost effective	The larger sizes of AAC products help reduce the number of joints in wall masonry, resulting in faster construction and ultimately, lower costs
Thermal comfort and energy saving	AAC products contain millions of tiny pores that are filled with air, provide excellent thermal insulation, thus reducing heating and air conditioning costs of a building

AAC products are available in various shapes and sizes as illustrated below:-



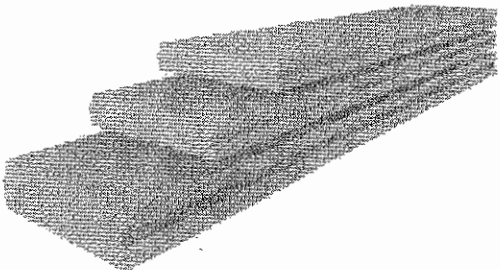
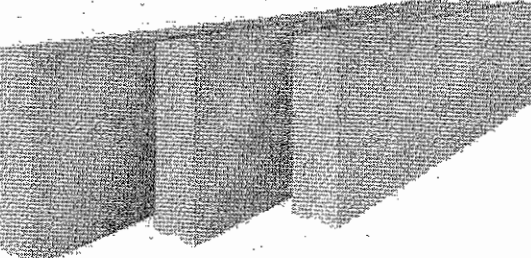
Starken AAC currently only produces blocks, lintels and floor and wall panels which are marketed under our in-house brand, "Starken" and sold to customers in Malaysia, Indonesia, Australia, New Zealand, Hong Kong and Taiwan. Our AAC products, according to types are listed below:-

**6. BUSINESS OVERVIEW (Cont'd)**

Types	Description
<p>S3 Standard Blocks S5 Standard Blocks</p> 	<p>Available in 600 mm by 200 mm and 625 mm by 200 mm, it can be used as a general internal and external wall, or as party, compartment and separating walls.</p>
<p>S3 Jumbo Block S3 Jumbo Block EZ S5 Jumbo Block S5 Jumbo Block EZ</p> 	<p>Available in sizes of 600 mm by 400 mm, 600 mm by 600 mm, 625 mm by 400 mm and 625 mm by 600 mm, it is used as general internal and external wall, or as party, compartment and separating walls.</p>
<p>Interlocking Block</p> 	<p>Available in sizes 600 mm by 200 mm and 625 mm by 200 mm, interlocking blocks have profiled tongue and interlocking joint system that eases wall construction.</p>
<p>Lintels</p> 	<p>Available in both standard and custom sizes, lintels are reinforced elements similar to panels and are used as support over windows, doorways and other openings in a building.</p>



**6. BUSINESS OVERVIEW (Cont'd)**

Types	Description
<p data-bbox="293 297 454 331">Floor Panels</p> 	<p data-bbox="877 297 1402 459">Used for residential and non-residential buildings, our floor panels are available in various lengths from 600mm to 6,000mm, with width of 600mm and thickness ranging from 100mm to 200mm.</p>
<p data-bbox="293 667 454 701">Wall Panels</p> 	<p data-bbox="877 667 1402 952">Available in various sizes ranging from 600mm to 6,000mm in length with height of 300mm to 600mm and thickness of 75mm to 200mm. Our wall panels are suitable to be used in residential and non-residential buildings, and are available in various edge profiles such as standard square, chamfered, tongue and groove or combination of these profiles.</p>

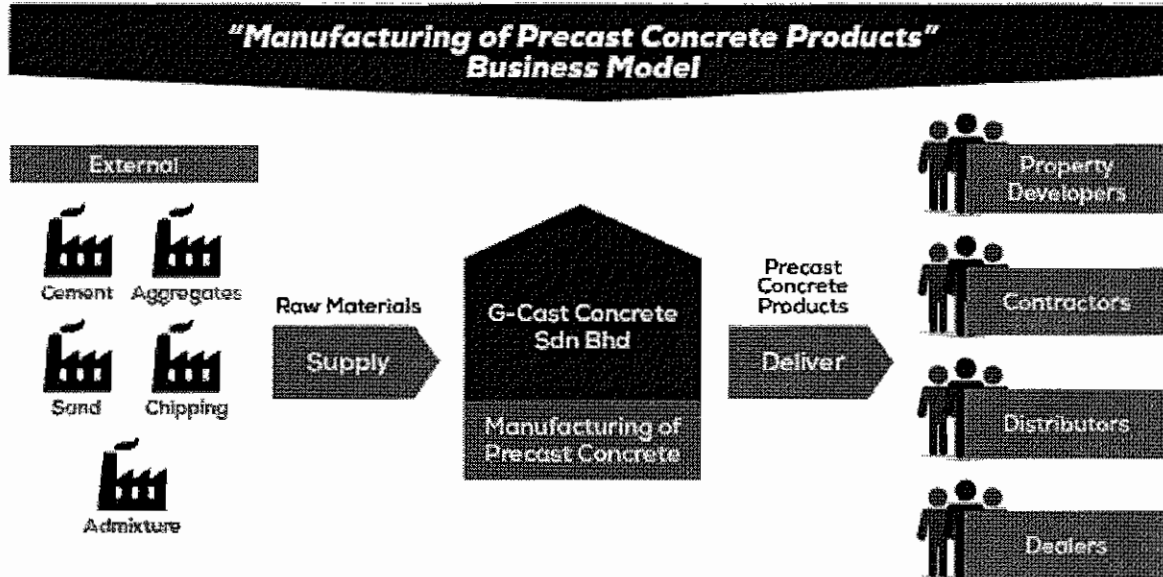
In addition, Starken AAC also sells adhesives, render and skimcoats used for laying and finishing of AAC products under the "Starken" brand.

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## 6. BUSINESS OVERVIEW (Cont'd)

### Precast concrete products

Our current business model for our manufacturing of precast concrete products is depicted below:-



G-Cast Concrete specialises in the manufacturing of various types of precast concrete pipe products, such as pipe culverts, precast jacking pipes, sewerage pipes and precast concrete manholes.

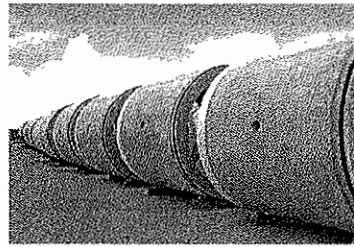
Precast concrete manholes are easier and require less time to install compared to the conventional method of excavating and building up the manhole with bricks and mortar on site. As it comes in modular segments and jointed on site, the depth of the manhole can also be increased by adding additional segments.

Precast jacking pipes are used for installing larger diameter pipes underground (especially under roadways) without open excavation. It facilitates the installation of such pipes by allowing simultaneous excavating or tunnelling at one end of the pipe while hydraulically jacking from the other end. Additional pipes are then inserted and the process is repeated until the required length of pipe is in place. These jacking pipes are specially made using additional reinforcement and thicker concrete to withstand the jacking forces.

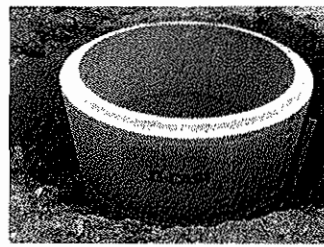
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**6. BUSINESS OVERVIEW (Cont'd)**

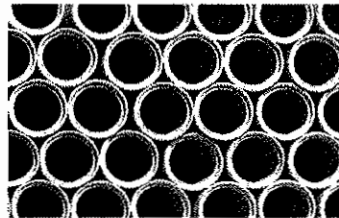
The pictures are examples of our precast concrete products:-



Jacking pipes



Manhole



Rebated joint pipes



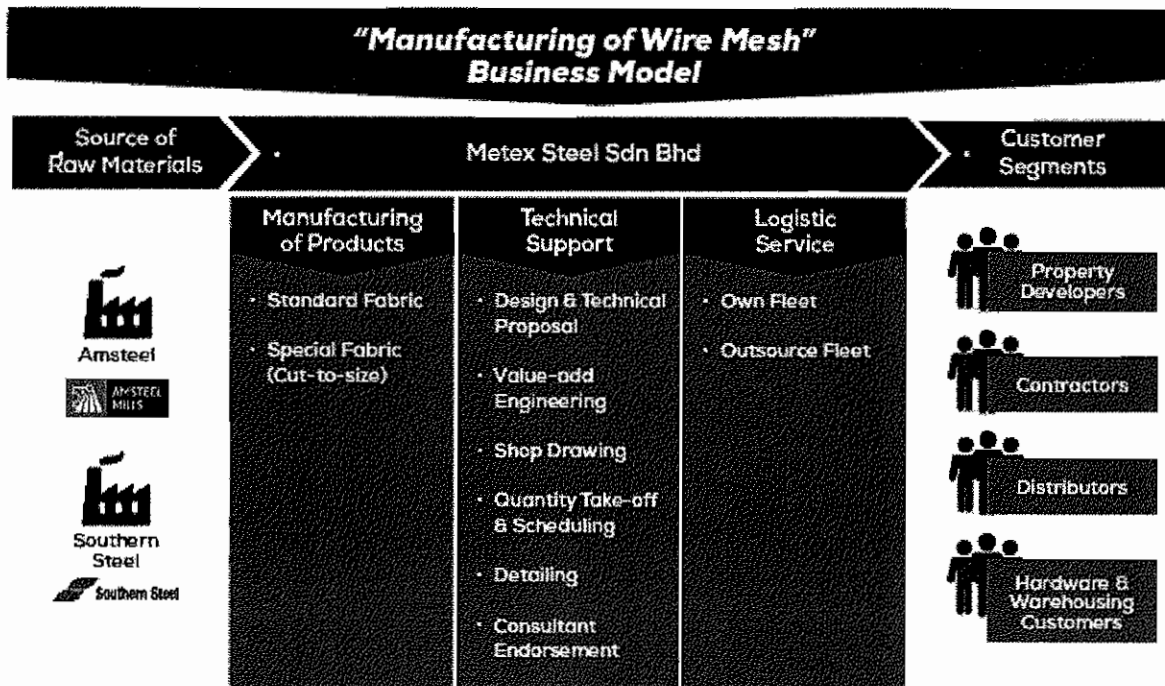
Socket joint pipes

**6.1.1.4 Manufacturing of wire mesh and metal roofing systems**

Metex Steel and Metal Sphere is primarily engaged in the production of wire mesh and metal roofing systems.

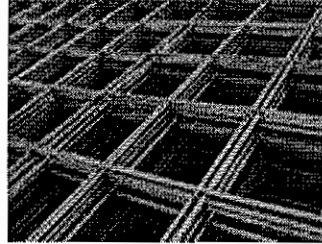
**Wire mesh**

Our business model for our manufacturing of wire mesh is depicted below:-



**6. BUSINESS OVERVIEW (Cont'd)**

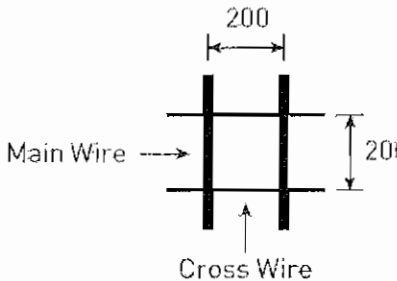
Wire mesh is made up of a series of parallel longitudinal high strength steel wires electrically welded to similar cross wires together in a square or rectangular grid. This mesh is used as reinforcements in concrete structures, especially floor slabs and walls. The spacing and sizes of the steel wires can be selected to suit the loading on the reinforced concrete element it is used for. Picture below shows an example of wire mesh.



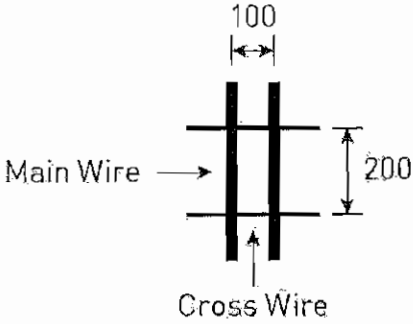
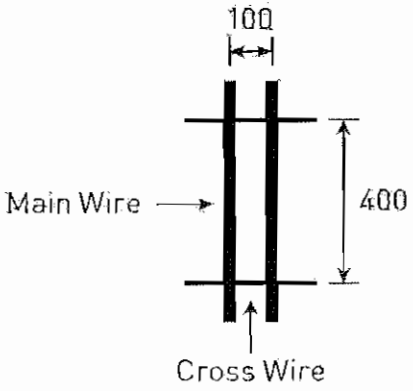
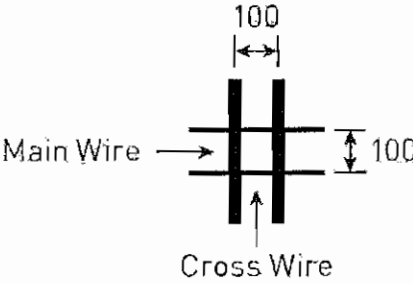
Metex Steel manufactures and supplies two (2) types of wire mesh, namely Metex Standard Fabric and Metex Special Fabric, which are detailed below:-

**(a) Metex Steel's standard fabric**

Metex Steel produces four (4) types of Standard Fabric welded wire mesh as shown in the table below:-

Types	Shape	Specification
A	Square fabric  <b>Mesh "A" Type</b>  	Available in wire spacing of 200 mm (main) by 200 mm (cross), the Type A is available in 10 different sizes and nominal mass strength, according to the wire diameter.
B	Rectangular fabric	Available in wire spacing of 100 mm (main) by 200 mm (cross), the Type B is available in nine (9) different specifications and nominal mass strength, according to the wire diameter

**6. BUSINESS OVERVIEW (Cont'd)**

Types	Shape	Specification
	<p data-bbox="395 300 624 338"><b>Mesh "B" Type</b></p> 	
C	Long Fabric	
	<p data-bbox="395 801 624 840"><b>Mesh "C" Type</b></p> 	<p data-bbox="874 734 1385 891">Available in wire spacing of 100 mm (main) by 400 mm (cross), the Type C is available in seven (7) different specifications and nominal mass strength, according to the wire diameter.</p>
DA	Small Square Fabric	
	<p data-bbox="395 1413 644 1451"><b>Mesh "DA" Type</b></p> 	<p data-bbox="874 1413 1385 1469">Available in wire spacing of 100 mm (main) by 100 mm (cross), the type DA is available in nine (9) different sizes and nominal mass strength, according to the wire diameter.</p>

**6. BUSINESS OVERVIEW (Cont'd)**

**(b) Metex Steel's special fabric**

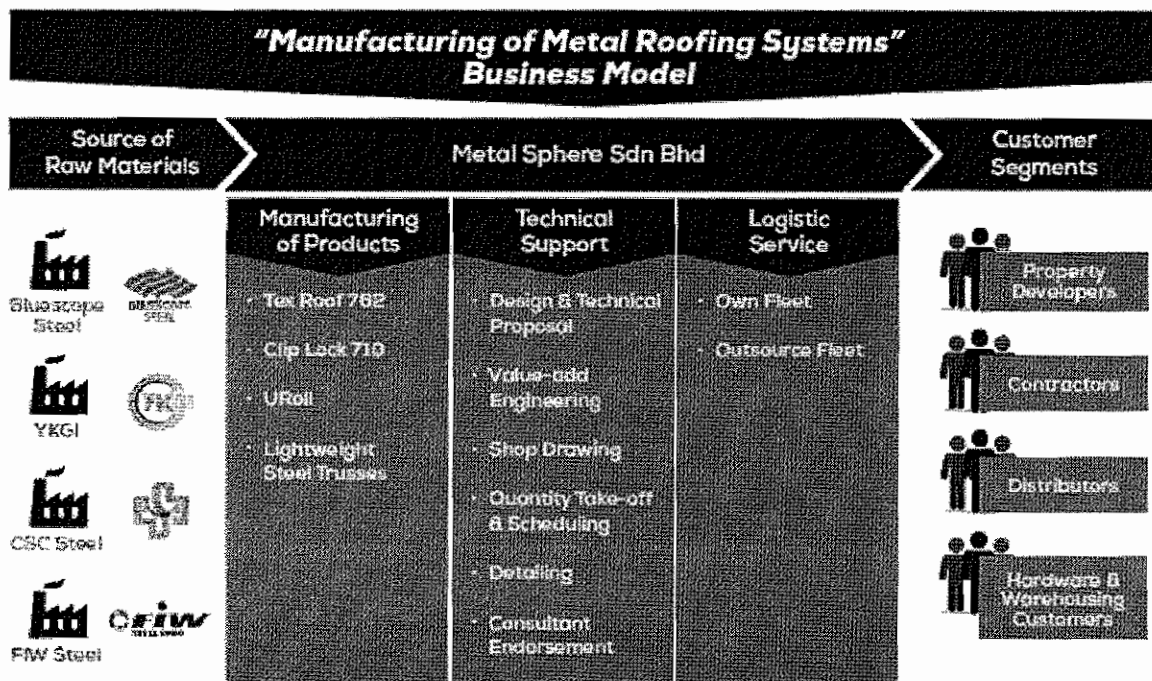
Metex Steel's special fabric refers to a range of mesh fabric, which uses various combinations of wire spacing and diameter for the main and cross wires. Available in three (3) types of fabric (square fabric, rectangular fabric and small square fabric), these special fabrics are made to specific design requirements to avoid over provision of steel.

Both standard and special fabrics are available in either standard sheets (dimension 6.0 metre x 2.2 metre) or cut-to-size (dimensions are tailored to suit the shape and size of the intended concrete structure).

Metex Steel also provides technical advice, site material management, coordination and solution for the site application and installation work.

**Metal roofing systems**

Our business model for our manufacturing of metal roofing system is depicted below:-



Metal roofing systems are made from cold-formed metal roof sheets supported by lightweight steel trusses. Metal roofs are widely used due to its quality, attractive appearance and ease of installation.

Metal Sphere manufactures both the metal roofs and lightweight galvanised steel trusses used in roofing systems.

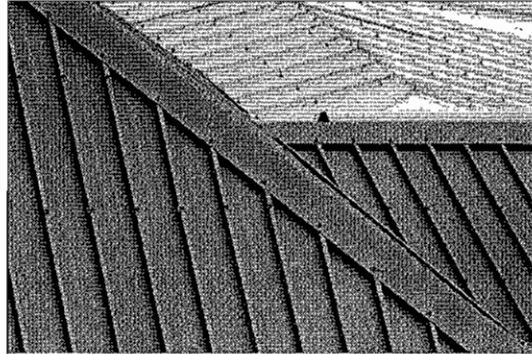
We also undertake supply and installation contracts as part of our value added service to provide technical proposals, design calculation and shop drawings for the installation work at site.

**6. BUSINESS OVERVIEW (Cont'd)**

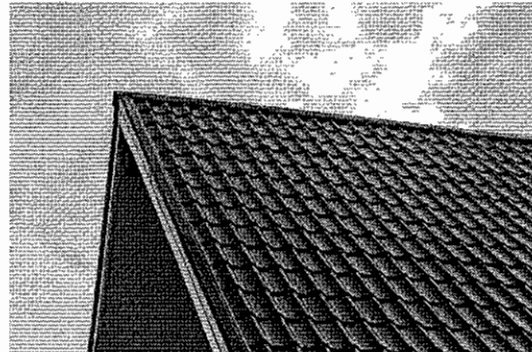
The metal roofs manufactured by Metal Sphere are as follows:-

**(a) Metex Tex-Roof**

A common type of roof used in metal roofing industries and has five (5) ribs, each with height of 25 mm. It is suitable for residential and commercial building as well as wall hoarding and cladding. An example of Tex-Roof system is shown below.

**(b) Metex Uroll**

Modern roofing system used in various buildings such as condominiums, bungalows, shop offices and school buildings. An example of Uroll roofing system is shown below.



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## 6. BUSINESS OVERVIEW (Cont'd)

### (c) Metex Clip Lock 710

This is a premium profile roll formed from high tensile steel substrate protected with corrosion inhibitive treatment. Its wide pans and high ribs enable excellent water discharge capacity. This product is suitable for roofs of bigger buildings/ structures, for example exhibition halls, convention centres, warehouses and shop offices.



One of the advantages of Metal Sphere's roofs is the ability to supply extra-long roofing sheets for projects with large roofing area. This is made possible with our mobile on-site rolling equipment which avoids problems and costs of transporting long lengths of roof from factory to site. In addition, rolling on site also means optimum material usage (less wastage) and faster installation.

Metal steel trusses and battens are cold-rolled sections manufactured from galvanised steel or galvanised zinc coated cold rolled coils. Roof truss refers to the structural framework designed to bridge the space above a building to provide support for a roof. Roof batten on the other hand, are the horizontal members which form the fixing points for roofing tiles.

Metal Sphere supplies its trusses and battens in various thickness ranging from 0.40 mm to 1.00 mm. Trusses are tailor made in accordance with the configurations and loading on the roof. Picture below shows an example of lightweight metal steel truss.

