

6. BUSINESS OVERVIEW (Cont'd)

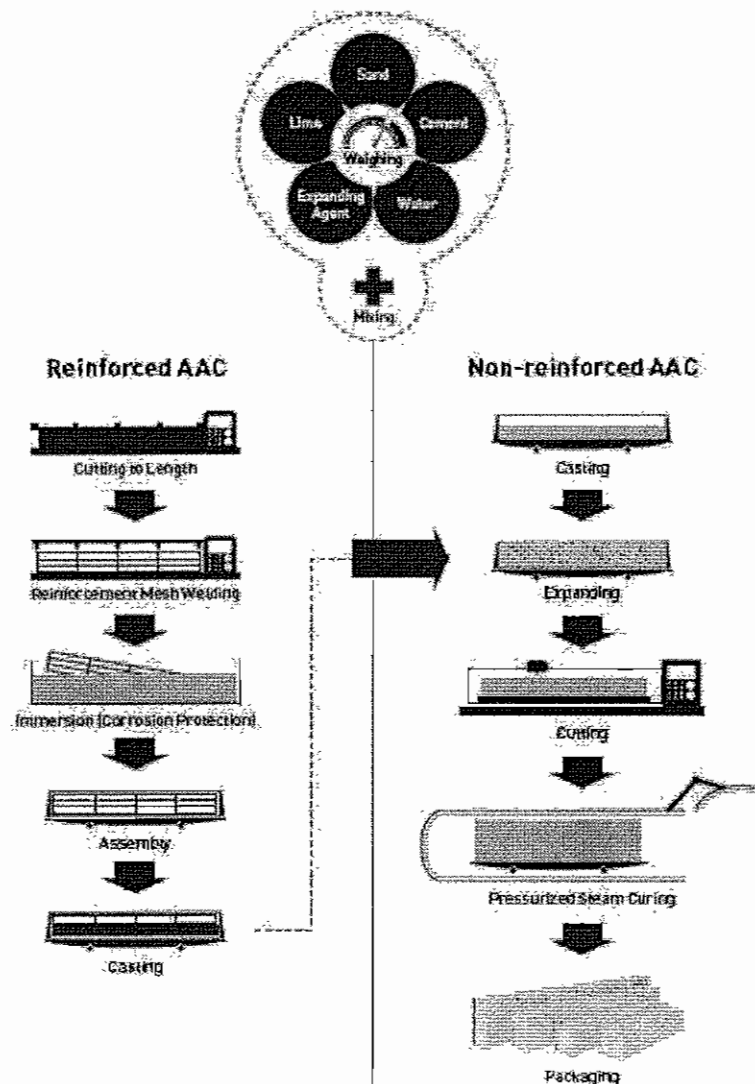
6.1.2 Manufacturing processes

6.1.2.1 Manufacturing of AAC products and precast concrete products

AAC products

AAC products are produced using fine sand, expanding agent (such as aluminium powder), lime, cement and water. Aluminium powder is then added at a prescribed rate (depending on the pre-specified density). After these raw materials are mixed, aluminium powder is added which reacts with the wet mix producing hydrogen. The hydrogen gas foams and doubles the volume of the raw mix by creating gas bubbles. At the end of the foaming process, the hydrogen escapes into the atmosphere and is replaced by air and it is this entrained air that gives AAC products its lightweight (20% of the weight of concrete) and thermal properties.

The manufacturing of AAC products involves four (4) major steps to turn a mixture of cement, lime, sand, expanding agents and water into final AAC products and takes approximately thirteen (13) hours (including twelve (12) hours of curing time), as illustrated in the diagram below.



6. BUSINESS OVERVIEW (Cont'd)

(a) Mixing and batching

Raw materials such as cement, lime, sand and expanding agent (i.e. aluminium powder) are weighed and fed into the main mixer where it will be mixed with predetermined proportion of water. After mixing, the mixture is discharged into oiled moulds.

(b) Pre-curing and cutting

The filled mould is transferred to a pre-curing chamber for the expansion process. In the pre-curing chamber, the mix in the moulds expands (rise like bread dough) through chemical reaction and hardens into a cake. For panel productions, reinforcement mesh is inserted into the mould together with the wet mix. After two to three hours in the pre-curing chamber, the fresh AAC cake is then transferred to the cutting machines to be cut into final precise block dimensions.

(c) Autoclaving/Pressurised steam curing

After cutting, the AAC products are cured in the autoclaves which are maintained at specific temperature and pressure with steam for about twelve (12) hours.

(d) Packaging

Finally, the cured AAC products are shrink-wrapped, palletised and stored prior to delivery to the customers.

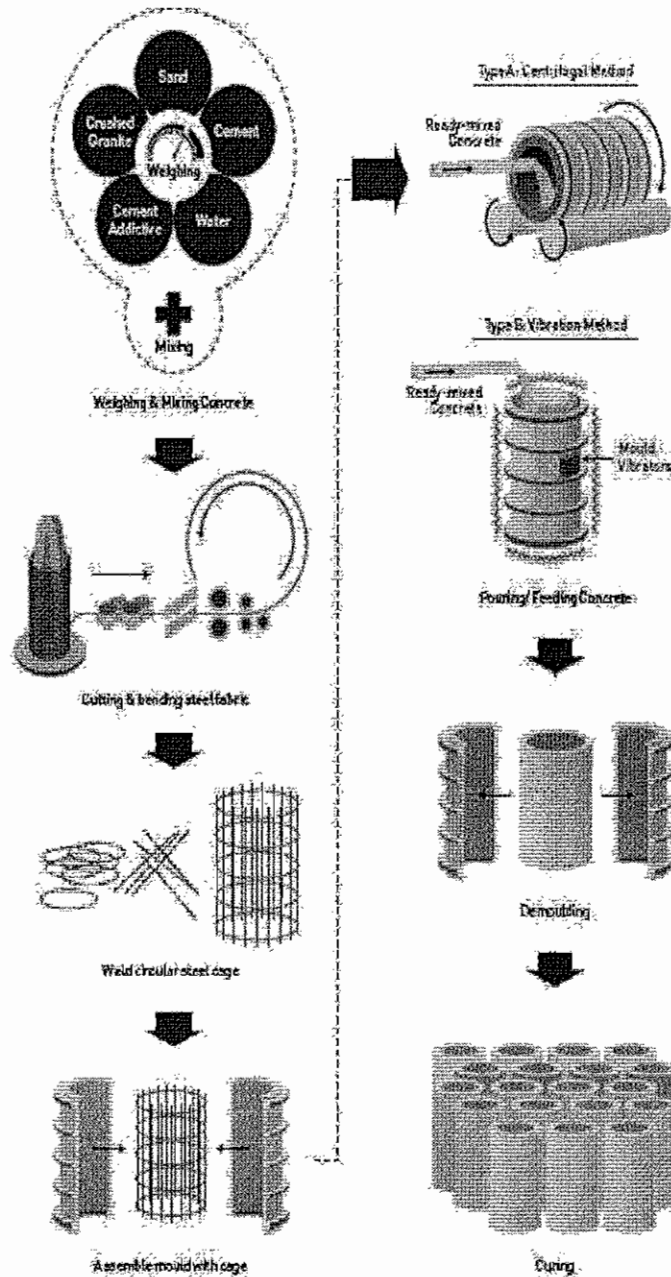
Precast concrete products

G-Cast Concrete's precast concrete products are manufactured using two (2) types of processing methods, namely conventional casting (vibration method) and spinning (centrifugal method).

Both processing method uses the same raw materials and similar production processes, except in the compaction of the wet concrete mixture while in the mould. The whole process takes approximately one (1) hour, from concrete mixing to concrete pouring, as reinforcement cages used in the production are prepared prior to the process. In the conventional casting method, the concrete is compacted by vibrating pokers while in the spinning process; the compacting process is done via centrifugal forces in a spinning machine.

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The manufacturing process for both types of precast concrete products is illustrated in the diagram below.



Step 1: Concrete weighing/mixing

Cement, sand and aggregates in predetermined proportions are fed into weighing bins and then discharged into the mixer with water to produce ready mix concrete. It is then supplied to the production floor via concrete truck or travelling hopper.

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Step 2: Reinforcement cage preparation

A reinforcement cage is made up of cut, rolled and bent steel reinforcement bars or welded mesh wires. This cage works together with the concrete and gives the finished product its designed strength while the concrete gives the compression strength. In the manufacturing process, the cage is fitted into the mould for concrete pouring to take place.

Step 3: Concrete pouring/feeding

- (a) Proceeding with Step 1, the ready-mixed concrete is then poured into the mould and the concrete is compacted using immersion vibrating poker or mould vibrators.
- (b) Proceeding with Step 1, the ready-mixed concrete is similarly poured using the concrete feeder machine into the spinning pipe mould. Compaction of the concrete is through centrifugal forces generated when the mould is spun at high speeds on the spinning machine.

Step 4: Demoulding and curing

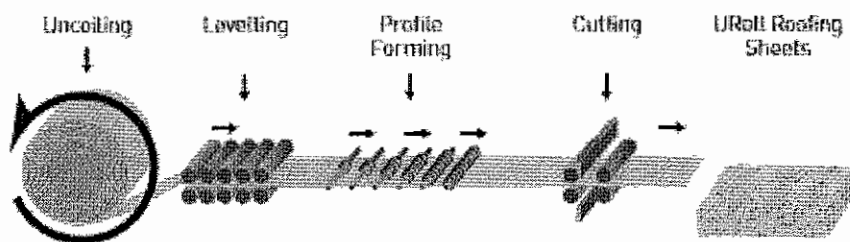
As soon as the concrete product is formed, the initial curing process begins. Before de-moulding takes place, the concrete product is allowed to cure in the mould for at least four (4) hours when adopting the conventional method and one (1) hour when adopting the spinning method. Once de-moulded, the concrete product will be cured for a period of up to seven (7) days. After the product is lifted from the mould, the mould is cleaned, oiled and ready for the next casting.

6.1.2.2 Manufacturing of wire mesh and metal roofing

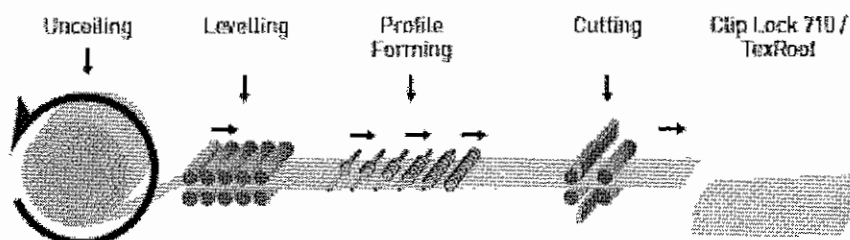
Metal roofing system

The diagram below depicts the entire production flow of metal roofing.

Metal Roof URoll Manufacturing Process



Metal Roof Clip Lock 710 & TexRoof Manufacturing Process



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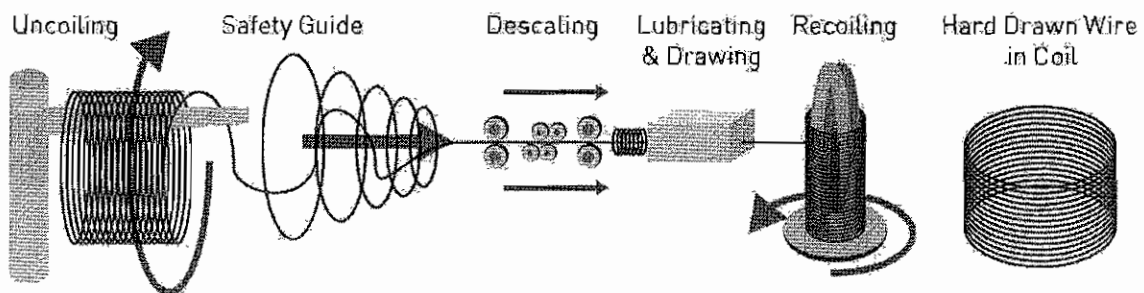
Raw materials used in the production of metal roofs are coloured and non-coloured coils.

Approved raw materials are then stored at the plant's coil bank storage before being processed. The production process takes between one (1) to five (5) working days, depending on the sizes and shapes of the products. During the manufacturing process, metal sheets from the coils are first formed using moulds before going through a bending process. Metal sheets that have been bent are then sheared according to desired sizes. Once sheared, the products are labelled and categorised according to specifications and delivery details. In the storage area, our Group's quality control team will conduct random final inspection on the stored products where the details of the shapes, sizes and shearing are scrutinised. Those products that do not meet the requirements and standards are rejected.

Wire mesh

The diagram below depicts the production flow of our wire mesh products:-

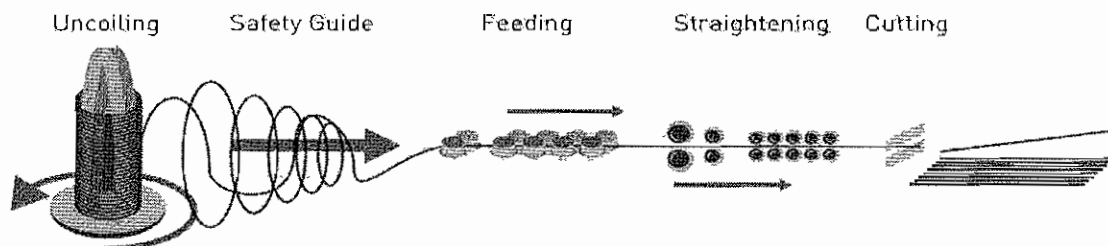
Metex Steel Cold Rolling Process



The first step of the process involves the drawing and cold rolling of metal coils. Semi-finished coils are first uncoiled and then subjected to a descaling process which facilitates the drawing process.

During the rolling process, descaled wire rods are passed through a series of cassette rollers to produce ribbed wires. Ribbed wires are then coiled again into required sizes. The recoiled wires are then tagged with specification of the wires which includes the date of production, diameter as well as weight of the wire. Depending of subsequent production process, the rolled wires may be directly fed to the fully automatic mesh welder machine to be welded or subjected to further straightening and cutting process.

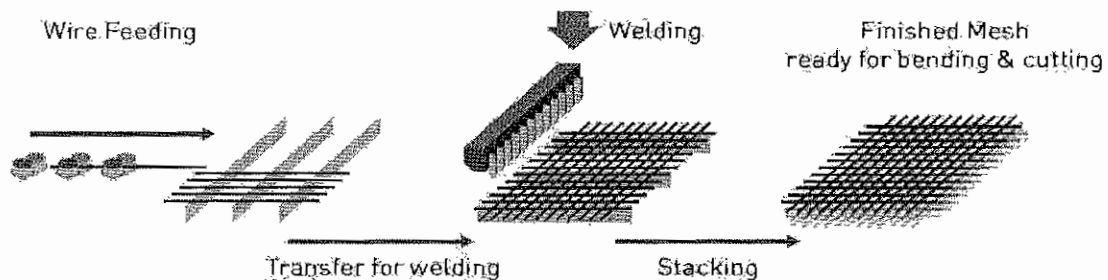
Metex Steel Wire Straightening & Cutting Process



6. BUSINESS OVERVIEW (Cont'd)

In the case of straightening and cutting process, the rolled wires are uncoiled again and fed through a straightening machine consisting of feeder and straightening rollers, which will straighten the wires and cut it according to specific lengths. The intermediate product is called a straightened bar which can be welded into wire mesh. These straightened bars can also be sold as reinforcement bars.

Metex Steel Wire Mesh Welding Process



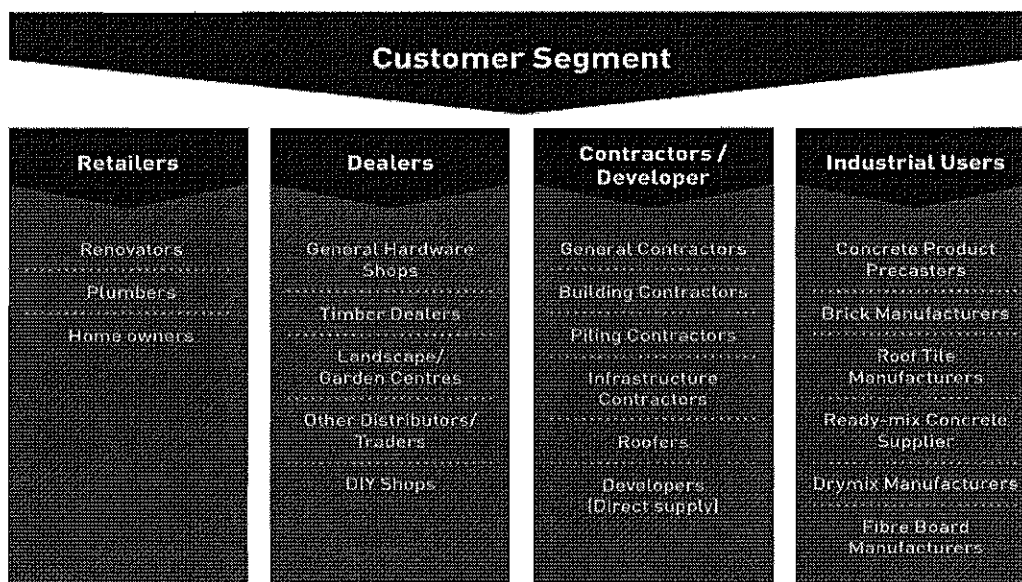
The cut wires from the previous station are then placed into a welding machine to be welded according to their specific sizes (crosses and mains). Once placed, the welding machine takes over and welds intersection points of the wires, in accordance with the pre-determined spacing. When completed, the welded wire mesh will be of standard production sizes and will then be bended and cut into smaller sizes before being stored prior to delivery.

The production time for the above processes depends the type of wire mesh produced. The production cycle for standard fabric normally takes around one (1) to three (3) days, while special fabric takes four (4) to seven (7) days.

6.2 PRINCIPAL MARKETS

The principal market for our building materials is Malaysia. For FPE 2015, 97.3% of our Group's revenue was generated locally while 2.7% was generated overseas. For FYE 2014, FYE 2013, FYE 2012 and FYE 2011, 98.4%, 98.4%, 98.3% and 98.6% of our Group's revenue was generated locally while 1.6%, 1.6%, 1.7% and 1.4% was generated overseas, respectively. Our foreign customers are mainly customers based in Singapore. We also have some customers from Indonesia, Australia, Hong Kong, Taiwan and the Philippines.

Our customers can be categorised into four (4) segments, namely retailers, dealers, projects and industrial users, as illustrated in the diagram below.

6. BUSINESS OVERVIEW (Cont'd)

Our Group currently distributes building materials products to more than 2,300 active customers in Malaysia. Active customers refer to customers who make regular purchases from us.

Generally, there are no sharp seasonal fluctuations as the construction industry operates consistently throughout the year provided there are projects available. As such, our building materials business is not tied to any seasonality factors.

6.3 SALES AND MARKETING STRATEGIES AND DISTRIBUTION NETWORK**6.3.1 Marketing strategies**

Our Group's sales and marketing teams comprise 36 managers which are supported by 60 sales executives as at the LPD. They are led by our business unit heads, each of whom has more than ten (10) years of experience in their respective capacities.

The sales and marketing strategies adopted by our Group include the following:-

(a) Customer loyalty and retention

Our Group values the long and well-established working relationship that we have fostered and established with most of our key customers as they are the main reason for our continuity in the industry. Most of our key customers have been with us for at least five (5) years. Keeping close and frequent touch with them gives us the ability to serve them whenever our services or products are needed, and this drives our sales and marketing strategies. These customers are also the first to be informed whenever there are any new developments in the building materials market, be it fluctuations of prices or supplies. And similarly, whenever we have any new products, they are also the first to be visited by our marketing teams.

6. BUSINESS OVERVIEW (Cont'd)

(b) Creating strong presence

Since we embarked on the manufacturing of AAC products, we have participated in trade shows and exhibitions both locally and overseas, such as the annual Archidex Exhibition, an international trade show which is held annually showcasing and introducing new products relating to the architecture, design and building industry and foreign trade shows organised by the Malaysia External Trade Development Corporation (MATRADE), to increase our Group's presence and brand name awareness.

We have participated in a foreign trade mission to New Zealand, "Specialised Marketing Mission for Building Materials to Christchurch, New Zealand" which was organised by MATRADE in December 2013 as part of the reconstruction of Christchurch which was greatly affected by the Canterbury earthquake in February 2011. In 2015, we participated in the foreign trade mission to Mauritius, Myanmar and Australia organised by MATRADE.

In addition, we are also working members of industrial associations in Malaysia, as detailed in the table below:-

Company	Association
PP Chin Hin	<ul style="list-style-type: none"> • Building Materials Distributor Association of Malaysia • Master Builders Association of Malaysia
Starken AAC	<ul style="list-style-type: none"> • Building Materials Distributors Association of Malaysia
Metex Steel	<ul style="list-style-type: none"> • Malaysian Iron and Steel Industry Federation • Steel Wire Association of Malaysia
Chin Hin Concrete	<ul style="list-style-type: none"> • National Ready Mix Concrete Association

Participation in the aforementioned associations is an industry norm among our peers and industry players, serving as a platform that gives us an insight in latest market trends and changes in the industry as well as creating networking opportunities.

(c) Broad customer mix

Our Group always ensures a broad customer mix, in terms of size and segment. By diversifying our customer base to consist of customers of various sizes and segments, we are able to reduce the dependency of certain customers. This requires keeping track of our customer mix at all times so that our marketing and sales efforts can be properly planned and executed. Our recent foray into the manufacturing segment has also allowed us to further spread our customer mix to include other distributors as well.

In addition, we have a large customer base of more than 4,000 customers with 2,300 active customers, which is supported by our nationwide network. Active customers refer to customers who make regular purchases from us.

6. BUSINESS OVERVIEW (Cont'd)

(d) Leveraging on common customer base

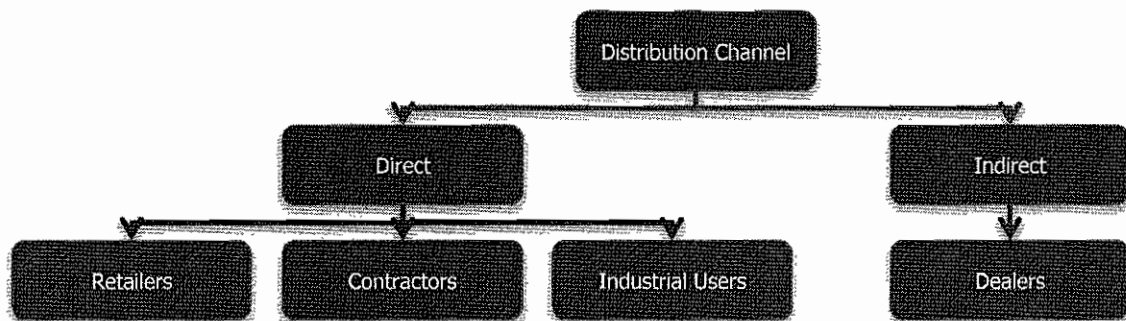
Our customers comprise retailers, dealers, industrial users, developers and contractors mainly involved in the building and construction industries. This customer base is also common for all our business units. Arising from this we are able to cross sell our building material products and increase the revenue per customer.

(e) Well trained and informed sales teams

To ensure our sales personnel possess the required skillsets to perform their tasks, our Group has taken steps to educate and equip them with sufficient knowledge about both trading and in-house products so that they can better serve customers. Training is carried out both in-house and also through educational visits to suppliers' factories for our sales and marketing teams to gain better product knowledge.

6.3.2 Distribution network

The distribution network required for the business units differs depending on the nature of the business. As a result, we adopt a combination of direct and indirect distribution strategy, as depicted in the diagram below:-



(a) Direct distribution channel

We utilise a direct distribution strategy, performed through our sales and marketing team where our products are sold directly to end-users. Our retail segment focuses on walk-in customers who consist mainly of small-scale renovators who purchase small quantities. Our project customers consist of contractors who are involved in the construction of housing projects, high-rise buildings, and infrastructures. We also sell raw material directly to industrial users, who are mainly manufacturers.

(b) Indirect distribution channel

Our indirect distribution strategy involves leveraging our distributors and/or dealers distribution network to reach customers that are not covered by our sales and marketing teams.

Similarly, our foreign sales are achieved via the local distributors of the target countries.

6. BUSINESS OVERVIEW (Cont'd)**6.4 KEY ACHIEVEMENTS AND MILESTONES**

Period	Achievement or Milestones
1995	<ul style="list-style-type: none"> • SPPCH began operations as a cement transportation company
1996	<ul style="list-style-type: none"> • SPPCH expanded into distribution of building materials
2008	<ul style="list-style-type: none"> • Ventured into the ready-mixed concrete segment
2009	<ul style="list-style-type: none"> • Centralised nationwide operations in Kuala Lumpur • Established market presence in Singapore
2011	<ul style="list-style-type: none"> • Achieved RM1.0 billion revenue • Commenced construction of Starken AAC, G-Cast Concrete and Metex Steel's factories
2012	<ul style="list-style-type: none"> • Metex Steel acquired a factory in Prai, Pulau Pinang to produce metal roofing and HDW • Metex Steel commenced operations in Nilai, Negeri Sembilan for manufacturing of wire mesh and metal roofing systems • G-Cast Concrete commenced production of precast concrete products in Serendah, Selangor
2013	<ul style="list-style-type: none"> • G-Cast Concrete obtained SIRIM Product Certification License and SPAN Certification
2014	<ul style="list-style-type: none"> • Commenced operations of Starken AAC factory at Serendah, Selangor

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6. BUSINESS OVERVIEW (Cont'd)**6.5 PRODUCTION AND WAREHOUSING CAPACITY**

The following table lists our Group's production capacity and its utilisation during the financial years under review:-

Company	Products	Number of lines/ Number of machineries	Total production capacity (mt/annum)	Utilisation Rates %				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
Starken AAC^(iv)	AAC products	1	375,000 ⁽ⁱⁱ⁾	n/a	n/a	n/a	60	80 ⁽ⁱⁱⁱ⁾
G-Cast Concrete^(v)	Precast concrete products	7	45,000	n/a	17	67	95	100
Metex Steel (Prai)	Straightened bars ⁽ⁱ⁾	8 wire drawing machines	18,000	n/a	n/a	40	50	53
	Metal roofing	5 wire straightening machines	12,000	n/a	n/a	45	50	53
		1 metal roofing machine	400	n/a	n/a	25	45	80
Metex Steel (Nilai)	Wire Mesh	3 wire drawing machines	60,000	n/a	40	50	70	75
	Metal roofing	5 wire straightening machines	31,200	n/a	60	70	70	90
		4 wire welding machines	60,000	n/a	40	50	70	81
		1 metal roofing machine	1,000	n/a	n/a	25	47	49

Notes:-

- n/a* Not applicable as productions have not commenced at the respective manufacturing facilities.
- (i)* Straightened bars can be welded into wire mesh and can be sold as reinforcement bars.
- (ii)* Starken AAC's production capacity is measured in m³. Starken's AAC production commenced in January 2014. The plant's capacity can be increased to 600,000 m³ as there is sufficient space and ancillary services already built in to cater for this expansion.
- (iii)* The utilisation rate for Starken AAC represents the utilisation for the month of August 2015. Although production commenced in January 2014, production was low in the initial months as Starken AAC just commenced operations. As such, the utilisation rate for August 2015 is more reflective of the actual utilisation rate of Starken AAC's plant.

6. BUSINESS OVERVIEW (Cont'd)

- (iv) As part of our future plans, we plan to install and/or upgrade new machineries onto our existing production facilities in Starken AAC which will result in an increase of our AAC products production capacity from 375,000 m³ to 600,000 m³ per annum. It is estimated that the expansion will cost approximately RM10.0 million and will be financed by the proceeds of the exercise.
- (v) As part of our future plans, we have earmarked RM5.0 million for the expansion of G-Cast Concrete's manufacturing facility. The expansion will include 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. The estimated cost of expansion will be financed by the proceeds of the exercise.

The following table lists the machinery and equipment that we currently own for our manufacturing activities:-

Starken AAC

No.	Machinery and equipment	Description	Number of machineries	NBV as at 31 August 2015 RM'000
(a)	Factory equipment	Forklift and wheel loader	35	656
(b)	Plant and machinery	Chiller	1	110
		Cement Silo	6	253
		Pre curing mould	31	2,414
		Autoclave	5	11,682
		Cutting line machine	2	6,769
		Packing	1	1,459
		Ball Mill	2	2,313
		Boiler	1	2,567
		Steel structure & piping systems	1	5,310
		Sand, PFA, Anhydrite system	1	746
		Doxing & mixing system	1	2,277
		Electric control system	1	2,124
		Other plant & machinery	-	7,438
		Total	88	46,118

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6. BUSINESS OVERVIEW (Cont'd)**G-Cast Concrete**

No.	Machinery and equipment	Description	Number of machineries	NBV as at 31 August 2015 RM'000
(a)	Factory equipment	Gantry crane, external vibrator, wheel loader, generator, overhead crane, forklift and others	174	1,998
(b)	Plant & machinery	Spinning machinery	6	470
		Caging machinery	1	95
		Batching plant	1	262
		Others	-	123
(c)	Mould	Manholes mould	377	3,031
		Spinning mould	17	95
		Total	576	6,074

Metex Steel (Prai)

No.	Machinery and equipment	Description	Number of machineries	NBV as at 31 August 2015 RM'000
(a)	Straightened bars	Wire drawing machines	6	194
		Wire straightening machines	5	99
(b)	Metal Roofing	Metal roofing machine	1	736
		Total	12	1,029

Metex Steel (Nilai)

No.	Machinery and equipment	Description	Number of machineries	NBV as at 31 August 2015 RM'000
(a)	Wire Mesh	Wire drawing machines	5	3,268
		Wire straightening machines	5	918
		Wire welding machines	4	19,302
(b)	Metal roofing	Metal roofing machine	1	3,239
		Total	15	26,727

6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, Starken AAC has a secured order book with purchase orders amounting to approximately RM37.0 million to be fulfilled within 2016. The orders comprise mainly AAC products which will be used in the construction of condominiums, low-rise residential homes, high-rise commercial buildings as well as shopping complexes.

As at the LPD, G-Cast Concrete has also secured purchase orders for various precast concrete pipe products amounting to approximately RM100.73 million, to be fulfilled by 2018. Metex Steel and Metal Sphere have also secured purchase orders of RM40.0 million for "cut to size" wire mesh products and RM3.90 million for metal roofing system products respectively as at the LPD which are to be fulfilled within 2016.

Our Group operates a number of warehouses under PP Chin Hin located throughout Peninsular Malaysia. The table below details our warehouses located in various states in the Peninsular Malaysia.

No	Company	Owned/ Rented	Warehouse	Purpose	Size (m ²)	Details of owner
1.	PP Chin Hin	Owned	400 & 401 Jalan Perusahaan 5 Taman Bandar Baru Mergong Lebuhraya Sultanah Bahiyah 05150 Alor Setar Kedah	Storage of building materials	1,189	Not applicable
2.	PP Chin Hin	Rented	Lot 1178 Jalan Ampat Tin Batu 4 1/2, Off Jalan Ipoh 51200 Kuala Lumpur	Storage of building materials	556	East & Orient Enterprise Sdn Bhd
3.	PP Chin Hin	Rented	No 27, Jalan Industri 3/4 Taman Perindustrian Temerloh 28400 Mentakab Pahang	Storage of building materials	668	Kong Yen Transport & Trading Sdn Bhd
4.	PP Chin Hin	Rented	Lot 2975 Kawasan Perindustrian Cendering 21080 Kuala Terengganu, Terengganu	Storage of building materials	3,276	JH Agency Sdn Bhd

6. BUSINESS OVERVIEW (Cont'd)

No	Company	Owned/ Rented	Warehouse	Purpose	Size (m ²)	Details of owner
5.	PP Chin Hin	Rented	Lot PT 1493, Kawasan Perniagaan Pengkalan Chepa 11, Seksyen 44 Mukim Panchor Daerah Kemumin 16100 Kota Bharu Kelantan	Storage of building materials	84.5	Laksana Saujana Sdn Bhd (a company where Datuk Chiau Beng Teik and Chiau Haw Choon are the directors and substantial shareholders)

Please refer to Section 5.6.2 for further details on the properties rented by us.

6.6 QUALITY ASSURANCE POLICY

As a distributor of building materials, our Group relies on our suppliers to ensure that their products meet the required quality standards. In addition, we conduct periodical visits to our suppliers' premises/factories to better understand their products and quality standard.

On the other hand, all of our manufacturing units have stringent quality control and assurance programmes to ensure our products are manufactured to the required specifications and standards. Our manufactured products are SIRIM certified for quality assurance. Our AAC products are also fire rated products endorsed by the fire service department of Malaysia and SETSCO Pte Ltd of Singapore, a testing and inspection company accredited by the Singapore Accreditation Council.

In terms of our Group's manufactured products, we provide product warranties of ten (10) years for our AAC products from the date of purchase and metal roofing systems from the date of completion and installation, respectively. Should there be any defects on our AAC products or metal roofing systems, we will exchange / replace it for our customers depending on the customers' requirement. If our customer returns the product to us and does not wish to seek for a replacement, we will issue credit notes to our customers. All returned products will be expensed out in our income statements, where we will record it as sales return and our revenue shall be reduced accordingly. For exchange of defected products, the costs of the defected products will be expensed out in our income statements. We have to date not experienced any claim against our products warranties for our manufacturing segments.

We firmly believe that with the experience and expertise of our Group and by working closely with our manufacturers, suppliers and distributors to ensure that the quality of our range of building material products are met, any defects in these products supplied is minimised.

6. BUSINESS OVERVIEW (Cont'd)

In terms of third party building material products that we sell and distribute, a product warranty is given to our customers provided that warranty is obtained on a back-to-back basis from our suppliers. Such back-to-back arrangement is an industry practice within the distribution of building materials industry. We provide our customers with exchange/return policies (should the products are of inferior quality or do not meet their specifications) that allow them to replace or return the defective or flawed products. We will issue credit notes to our customers for any returned goods. Such returned products will be expensed out in our income statements, where we record it as sales return and our revenue will be reduced accordingly. We will also issue debit notes to our suppliers and charged it to our income statements where our cost of sales will be reduced accordingly. For replacement / exchange of products which are defective, we will also exchange / obtain replacements of such defective products from our suppliers and no book entry is made into the accounting system.

Our Group has recourse to claim (in lieu of replacements / exchanges) from the manufacturers and suppliers of the building material products that we sell and distribute, should there be any defects in their products. To date, we have not experienced any difficulties in claiming the defect products from our suppliers. As such, the impact to our Group arising from any of these warranty claims is minimal.

For the years/period under review, the amount of sales return recorded for our distribution of building materials and ready-mixed concrete segment is as follows:

	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Sales return	542	764	794	805	883
% of revenue	0.1	0.1	0.1	0.1	0.1

As shown in the table above, the sales return over the years/period under review represents approximately 0.1% of our total revenue for the respective years/period under review.

To date, we have not provided for warranty and sales return claims in our financial statements. We will only make provision for warranty claims and sales return when it is probable that we will be required to settle the warranty claims or sales return and when a reliable estimate can be made of the amount of the warranty claims or sales return.

For our manufacturing segment, we have not experienced any claim against our products warranties and for our distribution of building materials and ready-mixed concrete segment, the sales return experienced is minimal as shown above. Nevertheless, there can be no assurance that there will not be any substantial claims relating to our products in the future which could have a material adverse impact on our financial performance.

6. BUSINESS OVERVIEW (Cont'd)

6.7 TECHNOLOGY USED

The following describes the technology used in our AAC and wire mesh production. Our pre-cast concrete and metal roofing products are produced with conventional methods, utilising moulds, forming and cutting as described in Section 6.1.2 of this Prospectus.

AAC manufacturing

Starken AAC utilises modern manufacturing equipment sourced at a one-off fee from Wehrhahn GmbH, a German company that is principally involved in the design, manufacture and supply of machines for the building materials industry. It offers industrial plants for the production of construction materials, such as autoclaved aerated concrete blocks and panels, fibre cement flat and corrugated boards, calcium silicate boards, and dry mix mortars. Wehrhahn GmbH does not provide warranty for the technology and performance of its manufacturing equipment.

The Wehrhahn plant was chosen specifically for its efficient and highly automated production capabilities with fully computerised controls, which means high volumes, lower costs and consistent quality. In addition, Wehrhahn production systems are modular in design, which allows for additional capacities when the need arises.

The plant's built-in recycling features also allow all rejected materials to be re-processed and used as raw materials with almost zero production wastes from the factory resulting in minimal impact on the environment.

Wire mesh manufacturing

Our wire mesh plant is equipped with Entwicklungs-und Verwertungs-Gesellschaft m.b.H ("EVG") machinery from Austria, which is sourced at a one-off fee. EVG does not provide warranty for the technology and performance of its machinery. The machinery is capable of producing full cut-to-size wire mesh. The produced meshes are easily discharged from the machine and stacked automatically to allow for continuous production without interruption. This process reduces the production time giving added advantage to both Metex Steel and its customers.

To meet increasing demand on quality and from the competitive construction environment, Metex Steel has also installed an integrated enterprise resources planning system to meet customers' quality expectation as well as timely delivery.

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6. BUSINESS OVERVIEW (Cont'd)

6.8 PRODUCT DEVELOPMENT AND ENHANCEMENT

Our Group's product development and enhancement activities are depicted in the table below:-

Business Units	Product Development and Enhancement Activities
Chin Hin Concrete	The product development activities include the use of alternative sources of raw materials and development of mix designs to suit different needs of our customers' projects.
Starken AAC	Activities are being carried out to identify alternative raw materials which can be used instead of those used at present. In addition, Starken is developing alternative applications for products made with reinforced AAC blocks.
Metex Steel	<p>Product development activities under this segment are divided into the wire mesh development and roofing products. In terms wire mesh development, efforts are focused on a fencing system and engineering mesh such as twin wire mesh, staggered mesh and curtailment mesh.</p> <p>On the roofing front, efforts are being made towards enhancement of high-rib profile, wider sheet and S-curve roofing system. New product ranges will cover new application for the Poly-urethane sheet and multiple-tier comprehensive system form.</p>
G-Cast Concrete	Work to develop a more efficient joint system to connect precast concrete pipes has been completed, and the Industrial Design for it has been registered with the authorities. Submission for it to be patented has been also made and is now pending approval. Marketing of this new product has already begun since the second half of 2015. The new product is a jacking pipe with cast-in anti-slide steel collar that are designed with groove lines that provide improved traction between surfaces to prevent sliding as well as increased rigidity.

6.9 INTERRUPTIONS IN BUSINESS

We have not experienced any interruption to our business, which has had significant effects on our operations for the past twelve (12) months preceding the LPD.

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6. BUSINESS OVERVIEW (Cont'd)**6.10 MAJOR CUSTOMERS**

Our Group is not dependent on any single customer as none of our customers contributed to more than 10% of our total revenue for the financial periods under review. It is an industry norm for the participants of the building materials industry to have a large pool of customer base (Source: IMR Report). Our Group have a large customer base of more than 4,000 customers with 2,300 active customers, hence we do not enter into any supply contracts with our customers and all sales are conducted on purchase order basis. However, for information purposes only, we set below our Group's top ten (10) customers, based on their revenue contributions to each business segment based on FPE 2015 and their level of revenue contribution for the past four (4) FYEs 2011 to 2014 as well as FPE 2015:-

Distribution of building materials and logistics

Rank	Customers	Country of origin	Type of customers	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FPE 2015		Length of relationship Years
				Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	
1.	Samwoh Ready Mix Pte Ltd	Singapore	Industrial users	8,434	0.8	8,854	0.8	13,847	1.1	13,568	1.1	16,287	2.0	6
2.	Bluebros E & C Sdn Bhd	Malaysia	Contractors	-	-	-	-	-	-	-	-	12,086	1.5	1
3.	Emix Industry (M) Sdn Bhd	Malaysia	Industrial users	-	-	-	-	7,822	0.6	13,161	1.1	9,843	1.2	3
4.	Evermix Concrete Sdn Bhd	Malaysia	Industrial users	4,500	0.4	6,712	0.6	12,058	1.0	11,337	0.9	7,580	0.9	10
5.	Durable Mix Sdn Bhd	Malaysia	Industrial users	1,711	0.2	2,363	0.2	8,382	0.7	11,789	1.0	7,257	0.9	10
6.	Excel Ready-Mix Sdn Bhd	Malaysia	Industrial users	7,700	0.8	22,200	2.1	18,750	1.5	13,682	1.1	6,384	0.8	7
7.	S.G. Concrete Products (M) Sdn Bhd	Malaysia	Industrial users	2,944	0.3	3,027	0.3	3,566	0.3	6,880	0.6	5,860	0.7	5
8.	Eka Bina Construction Sdn Bhd	Malaysia	Contractors	1,517	0.2	1,505	0.1	4,458	0.4	1,548	0.1	5,003	0.6	5
9.	Super Sterling Mix (M) Sdn Bhd	Malaysia	Industrial users	8,812	0.9	8,231	0.8	6,829	0.6	7,559	0.6	4,509	0.6	5
10.	Noah Ark Builders Sdn Bhd	Malaysia	Contractors	-	-	-	-	2,851	0.2	7,617	0.6	4,372	0.5	3
Total				35,618	3.5	52,892	5.1	78,563	6.4	87,141	7.1	79,181	9.7	

6. BUSINESS OVERVIEW (Cont'd)**Distribution of ready-mixed concrete business segment**

Rank	Customers	Country of Origin	Type of customers	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	
1.	Protasco Trading Sdn Bhd	Malaysia	Retailers	1,244	0.1	-	-	-	-	8,388	0.7	6,843	0.8	6
2.	Corporate Alpine (M) Sdn Bhd	Malaysia	Contractors	-	-	-	-	-	-	1,436	0.1	6,496	0.8	2
3.	Noah Ark Builders Sdn Bhd	Malaysia	Contractors	-	-	-	-	3,386	0.3	7,749	0.6	4,063	0.5	3
4.	Zubicon Sdn Bhd	Malaysia	Contractors	-	-	-	-	464	neg	420	neg	4,030	0.5	3
5.	Dover Construction Sdn Bhd	Malaysia	Contractors	-	-	-	-	3	neg	3,321	0.3	3,719	0.5	3
6.	SQA Builders Sdn Bhd	Malaysia	Contractors	5	neg	6	neg	4,024	0.3	1,810	0.1	3,614	0.4	5
7.	B & G Concept Engineering Sdn Bhd	Malaysia	Contractors	3,210	0.3	1,969	0.2	3,249	0.3	6,398	0.5	2,790	0.3	5
8.	Borneo Geotechnic Sdn Bhd	Malaysia	Contractors	-	-	-	-	-	-	-	-	2,497	0.3	1
9.	Hunza Trading Sdn Bhd	Malaysia	Retailers	-	-	1,224	0.1	1,453	0.1	1,956	0.2	2,380	0.3	5
10.	Jin Sing Sdn Bhd	Malaysia	Contractors	-	-	-	-	-	-	288	neg	2,380	0.3	2
	Total			4,459	0.4	3,199	0.3	12,579	1.0	31,766	2.5	38,812	4.7	

Note:-

neg Negligible

6. BUSINESS OVERVIEW (Cont'd)**Manufacturing of AAC products and precast concrete products business segment**

Rank	Customers	Country of origin	Type of customers	FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	
1.	Eiscon Construction Sdn Bhd	Malaysia	Contractors	24	neg	1,485	0.1	9,257	0.8	6,546	0.8	4
2.	Hume Marketing Sdn Bhd	Malaysia	Industrial users	-	-	-	-	1,716	0.1	4,439	0.5	2
3.	Rockwood Building Materials (S) Pte Ltd	Singapore	Retailers	-	-	-	-	627	0.1	2,747	0.3	2
4.	Lifomax Woodbuild Sdn Bhd	Malaysia	Retailers	-	-	-	-	76	neg	2,258	0.3	2
5.	Ban Hin Electrical & Construction Sdn Bhd	Malaysia	Contractors	-	-	-	-	45	neg	1,599	0.2	2
6.	Gembina Sdn Bhd	Malaysia	Contractors	-	-	-	-	-	-	1,527	0.2	1
7.	Hume Marketing (EM) Sdn Bhd	Malaysia	Retailers	-	-	-	-	136	neg	1,418	0.2	2
8.	Mersing Construction and Engineering Sdn Bhd	Malaysia	Contractors	-	-	142	neg	2,051	0.2	1,344	0.2	3
9.	Renique Sdn Bhd	Malaysia	Retailers	-	-	-	-	177	neg	1,227	0.2	2
10.	Diversified Ace (M) Sdn Bhd	Malaysia	Retailers	-	-	-	-	69	neg	1,124	0.1	2
	Total			24	neg	1,627	0.1	14,154	1.2	24,229	3.0	

Note:-

neg Negligible

6. BUSINESS OVERVIEW (Cont'd)**Manufacturing of wire mesh and metal roofing systems business segment**

Rank	Customers	Country of origin	Type of customers	FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship years
				Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	Revenue RM'000	%	
1.	Sunway Marketing Sdn Bhd	Malaysia	Retailers	-	-	1,929	0.2	4,544	0.4	4,629	0.6	3
2.	Bnk Resources Sdn Bhd	Malaysia	Retailers	8	neg	174	neg	2,583	0.2	4,316	0.5	4
3.	S P Setia Marketing Sdn Bhd	Malaysia	Retailers	-	-	-	-	37	neg	2,265	0.3	2
4.	VGM Marketing Sdn Bhd	Malaysia	Retailers	166	neg	1,314	0.1	3,272	0.3	1,888	0.2	4
5.	Kenwealth Trading Sdn Bhd	Malaysia	Retailers	83	neg	2,079	0.2	1,821	0.1	1,288	0.2	4
6.	Eng Meng Metal Sdn Bhd	Malaysia	Retailers	24	neg	339	neg	761	0.1	1,257	0.2	4
7.	Acolia Sdn Bhd	Malaysia	Retailers	-	-	-	-	83	neg	1,250	0.2	2
8.	Tradego Sdn Bhd	Malaysia	Retailers	-	-	-	-	-	-	1,222	0.1	1
9.	Lifomax Woodbuild Sdn Bhd	Malaysia	Retailers	-	-	-	-	225	neg	1,186	0.1	2
10.	Jurihan Sdn Bhd	Malaysia	Retailers	127	neg	1,131	0.1	603	neg	1,172	0.1	4
	Total			408	neg	6,966	0.6	13,929	1.1	20,473	2.5	

Note:-

neg

Negligible

6. BUSINESS OVERVIEW (Cont'd)**6.11 MAJOR SUPPLIERS**

Our Group's major suppliers according to our four (4) business segments are as follows:-

Distribution of building materials and logistics

Rank	Suppliers	Country of origin	Type of supplier	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	
1.	Pemasaran Simen Negara Sdn Bhd	Malaysia	Distributor	248,302	26.0	189,371	19.1	148,179	12.9	200,562	17.7	157,771	21.0	21
2.	YTL Cement Marketing Sdn Bhd	Malaysia	Distributor	280,113	29.4	268,963	27.2	316,304	27.5	185,739	16.4	154,145	20.5	11
3.	Hume Cement Sdn Bhd	Malaysia	Manufacturer	-	-	8,003	0.8	88,874	7.7	139,792	12.4	94,606	12.6	3
4.	Amsteel Mills Marketing Sdn Bhd	Malaysia	Distributor	16,211	1.7	49,026	5.0	30,804	2.7	59,555	5.3	50,385	6.7	3
5.	Southern Steel Berhad	Malaysia	Manufacturer	23,576	2.5	34,773	3.5	41,538	3.6	32,414	2.9	23,235	3.1	6
6.	Monier Malaysia Sdn Bhd	Malaysia	Manufacturer	6,293	0.7	10,285	1.0	12,240	1.1	12,425	1.1	8,214	1.1	6
7.	Hume Cemboard Marketing Sdn Bhd	Malaysia	Distributor	3,561	0.4	5,287	0.5	7,442	0.6	10,128	0.9	6,264	0.8	6
8.	Mallex Industrial Products Sdn Bhd	Malaysia	Manufacturer	3,495	0.4	6,070	0.6	5,370	0.5	5,282	0.5	3,204	0.4	6
9.	Hume Roofing Products Sdn Bhd	Malaysia	Manufacturer	988	0.1	1,678	0.2	1,928	0.2	2,645	0.2	1,521	0.2	6
10.	Kin Kee Marketing Sdn Bhd	Malaysia	Distributor	12,811	1.3	47,789	4.8	5,842	0.5	6,843	0.6	1,124	0.1	6
Total				595,350	62.4	621,245	62.8	658,521	57.3	655,385	57.9	500,469	66.7	

6. BUSINESS OVERVIEW (Cont'd)**Distribution of ready-mixed concrete business segment**

Rank	Suppliers	Country of origin	Type of supplier	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	
1.	Negeri Sembilan Cement Industries Sdn Bhd	Malaysia	Distributor	-	-	-	-	-	-	53,124	4.7	47,399	6.3	2
2.	CHL Logistics Sdn Bhd	Malaysia	Trading company	-	-	-	-	1,347	0.1	4,201	0.4	6,456	0.9	3
3.	Prosful Trading Sdn Bhd	Malaysia	Trading company	-	-	3,471	0.4	7,015	0.6	5,716	0.5	4,312	0.6	5
4.	Strucon Engineering Sdn Bhd	Malaysia	Trading company	-	-	3	neg	2,454	0.2	4,562	0.4	1,839	0.2	5
5.	Spring Energy Sdn Bhd	Malaysia	Quarry	-	-	-	-	3,352	0.3	2,220	0.2	1,622	0.2	3
6.	Kenwealth Trading Sdn Bhd	Malaysia	Trading company	-	-	3,962	0.4	2,911	0.3	3,948	0.3	1,485	0.2	4
7.	Sin Huat Hin Logistics Sdn Bhd	Malaysia	Trading company	-	-	3	neg	554	neg	820	0.1	1,401	0.2	5
8.	Kajang Rock Quarry Sdn Bhd	Malaysia	Quarry	1,635	0.2	-	-	2,121	0.2	2,924	0.3	1,361	0.2	5
9.	Impress Logistics Sdn Bhd	Malaysia	Trading company	2,426	0.3	601	0.1	-	-	996	0.1	1,338	0.2	5
10.	Nanyang Enterprise Sdn Bhd	Malaysia	Trading company	4,443	0.5	3,812	0.4	3,587	0.3	3,596	0.3	1,333	0.2	6
	Total			8,504	0.9	11,852	1.2	23,341	2.0	82,107	7.3	68,546	9.1	

Note:-

neg Negligible

6. BUSINESS OVERVIEW (Cont'd)**Manufacturing of AAC products and precast concrete products business segment**

Rank	Supplier	Country of origin	Type of supplier	FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	
1.	Negeri Sembilan Cement Industries Sdn Bhd	Malaysia	Distributor	-	-	-	-	4,963	0.4	7,159	1.0	2
2.	LTP Engineering Sdn Bhd	Malaysia	Manufacturer	26	neg	546	neg	3,151	0.3	2,546	0.3	4
3.	NSL Chemicals (M) Sdn Bhd	Malaysia	Manufacturer	4	neg	-	-	1,838	0.2	2,052	0.3	4
4.	EMIX Industry Sdn Bhd	Malaysia	Manufacturer	-	-	-	-	1,074	0.1	1,576	0.2	2
5.	AMS Maju Gemilang Sdn Bhd	Malaysia	Trading company	-	-	-	-	120	neg	1,571	0.2	1
6.	Schlenk Metallic Pigments GmbH	Germany	Manufacturer	-	-	-	-	1,843	0.2	1,482	0.2	2
7.	Chin Hin Gypsum Sdn Bhd	Malaysia	Trading company	-	-	-	-	1,040	0.1	1,001	0.1	2
8.	Sen Heng Trading	Malaysia	Trading company	-	-	8	neg	176	neg	668	0.1	3
9.	Sunway Quarry Industries Sdn Bhd	Malaysia	Quarry	-	-	71	neg	50	neg	579	0.1	3
10.	Teik Joo Chan Sdn Bhd	Malaysia	Trading company	-	-	-	-	518	neg	283	neg	2
Total				30	neg	625	0.1	14,773	1.3	18,917	2.5	

Note:-

neg Negligible

6. BUSINESS OVERVIEW (Cont'd)**Manufacturing of wire mesh and metal roofing systems business segment**

Rank	Supplier	Country of origin	Type of supplier	FYE 2012		FYE 2013		FYE 2014		FYE 2015		Length of relationship Years
				Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	Purchase value RM'000	%	
1.	Brother Steel Limited	Hong Kong	Trading company	-	-	-	-	887	0.1	25,535	3.4	2
2.	FIW Steel Sdn Bhd	Malaysia	Manufacturer	4,355	0.4	2,539	0.2	5,011	0.4	11,967	1.6	4
3.	Yuan Resources Pte Ltd	Singapore	Trading company	4,567	0.5	20,589	1.8	38,393	3.4	10,856	1.4	4
4.	NS Bluescope Malaysia Sdn Bhd	Malaysia	Manufacturer	1,385	0.1	3,400	0.3	5,556	0.5	7,186	1.0	4
5.	Southern Steel Berhad	Malaysia	Manufacturer	-	-	13,997	1.2	3,388	0.3	7,146	1.0	3
6.	Smart TimingSteel Limited	Hong Kong	Trading company	-	-	-	-	-	-	6,845	0.9	1
7.	Amsteel Mills Marketing Sdn Bhd	Malaysia	Distributor	20,354	2.1	128,625	11.2	22,179	2.0	3,150	0.4	4
8.	Stemcor (S.E.A) Pte Ltd	Singapore	Trading company	-	-	1,713	0.1	4,482	0.4	1,958	0.3	3
9.	NS Steel & Metal Sdn Bhd	Malaysia	Manufacturer	760	0.1	3,550	0.3	806	0.1	862	0.1	4
10.	NJ Ferrum Sdn Bhd	Malaysia	Manufacturer	-	-	-	-	698	0.1	728	0.1	2
	Total			31,421	3.2	174,413	15.2	81,400	7.2	76,233	10.2	

All our purchases with our suppliers are on purchase order basis and we do not enter into any purchase contracts with our suppliers. Prior to 2012, our top two (2) suppliers of cement are YTL Cement Marketing Sdn Bhd and Pemasaran Simen Negara Sdn Bhd which accounted for approximately 55.4% of our total cost of sales for the FYE 2011. As such we were dependent on these two (2) suppliers for our cement. However, we have taken steps to reduce this dependency from FYE 2012 onwards by also sourcing our cement from Hume Cement Sdn Bhd.

Our Group usually make purchases from our approved list of local suppliers with whom we had long-term business relationships leveraging on their consistency and reliability in the supply of various types of building materials. We recognise the importance of not only relying on any one supplier and will continue to maintain our policy of having multiple sources to diversify our supplier base. Other than our cement suppliers, we are not dependent on any other major suppliers for our other products and raw materials.

6. BUSINESS OVERVIEW (Cont'd)**6.12 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS**

The major types of raw materials for our manufacturing of AAC and precast concrete products are cement, sand, aggregate, steel reinforcement which are all sourced locally and are widely available. The prices of these raw materials have been generally stable for the financial years/periods under review. Meanwhile, the major types of raw material for our manufacturing of wire mesh and metal roofing systems are wire rods and steel coils. While the steel coils are sourced locally entirely, the wire rods are partially sourced from overseas suppliers i.e. China. Both raw materials are widely available. For the financial years/periods under review the prices of these raw materials have not been volatile with price fluctuations not exceeding 10.0%. Our distribution business (i.e. distribution of building materials and logistics and distribution of ready-mixed concrete) do not purchase raw materials as it is involved in the trading and distribution of finished goods.

The table below shows the major types of raw materials purchased by our Group for our manufacturing segments (ie manufacturing of AAC and precast products and manufacturing of wire mesh and metal roofing) for the financial years / periods under review:-

Activities	Major raw materials purchased		FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of AAC and precast concrete product												
- AAC product	-	-	-	-	-	-	-	-	20,456	50.1	16,518	33.8
- precast concrete	-	-	358	52.8	5,227	54.3	6,904	16.8	7,311	14.9		
Manufacturing of wire mesh and metal roofing systems												
- Wire mesh	-	-	6,086	69.1	49,908	69.2	73,935	68.3	63,235	71.8		
- Metal roofing	-	-	545	6.2	13,763	19.1	21,969	20.3	13,954	15.8		

6. BUSINESS OVERVIEW (*Cont'd*)

6.13 OUTLOOK OF THE BUILDING MATERIALS MARKET IN MALAYSIA

The analysis of the building materials market in Malaysia including the market dynamism, competitive analysis, barriers to entry and outlook is set out in Section 7 of this Prospectus.

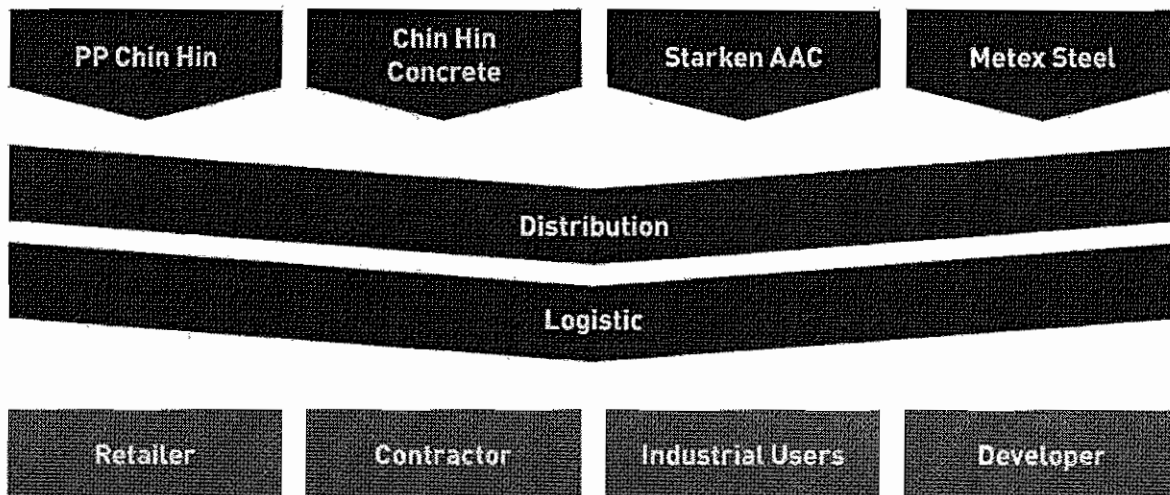
6.14 COMPETITIVE STRENGTHS

6.14.1 Integrated building materials provider

One of the competitive strengths of our Group lies in the integrated nature of our businesses as we manufacture, distribute and deliver a wide range of building materials for the building industry.

We are an integrated building materials provider with the ability to supply a comprehensive range of building materials. Building materials manufactured by us include AAC and precast concrete products, as well as wire mesh and metal roofing systems. As for our distribution business, we rely on external manufacturers supplying the entire range of products needed by our customers.

All our products are distributed throughout our distribution channel located in various locations in Peninsular Malaysia and to various categories of customers. The diagram below shows the distribution of our products from our respective subsidiaries to the different categories of customers.



Together with our in-house manufactured products and other products which we source from third-party suppliers, we are now able to supply the majority of products required by the building industry, servicing our customers the majority of whom are retailers, contractors, industrial users and developers. Distribution activities of our products are supported by our strategically located warehouses and/or offices throughout Peninsular Malaysia to service and cater to the needs of our customers.

6. BUSINESS OVERVIEW (Cont'd)

Our logistics services business segment is involved in transporting bulk and bag cement for local cement manufacturers (e.g. YTL Cement Bhd and Permasaran Simen Negara Sdn Bhd) to their customers throughout the country. Bulk cement is transported by specialised cement tankers that are owned and operated by external parties, whereas bag cement is transported by normal road trucks which are also owned and operated by external parties.

6.14.2 Nationwide offices and warehouses

Our Group has ten (10) branch offices located in cities and major towns of every state in Peninsular Malaysia except Perlis. In addition, we have five (5) warehouses located in Kuala Lumpur, Terengganu, Kelantan, Kedah and Pahang. This network of branches brings us close to our customers - allowing us to supply and service them efficiently. This wide network has also enabled us to build up a 4,000 strong customer base, half of which are active.

Our strategically located and well-stocked warehouses are also equipped with our own fleet of lorries, enabling us to serve our customers quickly. These warehouses can also break up large consignments of goods delivered by the factories into smaller loads which are then sold to those customers that need them in smaller quantities.

The location of our branches are set out below, please refer to Section 6.5 of this Prospectus for the location of our warehouses.

No.	Branch Offices	Address
1.	Kuala Lumpur	No A-1-9, Pusat Perdagangan Kuchai No 2, Jalan 1/127 Off Jalan Kuchai Lama 58200 Kuala Lumpur
2.	Johor Bahru	Sutera Utama Biz Centre No 90A, Jalan Sutera Tanjung 8/4 Taman Sutera Utama, 81300 Skudai, Johor Bahru Johor
3.	Muar	No 16, 1st Floor Jalan Perdana 12 Taman Junid Perdana 84000 Muar Johor
4.	Melaka	No 88-1, Jalan PPM4 Plaza Pandan Malim Business Park Balai Panjang 75250 Melaka
5.	Pulau Pinang	No 468, Jalan Raja Uda Pusat Perniagaan Raja Uda 12300 Butterworth Pulau Pinang

6. BUSINESS OVERVIEW (Cont'd)

No.	Branch Offices	Address
6.	Ipoh	GA-C-10C 3rd Floor, No. 10C Persiaran Greentown 4 Greentown Business Centre 30450 Ipoh Perak
7.	Kuantan	A-249, 2nd Floor Jalan Air Putih 25300 Kuantan Pahang
8.	Kota Bharu	Lot PT 1493, Kawasan Perniagaan Pengkalan Chepa 11, Seksyen 44 Mukim Panchor, Daerah Kemumin 16100 Kota Bharu Kelantan
9.	Kuala Terengganu	Lot 2975, Kawasan Perindustrian Cendering 21080 Kuala Terengganu Terengganu
10.	Alor Setar	400 & 401, Jalan Perusahaan 5 Taman Bandar Baru Mergong Lebuhraya Sultanah Bahiyah 05150 Alor Setar Kedah

6.14.3 Established market reputation and broad customer base

Over the past twenty (20) years since its inception, our Group has established a reputation as a major distributor of building materials in Malaysia. This is evident as our customer base is 4,000 strong with 2,300 active customers. Active customers refer to customers who make regular purchases from us.

This market reputation and large customer base has resulted in better purchasing terms from our suppliers compared to smaller players and has together with long established track record enabled us to benefit from business referrals from our satisfied customers.

6.14.4 Strong and experienced management

Our Group's past success and future growth have been and will continue to be influenced by the leadership of our team of experienced directors and key management.

Our founder and Deputy Group Executive Chairman, Datuk Chiau Beng Teik has forty (40) years of accumulated experience in the building materials industry. He plays an instrumental role in steering our Group's growth strategies and business directions and amongst his contributions was the rapid expansion of our Group's business from a single outlet in Alor Setar to multiple branches throughout Peninsular Malaysia.

6. BUSINESS OVERVIEW (Cont'd)

Our Group has also benefited from the combined leadership and experience of our senior management such as Chiau Haw Choon (Group Managing Director) and Lee Hai Peng (Executive Director cum Chief Financial Officer) supported by the respective business unit heads namely Lok Boon Cheng (Metex Steel), Ng Wai Luen (Starken AAC and G-Cast Concrete), Tan Cheak Joo (PP Chin Hin) and Tan Ming Hong (Chin Hin Concrete) who bring with them their experience and also network of business contacts built throughout their years in the industry.

Our heads of business units are in turn supported by experienced managers and other technical personnel to ensure the smooth running of their respective operations.

6.14.5 Production efficiency and quality products

Since the beginning of our venture into the manufacturing business, our management has adopted a strategy to produce quality products in an efficient manner. With this our management committed itself by selecting only technically advanced plants and equipment for our AAC products and wire mesh factories.

This is most evident in Starken AAC's plant, which uses one of the latest machineries and technologies supplied by Wehrhahn GmbH of Germany, which was chosen specifically for its efficient and highly automated production capabilities which require far less labour input.

Metex Steel on the other hand invested in EVG wire mesh machineries and equipment from Austria. EVG wire mesh machineries are fully automated and flexible, using latest technologies which mitigate potential hazards on the work floor without sacrificing efficiencies and quality end products.

6.15 FUTURE PLANS**6.15.1 Penetration into foreign markets and widening of customer base**

Our management intends to expand our foreign markets especially those in the Asia Pacific regions. The management of our Group believes that the Asia Pacific markets present vast potential for our own products such as wire mesh and AAC products. Both products are ideally suited to developed countries where labour-saving materials are used extensively.

This strategy to export our products overseas is expected to broaden our customer base geographically as well as ensure business sustainability by reducing our dependence on the local market. This will involve marketing and promotion of our in-house products overseas and we have allocated a total of RM2.08 million from our IPO proceeds for such marketing, promotion and branding activities. Any short fall will be funded via our internally generated funds.

As at LPD, Starken AAC has secured repeated purchase orders for its AAC products from interested customers in Taiwan, Australia, Hong Kong, Singapore, Philippines and Indonesia.

6. BUSINESS OVERVIEW (Cont'd)

6.15.2 Expansion of G-Cast Concrete's new manufacturing plant and Starken AAC's production facilities

As part of our efforts to grow the manufacturing segment of our business, we intend to expand G-Cast Concrete's current manufacturing facility. The expansion will increase 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. With the expansion, it is expected that G-Cast's production capacity will increase from 45,000 mt per annum to 67,500 mt per annum.

Upon completion, the manufacturing floor space shall be expanded from 2,160 m² to 3,660 m². With the increase in production capacity, we will be able to cater to the anticipated increase in sales and order book of building materials by our customers. Expansion has commenced in January 2016 and is estimated to complete by December 2016.

In addition, we also plan to increase Starken AAC's production capacity from the current 375,000 m³ to 600,000 m³ of AAC products annually. For this purpose, our Group intends to utilise RM10.0 million from the IPO proceeds to purchase additional plant, equipment and machineries, such as chiller, slurry tank, cement silo, autoclave, cutting machines as well as additional moulds. The expansion is expected to begin in the first half of 2016 and expected to be completed by end of 2016.

With the increase in Starken AAC's production capacity, we will be able to cater to the anticipated increase in sales and order book of AAC products by our customers. Starken AAC currently has also secured order book with purchase orders amounting to approximately RM32.55 million which needs to be fulfilled within 2016. The orders comprise mainly AAC products which will be used in the construction of condominiums, low-rise residential homes, high-rise commercial buildings as well as shopping complexes.

The expansion of G-Cast's Concrete's manufacturing plant and Starken AAC's production facilities will be financed with proceeds from the IPO. Further details on the expansion of G-Cast Concrete's manufacturing plant and Starken AAC's production facilities as well as the breakdown the estimated costs are available in Section 3.10 of this Prospectus.

6.15.3 Widening and expansion of product range

Our Group plans to widen our range of products, especially our Group's in-house manufactured products.

We plan to expand our present range of wire mesh with a focus on fencing systems and engineering mesh such as twin wire mesh, staggered mesh and curtailment mesh. Similarly we aim to develop more AAC products which will include slabs as well as other precast structural elements such as walls, beams and columns/staircases. G-Cast Concrete, on the other hand, will focus on the industrialised building system precast products and jacking pipe with cast-in anti-slide steel collar that prevents sliding and increased rigidity. Chin Hin Concrete is also exploring the possibilities of using alternative types of raw materials and development of mix designs to suit different needs of our customers. We are unable to determine the total costs involved for these product developments as product development and enhancement are ongoing processes for our Group. Such product development and enhancement costs are funded through internally generated funds and/or bank borrowings. Please refer to Section 6.8 of this Prospectus for further details on our Group's product development and enhancement activities.

6. BUSINESS OVERVIEW (Cont'd)

6.16 PROSPECTS OF OUR GROUP

Our Group's prospect remains positive, in tandem with the construction industry. According to the IMR report, the construction industry grew by 11.8% to RM43.2 billion in 2014 from RM38.7 billion in 2013. In 2015, the construction industry in Malaysia is estimated to expand by 8.8%.

The outlook for building materials industry in tandem with the construction industry remains positive for the immediate term, and steady growth is projected throughout the period of 2014 to 2019. According to the IMR report, the construction industry in Malaysia was valued at RM43.2 billion in 2014. In 2015, the construction industry is estimated to grow by 8.8% to RM47.0 billion.

Moving forward, the construction industry is expected to continue growing and is estimated to reach RM64.9 billion in 2019 – representing a CAGR of 8.5% from the period of 2014 to 2019. The forecast expansion in the construction industry will underpin growth in demand for building materials and this augurs well for the overall development of the building materials industry. Factors priming growth in the building materials industry in tandem with the expansion seen for construction industry are likely to come from the government-led initiatives and spending, a growing economy to sustain spending and investment in properties, and steady population growth.

(Source: IMR Report)

Following the awareness promoted after the initiatives by Greenbuildingindex Sdn Bhd and incentives for Green Building Index certified projects for the 2009 to 2014 period, the construction industry may anticipate greater adoption of green building practices moving forward. The proliferation in green building design and construction along with the expected rise in usage of green building materials are expected to drive the building materials industry.

Moving forward, we have in place a series of business plans that are focused in expanding our presence and market share both in the domestic and regional markets, expanding our range of building material products range that can be offered to our customers as well as expanding G-Cast Concrete's new manufacturing plant and Starken AAC's production facilities. These future plans will help us to sustain our business and provide growth opportunities for our Group.

Our future plans set out in Section 6.15 above are expected to be implemented within two (2) years from the date of our Listing.

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7. EXECUTIVE SUMMARY OF THE IMR REPORT

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ASSOCIATES
PROPERTY FINANCE & MARKETS

The Board of Directors
Chin Hin Group Berhad
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58200 Kuala Lumpur.

03 FEB 2016

Dear Sirs,

Executive Summary of the Strategic Analysis of the Building Materials Industry in Malaysia

This Executive Summary of the 'Strategic Analysis of the Building Materials Industry in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus of Chin Hin Group Berhad ("Chin Hin" or "the Company") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of Chin Hin on the Main Market of Bursa Malaysia Securities Berhad.

1 MALAYSIA ECONOMIC OVERVIEW

The Malaysian economy registered a strong finish in 2014. It expanded at a faster pace of 6.0 percent in 2014 on the back of continued expansion in domestic demand and an improvement in external trade performance.

In the third quarter of 2015, the Malaysian economy registered a growth of 4.7 percent on the back of continued growth in domestic demand driven by private sector expenditure. The improvement in public spending and the turnaround in the net exports had also supported growth in the Malaysian economy.

The construction and manufacturing sectors managed to grow at a faster pace of 9.9 percent and 4.8 percent respectively in the third quarter ("Q3") of 2015 as compared to their performance in the second quarter of 2015. The former was boosted by faster expansion in the civil engineering and specialised construction activities sub-sectors while the latter was driven by an improvement in the export-oriented industries.

The other three sectors recorded a slower growth in the third quarter of 2015. The lower growth registered in the mining and quarrying sector as well as the agriculture, forestry and fishery sector was due to a moderation in crude oil and palm oil production respectively. Meanwhile, a slower capital market activity and a moderation in household spending have led to a slower expansion in the services sector.

The Malaysian economy is expected to grow by between 4.5 to 5.5 percent and by between 4.0 to 5.0 percent in 2015 and 2016 respectively. The services sector is expected to remain the largest contributor to the economy by accounting for more than half of Malaysia's real GDP in 2015 and 2016. In terms of pace of growth, the construction sector is expected to register the fastest pace among all the key economic sectors in 2015 and 2016.

2 INTRODUCTION

This report will begin with an introduction on the construction and building materials, followed by a comprehensive overview of the building materials market, including trends and insights pertaining to demands for building materials specifically from the construction industry.

2.1 DEFINITIONS

Construction

Construction refers to the conversion of raw materials through the use of labour into various forms of buildings and infrastructures. Construction is not limited to buildings alone, but also includes bridges, dams, roads, canals, et cetera ("etc").

Building Materials

Building materials, also known as construction materials or construction-related materials, refer to any material used for the purpose of construction. This could include natural substances such as sand, wood, rocks, etc. or manufactured building materials such as concrete, metal, cement, glass, etc. which are used in various applications for construction purposes. In addition, finishing or architectural products which include ready-made items/sections made from different materials that form part of a building, be it for architectural or decorative purposes, can also be classified as building materials.

2.2 SEGMENTATION ANALYSIS

2.2.1 Market Segmentation

The building materials industry comprises manufacturers and producers of building materials and also building materials traders/distributors. The construction industry is therefore heavily dependent on the building materials industry to:-

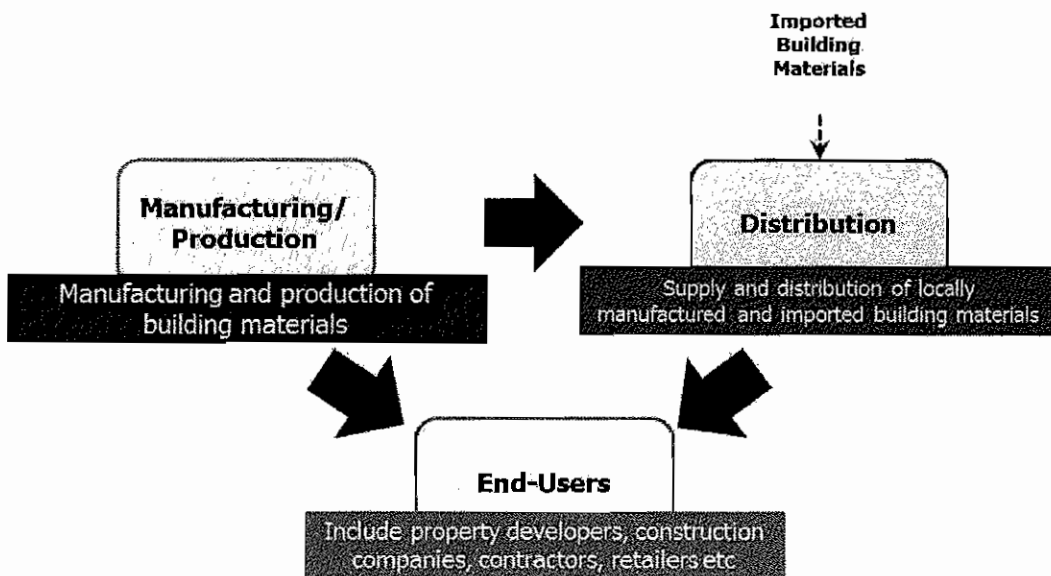
- Produce basic metal, metal fabrication, wood and wood products, and non-metallic products

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

- Supply construction materials which are essential to the building of houses, factories and many others

Generally, the building materials distributors form an integral linkage between the building materials manufacturers/producers to the respective end-users of building materials including property developers, construction companies, contractors, wholesalers, retailers, etc. There are also building materials manufacturers/producers that supply directly to the end-users.

Figure 1: Building Materials Industry and End-Users



Source: IMR Report

Building Materials Manufacturing/Production

Market participants in the building materials manufacturing/production segment are involved in the manufacture and production of building materials. They typically market their products through distributors or agents, while some may also distribute their products through their own or related-party marketing arms.

Building Materials Distribution

Market participants in the building materials distribution segment supply and distribute locally manufactured and imported building materials to the end-users, mainly from the construction industry.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)**End-Users**

Demand for building materials mainly comes from end-users such as property developers, construction companies, contractors, wholesalers, retailers, renovators, etc, who are also participants of the construction industry.

2.2.2 Types of Building Materials**Figure 2: Main Types of Building Materials Categories**

Materials	Products
Cement	portland cement, asbestos cement
Concrete Products	ready-mixed concrete, bricks, blocks, roofing tiles, piles, poles/posts, beams, culverts
Clay and Refractory Construction Materials	refractory bricks, clay roofing tiles, ceramic wall and floor tiles, clay pipes, ceramics sanitary ware
Glass and Glass Products	float glass, laminated glass, architectural glass, mirror
Dimension Stone	marble slabs and tiles, granite slabs and tiles
Iron and Steel Products	long products, flat-rolled products, iron and steel bars and rods, tubes and pipes, iron and steel angles, shapes and sections, billets, hot rolled coil ("HRC"), cold rolled coil ("CRC")
Non-Ferrous Metals	aluminium extrusions for windows and doors, curtain walls, aluminium panels, aluminium roofing
Wood and Wood Products	plywood, hardboard, veneer, particle board, block board, mouldings & builders' carpentry & joinery, reconstituted wood-based panel

Source: IMR Report

3 ANALYSIS OF THE BUILDING MATERIALS INDUSTRY IN MALAYSIA

3.1 OVERVIEW OF THE BUILDING MATERIALS INDUSTRY

The construction industry is an important component of the Malaysia's economy due to its extensive linkages with the rest of the economy. The construction industry serves as a catalyst for national wealth creation and has a multiplier effect to other industries such as manufacturing, financial as well as other related supporting services. The construction industry further supports the social development of the country through the provision of basic infrastructures and employment opportunities.

The prominence given to the development of the construction industry has given rise to the emergence and development of related industries such as various building materials manufacturing and production industries along with supporting services like building materials distribution.

The following provide overviews of selected building materials industries in Malaysia:

- **Basic Metal Industry**

The basic metal industry plays a major role in the development of manufacturing and construction industry. The industry covers the primary processing and downstream manufacturing of ferrous (iron and steel) and non-ferrous (aluminium, tin, copper, zinc, lead, etc.) metal products.

- **Metal Fabrication Industry**

The metal fabrication industry is a well-established industry in Malaysia and it caters to a diverse range of fabricated metal products.

- **Wood and Wood Products Industry**

The wood and wood products industry is one of the major contributors to the country's economy. Over the years, the wood and wood products industry has developed from a

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

primary processing industry to a more advanced and technology-driven industry producing a significant number of downstream value-added products.

- **Non-Metallic Mineral Products Industry**

The non-metallic mineral products industry includes cement and concrete products, fibre cement and gypsum products, ceramic and clay products, glass, insulation materials, dimension stones and other non-metallic minerals. Malaysia is a net exporter of non-metallic mineral products and some of the major exports include glass and glassware, lime, cement and fabricated construction materials.

The building materials industry has grown and evolved in tandem with the expansion in the construction industry. It is largely dependent on the construction industry and the outlook remains encouraging as the Malaysian construction industry continues to be driven by government-led initiatives and spending, a sustained economic growth boosting spending and investment in properties and steady population growth.

3.2 OVERVIEW OF THE CONSTRUCTION INDUSTRY

The Malaysian construction industry has been on a growth trajectory since 2007. In 2015, the industry is expected to expand by 8.8 percent. Growth in the industry is expected to be largely supported by the various projects under the Economic Transformation Programme ("ETP") specifically the Klang Valley Mass Rapid Transit ("MRT") project and other Entry Point Projects ("EPPs") as well as other major infrastructure projects such as the Pan-Borneo Highway and the West Coast Expressway. Moving forward, the Malaysian construction industry is expected to expand by 8.4 percent in 2016, supported by the on-going mega construction projects.

Figure 3: Performance of the Construction Industry in Malaysia, 2013-2016

Year	% Change
2013	10.8
2014	11.8
2015 ^e	8.8
2016 ^f	8.4

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)*Notes:*

- 1) % change is based on real GDP at constant 2010 prices;
- 2) ^e denotes estimate;
- 3) ^f denotes forecast.

Source: IMR Report

In 2014, construction activities within the residential sub-sector improved following the completion of several properties, particularly terrace houses and condominiums/ apartments. Construction activities in the residential sub-sector increased in completions by 18.7 percent to 96,879 units in 2014 as compared to 81,639 units in 2013. Construction starts increased by 6.8 percent from 145,779 units to 155,667 units in 2014. In Q3 2015, completions within the residential sub-sector registered 62,512 units, or 7,898 units lower as compared to Q3 2014. However, construction starts within the residential sub-sector improved to 152,801 units in Q3 2015 as compared to 110,021 units in Q3 2014.

Meanwhile, there were mixed results in terms of construction activities in the purpose-built offices sub-sector in 2014. The sub-sector managed to register almost a three-fold increase in construction completions from 141,685 s.m. in 2013 to 423,739 s.m. in 2014. However, construction starts decreased by 47.4 percent from 290,553 s.m. in 2013 to 152,771 s.m. in 2014. Occupancy rate remained reasonably high at 84.9 percent in 2014. By comparison, in Q3 2015, construction starts for the purpose-built office sub-sector showed a marked improvement, overtaking the total completions in Q3 2014. Construction completions for the sub-sector stood at 412,758 s.m. for the same period.

In 2013, the shop sub-sector recorded a contraction in construction completions and starts by 1.5 percent and 2.9 percent respectively. In 2014, construction completions and starts within the shop sub-sector stood at 9,520 units and 17,429 units respectively. And in Q3 2015, both construction completions and starts within the shop sub-sector were higher as compared to the corresponding period in 2014. Construction completions and starts within the shop sub-sector stood at 7,490 and 18,474 units respectively in Q3 2015.

The shopping complexes sub-sector saw a 52.7 percent increase in completions from 451,743 s.m. in 2013 to 689,982 s.m. in 2014. Construction starts for the shopping complex sub-sector also registered an increase during the year. Construction starts within the shopping complex sub-sector increased from 263,040 s.m. in 2013 to 378,269 s.m. in 2014. In Q3 2015, the construction completions of this sub-sector were more toned down as compared to Q3 2014, with a total area of 304,532 s.m. However, construction starts of shopping

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

complexes sub-sector was strengthened to 579,147 s.m., higher than the construction starts of the sub-sector in Q3 2014.

As for the industrial property sub-sector, there was a double-digit growth registered in terms of completions and starts in 2014. Construction completions increased by 11.2 percent from 827 units in 2013 to 920 units in 2014 while construction starts surged by 37.9 percent from 1,924 units in 2013 to 2,676 units in 2014. In Q3 2015, construction completions and starts for the industrial property sub-sector stood at 709 units and 1,750 units respectively.

In terms of the Malaysian Government policies and support for the construction industry, projects with a high positive impact on the citizenry and low import value are expected to be implemented, although there is a possibility that major government projects with low multiplier effect may be rescheduled.

Previously in the Budget 2015, the Malaysian Government announced the implementation of large-scale infrastructure projects such as the 59-kilometre ("km") Sungai Besi-Ulu Klang Expressway ("SUKE") at a total construction cost of RM5.3 billion, the 276-km West Coast Expressway from Taiping to Banting at a total construction cost of RM5.0 billion, the 47-km Damansara-Shah Alam Highway ("DASH") at a total construction cost of RM4.2 billion and the 36-km Eastern Klang Valley Expressway ("EKVE") at a total construction cost of RM1.6 billion. The Malaysian Government has also highlighted its intention to start construction of the 1,663-km Pan-Borneo Highway at a total construction cost of RM27.0 billion. Besides that, RM150.0 million has been allocated to upgrade the East Coast railway line along Gemas-Mentakab, Jerantut-Sungai Yu and Gua Musang-Tumpat. In addition, the MRT and light rail transit ("LRT") are being expanded with the future construction of the 56-km Second MRT Line from Selayang to Putrajaya at an estimated cost of RM23.0 billion and implementation of the LRT 3 project linking Bandar Utama to Shah Alam at an estimated cost of RM9.0 billion. These large-scale infrastructure projects are expected to be a growth catalyst for the construction industry in Malaysia.

Affordable housing has continued to receive close attention from the Malaysian Government. Measures related to affordable housing announced in Budget 2015 included the allocation of RM1.3 billion under the 1Malaysia People's Housing Programme ("PR1MA") to provide 80,000 units of affordable houses and RM644.0 million under the People's Housing Programme ("PPR") for the National Housing Department to build 26,000 units of house. In addition, 12,000 units of 'Rumah Mesra Rakyat', 5,000 units of 'Rumah Idaman Rakyat' and 20,000

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

units of Rumah Aspirasi Rakyat are expected to be built on private land by Syarikat Perumahan Negara Berhad as announced in the Budget 2015.

In another development, a wholly-owned subsidiary of the Employees Provident Fund ("EPF"), Kwasa Land Sdn Bhd ("Kwasa Land"), announced that Malaysian Resources Corporation Berhad has won the bid to develop the first parcel of land in the massive Kwasa Damansara project. Kwasa Land was established to undertake the development of 2,330 acres of prime land located in the Klang Valley following the mandate given to EPF to purchase this massive acreage for future development in the 2010 Budget announced by the Prime Minister of Malaysia. The land is expected to be developed under a 15 to 20 year construction plan and this is expected to provide further impetus for the growth in the local construction industry. On a more recent note, the Malaysian government reiterated its ambition in the Budget 2016 to improving the infrastructure in the country with continued support for the construction of SUKE and DASH, on top of the construction of the 325-km Central Spine Road. As for the East Malaysia, the Malaysian government continues to support the construction of Pan-Borneo Highway alongside the construction of Mukah Airport in Sarawak and a 706-km highway from Sindium to Tawau. Allocation is also made for the expansion of MRT Line 2 and LRT Line 3 at an estimated cost of RM28 billion and RM10 billion respectively.

Affordable housing continued to be highlighted by the Malaysian Government. Measures related to affordable housing announced in Budget 2016 included the construction of 175,000 units of affordable houses by PR1MA, 10,000 units of 'Rumah Mesra Rakyat' by Syarikat Perumahan Negara Berhad, 100,000 houses by Perumahan Penjawat Awam 1 Malaysia, 22,300 units of apartment and 9,800 units of terrace houses by PPR,

In another development, a total of RM900 million has been allocated for the Jalan Tun Razak Traffic Dispersal Project, which is expected to ease traffic flow in the area and in turn increase demand for properties within the vicinity. Other projects such as the Malaysian Vision Valley, the Cyber City Centre in Cyberjaya, the KLIA Aeropolis, the Rubber City in Kedah, the Samalaju Industrial Park in Sarawak and the Palm Oil Jetty in Sabah is expected to provide growth in the construction and property industry in Malaysia.

Moreover, the construction industry is expected to benefit from government led initiatives and spending as outlined the Eleventh Malaysia Plan ("11MP"). A higher total of RM260 billion has been allocated under 11MP for development as compared to RM230 billion under the Tenth

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Malaysia Plan. Around half of the allocation has been pegged for infrastructure development. Among the notable construction projects outlined in the 11MP include the Tun Razak Exchange, KL118 Tower, Kuala Lumpur-Singapore High Speed Rail, 5 new power plants, the Pan-Borneo Highway, the MRT Line 2 (Sungai Buloh to Serdang to Putrajaya), the LRT Line 3 (Bandar Utama to Klang) and the Gemas-Johor Bahru Rail Double-Tracking.

3.3 MARKET DYNAMICS SCORECARD

Due to the diverse variety and nature of building materials, along with the multitude of requirements and market participants serving the building materials industry, the market size of the building materials market is not readily available. The building materials industry is driven as a result of the demand created from the construction industry and is used as a direct assessment of the market performance of the building materials industry. The market dynamics for the building materials industry rises in tandem with the construction industry, of which details are shown in Figure 4 below.

Figure 4: Market Dynamics Scorecard for the Construction Industry in Malaysia

Market Dynamics Indicators	Measurement	Trends
2014 Construction Industry Size (RM billion)*	43.19	Increasing
2014 Construction Industry Growth Rate (%)*	11.8	-
2019 Forecast Construction Industry Size (RM billion) *	64.88	Increasing
Forecast Period Market CAGR (2014 – 2019) (%)*	8.5	-
2015-2016 Demand Conditions	Government led initiatives and spending along with improving consumer sentiment and interest in properties will continue to underpin demand.	Stable
2015-2016 Supply Conditions	Favourable with an established local building materials industry.	Stable

Note:

* Construction industry size and growth rate at constant 2010 prices. The construction industry creates demand for building materials and hence acts as a proxy to illustrate the growth of the building materials industry.

Source: IMR Report

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

3.4 HISTORICAL MARKET PERFORMANCE AND GROWTH FORECAST

Protégé Associates has provided the historical performance and growth forecast of the construction industry in Malaysia based on the primary and secondary research as well as analytical works conducted. The construction industry in Malaysia was worth approximately RM38.7 billion in 2013, representing a 10.8 percent growth year-on-year from 2012. The growth in the industry was supported mainly by the civil engineering sub-sector. Besides that, the residential and non-residential sub-sectors had also contributed to the growth in the construction industry.

Protégé Associates has projected the construction industry to grow at a CAGR of 8.5 percent for the 2014 to 2019 periods.

Figure 5: Estimated Market Size and Growth Forecast for the Construction Industry in Malaysia, 2012 – 2019

Year	Market Size (RM billion)*	Growth Rate (%)
2012	34.88	-
2013	38.65	10.8
2014	43.19	11.8
2015	46.97	8.8
2016	50.94	8.4
2017	55.37	8.7
2018	60.36	9.0
2019	64.88	7.5

CAGR (2014 – 2019): 8.5 percent

Notes:

- * At constant 2010 prices;*
- All figures are rounded; the base year is 2014.*

Source: IMR Report

The building materials market is largely dependent on the construction industry, and its outlook is encouraging in the light of favourable growth in the construction industry moving forward. In 2014, the construction industry expanded by 11.8 percent. Growth in 2014 was supported by the implementation of various projects under the ETP specifically the MRT project, the Tun Razak Exchange and other EPPs. Growth within the construction industry is also supported by the implementation of other major infrastructure projects such as the West Coast Expressway and the redevelopment of Pudu Jail. And in 2015, the Malaysian

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

construction industry is expected to expand by 8.8 percent attributed by the on-going mega construction projects.

Going forward, the construction industry is expected to continue growing and is estimated to reach RM64.9 billion in 2019. The forecast expansion in the construction industry will underpin growth in demand for building materials and this augurs well for the overall development of the building materials industry. Factors driving growth in the building materials industry in tandem with the expansion in the construction industry include the government-led initiatives and spending, a sustained economic growth boosting spending and investment in properties and steady population growth.

Much of the construction industry's growth prospects from 2016 to 2019 hinges upon the speed and effective implementation of the various projects identified under the 11MP and ETP, along with the continued execution of various public-private partnership ("PPP") projects. The implementation of civil engineering projects in the utility and transportation segment is expected to support growth in the construction industry. Support from the oil and gas segment, while usually being one of the key contributors to the Malaysian construction industry, may be lesser in the short term due to the declining crude oil prices leading to cuts in capital expenditure for oil and gas industry players.

3.5 COMPETITIVE ANALYSIS

3.5.1 Key Market Players

The fluid and competitive nature of the market Chin Hin Group operates in has resulted in a wide differentiation and diversification in terms of products/service offerings and business models by market players. As such, it is almost impossible to perform a direct or like-for-like comparison on market participants within the building materials industry.

Nevertheless, certain comparable market participants within the following building materials segments namely manufacture of articles of concrete, cement and plaster, manufacture of structural metal products and distribution of building materials has been identified for comparison purposes. These market participants encompass local companies and local subsidiaries of multinational corporations ("MNCs") and are selected based on their business activities, products offering and involvement in the corresponding building materials segment as well their size in tandem with their respective financial performance.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Protégé Associates has conducted the research through a combination of both secondary and primary research. The main secondary researched were with the Malaysian Standard Industrial Classification and relevant associations, including the Malaysia Hardware, Machinery and Building Materials Dealers' Association, the National Ready-mixed Concrete Association of Malaysia and the Malaysian Iron and Steel Industry Federation to ascertain a list of comparable market players. Then, Protégé Associates conducted primary research with the market players in the local construction industry to further identify the closest comparable market players in each segment. Individual revenue numbers for each identified market players were also obtained through companies' searches and annual reports of listed companies to supplement our findings and to determine their size in tandem with their revenue.

The list of these players is not exhaustive and each player's product offerings may not exactly coincide with others'. Market players may participate in one or more segments other than the indicated building materials segment.

Distribution of Building Materials

The building materials distribution market in Malaysia is highly competitive and fragmented with numerous market players ranging from small to medium size companies catering to the various needs of the local market. The distribution of building materials segment is estimated to value at RM30.7 billion in 2013. In 2014, the value of distribution of building materials segment is estimated at RM32.3 billion.

Chin Hin Group is involved in the building materials distribution segments with its building materials distribution activities through PP Chin Hin. PP Chin Hin distributes a wide range of building materials, ranging from basic building materials (such as cement, steel reinforcement bars and mesh, bricks) to finishing products (such as wall and floor tiles, sanitary wares, bath fixtures, paints, timber flooring, doors, windows and pavers). In addition, Chin Hin Group is also involved in the manufacturing segment within the building materials industry.

For comparison purposes, Figure 6 details selected other market players within the distribution of building materials segment that register annual turnover of over RM200 million attributed to the said segment, and distributes similar building materials as Chin Hin Group.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)**Figure 6: Selected Other Market Players within the Distribution of Building Materials Segment**

Company	Key Activities
Chuan Huat Resources Berhad ("Chuan Huat")	<ul style="list-style-type: none"> • Incorporated in 1976; • Listed on the Main Market of Bursa Malaysia; • 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; • Also involved in the manufacture and sale of welded wire mesh and hard drawn steel wires through its wholly owned subsidiary, CH Samawira Mesh Sdn Bhd; • Its building material product range includes concrete products, roofing tiles, polyglass fibre, cement and bricks, window and door frames, terram, storage tanks steel pipe products, etc; • For its FYE 31 December 2014, Chuan Huat registered RM708.7 million in revenue, including RM657.9 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM52.1 million recorded by CH Samiwara Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires; • For its FYE 31 December 2013, Chuan Huat registered RM693.2 million in revenue, including RM638.6 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM60.2 million recorded by CH Samawira Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires; • For its FYE 31 December 2012, Chuan Huat registered RM708.3 million in revenue, including RM648.3 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM70.3 million recorded by CH Samawira Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires.
Hap Seng Consolidated Berhad ("Hap Seng")	<ul style="list-style-type: none"> • Listed on Main Market of Bursa Malaysia in 1978, and was acquired by the Malaysian Mosaics Berhad Group in 1995; • Involved in multiple business segments, including plantations, property investment and development, credit financing, trading of fertilisers and automotive, as well as building materials and stone quarries; • Involved in the distribution of building materials segment through its subsidiary, Hap Seng Trading (BM) Sdn Bhd, to

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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Company	Key Activities
	<p>supply a wide range of building materials for the construction and building industry;</p> <ul style="list-style-type: none"> • Its building material products include steel bars, cement, wire mesh, concrete products, aggregates, pipes, roofing, sanitary wares, tiles, ironmongery, wood and board, as well as adhesive; • Also involved in the manufacture of bricks through Hap Seng Clay Products Sdn Bhd; • For its FYE 31 December 2014, Hap Seng registered RM3.8 billion in revenue; • For its FYE 31 December 2013, Hap Seng registered RM3.5 billion in revenue, including RM293.3 million recorded by Hap Seng Trading (BM) Sdn Bhd in trading of building materials; • For its FYE 31 December 2012, Hap Seng registered RM4.0 billion in revenue, including RM236.8 million recorded by Hap Seng Trading (BM) Sdn Bhd in trading of building materials.
<p>Harrisons Holdings (Malaysia) Berhad ("Harrisons Malaysia")</p>	<ul style="list-style-type: none"> • Incorporated in 1990; • Listed on the Main Market of Bursa Malaysia; • A wholly owned subsidiary of Harrisons and Crosfield PLC; • 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; • Involved in distribution of building materials in Peninsular Malaysia through its subsidiary, Harrisons Peninsular Sdn Bhd; • Its building material products include cement, steel, roofing products, building boards, etc; • For its FYE 31 December 2014, Harrisons Malaysia registered RM1.4 billion in revenue; • For its FYE 31 December 2013, Harrisons Malaysia registered RM1.4 billion in revenue, including RM218.7 million recorded by Harrisons Peninsular Sdn Bhd in distribution of building materials; • For its FYE 31 December 2012, Harrisons Malaysia registered RM1.4 billion in revenue, including RM207.5 million recorded by Harrisons Peninsular Sdn Bhd in distribution of building materials.
<p>Hong Leong Industries Berhad ("HLI")</p>	<ul style="list-style-type: none"> • Principal activities are segregated into 4 main categories, i.e. semiconductor, motorcycle, building materials and others. • Involved in the distribution of building materials segment through its wholly owned subsidiaries, Hume Marketing Co.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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Company	Key Activities
	<p>Sdn Bhd and Hume Marketing (EM) Sdn Bhd;</p> <ul style="list-style-type: none"> • Products under the trading and distribution of building materials division include cement, ceramic tiles, paint, steel bars, pipes, wire mesh, sanitary wares and fittings, ceiling sheets and roofing materials; • For its FYE 30 June 2015, HLI registered RM2.2 billion in revenue; • For its FYE 30 June 2014, HLI registered close to RM2.3 billion in revenue, including RM272.2 million recorded by Hume Marketing Co. Sdn Bhd and RM69.8 million recorded by Hume Marketing (EM) Sdn Bhd in trading and distribution of building materials; • For its FYE 30 June 2013, HLI registered RM2.2 billion in revenue, including RM314.5 million recorded by Hume Marketing Co. Sdn Bhd and RM69.5 million recorded by Hume Marketing (EM) Sdn Bhd in trading and distribution of building materials; • For its FYE 30 June 2012, HLI registered RM2.2 billion in revenue, including RM312.3 million recorded by Hume Marketing Co. Sdn Bhd and RM75.4 million recorded by Hume Marketing (EM) Sdn Bhd in trading and distribution of building materials.
Ipmuda Berhad ("Ipmuda")	<ul style="list-style-type: none"> • Incorporated in 1975 and listed on the Main Market of Bursa Malaysia in 1993; • Involved in multiple business segments, including trading, property and investment holding, contracting, manufacturing as well as property development; • Involved in the distribution of building materials segment 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; • Involved in trading of general building products through its subsidiaries, Ipmuda Berhad, Ipmuda Utara Sdn Bhd, Ipmuda Selatan Sdn Bhd, Ipmuda Timuran Sdn Bhd, Ipmuda Borneo Sdn Bhd Ipmuda Trading Pte Ltd and Ipmuda Buildermart Sdn Bhd; • Also involved in the manufacture of kitchen or wardrobe doors and wooden mouldings through Roset-BLG Sdn Bhd; • For its FYE 31 December 2014, Ipmuda registered RM635.5 million in revenue, of which 82.0 percent amounting to RM521.1 million of segmental revenue in trading of building materials;

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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Company	Key Activities
	<ul style="list-style-type: none"> For its FYE 31 December 2013, Ipmuda registered RM628.1 million in revenue, of which 82.0 percent amounting to RM515.0 million of segmental revenue in trading of building materials; For its FYE 31 December 2012, Ipmuda registered RM657.2 million in revenue, including RM585.5 million of segmental revenue from its trading division.
Lafarge Malaysia Berhad ("Lafarge Malaysia")	<ul style="list-style-type: none"> Incorporated in Malaysia in 1950; A subsidiary of Lafarge S.A.; Listed on the Main Market of Bursa Malaysia; Principally involved in the manufacture and sale of cement, ready-mixed concrete, aggregates and other related building materials; Manufacturing facilities include 3 integrated cement plants in Langkawi, Kanthan and Rawang, a grinding station in Pasir Gudang, more than 30 ready-mixed concrete batching plants and 6 aggregates quarries throughout Peninsular Malaysia; Involved in manufacturing and sale of ready-mixed concrete through its subsidiaries, Lafarge Concrete (Malaysia) Sdn Bhd, Lafarge Concrete Industries Sdn Bhd and Lafarge Concrete (East Malaysia) Sdn Bhd; Also involved in trading of cement and other building materials through its wholly owned subsidiary, CMCM Perniagaan Sdn Bhd in Malaysia, and Lafarge Cement Singapore Pte Ltd in Singapore; For its FYE 31 December 2014, Lafarge Malaysia registered RM2.7 billion in revenue, of which an estimated of RM582.1 million was generated from its trading of cement and other building materials; For its FYE 31 December 2013, Lafarge Malaysia registered RM2.9 billion in revenue, of which an estimated of RM573.2 million was generated from its trading of cement and other building materials; For its FYE 31 December 2012, Lafarge Malaysia registered RM2.7 billion in revenue, of which an estimated of RM588.3 million was generated from its trading of cement and other building materials.
Wah Seong Corporation Berhad ("Wah Seong")	<ul style="list-style-type: none"> Incorporated in 1994; Listed on the Main Market of Bursa Malaysia; Principally involved in the provision of infrastructure and services for oil and gas and renewable energy sector, oil palm plantation, as well as distribution of infrastructure and

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Company	Key Activities
	building materials; <ul style="list-style-type: none"> • Involved in building materials trading and distribution in Peninsular Malaysia through its subsidiary, Syn Tai Hung Trading Sdn Bhd; • For its FYE 31 December 2014, Wah Seong registered RM2.4 billion in revenue, including RM531.3 million recorded by Syn Tai Hung Trading Sdn Bhd in trading and distribution of building materials; • For its FYE 31 December 2013, Wah Seong registered RM1.8 billion in revenue, including RM551.3 million recorded by Syn Tai Hung Trading Sdn Bhd in trading and distribution of building materials; • For its FYE 31 December 2012, Wah Seong registered RM1.9 billion in revenue, including RM617.6 million recorded by Syn Tai Hung Trading Sdn Bhd in trading and distribution of building materials.

Source: IMR Report

Manufacture of Articles of Concrete, Cement and Plaster

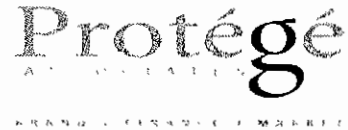
The manufacture of articles of concrete, cement and plaster segment includes the manufacture of ready-mix and dry-mix concrete and mortars, precast concrete, cement or artificial stone articles for use in construction, prefabricated structural components for building or civil engineering of cement, concrete or artificial stone, etc. The value of the manufacture of articles of concrete, cement and plaster segment is estimated at RM5.4 billion in 2013. In 2014, the value of the manufacture of articles of concrete, cement and plaster segment is estimated at RM5.2 billion.

Chin Hin Group is involved in the manufacture of articles of concrete, cement and plaster segment with its manufacture of ready-mixed concrete (through Chin Hin Concrete (KL) and Chin Hin Concrete (North)), and its manufacture of precast concrete products (through G-Cast). Subsequently in 2014, Chin Hin Group commenced its manufacture of AAC blocks and outsourced its manufacture of ready-mixed concrete. For comparison purposes, Figure 7 details selected other market players within the manufacture of articles of concrete, cement and plaster segment that register annual turnover of above RM100 million attributed to the said segment.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Figure 7: Selected Other Market Players within the Manufacture of Articles of Concrete, Cement and Plaster Segment

Company	Key Activities
Hanson Building Materials Malaysia Sdn Bhd ("Hanson Malaysia")	<ul style="list-style-type: none"> • A subsidiary of HeidelbergCement AG; • Principally involved in the manufacture of ready-mix concrete and concrete products; • Has over 40 ready-mix concrete plants serviced by approximately 400 mixer trucks in Malaysia; • For its FYE 31 December 2013, Hanson Malaysia registered RM365.0 million in revenue; • For its FYE 31 December 2012, Hanson Malaysia registered RM296.7 million in revenue.
Lafarge Malaysia	<ul style="list-style-type: none"> • Incorporated in Malaysia in 1950; • A subsidiary of Lafarge S.A.; • Listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"); • Principally involved in the manufacture and sale of cement, ready-mixed concrete, aggregates and other related building materials; • Manufacturing facilities include 3 integrated cement plants in Langkawi, Kanthan and Rawang, a grinding station in Pasir Gudang, more than 30 ready-mixed concrete batching plants and 6 aggregates quarries throughout Peninsular Malaysia; • Involved in manufacturing and sale of ready-mixed concrete through its subsidiaries, Lafarge Concrete (Malaysia) Sdn Bhd, Lafarge Concrete Industries Sdn Bhd and Lafarge Concrete (East Malaysia) Sdn Bhd; • Also involved in trading of cement and other building materials through its wholly owned subsidiary, CMCM Perniagaan Sdn Bhd in Malaysia, and Lafarge Cement Singapore Pte Ltd in Singapore; • For its FYE 31 December 2014, Lafarge Malaysia registered RM2.7 billion in revenue, of which an estimated of RM390.2 million was generated from its manufacturing and sale of ready-mixed concrete; • For its FYE 31 December 2013, Lafarge Malaysia registered RM2.9 billion in revenue, of which an estimated of RM427.5 million was generated from its manufacturing and sale of ready-mixed concrete; • For its FYE 31 December 2012, Lafarge Malaysia registered RM2.7 billion in revenue, of which an estimated of RM360.7 million was generated from its manufacturing and sale of

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Company	Key Activities
	ready-mixed concrete.

Notes:

1. These market players are identified for comparison purpose only, and do not constitute and is not limited to the actual quantity of market players within the manufacture of articles of concrete, cement and plaster segment;
2. The selected market players are alphabetically arranged and this does not constitute as a ranking.

Source: IMR Report

Manufacture of Structural Metal Products

The manufacture of structural metal products segment includes the manufacture of industrial frameworks (such as frameworks for blast furnaces, lifting and handling equipment, etc.), prefabricated buildings mainly of metal doors, windows and their frames, shutters and gates, and others (such as metal frameworks or skeletons for construction and parts thereof as well as metal room partitions for floor attachment). In 2013, the value of the manufacture of structural metal products segment is estimated at approximately RM2.0 billion. In 2014, the value of structural metal products segment is estimated at approximately RM1.9 billion.

Chin Hin Group is involved in the manufacture of structural metal products segment with its manufacture of wire mesh and metal roofing systems through Metex Steel. For comparison purposes, Figure 8 details selected other market players within the manufacture of structural metal products segment that register annual turnover of over RM30 million attributed to the said segment.

Figure 8: Selected Other Market Players within the Manufacture of Structural Metal Products Segment

Company	Key Activities
Ajiya Berhad ("Ajiya")	<ul style="list-style-type: none"> • Listed on the Main Board of the Bursa Malaysia; • Principally involved in manufacturing and marketing of glass products, metal roofing, metal door and window frames, floor decks, metal ceiling and other building materials; • Involved in manufacturing of metal roll-forming products, such as metal roofing system, metal frame products, structural products, light-weight channel products, metal ceiling and sun shade products under its wholly-owned subsidiary, Asia Roofing Industries Sdn Bhd; • Asia Roofing Industries Sdn Bhd has 3 manufacturing sites located in Segamat and Senai, Johore, and Shah Alam, Selangor;

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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Company	Key Activities
	<ul style="list-style-type: none"> • For its FYE 30 November 2014, Aijaya registered RM412.5 million in revenue, including RM151.3 recorded by Asia Roofing Industries Sdn Bhd in manufacturing of metal roll-forming products; • For its FYE 30 November 2013, Aijaya registered RM391.9 million in revenue, including RM143.6 million recorded by Asia Roofing Industries Sdn Bhd in manufacturing of metal roll-forming products; • For its FYE 30 November 2012, Ajiaya registered RM379.2 million in revenue, including RM140.8 million recorded by Asia Roofing Industries Sdn Bhd in manufacturing of metal roll-forming products.
Asia Wire Steel Mesh Manufacturers Sdn Bhd ("Asia Wire")	<ul style="list-style-type: none"> • Incorporated in 1970; • Principally involved in manufacturing of steel products and supplying reinforcing steel fabric, steel wire and galvanised products for building, construction, rural and other industries in Malaysia; • Asia Wire's products include steel welded mesh and galvanised mesh; • For its FYE 31 December 2014, Asia Wire registered RM97.8 million in revenue; • For its FYE 31 December 2013, Asia Wire registered RM88.3 million in revenue; • For its FYE 31 December 2012, Asia Wire registered RM94.4 million in revenue.
Bersatu Wire Mesh Industries Sdn Bhd ("Bersatu Wire Mesh")	<ul style="list-style-type: none"> • Established in 2000; • Principally involved in mesh manufacturing; • Also involved in manufacturing and distribution of steel fabric for concrete reinforcement, galvanised welded mesh, low carbon hard drawn wire, steel bar, barbed wire, chain link fence, bed mesh and custom-made products; • Majority products are used in construction, manufacturing and housing industries; • For its FYE 31 December 2014, Bersatu Wire Mesh registered close to RM42.0 million in revenue; • For its FYE 31 December 2013, Bersatu Wire Mesh registered close to RM36.1 million in revenue; • For its FYE 31 December 2012, Bersatu Wire Mesh registered RM36.4 million in revenue.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Company	Key Activities
Chuan Huat	<ul style="list-style-type: none"> • Incorporated in 1976; • Listed on the Main Market of Bursa Malaysia; • 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; • Also involved in the manufacture and sale of welded wire mesh and hard drawn steel wires through its wholly owned subsidiary, CH Samawira Mesh Sdn Bhd; • Its building material product range includes concrete products, roofing tiles, polyglass fibre, cement and bricks, window and door frames, terram, storage tanks steel pipe products, etc; • For its FYE 31 December 2014, Chuan Huat registered RM708.7 million in revenue, including RM657.9 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM52.1 million recorded by CH Samawira Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires; • For its FYE 31 December 2013, Chuan Huat registered RM693.2 million in revenue, including RM638.6 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM60.2 million recorded by CH Samawira Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires; • For its FYE 31 December 2012, Chuan Huat registered RM708.3 million in revenue, including RM648.3 million of segmental revenue from trading of steel and iron products, building and construction materials of all kinds, and RM70.3 million recorded by CH Samawira Mesh Sdn Bhd in the manufacture and sale of welded wire mesh and hard drawn steel wires.
EC Excel Wire Sdn Bhd ("EC Excel Wire")	<ul style="list-style-type: none"> • Incorporated in 2005; • Principally involved in manufacturing and distribution of steel wire mesh for concrete reinforcement, galvanised welded mesh, steel bar, chain link fencing and barbed wire; • Supplies its products to domestic and overseas market; • For its FYE 31 December 2014, EC Excel Wire registered RM152.6 million in revenue; • For its FYE 31 December 2013, EC Excel Wire registered RM87.3 million in revenue;

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Company	Key Activities
	<ul style="list-style-type: none"> For its FYE 31 December 2012, EC Excel Wire registered RM65.4 million in revenue.
Kamen Steel Industries Sdn Bhd ("Kamen Steel")	<ul style="list-style-type: none"> Incorporated in 1989; Principally involved in manufacturing and supply of welded mesh, steel bar, hard drawn wire, fence, engineering bar and others; For its FYE 31 December 2014, Kamen Steel registered RM190.3 million in revenue; For its FYE 31 December 2013, Kamen Steel registered RM191.0 million in revenue; For its FYE 31 December 2012, Kamen Steel registered RM174.6 million in revenue.
KHP Steel Product (M) Sdn Bhd ("KHP Steel Product")	<ul style="list-style-type: none"> Incorporated in 2000; Principally involved in manufacture of steel products, particularly steel roofing materials; For its FYE 31 December 2014, KHP Steel Product registered RM60.7 million in revenue; For its FYE 31 December 2013, KHP Steel Product registered close to RM53.0 million in revenue; For its FYE 31 December 2012, KHP Steel Product registered RM39.2 million in revenue.
SMPC Corporation Berhad ("SMPC") (currently known as Atta Global Group Berhad)	<ul style="list-style-type: none"> Incorporated in 1981 as SMPC; Listed on the Main Market of Bursa Malaysia; 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; For its FYE 31 March 2015, SMPC registered RM141.2 million in revenue, of which RM72.4 million of segmental revenue generated from its manufacturing of metal related products; For its FYE 31 March 2014, SMPC registered RM143.6 million in revenue, of which RM72.2 million of segmental revenue generated from its manufacturing of metal related products; For its FYE 31 March 2013, SMPC registered RM137.1 million in revenue, of which RM78.7 million of segmental revenue generated from its manufacturing of metal related products; For its FYE 31 March 2012, SMPC registered RM127.6 million in revenue, of which RM63.1 million of segmental revenue generated from its manufacturing of metal related products; Assumed its current name of Atta Global Group Berhad in

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Company	Key Activities
	September 2015.

Notes:

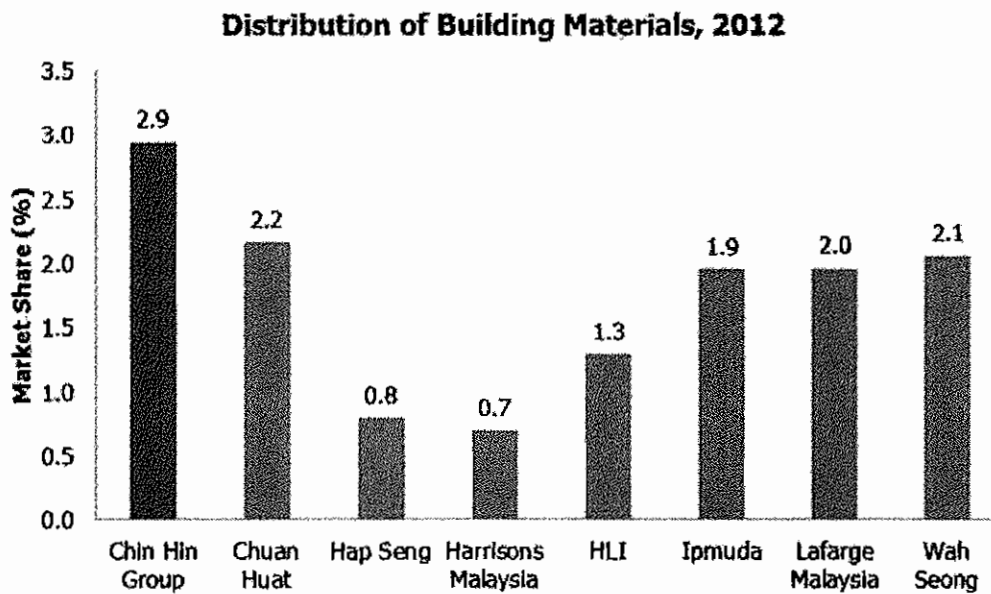
- 1) *These market players are identified for comparison purpose only, and do not constitute and is not limited to the actual quantity of market players within the manufacture of structural metal products segment;*
- 2) *The selected market players are alphabetically arranged and this does not constitute as a ranking.*

Source: IMR Report

3.5.2 Market Share Analysis

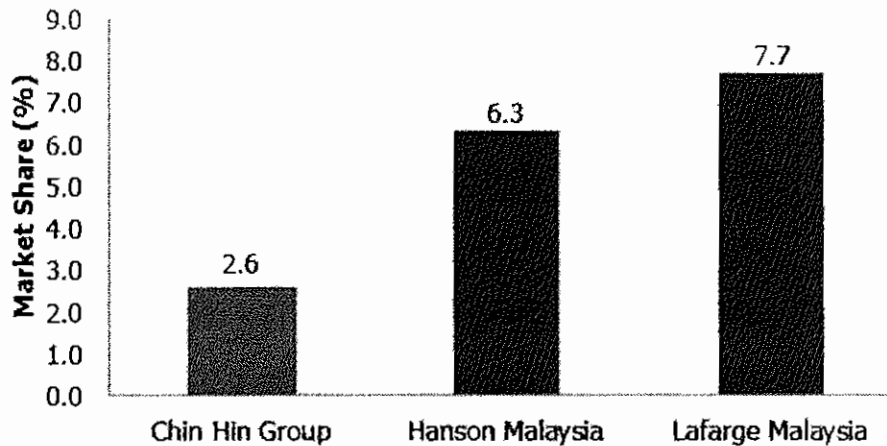
For comparison purposes, figure below depicts the market share of each selected market players in respective building materials segment for the year 2012.

Figure 9: Market Share Comparison between Chin Hin Group and Selected Market Players in Respective Segment, 2012

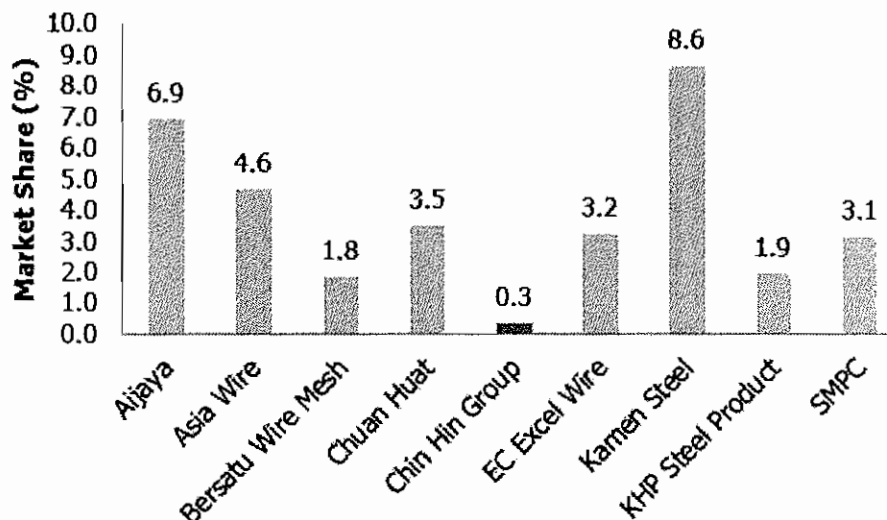


7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Manufacturing of Articles of Concrete, Cement and Plaster, 2012



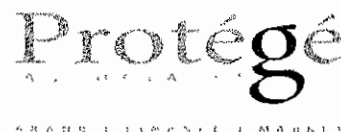
Manufacture of Structural Metal Products, 2012



Note: Market share of each player is computed based on segmental revenue attributed to respective segment in 2012

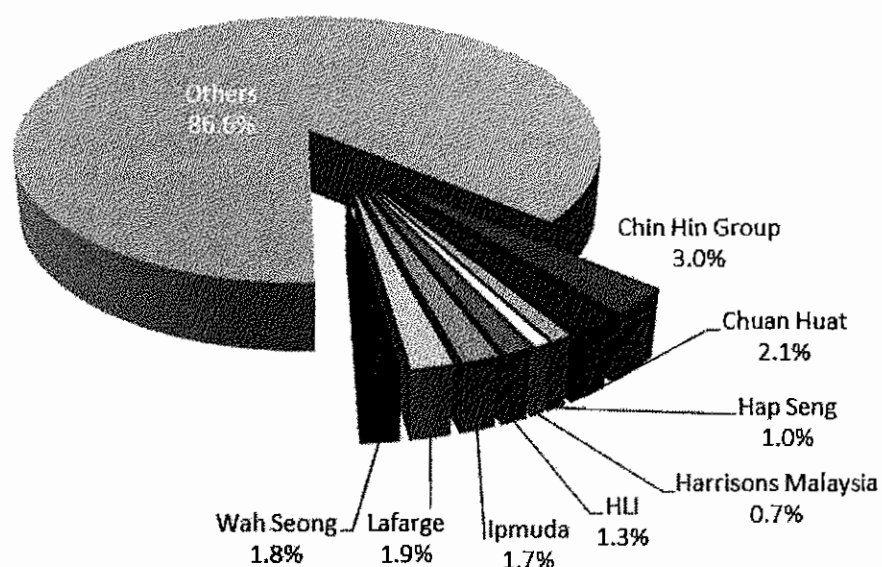
Source: IMR Report

The value of distribution of building materials segment was estimated at RM30.1 billion in 2012. For its FYE 31 December 2012, Chin Hin Group recorded RM872.2 million of revenue from its building materials distribution activities, equivalent to an estimate of 2.9 percent of the distribution of building materials segment in 2012. For its FYE 31 December 2013, Chin Hin Group's revenue from its building materials distribution activities increased to RM922.2 million, mainly contributed by the sale of other building materials such as plywood, concrete

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

products, roofing, tiles, pipes, sanitary wares, ironmongery, wire mesh and bricks as the Group continued to focus on higher margin products. This is equivalent to 3.0 percent of the distribution of building materials segment in 2013 as depicted in figure below. In 2013, the value of the distribution of building materials segment is estimated at RM30.7 billion.

Figure 10: Market Share of Selected Market Players within the Distribution of Building Materials Segment, 2013



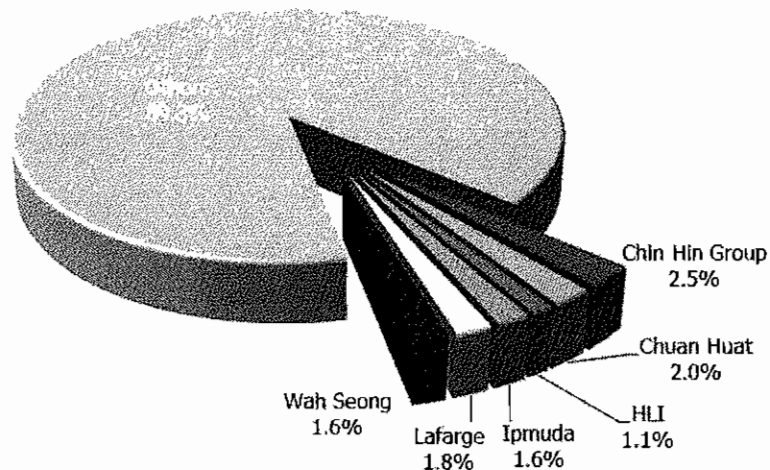
Note: Market share of each market player is computed based on segmental revenue attributed to the distribution of building materials segment in 2013;

Source: IMR Report

For its FYE 31 December 2014, Chin Hin Group recorded revenue of RM811.9 million from its building materials distribution activities. This is equivalent to 2.5 percent of the distribution of building materials segment in 2014. In 2014, the value of the distribution of building materials segment is estimated at RM32.3 billion.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Figure 11: Market Share of Selected Market Players within the Distribution of Building Materials Segment, 2014



Notes:

1. Market share of each market player is computed based on segmental revenue attributed to the distribution of building materials segment in 2014;
2. Market share in 2014 provided only for Chin Hin Group, Chuant Huat, HLI, Ipmuda, Lafarge and Wah Seong, as not all selected market players have reported their financial results for 2014, at the time of publication.

Source: IMR Report

The value of the manufacturing of articles of concrete, cement and plaster segment is estimated at RM4.7 billion in 2012. For its FYE 31 December 2012, Chin Hin Group generated revenues of RM123.6 million from the manufacture of ready-mixed concrete and precast concrete products, including 5-month revenue of the manufacture of AAC and precast concrete products since August 2012. This is equivalent to an estimate of 2.6 percent of the said segment in 2012.

In 2013, Chin Hin Group further strengthened its presence in the manufacturing of articles of concrete, cement and plaster segment in line with an increase of its market share in the segment. For its FYE 31 December 2013, Chin Hin Group's revenue from the manufacture of ready-mixed concrete and precast concrete products increased to RM190.2 million, after securing few new customers for the ready-mixed concrete segment that were involved in the construction of high rise buildings such as De Centrum City located in Bangi and mixed development located in Bandar Saujana Putra. These new customers collectively contributed approximately 11.0 percent to the Group's revenue from the ready-mixed concrete segment in FYE 31 December 2013. The increase in revenue from the manufacture of ready-mixed concrete and precast concrete products was also attributed to a higher contribution from the

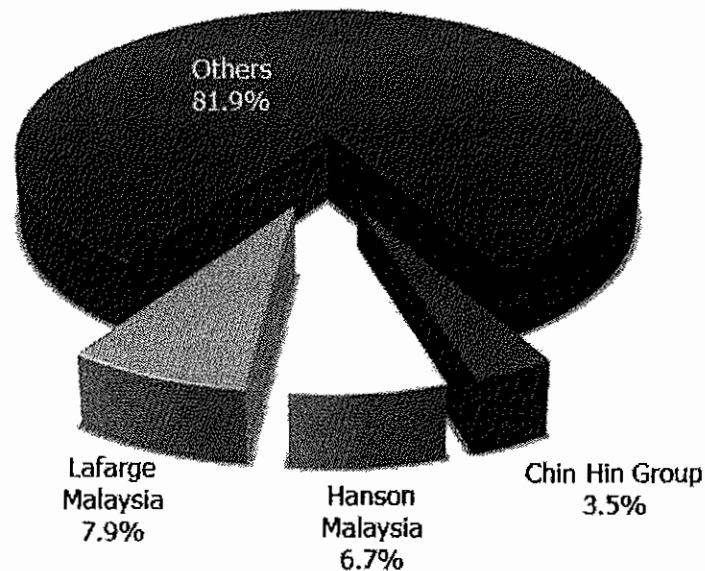
7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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12-month revenue from the manufacture of AAC and precast concrete products as compared to 5-month revenue for its FYE 31 December 2012. This is equivalent to an estimate of 3.5 percent of the said segment in 2013 as depicted in figure below. In 2013, the value of the manufacture of articles of concrete, cement and plaster segment is estimated at RM5.4 billion.

Figure 12: Market Share of Selected Market Players within the Manufacture of Articles of Concrete, Cement and Plaster Segment, 2013



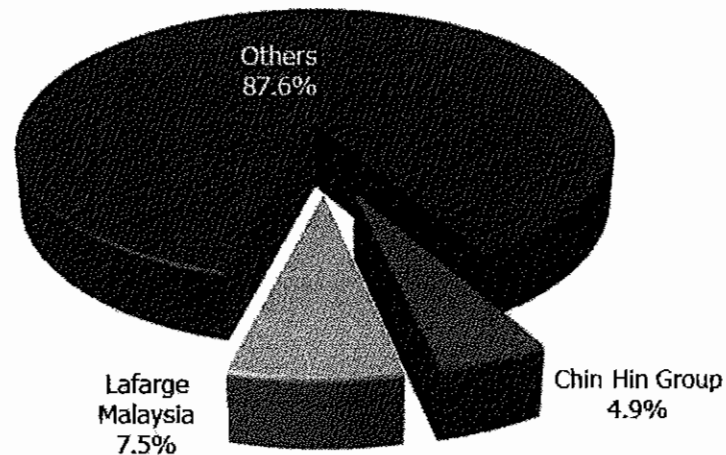
Note: Market share of Chin Hin Group and Lafarge Malaysia are computed based on segmental revenue attributed to the manufacture of articles of concrete, cement and plaster segment in 2013

Source: IMR Report

For its FYE 31 December 2014, Chin Hin Group recorded revenue of approximately RM253.1 million from its manufacture of ready-mixed concrete and precast concrete products activities. This is equivalent to 4.9 percent of the manufacture of articles of concrete, cement and plaster segment in 2014. In 2014, the value of the manufacture of articles of concrete, cement and plaster segment is estimated at RM5.2 billion.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Figure 13: Market Share of Selected Market Players within the Manufacture of Articles of Concrete, Cement and Plaster Segment, 2014



Notes:

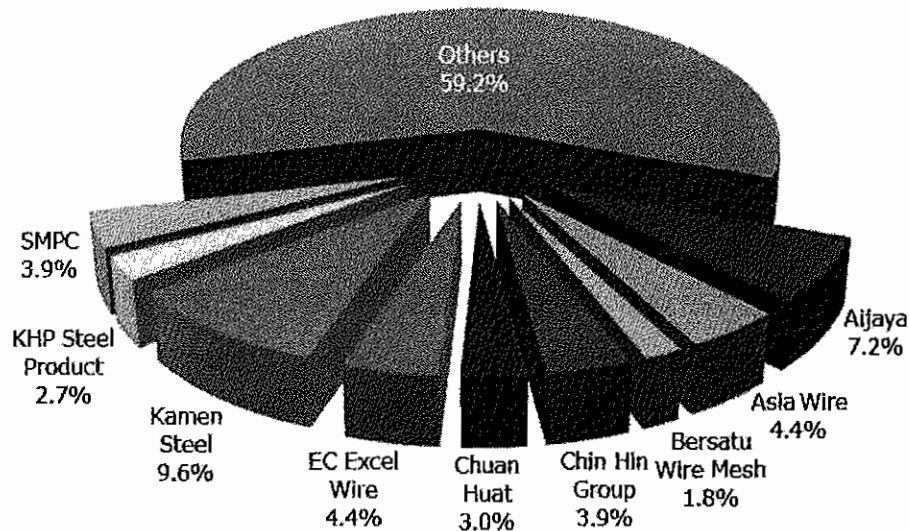
1. Market share of Chin Hin Group and Lafarge Malaysia are computed based on segmental revenue attributed to the manufacture of articles of concrete, cement and plaster segment in 2014;
2. Market share in 2014 provided only for Chin Hin Group and Lafarge Malaysia, as not all selected market players have reported their financial results for 2014, at the time of publication.

Source: IMR Report

Chin Hin Group ventured into the manufacture of wire mesh and metal roofing systems in 2011 through Metex Steel. The manufacture of structural metal products segment is estimated to value at RM2.0 billion in 2012. For FYE 31 December 2012, Chin Hin Group garnered 3-month revenue of RM6.7 million from the manufacture of wire mesh and metal roofing systems since October 2012. This is equivalent to 0.3 percent share of the manufacture of structural metal products segment. Following the acquisition of a factory in Prai, Penang in 2012 for the manufacturing of hard drawn wire and metal roofing systems, and the commencement of its operation in 2013, Chin Hin Group's 12-month revenue from the manufacture of wire mesh and metal roofing systems stood at RM78.0 million for its FYE 31 December 2013. This translates to a market share of 3.9 percent of total industry revenue of RM2.0 billion in 2013 as depicted in the following figure.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

Figure 14: Market Share of Selected Market Players within the Manufacture of Structural Metal Products Segment, 2013



Note: Market share of Aijaya, Chin Hin Group, Chuan Huat and SMPC are computed based on segmental revenue attributed to the manufacture of structural metal products segment in 2013

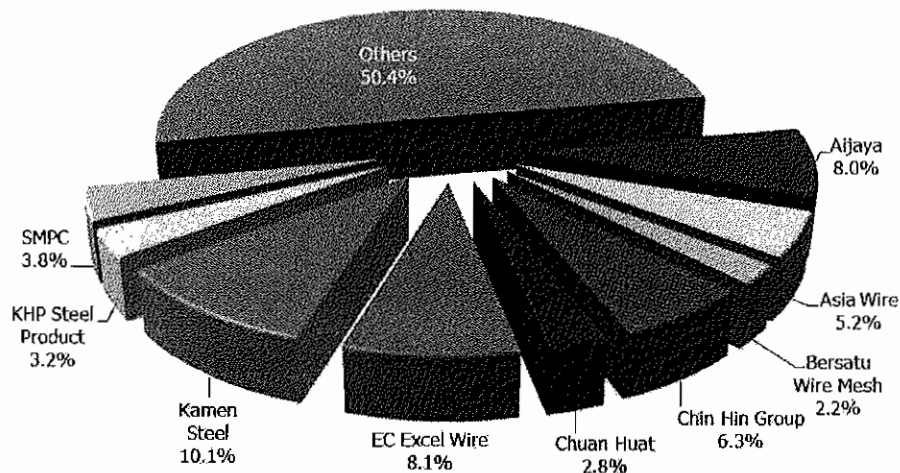
Source: IMR Report

For its FYE 31 December 2014, Chin Hin Group recorded revenue of approximately RM119.4 million from its manufacture of wire mesh and metal roofing systems activities. This is equivalent to 6.3 percent of the manufacture of structural metal products segment in 2014. In 2014, the value of the manufacture of structural metal products segment is estimated at RM1.9 billion.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Figure 15: Market Share of Selected Market Players within the Manufacture of Structural Metal Products Segment, 2014



Note: Market share of Aijaya, Chin Hin Group, Chuan Huat and SMPC are computed based on segmental revenue attributed to the manufacture of structural metal products segment in 2014.

Source: IMR Report

3.6 DEMAND AND SUPPLY CONDITIONS

3.6.1 Demand Conditions

Government-Led Initiatives and Spending

The building materials industry is expected to benefit from the healthy growth forecasted for the construction industry on the back of government led initiatives and spending. The construction industry registered double-digit growth in 2013 on the back of increased residential and non-residential activities following the implementation of infrastructure projects under the 10MP.

Moving forward, the construction industry is expected to benefit from government led initiatives and spending. A development allocation of RM260.0 billion has been earmarked under the 11MP.

On top of the 11MP, the construction industry is also set to benefit directly from the rollout of the ETP. Under the ETP, a number of major property development projects planned within the Greater KL along with infrastructure projects would support the growth of the construction industry.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Meanwhile, the Greater KL initiative targets to increase the number of people living in the city from 6.0 million in 2010 to 10.0 million by 2020. It is estimated that an additional 1.0 million homes would have to be constructed to meet the requirements of an enlarged population base.

Moreover, the Malaysian Government has reiterated its support towards the construction of various infrastructure projects in the recent Budget 2016, such as construction of the SUKE and DASH, on top of the construction of the 325-km Central Spine Road. As for the East Malaysia, the Malaysian government continues to support the construction of Pan-Borneo Highway alongside the construction of Mukah Airport in Sarawak and a 706-km highway from Sindium to Tawau. Allocation is also made for the expansion of MRT Line 2 and LRT Line 3 at an estimated cost of RM28 billion and RM10 billion respectively.

Affordable housing continued to be highlighted by the Malaysian Government. Measures related to affordable housing announced in Budget 2016 included the construction of 175,000 units of affordable houses by PR1MA, 10,000 units of 'Rumah Mesra Rakyat' by Syarikat Perumahan Negara Berhad, 100,000 houses by Perumahan Penjawat Awam 1 Malaysia, 22,300 units of apartment and 9,800 units of terrace houses by PPR,

In another development, a total of RM900 million has been allocated for the Jalan Tun Razak Traffic Dispersal Project, which is expected to ease traffic flow in the area and in turn increase demand for properties within the vicinity. Other projects such as the Malaysian Vision Valley, the Cyber City Centre in Cyberjaya, the KLIA Aeropolis, the Rubber City in Kedah, the Samalaju Industrial Park in Sarawak and the Palm Oil Jetty in Sabah is expected to provide growth in the construction and property industry in Malaysia.

Growing Economy to Sustain Spending and Investment in Properties

Malaysia's real GDP is expected to grow between 4.5 and 5.5 percent in 2015 and between 4.0 to 5.0 percent in 2016. During good economic periods, the general population can expect better access to more job opportunities and salary growth, and this accordingly is expected to provide them with greater propensity to purchase, upgrade or invest in properties. Hence, the construction industry (including the property market) stands to benefit from the increase in uptake of properties and accordingly, improve the demand for building materials.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)**Increasing Green Building Practices**

In Malaysia, Greenbuildingindex Sdn Bhd was incorporated in 2009 to promote the adoption of green building practices domestically by administrating the local green building rating tool, namely the Green Building Index ("GBI") accreditation. Subsequently, green building practices also received attention from the Malaysian government. In the 2010 National Budget, the government introduced incentives for buildings awarded with the Green Building Index ("GBI") certificates for the period from 24 October 2009 until 31 December 2014. The introduction of the incentive has successfully promoted the adoption of green building practices locally, with a total of 265 projects being GBI-certified as of 15 December 2014.

Following the awareness promoted after the initiatives by Greenbuildingindex Sdn Bhd and incentives for GBI certified projects for the 2009 to 2014 period, the construction industry may anticipate greater adoption of green building practices moving forward. The proliferation in green building design and construction along with the expected rise in usage of green building materials are expected to drive the building materials industry.

Steady Population Growth

The Malaysian population is expected to continue growing at a steady pace. According to the Population and Housing Census, Malaysia 2010, the total population of Malaysia was 28.6 million. The Malaysian population has been growing from 2011 to 2014, and stood at 30.1 million in 2014. This figure is projected to grow steadily to reach 38.6 million in 2040.

Uptakes in property are correlated to population growth. Hence, the steady population growth is expected to spur the continued demand for properties in particular residential properties moving forward.

Property Overhang

Property overhang is defined as completed units that have obtained the certificate of fitness for occupation or temporary certificate of fitness for occupation but remained unsold for more than 9 months (on a cumulative basis). In Q3 2015, there was an overhang of 8,804 residential units, 4,839 commercial units of shop and 222 industrial units worth approximately RM6.7 billion.

The property overhang situation for the property is considered to be still manageable. The expanding Malaysian economy along with the various policy and incentives to promote house ownership are expected to continue supporting demand for properties.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)**Rising Cost of Borrowing within the Construction Industry**

On 10 July 2014, BNM raised the Overnight Policy Rate ("OPR") by 25 basis points to 3.25 percent to curb rising household debt and to mitigate the risk of broader economic and financial imbalances that can undermine the growth prospect of the local economy. This has resulted in the increase in the cost of borrowing. There is on-going upward pressure on OPR as BNM continues to monitor and assess the economic growth rate, inflation rate and risk of financial imbalances. The possible continuing hike in the OPR does not augur well for the construction industry as it can further lead to the increase in the cost of existing and future borrowings. The lack of accommodative financing would impact on the construction projects implementation, and any growth contraction within the construction industry would adversely affect the demand for building materials.

3.6.2 Supply Conditions**Established Local Building Materials Manufacturing/Production Segment in the Building Material Industry**

Malaysia has a huge and well established building materials manufacturing and production segment, producing anything from basic metal (raw material of structural metal products) to wood and wood products, and multiple other materials such as fabricated metal products, glass and glass products, non-metallic mineral products (such as cement and lime that are used to manufacture articles of concrete, cement and plaster), etc. These industries cater to both the domestic as well as export markets.

For the period 2010 to 2013, manufacturing and production within construction-related cluster, which include iron and steel, non-metallic mineral products and fabricated metal, expanded by CAGR of 9.5 percent. In 2014, the construction-related cluster further benefitted from continued construction activity in the economy to register a 4.2 percent increase in production.

Moving forward, the construction-related cluster is anticipated to remain supported by the continued implementation of various construction projects and hence the stronger demand for building materials such as steel and cement.

The outlook for local building materials manufacturing/production industries remained positive throughout the forecast period on the back of strong government support and

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



technology advancement spurring innovation in building materials supply. Market participants within the manufacture of articles of concrete, cement and plaster, and manufacture of structural metal products segments are also set to benefit from a stable supply of raw materials, including the basic metal, cement and lime.

- **Strong government support**

The manufacturing and production within the construction-related cluster continued to receive support from the Malaysian government judging, from the inclusion of metal industry under the Third Industrial Master Plan 3 (“IMP3”). With this inclusion, the iron and steel sector can look forward to more concerted and organised efforts in pushing its growth to the higher level. This is expected to benefit the local manufacture of upstream products (including rolled products, coils, plates etc) and downstream products (including wire mesh, hard drawn wires, pipes etc) within the iron and steel sub-sector. Industry related infrastructure and support facilities along with institutional support are also expected to be strengthened under IMP3.

- **Technology Advancement spurring innovation in building materials supply**

In addition, the local building materials manufacturing/ production segment is also set to benefit from the advancement in technology to roll-out new or enhanced building materials in order to meet the changing demand from the end-users. For example, the introduction of green building materials has provided an ideal material option to the industrial end-users to meet the demand from environment supporters. Further advancement in technology particularly on building material is anticipated to provide a more variety of building materials choices to the industrial end-users and accordingly increases the supply of local building materials.

3.7 MARKET CHALLENGES

Fluctuation in Construction Material Price

The construction industry is subjected to constant price fluctuations on construction material prices such as metal, steel bar and cement. Prices fluctuation of metal and cement also impact the manufacturing segment that uses the said materials for production. A combination of external factors such as the construction boom in China, West Asia and India, and the increase in global price of crude oil resulted in a huge increase in average price of major construction materials in the past few years. This directly impacts the viability of many

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

construction projects due to margin erosion with some contractors unwilling to complete their projects at the original tender price. From the supply perspective, manufacturers within the building materials industry are affected with an increase in raw materials prices.

Although prices of construction material has stabilised since then, this remains as a market challenge for most construction market players and manufacturers of building materials. More recently, the Real Estate and Housing Developers' Association ("REHDA") noted that building material cost has increased by between 5.0 to 10.0 percent annually. Moreover, the implementation of Goods and Services Tax ("GST") in April 2015 further pushed the price of building materials as current non-service taxable items such as cement, concrete, steel, bricks and sand are subjected to a 6.0 percent GST. Any recurrence of a huge price increase could potentially interrupt the ability of construction industry participants from implementing projects on schedule.

Regulatory Changes

The government is constantly reviewing and liberalising regulations pertaining to the sales and import of building materials. Cement and steel bars had ceased being controlled price items under the Price Control Act since 2008. The government had further scrapped the licensing system for steel bars and cement effective 15 July 2011.

However, the Master Builders Association Malaysia ("MBAM") has urged the government to further liberalise the imports of all building materials and equipment. According to the MBAM, the Malaysian import duties on building materials were regarded as one of the highest in the Association of Southeast Asian Nations ("ASEAN") and that the high import duties had contributed to the increase in construction costs. MBAM considers the current import duties imposed on marble tiles, sanitary ware and sinks, window and door ironmongeries and aluminium formwork as very high. Building materials industry players need to be mindful of the continued changes and market liberalisation taking place, and plan accordingly.

3.8 OVERVIEW OF THE PROPERTY MARKET

In tandem with various cooling measures introduced to curb speculation and excessive price growth within the property market, the Malaysian property market registered a decline in total transaction volume to 381,130 in 2013 from 427,520 in the preceding year. Nonetheless, despite a negative growth of 10.9 percent in volume of transactions, the value of transactions continues to expand upwards, registering a year-on-year growth of 6.7

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

percent to RM152.4 billion. In 2013, residential properties continued to dominate market activity, accounting for 64.6 percent of total transactions, followed by agricultural (18.6 percent), commercial (9.0 percent), development land (5.6 percent) and industrial (2.2 percent).

The Malaysian property market registered a growth in total transaction volume to 384,060 in 2014 from 381,130 in the preceding year. The value of transactions continued to expand upwards, registering a year-on-year growth of 7.0 percent to RM162.97 billion. In 2014, residential properties continued to dominate market activity, accounting for 64.4 percent of total transactions, followed by agricultural (18.8 percent), commercial (9.3 percent), development land (5.5 percent) and industrial (2.1 percent).

For the first half of 2015 ("H1 2015"), the overall performance of the property market has been subdued. Should the property market continue its performance as experienced in the first half of the year, both the volume and value of property transactions for 2015 is expected to underperform that of the preceding year.

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7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Figure 16: Volume and Value of Property Transaction by Sub-Sector, 2012-H1 2015

Sub-Sector	2012		2013		2014		H1 2015 ^p	
	Volume	Value (RM million)	Volume	Value (RM million)	Volume	Value (RM million)	Volume	Value (RM million)
Residential	272,669	67,762.2	246,225	72,060.4	247,251	82,059.6	119,599	37,977.8
Commercial	41,082	27,792.2	34,298	35,561.9	35,528	31,835.1	17,895	16,810.2
Industrial	9,984	12,005.9	8,418	12,328.6	8,100	14,509.4	4,156	7,718.4
Agricultural	80,679	14,278.9	70,698	13,283.4	72,104	12,723.4	34,225	6,612.2
Development Land	23,029	20,955.3	21,455	19,121.5	21,040	21,702.0	10,712	7,900.8
Others	77	50.5	36	16.2	37	144.9	31	56.9
Total	427,520	142,844.9	381,130	152,372.1	384,060	162,974.4	186,618	77,076.1

Note: p denotes preliminary

Source: IMR Report

Residential Property

Residential property is the leading sub-sector in the local property market in terms of transactions volume and value. This sub-sector accounted for 64.4 percent of the total property transactions volume and 50.4 percent of the total property transactions value in 2014. There were approximately 4.8 million residential units in Malaysia as at the end of 2014 with 759,220 residential units expected to be added to the existing stock and another further 646,049 residential units being planned. Meanwhile, Selangor led all the other states and federal territories in terms of existing stock and incoming supply of residential units as at end of 2013 and 2014. In Q3 2015, existing stock and incoming supply of residential property rose further to reach more than 4.9 million units and more than 870,000 units respectively but planned supply dropped to 635,710 units.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)**Shop**

Shop is one of the major sub-sectors in the local property market in terms of transactions volume and value. There were 405,105 shop units in Malaysia as at the end of 2014 with 78,763 shop units expected to be added to the existing stock and another further 68,649 shop units being planned. As with residential properties, Selangor has the highest number of existing stock and incoming supply for shop units as at the end of 2013 and 2014. In Q3 2015, existing stock, incoming supply and planned supply of shop units rose further to reach more than 410,000 units, more than 94,000 units and 72,000 units respectively.

Shopping Complex

Malaysia's existing stock of shopping complex space in 2014 increased to approximately 13.0 million s.m. from 12.4 million s.m. in 2013. During the same year, incoming and planned supply stood at 1.3 million s.m and 0.9 million s.m. respectively. In Q3 2015, existing stock and incoming supply for shopping complex increased to more than 13.0 million s.m. and 1.8 million s.m. respectively while only planned supply decreased to almost 880,000 s.m..

Purpose-built Office

Malaysia's existing stock of purpose-built office space increased to 19.6 million s.m. in 2014 as compared to 19.0 million s.m. in 2013. During the same year, incoming and planned supply of purpose-built office space stood at 1.7 million s.m. and 0.5 million s.m. respectively. The occupancy rate for purpose-built office in Malaysia improved from 82.7 percent in 2013 to 84.9 percent in 2014. In Q3 2015, existing stock and planned supply for purpose-built office rose further to more than 20.0 million s.m. and and more than 650,000 s.m. respectively but incoming supply dropped to around 1.5 million s.m..

Industrial Property

The industrial property sub-sector is the smallest contributor to the local property market in terms of transactions volume and value. There was an existing stock of 97,123 industrial units in Malaysia as at end 2014, with 10,645 incoming units and 17,944 planned units. Selangor topped the rest in terms of existing stock and incoming supply as at end of 2013 and 2014. As at the end of Q3 2015, existing stock and incoming supply for industrial units rose further to more than 100,000 units and more than 11,000 units respectively while planned supply saw a decrease to around 12,400 units.

4 KEY ISSUES AND TRENDS

4.1 BARRIERS TO ENTRY

High Capital Investment – A huge capital layout is required to enter the building materials industry largely due to the need to invest in production building, machineries, storage facilities and labour for the manufacturing segment. In addition, any future upgrading of machinery is likely to incur a relatively higher initial cost due to technological advancement.

In the building material distribution segment, the similar entry barrier is also applicable as upfront capital is required for the provision of customer financing through standard business credit terms. Higher upfront capital is needed for inventory procurement in order to deploy inventory model.

Established Incumbent Market Players – New entrants in all segments of the Malaysian building materials industry are likely to encounter difficulties competing with incumbent market players. The dominance and reputation of large-scale, multi-plant firms may inhibit small market players from gaining a foothold in the narrower local building materials industry. In addition, incumbent market players have established strong relationships with upstream raw material suppliers as well as the end-users from the construction industry. New market players may encounter difficulty in securing raw material at affordable prices and attracting customers from the construction industry.

4.2 SUBSTITUTE PRODUCTS OR SERVICES

There are no direct substitutes to building materials as the term refers to any material used for construction purposes. There is, however, a considerable degree of substitutability in terms of the differing business models and strategies which market participants can select as their own. Market participants depending on their business models and strategies, generally differentiate and compete on various key attributes including product range, delivery time and price, customer service, track record and relationship, etc.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



4.3 VULNERABILITY AND RELIANCE ON IMPORTS

The manufacturing/ production segment of the Malaysian building materials industry is generally not reliant on imports of raw materials as Malaysia has rich natural resources of raw materials including metallic and non-metallic minerals.

On the other hand, the distribution segment of the Malaysian building materials industry revolves around supply and distribution locally manufactured and imported building materials. Due to its business nature, the distribution segment of Malaysian building materials industry possesses certain degree of reliance on imported building materials.

4.4 GOVERNMENT REGULATORY AGENCY

Building materials industry activities come under the purview of the Construction Industry Development Board ("CIDB") which is a statutory body under the Minister of Works, Malaysia.

4.5 GOVERNMENT REGULATIONS

Importing Building Materials

CIDB is the agency responsible for enforcing the Customs Act (Prohibition of Import) 1988 Amendment 2004/2004 for assuring the quality of imported construction products. Construction materials listed in the Custom Act must have 'Certificate of Approval' from CIDB before the materials can be imported into Malaysia.

Malaysia Standards

As of 31 July 2012, the Department of Standards Malaysia, under the purview of the Ministry of Science, Technology and Innovation, had issued 48 mandatory standards for the Building, Construction and Civil Engineering category under "ISC D". For the category Mechanical Engineering specified under "ISC F", there are 8 mandatory standards, while Fire Safety and Prevention under "ISC M" features 38 mandatory standards. These standards fall under the purview of various legal articles, for example Street Drainage Act 1976 - Uniform Building By-Laws, the Fire Services Act 1988, the Customs Act 1967 and the Timber Industry Board Act 1965. While ISC D mainly covers code of practices and specifications for raw materials used

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

in construction, ISC F includes safety rules for construction and installation. Some safety rules also extend to the installation of electrical equipment and wiring systems under "ISC E". The Malaysia Standards ("MS") is published by SIRIM Berhad.

4.6 GOVERNMENT POLICIES

Construction Industry Transformation Programme (2016-2020)

The Construction Industry Transformation Programme ("CITP") is developed by the CIDB to empower and strengthen the construction industry as espoused in the thrusts of the 11MP. The CITP, which sets important strategic goals and milestones to bring Malaysia's construction industry to the next level, aims to transform the construction industry encompassing 4 strategic thrusts as listed below:

- Raising the overall productivity level of the industry;
- Environmental sustainability being incorporated in the design, construction and subsequent maintenance of building and infrastructure;
- Focusing on improving competitiveness in the capability and capacity of our industry players to foray internationally; and
- Improving the overall quality, safety and professionalism of the industry.

Third Industrial Master Plan ("IMP3") 2006 – 2020

The IMP3 is a blueprint for greater industrial development, i.e. for the manufacturing and services sectors for the period 2006 to 2020.

National Housing Policy ("NHP")

Launched in 2011, the NHP was designed to provide adequate, comfortable, quality and affordable housing to enhance the sustainability of the quality of life of the people.

International Services Commitments

In context of a borderless world, Malaysia had undertaken part in several cross-border commitments in line with its efforts to implement open economic policies. Through various government agencies such as the Ministry of International Trade and Industry Malaysia

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



("MITI") and Malaysian Investment Development Authority ("MIDA"), the Malaysian Government had pledged progressive liberalisation of the domestic construction industry as per several international service agreements.

5 MARKET PROSPECTS AND OUTLOOK

The outlook for building materials industry in tandem with the construction industry remains positive for the immediate term, and steady growth is projected throughout the period of 2014 to 2019. The construction industry in Malaysia was valued at RM38.7 billion in 2013. In 2014, the construction industry grew by 11.8 percent to RM43.2 billion. And in 2015, the Malaysian construction industry is expected to expand by 8.8 percent attributed by the on-going mega construction projects.

Moving forward, the construction industry is expected to continue growing and is estimated to reach RM64.9 billion in 2019 – representing a CAGR of 8.5 percent for the period of 2014 to 2019. The forecasted expansion in the construction industry will underpin growth in demand for building materials and this augurs well for the overall development of the building materials industry. Factors priming growth in the building materials industry in tandem with the expansion in the construction industry are likely to come from the government-led initiatives and spending, a growing economy to sustain spending and investment in properties, and steady population growth.

Following the awareness promoted after the initiatives by Greenbuildingindex Sdn Bhd and incentives for GBI certified projects for the 2009 to 2014 period, the construction industry may anticipate greater adoption of green building practices moving forward. The proliferation in green building design and construction along with the expected rise in usage of green building materials are expected to drive the building materials industry.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Seow Cheow Seng", written over a horizontal line.

SEOW CHEOW SENG

Managing Director

Protégé Associates Sdn Bhd

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The profiles of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after our IPO are set out below.

8.1.1 Shareholdings

Name	Nationality/ Place of incorporation	Before IPO ⁽ⁱ⁾		After IPO ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Datuk Chiau Beng Teik	Malaysian	244,034,320	-	74,157,200	(iv)303,532,800
Chiau Haw Choon	Malaysian	142,895,750	-	-	(v)303,532,800
Datin Wong Mee Leng	Malaysian	55,759,930	-	-	(vi)303,532,800
Divine Inventions	Malaysia	-	-	303,532,800	-
PP Chin Hin Realty	Malaysia	-	-	-	(vii)303,532,800

Notes:-

- (i) Based on our issued and paid-up share capital of 442,690,000 Shares after the Acquisitions but prior to our IPO.
- (ii) Based on our enlarged issued and paid-up share capital of 505,888,000 Shares after our IPO.
- (iii) Assuming all Offer Shares are fully subscribed and after taking into account the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
- (iv) Deemed interested in by virtue of his/ her substantial shareholdings in PP Chin Hin Realty pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
- (v) Deemed interested in by virtue of its substantial shareholdings in Divine Inventions pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.1.2 Profiles of Promoters and Substantial Shareholders**

The profiles of Datuk Chiau Beng Teik and Chiau Haw Choon are disclosed in Section 8.2.2 of this Prospectus. The profile of Datin Wong Mee Leng, Divine Inventions and PP Chin Hin Realty are as follows:-

(a) Datin Wong Mee Leng

Datin Wong Mee Leng, a Malaysian female, aged 53 is a promoter and substantial shareholder of our Group. She is the spouse of Datuk Chiau Beng Teik and mother of Chiau Haw Choon. She is also Director of PP Chin Hin (SG), C&H Transport, Chin Hin Concrete, Starken AAC and Ace Logistic. She completed her primary school education at Sekolah Rendah Jenis Kebangsaan (Cina) Khoon Aik in year 1969. Since her marriage to Datuk Chiau Beng Teik, Datin Wong Mee Leng has played an instrumental role in assisting and supporting Datuk Chiau Beng Teik in the administrative aspects whilst expanding our business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and warehouses throughout Peninsular Malaysia. She retired from active involvement in the business in 2008 when our Group Managing Director, Chiau Haw Choon graduated from his studies and returned to assist Datuk Chiau Beng Teik in the business.

(b) Divine Inventions

Divine Inventions was incorporated in Malaysia under the Act on 26 November 2014 as a private limited company and is principally involved in investment holdings. The Directors of Divine Inventions are Datuk Chiau Beng Teik and Chiau Haw Choon.

As at the LPD, the authorised share capital of Divine Inventions is RM400,000 comprising 400,000 ordinary shares of RM1.00 each of which two (2) ordinary shares are issued and fully paid-up. Divine Inventions is a wholly-owned subsidiary of PP Chin Hin Realty.

(c) PP Chin Hin Realty

PP Chin Hin Realty was incorporated in Malaysia under the Act on 6 November 2011 as a private limited company and is principally involved in investment holding. The Directors of PP Chin Hin Realty are Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon.

As at the LPD, the authorised share capital of PP Chin Hin Realty are RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each of which are issued and fully paid-up.

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

The shareholders of PP Chin Hin Realty and their respective shareholdings are set out below:-

Shareholders	No. of ordinary shares held	%
Datuk Chiau Beng Teik	27,499,999	55.0
Chiau Haw Choon	15,000,000	30.0
Datin Wong Mee Leng	7,500,000	15.0
Low Kum Moon	1	*
TOTAL	50,000,000	100.0

Note:-

* *Less than 0.01%*

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.1.3 Changes in the Promoters and substantial shareholders' shareholdings in our Company since our incorporation**

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation up to the LPD as well as after our IPO are as follows:-

Promoters/ Substantial shareholders	As at incorporation			As at LPD ⁽ⁱ⁾			After IPO ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%		No. of Shares	%		No. of Shares	%		No. of Shares
Datuk Chiau Beng Teik	-	-	-	244,034,320	55.1	-	74,157,200	14.6	^(iv) 303,532,800	60.0
Chiau Haw Choon	-	-	-	142,895,750	32.3	-	-	-	^(v) 303,532,800	60.0
Datin Wong Mee Leng	-	-	-	55,759,930	12.6	-	-	-	^(iv) 303,532,800	60.0
Divine Inventions	-	-	-	-	-	-	303,532,800	60.0	-	-
PP Chin Hin Realty	-	-	-	-	-	-	-	-	^(v) 303,532,800	60.0

Notes:-

- (i) Based on our issued and paid-up share capital of 442,690,000 Shares after the Acquisitions but prior to our IPO.
(ii) Based on our enlarged issued and paid-up share capital of 505,888,000 Shares after our IPO.
(iii) Assuming all Offer Shares are fully subscribed and after taking into account the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
(iv) Deemed interested in by virtue of his/her substantial shareholdings in PP Chin Hin Realty pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
(v) Deemed interested in by virtue of its substantial shareholdings in Divine Inventions pursuant to Section 6A of the Act, after taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.

8.1.4 Persons exercising control over the corporation

Save for our Promoters, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.2 DIRECTORS**

The profiles of our Directors and their respective shareholdings in our Company before and after our IPO are set out below:-

8.2.1 Shareholdings

Name	Designation/ Nationality	Before IPO ⁽ⁱ⁾			After IPO ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾				
		Direct		Indirect	Direct		Indirect		
		No. of Shares	%	No. of Shares	%	No. of Shares	%		
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Independent Non-Executive Chairman/Malaysian	-	-	-	-	^(v) 200,000	0.04	-	-
Datuk Chiau Beng Teik	Deputy Group Executive Chairman/Malaysian	244,034,320	55.1	-	-	74,157,200	14.6	^(iv) 303,532,800	60.0
Chiau Haw Choon	Group Managing Director/Malaysian	142,895,750	32.3	-	-	-	-	^(iv) 303,532,800	60.0
Lee Hai Peng	Executive Director cum Chief Financial Officer/Malaysian	-	-	-	-	^(v) 250,000	0.05	-	-
Datuk Cheng Lai Hock	Independent Non-Executive Director/Malaysian	-	-	-	-	^(v) 100,000	0.02	-	-
Yeoh Chin Hoe	Independent Non-Executive Director/Malaysian	-	-	-	-	^(v) 100,000	0.02	-	-

Notes:-

- (i) Based on our issued and paid-up share capital of 442,690,000 Shares after the Acquisitions but prior to our IPO.
- (ii) Based on our enlarged issued and paid-up share capital of 505,888,000 Shares after our IPO.
- (iii) Assuming all Offer Shares are fully subscribed and after taking into account the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
- (iv) Deemed interested in by virtue of his/ her substantial shareholdings in PP Chin Hin Realty pursuant to Section 6A of the Act, after taking into consideration the Vendor's Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus.
- (v) Assuming full subscription of their Pink Form Allocations.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.2.2 Profiles**

The profiles of our Directors are as follows:-

(a) Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani

Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani, a Malaysian male, aged 56, is our Independent Non-Executive Chairman. He was appointed to our Board on 23 January 2015 and is responsible for leading our Board in the oversight of management, representing our Board to our shareholders and to chair and to ensure the efficient organisation and conduct of Board and meeting of shareholders, ensuring that our Board's functions are effectively, cohesively and independently of our management, ensuring the integrity of the governance processes, maintaining regular dialogues with our Group Managing Director on the overall operational matters and consulting with the remainder of our Board promptly over any matters of concern, as well as ensuring effective communication between our Group with our shareholders and stakeholders. As the Chairman of our Board, in the case of an equality of votes at the general meeting or Board meetings, the Chairman is entitled to a further or casting vote.

Datuk Dr Nik holds a Ph.D in Law from the School of Oriental and African Studies (SOAS), University of London, United Kingdom and a Masters in Law from Queen Mary College, University of London, United Kingdom. He read law at the University of Buckingham, United Kingdom. He also holds a post-graduate Diploma in Syariah Law and Practice (with Distinction) from the International Islamic University Malaysia. He is a Barrister of Lincoln's Inn and an Advocate and Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School from 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia. He is also a Fellow of the Financial Services Institute of Australasia (FINSIA) since 2006.

Currently, he is the Chairman and Senior Partner of Zaid Ibrahim & Co. (a member of ZICOLaw). Prior to joining Zaid Ibrahim & Co., Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani was with Baker & McKenzie (International Lawyers), Singapore.

Datuk Dr Nik Norzrul Thani began his career as an audit assistant at Azman Wong & Salleh in 1980, where he was involved in various audit assignments in the firm and obtained his diploma in accountancy from Universiti Teknologi MARA in 1981. Thereafter, he joined Malayan Banking Berhad in 1981 as an executive. Subsequently, he joined Messrs Shearn Delamore & Co. in 1985 as an advocate and solicitor and subsequently joined Messrs Shahrizat Rashid & Lee as an advocate and solicitor. In 1987, he was appointed as the Deputy Dean, Kulliyyah of Laws at the International University of Malaysia. In 1993, he was appointed as the dean of the student affairs and development division of International University of Malaysia. In 1997, he joined Baker & McKenzie (International Law Firm), Singapore as its international lawyer. He then joined Zaid Ibrahim & Co in 1998 as its chairman. Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani advises clients on a wide range of legal matters incorporating Islamic finance, banking, offshore finance, debt restructuring, international, corporate and commercial law. He has also advised clients on debt and corporate restructuring transactions, and on the issuance of private debt securities including Islamic financial instruments (domestic and international).

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

He sits on the Board of Directors of Al Rajhi Banking & Investment Corporation (Malaysia) Berhad, Fraser & Neave Holdings Berhad, UMW Holdings Berhad, Tanjung Offshore Berhad and Manulife Insurance Berhad.

(b) Datuk Chiau Beng Teik

Datuk Chiau Beng Teik, a Malaysian male, aged 55, is our founder and Deputy Group Executive Chairman. He was appointed to our Board on 23 January 2015. He is responsible for the overall strategy and business direction of our Group where he reviews all major investments and major capital expenditure as well as financing proposals of the Group and recommends it to the Board. He is not actively involved in the daily operational matters of our Group. He finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. As our founder, he has forty (40) years of working and managing experiences in Chin Hin.

Datuk Chiau Beng Teik started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named SPPCH which is now known as PP Chin Hin. Over the years, he has played an instrumental role in the growth of our Group, expanding our business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia. He currently serves as Director for a number of subsidiaries within our Group and also has directorships in various other businesses.

(c) Chiau Haw Choon

Chiau Haw Choon, a Malaysian male, aged 32, is our Group Managing Director. He was appointed to our Board on 23 January 2015. He reports to our Deputy Group Executive Chairman as well as the Board. As our Group Managing Director, his responsibilities are ensuring Board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to our employees, keeping our Board fully informed of all important aspects of our Group's operations and ensuring sufficient information is disseminated to our Board, as well as ensuring the day-to-day business of our Group are effectively managed. He is in charge of the day-to-day operational matters and decisions of the Group. Working closely with all the Business Unit Heads, he oversees our Group's overall execution and implementation of the strategies and corporate policies of our businesses and operations, and is also responsible for the execution and implementation of short term and long term business plans, strategic planning and continuing growth of our Group. He is also responsible for our Group's corporate social responsibility activities. He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009.

Upon graduation in 2009, he joined our Group as Group Managing Director to assist Datuk Chiau Beng Teik in transforming our Group from a family owned business to a professionally-run corporation.

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

His vision is to grow our Group into a major player in the building materials industry and under his leadership together with the help of a team of professionals recruited by him, he diversified our Group's building materials distribution business by moving upstream into manufacturing of building materials products. He was instrumental in our successful transformation from merely distribution of building materials into an integrated building materials provider. He contributed to the rapid growth of our Group's annual revenue, which in 2011 exceeded a billion RM, making us one of the major building materials traders in Malaysia. Whilst expanding the business, he also played an instrumental role in the establishment of proper procedures, systems and controls for all the business units to ensure proper corporate governance as the business grows.

Chiau Haw Choon is the son of our founder, Datuk Chiau Beng Teik.

(d) Lee Hai Peng

Lee Hai Peng, a Malaysian male, aged 50, is our Executive Director cum Chief Financial Officer. He was appointed to our Board on 23 January 2015. He is responsible for our Group's overall financial and accounting functions, which include treasury, financial review, credit risk, cash flow management and financial planning functions. He obtained his professional qualification from Chartered Institute of Management Accountants (UK) in August 1994. He is a registered Chartered Accountant with the Malaysian Institute of Accountants and has over twenty-one (21) years of working experiences in the field of audit, marketing, finance and accounting.

In June 1991, he began his career at BDO Binder as an Audit Assistant where he was involved in various audit assignments for public listed companies in Malaysia. He left in November 1992 to join Gee & Co as its Branch Manager, responsible for its audit, secretarial and tax matters. In December 1994, he joined Trontex (M) Sdn Bhd as an Executive Director, where he was responsible for the overall finance and accounting functions, marketing and business operations of the company. Subsequently, he joined our Group in September 2008 as our Group Accountant and he was subsequently promoted to our Group Financial Controller in April 2009.

(e) Datuk Cheng Lai Hock

Datuk Cheng Lai Hock, a Malaysian male, aged 57, is our Independent Non-Executive Director. He was appointed to our Board on 23 January 2015.

Datuk Cheng Lai Hock obtained a Bachelor's degree in Administrative Studies from the University of Dundee, United Kingdom in September 1982. He also obtained his Master's in Business Administration majoring in Accounting from Universiti Utara Malaysia in September 2003. He is a fellow member of the Malaysia Association of Company Secretaries since July 1992, Associate Member of the Association of International Accountants since December 1999 and Associate Member of the Chartered Tax Institute of Malaysia since April 2002. He is also the President of Kedah Chinese Assembly Hall and Deputy President of the Federation of Chinese Associations Malaysia. He has over thirty (30) years of experience as company secretary and more than sixteen (16) years of experience as a tax consultant.

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

Datuk Cheng Lai Hock began his career as an Administrative Executive in P. Hand Chemical Sdn Bhd in November 1992. Thereafter he started his own secretarial firm in October 1994. In November 2000, he was granted a tax agent license by the Ministry of Finance, Malaysia and he commenced the provision of tax advisory services since then. He is an active individual in the social work circles whereby he is currently serving as the Visiting Justice of Kedah Prisons since January 2000 until December 2014. In accordance with Section 65 of the Prison Act 1995, the duties of the Visiting Justice includes, amongst others, inspect the wards, cells, yards and other apartments and divisions of the prison, inspect and test the quality and quantity of the prisoners' food, hear the complaints of the prisoners and question any prisoner or prison officer. A Visiting Justice may call the attention of the officer in charge of the prison to any irregularity that may be observed in the working of the prison or treatment of any prisoner confined in the prison. He is also a committee member of the Kedah State Government's Chinese Affairs Committee since September 2008.

(f) **Yeoh Chin Hoe**

Yeoh Chin Hoe, a Malaysian male, aged 65, was appointed as an Independent Non-Executive Director of our Board on 23 January 2015. He is also the Chairman of our Audit Committee. He graduated with a Diploma in Business Management from Aberdeen College of Commerce (Scotland) in June 1973. Thereafter, he began his career in the accounting field with Spicer & Pegler Chartered Accountants in London, United Kingdom from July 1974 to December 1978. He is a Fellow of the Association of Chartered Certified Accountant since December 1984, a member of Malaysian Institute of Accountants since September 1989, a member of the Malaysian Institute of Certified Public Accountants since June 1999 and a Fellow of The Institute of Chartered Secretaries and Administrators since September 1999. He later obtained a Master's Degree in Business Administration (General Management) from University Putra Malaysia in July 1997. He is also a Chartered Audit Committee Director of the Malaysian Institute of Internal Auditors since August 2010.

Yeoh Chin Hoe started as an Audit Senior with Spicer & Pegler's, a firm of Chartered Accountants in London in July 1974. He then returned to Malaysia in December 1979 and joined Coopers & Lybrand as a Secretarial and Audit Assistant in April 1979. He joined Harrisons & Crosfield (Malaysia) Sdn Bhd (now known as Harrisons Trading (Peninsular) Sdn Bhd, a wholly-owned subsidiary of Harrisons Holdings Bhd listed on Bursa Securities) in January 1981 as an Internal Auditor before being promoted to Chief Accountant in January 1986, and later appointed as Director of Finance in June 1990. He was subsequently appointed the Managing Director of the company in July 1997 where he was responsible for the overall business operations and management of the company. After his retirement in January 2006, he established BPI Corptall Consulting Sdn Bhd, specialising in business process improvements and human resource management in June 2006. He was the Executive Director of PP Chin Hin from October 2009 to June 2012, responsible for the strategic planning and corporate services of our Company. During his tenure at PP Chin Hin, despite still being a director of BPI Corptall Consulting Sdn Bhd, he was not actively involved in the company. Since his retirement from PP Chin Hin, he continued with his work at BPI Corptall Consulting Sdn Bhd. In view of his extensive experiences, we have invited him to participate as our independent non-executive director for our Listing.

Currently, he is the Independent Non-Executive Director of Weida (M) Berhad and Voir Holdings Berhad, both listed on Bursa Securities. He is also the Chairman of the Audit Committee of both listed companies.

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

8.2.3 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered by our Directors to our Group for the FPE 2015 and FYE 2016 are as follows:-

Directors	Actual FPE 2015 RM	Proposed FYE 2016 RM
Datuk Chiau Beng Teik	100,000-150,000	150,000-200,000
Chiau Haw Choon	750,000-800,000	1,150,000-1,200,000
Lee Hai Peng	300,000-350,000	500,000-550,000
Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani	Nil	100,000-150,000
Yeoh Chin Hoe	Nil	0-50,000
Datuk Cheng Lai Hock	Nil	0-50,000

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8.2.4 Board practices/Directors' terms of office

In order to maintain an effective board, we have equal balance of executive and independent non-executive directors as our Board consists of three (3) Executive Directors and three (3) Independent Non-Executive Directors. Our Board members are from diversified backgrounds in terms of age, expertise and professional experiences ranging from the building materials industry, legal practice, company secretarial, tax consulting and accounting practice.

Our Board is of the opinion that at present there is adequate diversity in the composition of our Board. Notwithstanding this, our Board is committed to continuously enhance and strengthen this diversity in the future as the Group expands. We will do this through regular reviews and if necessary bring on board additional Directors who can add to the diversity and enhance the effectiveness of the board.

According to our Articles of Association, all the Directors shall retire from office at the first Annual General Meeting and at each subsequent Annual General Meeting, at least one third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A re-election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

All our Directors were only appointed to our Board on 23 January 2015 and have served for less than one (1) year as at the date of this Prospectus.

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

8.3 RELEVANT COMMITTEES

8.3.1 Audit committee

The main functions of the audit committee include the following:-

- (a) to review with the internal and external auditors the nature and scope of the audit plans, their audit reports, major findings and their evaluations of our accounting system and internal controls;
- (b) to review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) to consider the appointment and reappointment of the internal and external auditors and matters relating to their resignation;
- (d) to review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (e) to review the assistance given by us or our employees to the auditors; and
- (f) to perform such other functions as may be requested by our Board.

The members of the audit committee are as follows:-

Name	Designation	Directorship
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

8.3.2 Remuneration committee

The main functions of the remuneration committee include the following:-

- (a) to review and recommend to our Board the appropriate remuneration packages for Directors and certain senior management personnel; and
- (b) ensuring that the remuneration packages are sufficient and appropriate to attract and retain the Directors to run our Company successfully.

The members of the remuneration committee are as follows:-

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

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

8.3.3 Nomination committee

The main functions of the nomination committee include the following:-

- (a) to consider and recommend to our Board, suitable candidates for directorships of our Company as members of our Board committees;
- (b) to appraise each individual Director in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of our Company; and
- (c) to evaluate the effectiveness of our Board as a whole and our Board committees.

The members of the nomination committee are as follows:-

Name	Designation	Directorship
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

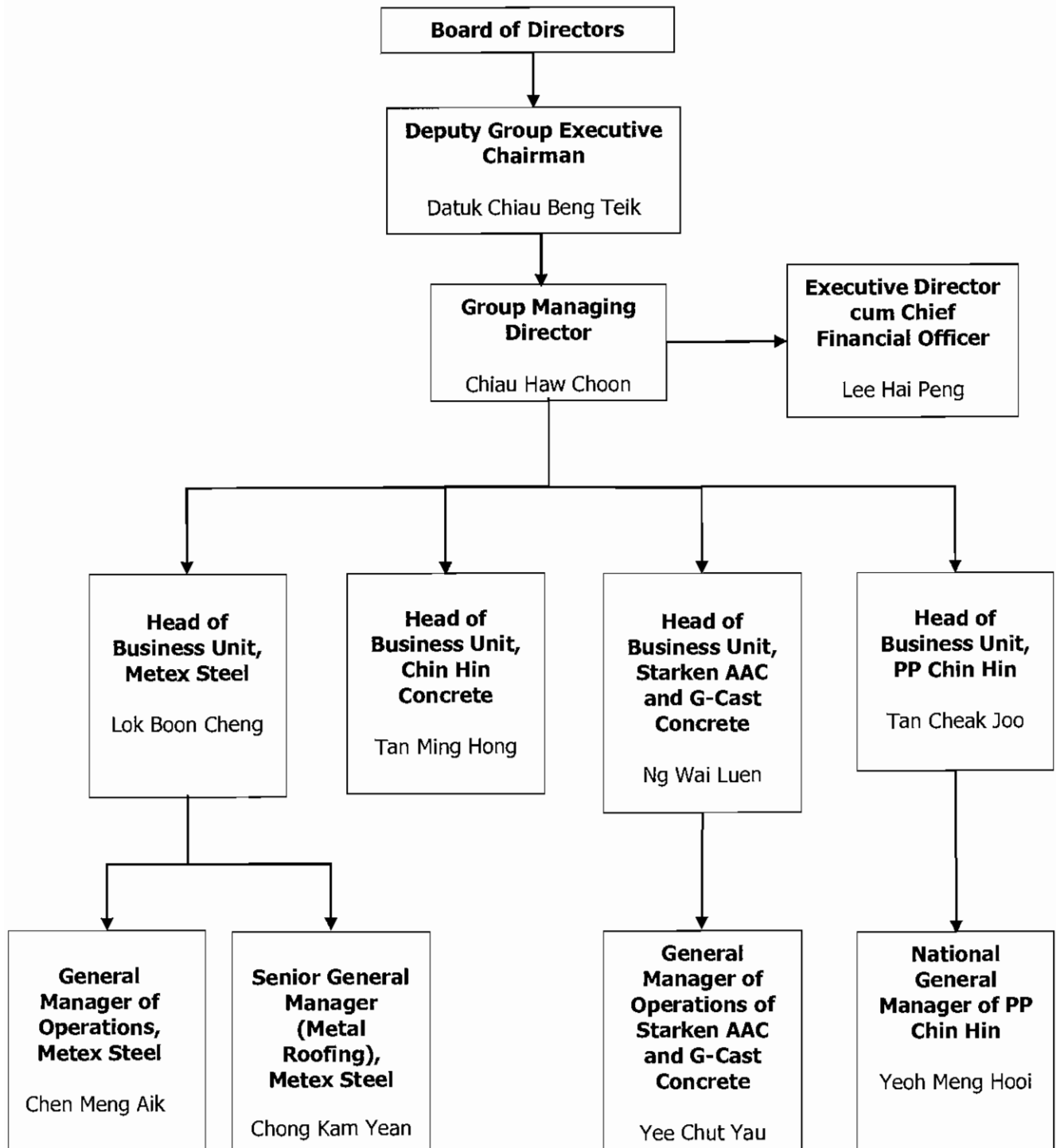
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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.4 KEY MANAGEMENT PERSONNEL

8.4.1 Management Structure

Our management structure is as follows:-



8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.4.2 Shareholdings**

Save for the shareholdings of our Directors, which are set out in Section 8.2.1 of this Prospectus, the shareholdings of our other key management personnel in our Company before and after our IPO are as follows:-

Name	Designation/Nationality	Before IPO			After IPO ⁽ⁱ⁾		
		Direct	Indirect	Indirect	Direct	Indirect	Indirect
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Cheak Joo	Head of Business Unit, PP Chin Hin/ Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 250,000	0.05
Yeoh Meng Hooi	National General Manager, PP Chin Hin/ Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 128,000	0.03
Lok Boon Cheng	Head of Business Unit, Metex Steel/ Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 210,000	0.04
Chen Meng Aik	General Manager of Operations, Metex Steel/ Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 80,000	0.02
Chong Kam Yean	Senior General Manager (Metal Roofing), Metex Steel/Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 108,000	0.02
Ng Wai Luen	Head of Business Unit, Starken AAC and G- Cast Concrete/Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 210,000	0.04
Yee Chut Yau	General Manager of Operations, Starken AAC and G-Cast Concrete/Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 80,000	0.02
Tan Ming Hong	Head of Business Unit, Chin Hin Concrete/ Malaysian	-	-	-	-	⁽ⁱⁱ⁾ 167,200	0.03

Notes:-

- (i) Assuming full subscription of their Pink Form Allocations.
(ii) Based on our enlarged issued and paid-up share capital of 505,888,000 Shares after our IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.4.3 Profiles**

Save for the profiles of our Directors, which are disclosed in Section 8.2.2 of this Prospectus, the profiles of the other key management personnel of our Group are as follows:-

(a) Tan Cheak Joo – Head of Business Unit, PP Chin Hin

Tan Cheak Joo, a Malaysian, aged 45, is the Head of the Business Unit, PP Chin Hin. He completed his secondary school at Sekolah Menengah Jenis Kebangsaan Seg Hwa, Johor in December 1988 and has since then acquired over seventeen (17) years of working experience in the trading and manufacturing of building materials.

In April 1991, he started working as the Personal Assistant of the Managing Director at a textile manufacturer, Li Ann Textile in Batu Pahat, Johor. He then left to join Gainvest Builders (M) Sdn Bhd, a building contractor company that was involved in the construction of high rise buildings and infrastructure projects in May 1995 as a Site Supervisor.

In June 1996, he joined United Straits Amalgamated Sdn Bhd as a Sales Executive selling building materials. In June 1997, he joined NCK Wire Manufacturer Sdn Bhd as a Sales Executive selling British Reinforcement Concrete wire mesh and other steel wire products. In April 2000, he joined F.S. Steel Sdn Bhd, a company involved in the manufacturing of steel products and trading and distribution of building materials as its Sales Director. He then joined PP Chin Hin in August 2004 where he was involved in growing and expanding our business operations, which included the setting up of our branches in Kuala Lumpur, Mentakab, Kuala Terengganu, Melaka, Johor and Ipoh.

He has been one of the Executive Committee Member of the Building Materials Distributors Association of Malaysia since December 2013.

(b) Yeoh Meng Hooi – National General Manager, PP Chin Hin

Yeoh Meng Hooi, a Malaysian, aged 52, is the National General Manager of PP Chin Hin. She assists the Head of Business Unit, PP Chin Hin in the overall planning as well as formulates sales and marketing strategies, business plan and budgeting of the trading sales and operation division of PP Chin Hin. She graduated from Universiti Kebangsaan Malaysia with a Bachelor's Degree (Honours) in Social Science majoring in Sociology and Mass Communication in April 1987. She has more than twenty (20) years of working experience in the building materials trading business.

Upon her graduation, she started her career as a secondary school teacher at Methodist College, Pulau Pinang in June 1987. In May 1991, she joined CCMC Perniagaan Sdn Bhd, a wholly owned subsidiary of Lafarge Malaysia Berhad involved in the building materials trading business as a Sales Executive. She was soon promoted to its Butterworth Branch Manager in January 1995 and then promoted to the position of Senior Marketing Manager in January 1998. She was in charge of the Northern branches in Butterworth, Ipoh and Alor Setar, where she was responsible for the company's overall performance as well as the marketing strategies of the three (3) northern branches.

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

In September 2002, she joined Syn Tai Hung Trading Sdn Bhd as a Marketing Manager and was later promoted as its Head of Central Region covering Selangor and Kuala Lumpur regions, where she was responsible for the overall performance of this region and was also involved in product development for the company. She left and joined PP Chin Hin in September 2012 as our National General Manager.

(c) Lok Boon Cheng – Head of Business Unit, Metex Steel

Lok Boon Cheng, a Malaysian, aged 51, is the Head of Business Unit of Metex Steel. He manages the manufacturing and sales of the wire mesh and metal roofing systems for our Group. He graduated from University of Malaya with a Bachelor's Degree in Civil Engineering in April 1988. He is a registered Professional Engineer from Board of Engineers Malaysia. He has more than twenty-four (24) years of working experience in the business of manufacturing steel products for the construction industry.

Upon graduation, he was employed by Engineering & Environmental Consultants as a graduate engineer. He then left and joined Hume Industries Bhd in October 1988 as Product/Marketing Engineer until April 1991 before moving to join Southern Steel Berhad in May 1991 as a Technical Engineer. Over the years with Southern Steel Berhad, he was promoted a number of times to different positions, such as Technical Service Manager (April 1993); Operations Manager (April 1995); Senior Manager (April 1999); General Manager (January 2003) and finally as Senior General Manager in June 2008. During his tenure as Senior General Manager, he was responsible for managing the overall businesses for the company, which includes the manufacturing of mesh reinforcement, cut and bend reinforcement bars and also the sales and marketing of steel billets and steel bars. He was also a director and board member of Steel Industries Sabah Sdn Bhd. He left Southern Steel Berhad in June 2012 and subsequently joined our Group to spearhead the setting up of Metex Steel.

(d) Chen Meng Aik – General Manager of Operations, Metex Steel

Chen Meng Aik, a Malaysian, aged 46, is the General Manager of Operations of Metex Steel, where he is in-charge of the wire mesh manufacturing operations as well as assisting the Head of Business Unit of Metex Steel. He obtained a Diploma in Mechanical and Manufacturing Engineering from Tunku Abdul Rahman College in July 1993 and subsequently obtained a Master of Science in Manufacturing Systems Engineering from Queen's University Belfast, Northern Ireland in September 1994. He has twenty (20) years of working experience in the manufacturing of steel products for the construction industry.

He started his career as a Production Engineer in October 1994 with Southern Steel Berhad and was promoted to Assistant Production Manager in April 1998 where he was responsible for the bar rolling mill production. He was then promoted as Plant Manager for the Cut and Bend production in October 2003. From April 2008 until April 2012, he was appointed as the General Manager overseeing its wire mesh and cut and bend production at the same company until he left to join Metex Steel as the General Manager of Operations.

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

(e) Chong Kam Yean – Senior General Manager (Metal Roofing), Metex Steel

Chong Kam Yean, a Malaysian, aged 38, is the Senior General Manager (Metal Roofing), Metex Steel which is involved in the manufacturing of metal roofing systems. He is in charge of the sales and manufacturing operations of the company. He graduated from Universiti Kebangsaan Malaysia with a Bachelor's Degree in Economics in March 2001. He has thirteen (13) years of working experience in the metal roofing industry.

He started his career as the Senior Unit Manager at Asia Roofing Industries Sdn Bhd in October 2001 where he was responsible for the overall sales processes of the company's products through distribution channels. In March 2007, he joined Duro Metal Industrial (M) Sdn Bhd as the Deputy General Manager. As the Deputy General Manager in Duro Metal Industrial (M) Sdn Bhd, he led the sales of coated steel and building products to small and medium sized industries. Subsequently he left to join Chin Hin in March 2014 as the Senior General Manager (Metal Roofing), Metex Steel.

(f) Ng Wai Luen – Head of Business Unit, Starken AAC and G-Cast Concrete

Ng Wai Luen, a Malaysian, aged 46, is the Head of the Business Unit of Starken AAC and G-Cast Concrete. He manages the manufacturing and sales activities of lightweight concrete products and precast concrete products of our Group. He obtained a Bachelor of Business Degree in Accounting from Royal Melbourne Institute of Technology University, Australia in November 1992. He also obtained his Certified Public Accountants ("CPA") of Australia with distinctions and Malaysian CPA in December 1994 and June 1995, respectively. He has since then become a member of CPA of Australia and CPA of Malaysia as well as a Chartered Accountant of Malaysia Institute of Accountants. He has over twenty (20) years of working experiences in the field of auditing, finance and general management.

Upon his graduation, he joined KPMG Malaysia as a Junior Auditor in December 1992. He was subsequently promoted as its Audit Senior in June 1994 and Audit Supervisor in January 1995. During his tenure at KPMG Malaysia, he was responsible for the audit of public listed companies and due diligence reviews for various corporate exercises.

In March 1996, he left KPMG Malaysia and joined OKA Corporation Berhad as its Finance Manager. In December 2002, he was promoted as its General Manager and Chief Financial Officer, responsible for its restructuring and development prior to its listing on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) in June 2003. During his stint at OKA Corporation Berhad, he oversaw the overall sales, marketing and day-to-day management of the company and factory operations. He was also involved in the setting up of new factories. He subsequently joined our Group as the Head of Starken AAC in December 2010.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**(g) Yee Chut Yau – General Manager of Operations, Starken AAC and G-Cast Concrete**

Yee Chut Yau, a Malaysian, aged 53, is the General Manager of Operations of Starken AAC and G-Cast Concrete, where he oversees their plant operations. He was also the project manager during the construction of both companies' factories from December 2010 to December 2012. He obtained a Technician Diploma from Singapore Polytechnic in May 1984. He also holds a Bachelor of Engineering in Civil Engineering from Queen's University, Belfast, United Kingdom (July 1989). He has more than twenty-five (25) years of working experiences in the construction industry.

He began his career as a Technical Assistant at Steady Piling Engineering Pte Ltd, Singapore where he was responsible for the company's overall design of reinforced concrete piles foundation. He joined Peter Fraenkel & Partners Ltd as a Design Engineer in March 1990, where he was responsible for the construction of various highway projects in Oxfordshire and Surrey, England. In June 1995, he left to join Multi-Usage Cement Products Sdn Bhd as an Operations Manager, where he was involved in the planning and management of its daily plant operations. He then left in June 2000 and joined OKA Concrete Industries Sdn Bhd as a Quality Control and Technical Manager.

He joined Starken AAC and G-Cast Concrete in December 2010 as General Manager of Operations and was a key member of the team that set up and started the operations of Starken AAC and G-Cast Concrete.

(h) Tan Ming Hong – Head of Business Unit, Chin Hin Concrete

Tan Ming Hong, a Malaysian, aged 56, is the Head of Business Unit, Chin Hin Concrete. He obtained a Bachelor of Applied Science majoring in Mechanical Engineering in October 1983 from University Of Ottawa, Canada. He has more than thirty (30) years of experience in the ready-mixed concrete and quarries operation.

He began his career in 1984 at a local ready-mixed concrete company, Pertama Ready Mix Concrete (M) Sdn Bhd as a factory manager. In 1992, he joined Pioneer Concrete (M) Sdn Bhd as its General Manager where he was responsible for the daily operations of the company. In 2001, he joined Hanson Building Materials Malaysia Sdn Bhd, a British based building materials company as Regional Manager where he was responsible for the sales and marketing of building materials in the southern region of Malaysia. In 2007, he left and joined Cemex Concrete (Malaysia) Sdn Bhd, a global building materials company headquartered in Mexico as Operation & Technical Director where he oversees the nationwide operation for quarry, asphalts and ready-mixed concrete business. Thereafter in 2011, he took up the role of Chief Operating Officer at Tasek Concrete Sdn Bhd (a subsidiary of Tasek Corporation Berhad).

Subsequently he left and joined the Chin Hin Group as Chief Operating Officer of Chin Hin Concrete in 2012. However, he later joined the ready-mixed concrete /cement division of Holcim Malaysia Sdn Bhd as Vice President in 2013 where he was in-charged of aggregates, cement and ready-mixed concrete division. Subsequently in July 2015, in view of his extensive experience in the building materials industry, we have approached him to rejoin us to lead the ready-mixed concrete business unit.

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

8.5 PRINCIPAL ACTIVITIES PERFORMED OUTSIDE OUR GROUP

Save as disclosed below, none of our Directors has any directorship and/or business activities performed outside our Group at present and in the past five (5) years up to the LPD:-

(a) Datuk Dr Nik Norzrul Thani bin Nik Hassan Thani

Company	Principal activities	Status of directorship
Zicolaw Partners Sdn Bhd	Legal services and advisory	Executive Director
Tanjung Offshore Berhad	Investment holding in the provision of engineering equipment packages, equipment maintenance services and spares to the oil and gas and related industries in Malaysia and the region	Non-Executive Director
Pelaburan Mara Berhad	Investment and asset management	Non-Executive Director
Tanjung HMS Petroleum Sdn Bhd	Oilfield development and services to the oil and gas industry	Non-Executive Director
Manulife Holdings Berhad	Investment holding in insurance services and businesses	Non-Executive Director
BNM Kijang Berhad	Issuances of Islamic Securities	Non-Executive Director
PNB Investment Institute Sdn Bhd	Financial and investment management	Non-Executive Director
UMW Holdings Berhad	Investment holding in automotive, equipment, manufacturing and engineering, and oil and gas industries	Non-Executive Director
UMW M&E Sdn Bhd	Automotive components and services	Non-Executive Director
Greenpower Quest Sdn Bhd	Investment holding and general trading	Non-Executive Director
IDR Waterfront Sdn Bhd	Properties development	Non-Executive Director
Yayasan Insan dan Ilmu	Education	Non-Executive Director
ZICO Shariah Advisory Services Sdn Bhd	Legal services and advisory	Executive Director
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	Banking and finance	Non-Executive Director

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

Company	Principal activities	Status of directorship
Pengangkutan Hartasuci Sdn Bhd	Dormant	Non-Executive Director
Asian Institute of Finance Berhad	Human capital development in financial services	Non-Executive Director
MSIG Insurance (Malaysia) Bhd	Investment holding in insurance services and businesses	Non-Executive Director
Manulife Insurance Berhad	Investment holding in insurance services and businesses	Non-Executive Director
Fraser & Neave Holdings Bhd	Soft drinks and dairy products manufacturing and distribution	Non-Executive Director
SJER Corporation Berhad	Investment holding involved in land, building, immovable property investment and general trading	Non-Executive Director
KIG Glass Industrial Berhad	Glasswares and carton boxes manufacturing and sale	Non-Executive Director
Melor's Apparel Sdn Bhd	General traders training and seminars	Non-Executive Director
Zi Labuan Trust Company Sdn Bhd	Professional and secretarial services	Non-Executive Director
Rentas Mesra Sdn Bhd	Management services	Non-Executive Director
Oligen Power Sdn Bhd	Oil and gas supply	Non- Executive Director
Anjuran Positif Sdn Bhd	Undertake and perform sub contractor; establish, maintain and operate hostels; carry on all or any of the business of transportation	Non- Executive Director
Perodua Manufacturing Sdn Bhd	Manufacturing vehicles	Non- Executive Director
UMW Aerospace Sdn Bhd	Manufacturing aerospace engine component products	Non- Executive Director
East West One Group Sdn Bhd	Oil palm plantation	Non- Executive Director
Abyssina Resources (M) Sdn Bhd	Abrasive blasting and painting works	Non- Executive Director

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

Company	Principal activities	Status of directorship
Blue Ocean Legacy Sdn Bhd	Property investment holding	Non-Executive Director (Resigned on 18 June 2012)
Zico Competelaw Sdn Bhd	Dormant	Non-Executive Director (Resigned on 28 September 2012)
Lubetech Sdn Bhd	Lubricant manufacturing and distribution	Non-Executive Director (Resigned on 1 March 2013)
UMW Advantech Sdn Bhd	Auto parts manufacturing and distribution	Non-Executive Director (Resigned on 1 March 2013)
UMW Lubricant International Sdn Bhd	Lubricant distribution	Non-Executive Director (Resigned on 1 March 2013)
UMW Pennzoil Distribution Sdn Bhd	Lubricant marketing and sales	Non-Executive Director (Resigned on 1 March 2013)
Millenium Bio Technology Sdn Bhd	Dormant	Non-Executive Director (Resigned on 3 January 2014)
Konsortium Logistik Berhad	Logistic services and inventory solutions	Non-Executive Director (Resigned on 1 July 2014)
Zico Corporate Services Sdn Bhd	Incorporation and secretarial services	Non-Executive Director (Resigned on 22 July 2014)
Otomobil Sejahtera Sdn Bhd	Passenger and commercial vehicles importing and retailing	Non-Executive Director (Resigned on 26 November 2014)
Maakl Mutual Bhd	Unit trust funds management	Non-Executive Director (Resigned on 15 December 2014)
HMS Oil & Gas Sdn Bhd	Oilfield development and services to the oil and gas industry	Non-Executive Director (Resigned on 22 May 2015)

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

Company	Principal activities	Status of directorship
HMS Legend Sdn Bhd	Oilfield development and services to the oil and gas industry	Non-Executive Director (Resigned on 22 June 2015)
HMS Energy Sdn Bhd	Dormant	Non-Executive Director (Resigned on 26 June 2015)
Solaris Stream Sdn Bhd	Wholesaling	Non-Executive Director (Resigned on 1 September 2015)
HMS Well Experts Sdn Bhd	Oilfield development and services to the oil and gas industry	Non-Executive Director (Resigned on 10 October 2015)

(b) Datuk Chiau Beng Teik

Company	Principal activities	Status of directorship
Platinum Eminent Sdn Bhd	Export and import of a variety of goods	Non-Executive Director
Fortune Merger Sdn Bhd	Export and import of a variety of goods	Non-Executive Director
Coromax Sdn Bhd	General trading, properties investment and money lending activities	Non-Executive Director
Landmark Grace Development Sdn Bhd	Investment holding, currently dormant	Non-Executive Director
CH Teguh Development Sdn Bhd	Property developer	Non-Executive Director
Asthetik KL South Sdn Bhd	Property development	Non-Executive Director
Chin Hin Land Sdn Bhd	Property development	Non-Executive Director
Chin Hin Hotel Sdn Bhd	Hotel business	Non-Executive Director
Chin Hin Concrete Mix Sdn Bhd	Dormant	Non-Executive Director

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

Company	Principal activities	Status of directorship
PPCH Land Sdn Bhd	Property developer and investment holding in property development	Non-Executive Director
Asthetik Property Group Sdn Bhd	Property development, property investment and property managements	Non-Executive Director
Perimore Sdn Bhd	Hotel business	Non-Executive Director
Bangsar South Development Sdn Bhd	Property development and investment holding in property development	Non-Executive Director
LV Sand Sdn Bhd	Dormant	Non-Executive Director
Chin Hin Building Material Supply (JB) Sdn Bhd	Dormant	Non-Executive Director
Eupe Bangsar South Development (JV) Sdn Bhd	Property development	Non-Executive Director
PP Chin Hin Realty	Property management and investment holding in investment properties, property development and hotels business	Non-Executive Director
Kelang Lama Land Sdn Bhd	Property development	Non-Executive Director
Pintar Muda Development Sdn Bhd	Property development	Non-Executive Director
GA Hotel Management Sdn Bhd	Provision of hotel and lodging facilities	Non-Executive Director
Laksana Saujana Sdn Bhd	Investment holding in investment properties	Non-Executive Director
Chin Hin Plywood Sdn Bhd	Dormant	Non-Executive Director
Chin Hin Gypsum Sdn Bhd	Trading of gypsum and coal business	Non-Executive Director
Divine Inventions	Investment holding in Chin Hin Group	Non-Executive Director

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

Company	Principal activities	Status of directorship
PP Chin Hin Group Sdn Bhd	General trading, have not commence business	Non-Executive Director
Chip Hin Transport Sdn Bhd	Transportation support services	Non-Executive Director (Resigned on 18 February 2013)
PSJ Transport Sdn Bhd	Transportation support services	Non-Executive Director (Resigned on 28 April 2011)
Perniagaan Perabut Chin Hin (PS) Sdn Bhd	Furniture business	Non-Executive Director (Resigned on 4 May 2010)
Sentosa Masa Sdn Bhd	Investment holding, currently dormant	Non-Executive Director (Resigned on 15 May 2015)
Grooveland Sdn Bhd	Dormant	Non-Executive Director (Resigned on 15 May 2015)
CHL Logistic Sdn Bhd	Logistics and transportation services	Non-Executive Director (Resigned on 11 June 2013)
Sens Hotel Sdn Bhd	Hotel operation and other related services	Non-Executive Director (Resigned on 16 July 2010)
Orion Deluxe Sdn Bhd	General trading	Non-Executive Director (Resigned on 19 July 2013)

(c) Chiau Haw Choon

Company	Principal activities	Status of directorship
Coromax Sdn Bhd	General trading, properties investment and money lending activities	Non-Executive Director
Fortune Merger Sdn Bhd	Export and import of a variety of goods	Non-Executive Director
Pintar Muda Development Sdn Bhd	Property development	Non-Executive Director

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

Company	Principal activities	Status of directorship
Platinum Eminent Sdn Bhd	Export and import of a variety of goods	Non-Executive Director
Laksana Saujana Sdn Bhd	Investment holding in investment properties	Non-Executive Director
Landmark Grace Development Sdn Bhd	Investment holding, currently dormant	Non-Executive Director
Asthetik KL South Sdn Bhd	Property development	Non-Executive Director
Chin Hin Land Sdn Bhd	Property development	Non-Executive Director
Chin Hin Hotel Sdn Bhd	Hotel business	Non-Executive Director
Chin Hin Concrete Mix Sdn Bhd	Dormant	Non-Executive Director
Perimore Sdn Bhd	Hotel business	Non-Executive Director
Asthetik Property Group Sdn Bhd	Property development, property investment and property management	Non-Executive Director
PP Chin Hin Group Sdn Bhd	General trading, have not commence business	Non-Executive Director
Leverage Hospitality Sdn Bhd	Boutique business hotel management	Non-Executive Director
CH Teguh Development Sdn Bhd	Property development	Non-Executive Director
LV Sand Sdn Bhd	Dormant	Non-Executive Director

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

Company	Principal activities	Status of directorship
Chin Hin Building Material Supply (JB) Sdn Bhd	Dormant	Non-Executive Director
PP Chin Hin Realty	Property management and investment holding in investment properties, property development and hotels business	Non-Executive Director
Bangsar South Development Sdn Bhd	Property development and investment holding in property development	Non-Executive Director
Eupe Bangsar South Development (JV) Sdn Bhd	Property development	Non-Executive Director
Kelang Lama Land Sdn Bhd	Property development	Non-Executive Director
Divine Inventions	Investment holding in Chin Hin Group	Non-Executive Director
GA Hotel Management Sdn Bhd	Provision of hotel and lodging facilities	Non-Executive Director
Perniagaan Perabut Chin Hin (PS) Sdn Bhd	Furniture business	Non-Executive Director (Resigned on 4 May 2010)
PSJ Transport Sdn Bhd	Transportation support services	Non-Executive Director (Resigned on 28 April 2011)
Chip Hin Transport Sdn Bhd	Transportation support services	Non-Executive Director (Resigned on 18 February 2013)
CHL Logistic Sdn Bhd	Logistics and transportation services	Non-Executive Director (Resigned on 11 June 2013)
Sentosa Masa Sdn Bhd	Investment holding, currently dormant	Non-Executive Director (Resigned on 15 May 2015)

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

Company	Principal activities	Status of directorship
Grooveland Sdn Bhd	Dormant	Non-Executive Director (Resigned on 15 May 2015)
Orion Deluxe Sdn Bhd	General trading	Non-Executive Director (Resigned on 19 July 2013)

(d) Datuk Cheng Lai Hock

Company	Principal activities	Status of directorship
Sekolah Persendirian Sin Min Alor Setar Bhd	Dormant	Executive Director
Gromex Media Graphic Sdn Bhd	Billboards and banners manufacturer, printer, designer, contractor and agent	Non-Executive Director
SKW Development Sdn Bhd	Dormant	Non-Executive Director
SKW Yew Chai Sdn Bhd	Saw milling and manufacturing of prefabricated timber roof trusses and timber trading	Non-Executive Director
SKW Trading Sdn Bhd	Trading	Non-Executive Director
SKW Property Sdn Bhd	Dormant	Non-Executive Director
Xcellearn Resources Berhad	Investment holding in industrial training and consultancy, manufacturing and distribution of tin cans business	Non-Executive Director
LH Cheng and Associates Sdn Bhd	Tax and secretarial services	Managing Director
Syarikat Kayu Wangi Berhad	Sawmill and related operations, timber merchant and construction activities	Non-Executive Director
Skw Subari Sdn Bhd	Sawmill operation and timber trading	Non-Executive Director

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

Company	Principal activities	Status of directorship
Skw Yew Chai Sdn Bhd	Sawmill, manufacturing of prefabricated timber roof trusses and timber trading	Non-Executive Director
Wangi KMB Berhad	Property development	Non-Executive Director

(e) Yeoh Chin Hoe

Company	Principal activities	Status of directorship
Voir Holdings Berhad	Investment holding and distribution of fashion apparels	Non-Executive Director
Weida (M) Berhad	Investment holding in property development, manufacturing of high density polyethylene products, works in installation of water treatment and sewage treatment plants, sewage treatment services and cultivation of oil palms	Non-Executive Director
Harrisons Development Sdn Bhd	Dormant	Non-Executive Director
Harrisons Herbals Sdn Bhd	Dormant	Non-Executive Director
Kumpulan Jaya Pemasaran Sdn Bhd	Ceased operation	Non-Executive Director
Exim Freight Services (Penang) Sdn Bhd	Dormant	Non-Executive Director
Task Developers Services Corporation Sdn Bhd	Dormant	Non-Executive Director
Penyedian Kimia Sdn Bhd	Dormant	Non-Executive Director
BPI Corptall Consulting Sdn Bhd	Business management consultation	Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**(f) Ng Wai Luen**

Company	Principal activities	Status of directorship
Perak Transit Berhad	Investment holding	Non-Executive Director

Other than the involvements, shareholdings and directorship of our Directors as disclosed above, none of our Directors has any other interest in the abovesaid companies. Our Directors' involvements in other business activities outside our Group do not give rise to any conflict of interest situation with our business. In order to mitigate any possible conflict of interest, our Directors will declare to our Nomination Committee and our Board on their interests in other companies on the onset and as and when there are changes in their respective interests in these companies. Our Nomination Committee will then evaluate if such Director's involvement give rise to a potential conflict of interest with our Group's business activities. It is our Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to our Directors on their fiduciary duties.

In the event of any possible direct conflict of interests between our Group and any company in which our Directors have an interest, the relevant affected Director will (to the extent that he, having made all reasonable enquiries, is aware of such potential conflict) disclose the conflict or potential conflict to the Board and he will refrain from all deliberations and voting at the board meeting and, if applicable, both himself and persons connected to him will refrain from voting at the shareholders' meeting convened to consider and approve any conflicting transaction.

Our audit committee will supervise any conflict of interest or potential conflict of interest situations and our Directors will disclose such conflict of interest situations, if any, for resolution as and when they arise. Their involvement in other business activities is not expected to affect their contributions and responsibilities to our Group.

8.6 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

Save as disclosed in Section 8.5 above, as at the LPD, none of our Executive Directors and key management personnel are involved in any other principal business activities.

The involvement of our Executive Directors in other businesses set out in Section 8.5 above does not preclude them from allocating most of their time to our Group as they are non-executive directors in those businesses. As such, the daily operations in those businesses are managed by the respective companies' chief executive officers and key management personnel. They do not attend the monthly management meetings of those businesses and only attend meetings of other boards on which they serve and accordingly discharge their principal areas of responsibility as directors of those companies. They have been and have ensured that they would be able to fulfil and discharge their duties and responsibilities effectively as our Directors. Most of their time is spent in the operations and affairs of our Group. As such, our Executive Directors' involvements in other businesses and operations outside of our Group are not expected to have any material effect on their contribution to our Group.

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

8.7 RELATIONSHIPS OR ASSOCIATIONS

Save as disclosed below, there is no family relationship or association between our Promoters, substantial shareholders, Directors and key management personnel:-

- (a) Datuk Chiau Beng Teik, our Deputy Group Executive Chairman, Promoter, substantial shareholder is father to Chiau Haw Choon, our Group Managing Director, Promoter and substantial shareholder.
- (b) Datin Wong Mee Leng, our Promoter and substantial shareholder, is the spouse of Datuk Chiau Beng Teik and mother to Chiau Haw Choon, our Group Managing Director, Promoter and substantial shareholder.

8.8 SERVICE AGREEMENTS

There are no existing or proposed service agreements between the companies within our Group and our Directors or key management personnel.

8.9 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

- (a) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.10 BENEFITS PAID OR INTENDED TO BE PAID

Save for the salaries, bonuses, allowances and dividend, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.11 EMPLOYEES**

As at the LPD, our Group has a total of 632 employees. The following depicts the breakdown of our employees in our Group:-

Category of employees	Number of employees				LPD
	31 December 2012	31 December 2013	31 December 2014	31 August 2015	
Board and senior management	10	8	11	11	11
Sales and administrative staff	93	137	134	135	135
Technical staff	65	109	110	111	113
Support staff	96	137	145	151	160
General workers	174	207	242	215	213
TOTAL	438	598	642	623	632

As at the LPD, the permanent employees and foreign workers structure of our Group and the length of our employees' services are as follows:-

Category of employees	Length of service			Number of employees		
	More than one (1) year but less than five (5) years			Total number of employees	Percentage of total employees	Number of foreign employees
	Less than one (1) year	More than five (5) years	five (5) years			
Board and senior management	1	6	4	11	1.7%	11
Sales and administrative staff	26	92	17	135	21.4%	135
Technical staff	31	79	3	113	17.9%	113
Support staff	49	80	31	160	25.3%	159
General workers	70	127	16	213	33.7%	164
TOTAL	177	384	71	632	100.0%	582

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

None of our employees belong to any labour union. As at the LPD, there has been no major industrial dispute pertaining to our employees.

Our total number of employees has increased from 438 in FYE 2012 to 632 as at LPD as a result of our Group's expansion over the financial years/periods under review. Metex Steel and G-Cast Concrete commenced production operations in 2012 while Starken AAC's production operations began in January 2014, resulting in the increase in our total number of employees.

The table below show the breakdown of our employees as at LPD according to geographical location:-

Category of employees	Number of employees				Total
	Central region ⁽ⁱ⁾	Northern region ⁽ⁱⁱ⁾	East Coast region ⁽ⁱⁱⁱ⁾	Southern region ^(iv)	
Board and senior management	11	-	-	-	11
Sales and administrative staff	75	36	11	13	135
Technical staff	96	17	-	-	113
Support staff	122	26	9	3	160
General workers	146	48	19	-	213
TOTAL	450	127	39	16	632

Notes:-

- (i) Consists of Kuala Lumpur, Selangor and Negeri Sembilan.
(ii) Consists of Pulau Pinang, Perak and Kedah.
(iii) Consists of Pahang, Terengganu Iman and Kelantan.
(iv) Consists of Johor and Melaka.

The table below show the breakdown of our employees as at LPD according to geographical location:-

Category of employees	Number of employees				Total
	Building materials & logistics	Ready-mixed concrete	AAC and precast products	Wire mesh & metal roofing systems	
Board and senior management	4	2	2	3	11
Sales and administrative staff	67	23	26	19	135
Technical staff	-	11	40	62	113
Support staff	88	24	17	31	160
General workers	29	100	15	69	213
TOTAL	188	160	100	184	632

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

8.12 TRAINING AND DEVELOPMENT

We view our employees as one of our key assets that play an instrumental role in our Group's continuous growth. We place great emphasis on providing a pleasant working environment for our employees; ensuring skills development across our Group and identifying employee performance improvement opportunities for career advancement.

It is our policy to develop and train employees to improve their skills set and professionalism, in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through hands-on training.

Our management team has, from time to time, arranged internal and courses to train our employees. The on-going training and development programmes cover technical and functional course for our employees. We also observe the safety and precaution practices.

Our technical team is also required to undergo product training conducted by our suppliers and manufacturers which are normally held at their facilities. General technicians are then trained through our in-house programmes organised by the respective business units.

8.13 MANAGEMENT SUCCESSION PLAN

We recognise the importance of succession planning for business continuity, and maintaining the level of our competencies and competitiveness in the industry. In view thereof, our Group has taken the appropriate steps to ensure the implementation of succession planning in every department. We encourage senior management to groom the lower and middle management staff, who will be groomed to gradually assume higher responsibilities. In addition, the middle management actively participates in various operations of our Group.

As part of our management succession plan, we have identified suitable personnel across our Group to match for management positions in line with our business goals, strategies and culture.

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9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

The SC had on 24 April 2015 approved our application for relief from complying with the following requirements from the Prospectus Guidelines:-

Reference	Details of relief sought	Details of conditions imposed	Status of compliance
Part I: Contents of Prospectus, Division 1: Equity, Paragraphs 12.02, 12.15 and 12.16	Relief from complying with the requirements to prepare pro forma consolidated income statements and pro forma cash flow statements of Chin Hin and to substitute it with the combined income statements and combined cash flow statements of Chin Hin, and consequently to allow the management discussion and analysis of financial condition, results of operations and prospectus to be prepared based on the combined financial statements.		- Not applicable

The SC had granted approval for our Listing under Section 212(5) of the CMSA, vide its letter dated 20 October 2015 subject to the terms and conditions stated therein ("SC Approval Letter").

The terms and conditions as stipulated in the SC Approval Letter are set out as follows:-

No.	Details of terms and conditions imposed	Status of compliance																					
1.1	Terms																						
(i)	Public issue of 63,197,900 Issue Shares, to be allocated in the following manner:-	To be complied																					
	<table border="1"> <thead> <tr> <th>Category</th> <th>No. of Issue Shares</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>Malaysian public via balloting</td> <td></td> <td></td> </tr> <tr> <td>- Bumiputera</td> <td>12,647,200</td> <td>2.5</td> </tr> <tr> <td>- Non-Bumiputera</td> <td>12,647,200</td> <td>2.5</td> </tr> <tr> <td>Eligible directors and employees</td> <td>6,400,000</td> <td>1.3</td> </tr> <tr> <td>Private placement to identified investors</td> <td>31,503,500</td> <td>6.2</td> </tr> <tr> <td>Total</td> <td>63,197,900</td> <td>12.5</td> </tr> </tbody> </table>	Category	No. of Issue Shares	% of enlarged share capital	Malaysian public via balloting			- Bumiputera	12,647,200	2.5	- Non-Bumiputera	12,647,200	2.5	Eligible directors and employees	6,400,000	1.3	Private placement to identified investors	31,503,500	6.2	Total	63,197,900	12.5	
Category	No. of Issue Shares	% of enlarged share capital																					
Malaysian public via balloting																							
- Bumiputera	12,647,200	2.5																					
- Non-Bumiputera	12,647,200	2.5																					
Eligible directors and employees	6,400,000	1.3																					
Private placement to identified investors	31,503,500	6.2																					
Total	63,197,900	12.5																					

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of terms and conditions imposed	Status of compliance																													
(ii)	<p>Offer for sale of 65,000,000 Offer Shares, representing 12.8% of Chin Hin's enlarged issued and paid-up share capital by the Offerors, as follows:-</p> <table border="1" data-bbox="371 477 1177 801"> <thead> <tr> <th rowspan="2">Offerors</th> <th colspan="2">Offer Shares offered</th> </tr> <tr> <th>No. of Issue Shares</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>Datuk Chiau Beng Teik</td> <td>35,832,000</td> <td>7.1</td> </tr> <tr> <td>Chiau Haw Choon</td> <td>20,981,000</td> <td>4.1</td> </tr> <tr> <td>Datin Wong Mee Leng</td> <td>8,187,000</td> <td>1.6</td> </tr> <tr> <td>Total</td> <td>65,000,000</td> <td>12.8</td> </tr> </tbody> </table> <p>to be allocated in the following manner:</p> <table border="1" data-bbox="371 898 1177 1256"> <thead> <tr> <th>Category</th> <th>No. of Offer Shares</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>Private placement to identified investors</td> <td>14,411,200</td> <td>2.8</td> </tr> <tr> <td>Private placement to Bumiputera public investors approved by MITI</td> <td>50,588,800</td> <td>10.0</td> </tr> <tr> <td>Total</td> <td>65,000,000</td> <td>12.8</td> </tr> </tbody> </table>	Offerors	Offer Shares offered		No. of Issue Shares	% of enlarged share capital	Datuk Chiau Beng Teik	35,832,000	7.1	Chiau Haw Choon	20,981,000	4.1	Datin Wong Mee Leng	8,187,000	1.6	Total	65,000,000	12.8	Category	No. of Offer Shares	% of enlarged share capital	Private placement to identified investors	14,411,200	2.8	Private placement to Bumiputera public investors approved by MITI	50,588,800	10.0	Total	65,000,000	12.8	To be complied
Offerors	Offer Shares offered																														
	No. of Issue Shares	% of enlarged share capital																													
Datuk Chiau Beng Teik	35,832,000	7.1																													
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Total	65,000,000	12.8																													
Category	No. of Offer Shares	% of enlarged share capital																													
Private placement to identified investors	14,411,200	2.8																													
Private placement to Bumiputera public investors approved by MITI	50,588,800	10.0																													
Total	65,000,000	12.8																													
(iii)	<p>Vendors' Shareholdings Reorganisation to be undertaken for a purchase consideration of RM151,766,400, as follows:-</p> <table border="1" data-bbox="371 1384 1177 1742"> <thead> <tr> <th>Vendors</th> <th>No. of Shares to be transferred to Divine Inventions</th> <th>Purchase consideration (RM)</th> </tr> </thead> <tbody> <tr> <td>Datuk Chiau Beng Teik</td> <td>134,045,120</td> <td>66,635,560</td> </tr> <tr> <td>Datin Wong Mee Leng</td> <td>47,572,930</td> <td>23,894,965</td> </tr> <tr> <td>Chiau Haw Choon</td> <td>121,914,750</td> <td>61,235,875</td> </tr> <tr> <td>Total</td> <td>303,532,800</td> <td>151,766,400</td> </tr> </tbody> </table> <p>The purchase consideration to be satisfied via cash and to be reflected as amount owing by Divine Inventions to the Vendors.</p>	Vendors	No. of Shares to be transferred to Divine Inventions	Purchase consideration (RM)	Datuk Chiau Beng Teik	134,045,120	66,635,560	Datin Wong Mee Leng	47,572,930	23,894,965	Chiau Haw Choon	121,914,750	61,235,875	Total	303,532,800	151,766,400	Complied														
Vendors	No. of Shares to be transferred to Divine Inventions	Purchase consideration (RM)																													
Datuk Chiau Beng Teik	134,045,120	66,635,560																													
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Chiau Haw Choon	121,914,750	61,235,875																													
Total	303,532,800	151,766,400																													

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of terms and conditions imposed	Status of compliance
(iv)	Listing of and quotation for the entire enlarged issued and paid-up share capital of Chin Hin of RM252,944,000 comprising of 505,888,000 Shares on the Main Market of Bursa Securities.	To be complied
1.2	Conditions	
	M&A Securities/Chin Hin must fully comply with the requirements of the SC's Equity Guidelines pertaining to the implementation of the Listing.	To be complied

Bursa Securities had vide its letter dated 18 December 2015, approved our admission to the Official List and listing of and quotation for the entire issued and paid-up share capital of our Company of RM252,944,000 comprising 505,888,000 Shares on the "Trading/Services" sector of the Main Market of Bursa Securities.

The approval from Bursa Securities was subjected to the following conditions:-

No.	Details of conditions imposed	Status of compliance
1.	M&A Securities/Chin Hin are required to make the relevant announcement pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, Chin Hin is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on the timetable for the IPO	To be complied
2.	M&A Securities/Chin Hin are required to furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire enlarged issued and paid-up share capital of Chin Hin on the first day of listing; and	To be complied
3.	M&A Securities/Chin Hin are required to furnish a cheque drawn to the order of Bursa Securities for the initial and annual listing fees to be calculated based on the final issue price of the Shares, together with a copy of the details of computation of the amount of listing fees payable.	Complied

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9. APPROVALS AND CONDITIONS (Cont'd)

9.2 MORATORIUM ON SALE OF SHARES

9.2.1 Vendors' Shareholdings Reorganisation

During the subscription period (i.e. the span of time where the investors can subscribe for the IPO Shares), the Vendors will undertake a reorganisation exercise involving the transfer of 303,532,800 Shares which they received from the Acquisitions to Divine Inventions, an investment holding company substantially owned by the Vendors. In this regard, the Vendors have on 6 January 2016, entered into a conditional share sale agreement with Divine Inventions in respect of the Vendors' Shareholdings Reorganisation for a purchase consideration of RM151,766,400. The purchase consideration will be satisfied via cash and will be reflected as amount owing by Divine Inventions to the Vendors. The Vendors' Shareholdings Reorganisation is undertaken to streamline the shareholdings of the Vendors in our Group so that it is held under an investment holding company instead of by the Vendors individually.

Please refer to Section 8.1.2 of this Prospectus for further details on Divine Inventions. Details of the Vendors' Shareholdings Reorganisation are as follows:-

	No. of Shares to be transferred under the Vendors' Shareholdings Reorganisation	⁽ⁱ⁾ Cash RM
Datuk Chiau Beng Teik	134,045,120	66,635,560
Datin Wong Mee Leng	47,572,930	23,894,965
Chiau Haw Choon	121,914,750	61,235,875
Total	303,532,800	151,766,400

Note:-

(i) Reflected as amount owing by Divine Inventions to the respective vendors.

9.2.2 Moratorium on sale of shares

In accordance with the SC's Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of admission of our entire enlarged issued and paid-up share capital to the Official List of Bursa Securities ("Moratorium Period").

Upon completion of our IPO, the amount of Shares to be placed under moratorium is as follows:-

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Chiau Beng Teik	74,157,200	14.6	⁽ⁱ⁾ 303,532,800	60.0
Chiau Haw Choon	-	-	⁽ⁱ⁾ 303,532,800	60.0
Datin Wong Mee Leng	-	-	⁽ⁱ⁾ 303,532,800	60.0
Divine Inventions	303,532,800	60.0	-	-
PP Chin Hin Realty	-	-	⁽ⁱⁱ⁾ 303,532,800	60.0

9. APPROVALS AND CONDITIONS (Cont'd)

Notes:-

- (i) *After taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus and deemed interested via his/her substantial shareholdings in PP Chin Hin Realty.*
- (ii) *After taking into consideration the Vendors' Shareholdings Reorganisation as disclosed in Section 9.2.1 of this Prospectus and deemed interested via his/her substantial shareholdings in Divine Inventions.*

Our Promoters have provided undertaking letters to the SC that they will not sell, transfer or assign their shareholdings under moratorium for the Moratorium Period.

The Share Registrar and Bursa Depository have been informed in relation to the moratorium restriction on our Promoters to ensure that they do not register any transfer of Shares contravening the above moratorium restriction.

The ultimate shareholders of Divine Inventions and PP Chin Hin Realty, namely Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mee Leng, have undertaken not to sell, transfer or assign their respective shareholdings in PP Chin Hin Realty and Divine Inventions during the Moratorium Period.

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10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**10.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, there are no transactions, existing or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiary companies for FYE 2011 to FYE 2014 as well as FPE 2015.

10.1.1 Non-recurrent related party transactions

Save as disclosed below, we have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them for FYE 2011 to FYE 2014 as well as FPE 2015. The non-recurrent related party transactions set out below were carried out on an arm's length basis and on commercial terms not more favourable to the related parties than those generally available to third parties.

PP Chin Hin

Transacting parties	Interested Promoters/Directors/Substantial shareholders/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
Fortune Merger Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Fortune Merger Sdn Bhd	Sale of vacant land by PP Chin Hin to Fortune Merger Sdn Bhd	-	-	-	2,355	-
Kelang Lama Land Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Kelang Lama Land Sdn Bhd	Advances for land purchase and working capital requirements by PP Chin Hin to Kelang Lama Land Sdn Bhd	35,392	-	-	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholders/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Pintar Muda Development Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Pintar Muda Development Sdn Bhd, which in turn is a subsidiary of PP Chin Hin Realty	Advances for land purchase and the working capital	5,163	-	4,691	-	-
GA Hotel Management Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of GA Hotel Management Sdn Bhd, which in turn is a subsidiary of PP Chin Hin Realty	Advances for working capital requirements by PP Chin Hin to GA Hotel Management Sdn Bhd	-	28	31	14	-
CHL Logistic Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik, Datin Wong Mee Leng, is the Director and substantial shareholder of CHL Logistic Sdn Bhd	Advances for working capital requirements by PP Chin Hin to CHL Logistic Sdn Bhd	-	-	1,148	-	-
Laksana Saujana Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Laksana Saujana Sdn Bhd	Advances for land purchase and the working capital by PP Chin Hin	2,189	-	80	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/ Substantial shareholders/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Landmark Grace Development Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Landmark Grace Development Sdn Bhd	Advances for land purchase and the working capital requirements by PP Chin Hin to Landmark Grace Development Sdn Bhd	2,641	-	-	-	-
Sentosa Masa Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Sentosa Masa Sdn Bhd	Advances for land purchase and the working capital requirements by PP Chin Hin to Sentosa Masa Sdn Bhd	4,439	-	-	-	-
PP Chin Hin Realty	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon are the Directors and substantial shareholders of PP Chin Hin Realty	Purchases of two (2) units of semi-detached factories by PP Chin Hin from PP Chin Hin Realty	-	-	9,139	-	-
			Advances for land purchase and working capital by PP Chin Hin to PP Chin Hin Realty	16,584	-	14,401	-	-
			Corporate guarantee given by PP Chin Hin to PP Chin Hin Realty	-	-	-	89,200	⁽¹⁾ 89,200
			Corporate guarantee given by PP Chin Hin to PP Chin Hin Realty	-	-	-	-	⁽¹⁾ 37,000

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholders/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Land Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Land Sdn Bhd	Corporate guarantee given by PP Chin Hin to PP Chin Hin Realty	-	-	-	42,000	(iii) 42,000
			Corporate guarantee given by PP Chin Hin to PP Chin Hin Realty	-	13,020	13,020	(iv) 13,020	-
Chin Hin Land Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Land Sdn Bhd	Advances for land purchase given by PP Chin Hin to Chin Hin Land Sdn Bhd	5,136	-	-	-	-
Asthetik KL South Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Asthetik KL South Sdn Bhd, which in turn is a wholly-owned subsidiary of Asthetik Property Group Sdn Bhd	Advances for land purchase provided by PP Chin Hin to Asthetik KL South Sdn Bhd	-	-	4,752	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholders/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
Bangsar South Development Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Bangsar South Development Sdn Bhd, which in turn is a wholly-owned subsidiary of Aesthetic Property Group Sdn Bhd	Advances for land purchase given by PP Chin Hin to South Development Sdn Bhd	-	5,100	2,567	-	-
Perimore Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Perimore Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Advances for working capital given by PP Chin Hin to Perimore Sdn Bhd	-	-	-	1,000	-
Chin Hin Hotel Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Choon is the Director of Chin Hin Hotel Sdn Bhd, which in turn is a subsidiary of PP Chin Hin Realty	Advances for working capital by PP Chin Hin to Chin Hin Hotel Sdn Bhd Corporate guarantee given by PP Chin Hin to Chin Hin Hotel Sdn Bhd	7	17	8	-	-
				2,370	2,370	2,370	2,370	(^v)2,370

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Notes:-

- (i) *The corporate guarantee was discharged via letter dated 1 December 2015 by Maybank Islamic Berhad.*
- (ii) *The corporate guarantees were discharged via letter dated 25 August 2014 by OCBC Bank (Malaysia) Berhad.*
- (iii) *The corporate guarantees were discharged via letter dated 1 December 2015 by CIMB Islamic Bank Berhad.*
- (iv) *The corporate guarantee was discharged via letter dated 21 January 2015 from United Overseas Bank (Malaysia) Berhad.*
- (v) *The corporate guarantee was discharged via letter dated 23 November 2015 by Maybank Islamic Berhad.*

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10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Chin Hin Concrete**

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Concrete Mix Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Corporate guarantee given by Chin Hin Concrete to Chin Hin Concrete Mix Sdn Bhd	-	-	(i)5,000	-	-
			Corporate guarantee given by Chin Hin Concrete to Chin Hin Concrete Mix Sdn Bhd	-	-	1,648	(ii)1,648	-
			Corporate guarantee given by Chin Hin Concrete to Chin Hin Concrete Mix Sdn Bhd	2,811	2,811	2,811	(iii)2,811	-
			Corporate guarantee given by Chin Hin Concrete to Chin Hin Concrete Mix Sdn Bhd	-	-	2,000	(iv)2,000	-
Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng and Chiau Haw Choon are Directors and substantial shareholders of Chin Hin Concrete	Chin Hin Concrete acquired shares in Chin Hin Concrete (KL) from Datuk Chiau Beng Teik and Chiau Haw Choon	-	4,800	-	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng and Chiau Haw Choon are Directors and substantial shareholders of Chin Hin Concrete	Chin Hin Concrete acquired shares in Chin Hin Concrete (North) from Datuk Chiau Beng Teik and Chiau Haw Choon	2,800	-	-	-	-

Notes:-

- (i) The corporate guarantee was discharged via letter dated 26 April 2013 from AmBank (M) Berhad.
- (ii) The corporate guarantee was discharged via letter dated 7 January 2015 from AmBank (M) Berhad.
- (iii) The corporate guarantee was discharged via letter dated 23 January 2015 from AmBank (M) Berhad.
- (iv) The corporate guarantee was discharged via letter dated 7 January 2015 from AmBank (M) Berhad.

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10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Chin Hin Concrete (KL)**

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
Perimore Sdn Bhd	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Perimore Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Disposal of motor vehicle by Chin Hin Concrete (KL) to Perimore Sdn Bhd	-	-	-	200	-

Starken AAC

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
Chin Hin Concrete Mix Sdn Bhd	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Purchase of motor vehicle by Starken AAC from Chin Hin Concrete Mix Sdn Bhd	-	-	-	200	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**10.1.2 Recurrent related party transactions**

Save as disclosed below, we have not entered into any recurrent related party transaction of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with certain related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transactions") for FYE 2011 to FYE 2014 as well as FPE 2015. The past Recurrent Transactions were carried out on arm's length basis and on commercial terms not more favourable to the related parties than those generally available to third parties and which were not detrimental to our minority shareholders.

We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of the Recurrent Transactions made, the names of the related parties involved and their relationship with our Company during the financial year and in the annual reports for subsequent financial years.

PP Chin Hin

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
AS Chin Hin Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Chiau Beng Teik, are the Directors and substantial shareholders of AS Chin Hin Sdn Bhd	Sales of building materials	4,366	1,668	3,950	2,743	1,922
			Purchases of building materials	421	334	591	725	437
Italia Ceramics Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik, is a Director and substantial shareholder of Italia Ceramics Sdn Bhd	Purchases of building materials	1,472	2,800	1,309	548	-
			Rental income received by PP Chin Hin from Italia Ceramics Sdn Bhd	54	72	66	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Minda Jayamas Sdn Bhd ⁽ⁱⁱⁱ⁾	Datuk Chiau Beng Teik	Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik is the Director and substantial shareholder of Minda Jayamas Sdn Bhd	Sale of cement by PP Chin Hin to Minda Jayamas Sdn Bhd	-	56,640	75,778	25,471	-
			Purchase of building materials from Minda Jayamas Sdn Bhd	15,818	-	-	-	-
Kelang Lama Land Sdn Bhd ⁽ⁱⁱ⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Kelang Lama Land Sdn Bhd	Sale of building materials	9,884	2,085	41	-	-
			Rental income received for renting of office spaces belonging to PP Chin Hin	141	189	95	-	-
Aesthetik Property Group Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Aesthetik Property Group Sdn Bhd	Rental income received for renting of office spaces belonging to PP Chin Hin	-	-	95	189	47
Pintar Muda Development Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Sale of building materials	243	727	1,367	*	11

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions					FPE 2015
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GA Hotel Management Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of GA Hotel Management Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Sales of building materials	13,326	2,012	469	529		3
Chip Hin Trading ⁽¹⁾	Datuk Chiau Beng Teik	Chiau Beng Sun, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of Chip Hin Trading	Transportation services provided by Chip Hin Trading to PP Chin Hin	1,210	2,510	8	2,211		674
CHL Logistic Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, is the Director and substantial shareholder of CHL Logistic Sdn Bhd	Transportation services provided by CHL Logistic Sdn Bhd to PP Chin Hin	-	-	8	-	-	-
			Sales of building materials	-	-	11	-	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions					FPE 2015
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
			Sale of vehicle insurance premium and road tax to CHL Logistic Sdn Bhd (as agent of the insurance company) by PP Chin Hin	-	-	-	567	317	
			Rental of lorries by PP Chin Hin to CHL Logistic Sdn Bhd	-	-	-	-	847	
Sens Hotel Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, is the Director and substantial shareholder of Sens Hotel Sdn Bhd	Rental income received from Sens Hotel Sdn Bhd for the renting of shop houses belonging to PP Chin Hin	122	164	172	174	116	
Laksana Saujana Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Laksana Saujana Sdn Bhd	Sales of building materials Rental expenses paid to Laksana Saujana Sdn Bhd for renting of warehouse-cum office	33	737	12	-	-	80

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Hotel Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Choon is the Director of Chin Hin Hotel Sdn Bhd, which is turn is renting of shop houses substantially owned by PP belonging to PP Chin Hin Chin Hin Realty	Rental income received from Chin Hin Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin	60	479	599	630	440
Chip Hin Transport Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chip Hin Transport Sdn Bhd	Sale of cement	104	*	-	-	-
Chin Hin Concrete Mix Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Sale of cement and building materials Rental income received from Chin Hin Concrete Mix Sdn Bhd for renting of office space	19,555	3,674	655	71	-
Teras Maju Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik	Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik is the Director and substantial shareholder of Teras Maju Sdn Bhd	Sale of cement	-	-	659	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/ Substantial shareholder/Key management personnel	Nature of relationship	Nature of transactions	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Plywood Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik and Datin Wong Mee Leng	Datuk Chiau Beng Teik and Datin Wong Mee Leng are the Directors and substantial shareholders of Chin Hin Plywood Sdn Bhd	Sale of insurance premium by PP Chin Hin to Chin Hin Plywood Sdn Bhd	-	-	3	-	-
PP Chin Hin Realty ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon are the Directors and substantial shareholders of PP Chin Hin Realty	Sale of building materials	-	-	-	-	610
			Rental income received from PP Chin Hin Realty for renting of office space	-	-	-	-	79

Notes:-

- * Negligible, less than RM1,000
- (i) These recurrent related party transactions are expected to reoccur after Listing and it will be transacted at the same basis. A shareholders' mandate will be sought for these recurrent related party transactions after Listing. Our Group is not dependent on these recurrent related party transactions.
- (ii) These recurrent related party transactions are not expected to reoccur after Listing as the transacting parties have ceased operations / is currently dormant.
- (iii) This recurrent related party transaction is not expected to reoccur after Listing as Minda Jayamas Sdn Bhd will purchase the building materials directly from the suppliers.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Chin Hin Concrete (KL)**

Transacting parties	Interested Promoters/Directors/ Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
CHL Logistic Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, is the Director and substantial shareholder of CHL Logistic Sdn Bhd	Purchases of sand and aggregates Rental income received by Chin Hin Concrete (KL) for tanker trucks and office space rented to CHL Logistic Sdn Bhd	-	-	1,288	4,201	6,875
Minda Jayamas Sdn Bhd ⁽ⁱⁱ⁾	Datuk Chiau Beng Teik	Yeoh Hock Seng, the brother- in-law of Datuk Chiau Beng Teik is the Director and substantial shareholder of Minda Jayamas Sdn Bhd	Purchases of cement	-	26,299	43,718	20,609	-
Pintar Muda Development Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Sales of concrete	99	-	-	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Concrete Mix Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Sales of concrete	-	1,686	-	-	-
PP Chin Hin Realty ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon are the Directors and substantial shareholders of PP Chin Hin Realty	Rental paid to PP Chin Hin Realty for rental of office space	-	-	-	19	13
			Purchases of concrete	46	1,447	3,667	-	-

Notes:-

- (i) These recurrent related party transactions are expected to reoccur after Listing and it will be transacted at the same basis. A shareholders' mandate will be sought for these recurrent related party transactions after Listing. Our Group is not dependent on these recurrent related party transactions.
- (ii) These recurrent related party transactions are not expected to reoccur after Listing as the transacting parties have ceased operations / is currently dormant.
- (iii) This recurrent related party transaction is not expected to reoccur after Listing as Chin Hin Concrete (KL) will purchase cement directly from the supplier.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Chin Hin Concrete (North)**

Transacting parties	Interested Promoters/Directors/Substantial Shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
Chin Hin Concrete Mix Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Purchases of concrete Sales of concrete	273	1,351	441	-	-
Minda Jayamas Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik	Yeoh Hock Seng, the brother-in-law of Datuk Chiau Beng Teik is the Director and substantial shareholder of Minda Jayamas Sdn Bhd	Purchases of cement	-	15,433	28,273	9,134	-
GA Hotel Management Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mee Leng	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors of GA Hotel Management Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty	Sales of concrete	-	600	713	5	-
LV Sand Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of LV Sand Sdn Bhd	Purchases of sand	-	166	-	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Notes:**

- (i) These recurrent related party transactions are not expected to reoccur after Listing as the transacting parties have ceased operations / is currently dormant.
(ii) This recurrent related party transaction is not expected to reoccur after Listing as Chin Hin Concrete (North) will purchase the cement directly from the supplier.

Chin Hin Concrete

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
Chin Hin Concrete Mix Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik and Chiau Haw Choon	Datuk Chiau Beng Teik and Chiau Haw Choon are the Directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd	Management fees paid to Chin Hin Concrete Mix Sdn Bhd for management services rendered	-	320	-	-	-

Note:-

- (i) This recurrent related party transaction is not expected to reoccur after Listing as the transacting party have ceased operations / is currently dormant.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**C&H Transport**

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FPE 2015 RM'000
CH Hardware & Transport Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik	Chiau Thean Bee, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of CH Hardware & Transport Sdn Bhd	Transportation services paid to CH Hardware & Transport Sdn Bhd for transportation of building materials services provided	5,394	5,565	6,245	8,616	6,015
Chip Hin Trading ⁽¹⁾	Datuk Chiau Beng Teik	Chiau Beng Sun, the brother of Datuk Chiau Beng Teik, is the Director and substantial shareholder of Chip Hin Trading	Transportation services paid to Chip Hin Trading for transportation of building materials	1,607	1,642	1,735	2,681	297
AS Chin Hin Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik	Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Chiau Beng Teik, are the substantial shareholders of AS Chin Hin Sdn Bhd	Transportation services paid to AS Chin Hin Sdn Bhd for transportation of building materials	28	45	39	6	25
CHL Logistic Sdn Bhd ⁽¹⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, is the Director and substantial shareholder of CHL Logistic Sdn Bhd	Transportation services paid to CHL Logistic Sdn Bhd for transportation of building materials	-	-	415	2,085	2,588

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Note:-**

- (i) These recurrent related party transactions are expected to reoccur after Listing and it will be transacted at the same basis. A shareholders' mandate will be sought for these recurrent related party transactions after Listing. Our Group is not dependent on these recurrent related party transactions.

Starken AAC

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
				RM'000	RM'000	RM'000	RM'000	RM'000
CHL Logistic Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik, is the Director and substantial shareholder of CHL Logistic Sdn Bhd	Transportation services provided by CHL Logistic to AAC for transportation of building materials	-	-	-	368	158
Chin Hin Gypsum Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik	Datuk Chiau Beng Teik is the Director and substantial shareholder in Chin Hin Gypsum Sdn Bhd	Purchase of raw materials by Starken AAC from Chin Hin Gypsum Sdn Bhd	-	-	-	1,040	1,001
AS Chin Hin Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Chiau Beng Teik, are the Directors and substantial shareholders of AS Chin Hin Sdn Bhd	Sales of AAC blocks by Starken AAC to AS Chin Hin Sdn Bhd	-	-	-	371	246

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Note:-**

- (i) This recurrent related party transaction is expected to reoccur after Listing and it will be transacted at the same basis. A shareholders' mandate will be sought for this recurrent related party transaction after Listing. Our Group is not dependent on this recurrent related party transaction.

G-Cast Concrete

Transacting parties	Interested Promoters/Directors/Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions				
				FYE 2011	FYE 2012	FYE 2013	FYE 2014	FPE 2015
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CHL Logistic Sdn Bhd ⁽ⁱ⁾	Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon	Chiau Haw Loon, the son of Datuk Chiau Beng Teik and Datin Wong Mee Leng, is the Director and shareholder of Sdn Bhd	Transportation services provided by CHL Logistic Sdn Bhd to G-Cast Concrete for transportation of building materials	-	-	-	22	63

Note:-

- (i) This recurrent related party transaction is expected to reoccur after Listing and it will be transacted at the same basis. A shareholders' mandate will be sought for this recurrent related party transaction after Listing. Our Group is not dependent on this recurrent related party transaction.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Our Directors are of the view that all the above related party transactions were conducted on an arm's length basis and were carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the third parties and were not to the detriment of our minority shareholders.

The Recurrent Transactions are transactions of revenue or trading in nature in our ordinary course of business and/or which are necessary for our day-to-day operations. Moving forward, our Board shall seek the approval from our non-interested shareholders for a mandate to enter into such Recurrent Transactions (if any) at the general meeting(s) of our Company in order to mitigate any potential conflict of interest arising from such Recurrent Transactions. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions in our ordinary course of business without the need to convene numerous general meetings to approve such recurrent transactions as and when they are entered into. The shareholders' mandate is subject to annual renewal.

Our Group shall also endeavour to maintain the annual Recurrent Transactions to not more than 10% of our Group's annual total revenue and/or costs of sales.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, monitor potential Recurrent Transactions (if any) and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual reports with regard to any Recurrent Transactions.

Any proposed related party transactions which involves the interest, direct and indirect of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or major shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

10.2 INTEREST IN SIMILAR BUSINESS

None of our Directors or substantial shareholders have any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group, or are the customers and/or suppliers of our Group other than as disclosed in Section 10.1.2.

10.3 OTHER TRANSACTIONS

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past four (4) FYE 2011 to FYE 2014 as well as FPE 2015.

Save as disclosed in Section 10.1.1 of this Prospectus, there were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of a related party in respect of the past four (4) FYE 2011 to FYE 2014 as well as FPE 2015.

Save as disclosed in Section 10.1.1 of this Prospectus, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past four (4) FYE 2011 to FYE 2014 as well as FPE 2015, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

Save as disclosed below, our Group has not entered into any transactions with M&A Securities, the Adviser, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 19 March 2014 between PP Chin Hin and M&A Securities for the appointment of M&A Securities as the Adviser and Placement Agent for our Listing; and
- (b) Underwriting agreement dated 26 January 2016 between our Company and M&A Securities for the underwriting of 31,694,400 Issue Shares to be issued pursuant to our Public Issue.

10.4 DECLARATIONS BY THE ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for our Listing.
- (b) Messrs Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.
- (c) UHY has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing.
- (d) Protégé Associates Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for our Listing.

11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



Date: 03 FEB 2016

The Board of Directors
Chin Hin Group Berhad
(Company No. 1097507-W)
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

UHY (AF1411)
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Dear Sirs,

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CHIN HIN GROUP BERHAD (“CHIN HIN” OR “THE COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS “CHIN HIN GROUP” OR “THE GROUP”) AS AT 31 AUGUST 2015 (“PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION”)

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position prepared by the Directors of the Company (“Directors”).

The pro forma consolidated statements of financial position and the notes set out in Appendix A to this letter are compiled by the Directors for illustrative purposes only and for inclusion into the Prospectus of Chin Hin Group in connection with the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Chin Hin Group on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the Restructuring and Listing Scheme set out in Notes 1 to 4 below.

As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements as at 31 August 2015, on which an audited Financial Statements has been prepared.

Directors' Responsibility for the pro forma consolidated statements of financial position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis on the applicable criteria as specified in the Prospectus Guidelines and the basis described in the Notes of Appendix A to the pro forma consolidated statement of financial position.

11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



The pro forma consolidated statements of financial position has incorporated the following listing scheme: -

1. Public Issue

Pursuant to the Public Issue, the Company shall issue 63,197,900 new ordinary shares of RM0.50 each in Chin Hin ("Issue Shares") at an issue price of RM0.65 per Share ("IPO Price") to be allocated in the following manner:-

- (a) 25,294,400 Issue Shares made available for application by the Malaysian Public, to be allocated via balloting;
- (b) 6,400,000 Issue Shares made available to the eligible Directors and employees who have contributed to the success of the Group; and
- (c) 31,503,500 Issue Shares by way of private placement to selected investors.

2. Offer for Sale

Concurrent with the Listing, the offerors namely Datuk Chiau Beng Teik, Datin Wong Mee Leng and Chiau Haw Choon, collectively ("Offerors") will undertake an offer for sale of 65,000,000 Shares at the IPO Price, representing approximately 12.8% of the enlarged issued and paid-up share capital to selected investors.

(Collectively known as "IPO")

3. Vendor's Shareholdings Re-Organisation

The reorganisation of the vendors namely Datuk Chiau Beng Teik, Chiau Haw Choon and Datin Wong Mee Leng ("Vendors") shareholdings in Chin Hin during the prescribed period involving the transfer of 303,532,800 Shares which they collectively received from the Acquisitions to Divine Inventions Sdn Bhd, a wholly-owned subsidiary of PP Chin Hin Realty Sdn Bhd, which in turn is collectively owned by the Vendors.

4. Listing

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of RM252,944,000 comprising 505,888,000 Shares shall be listed on the Main Market of Bursa Securities.

11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis on the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standard Board. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

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

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

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

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

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

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

11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Our Opinion

In our opinion:

- (i) the pro forma consolidated statements of financial position, which have been prepared by the Directors, have been properly prepared on the basis stated in the accompanying Note 1 in Appendix A to the pro forma consolidated statements of financial position using financial statements prepared in accordance with Malaysian Financial Reporting Standards and in a manner consistent with both the format to the financial statements and the accounting policies adopted by the Company; and
- (ii) each material adjustments made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purpose of preparing the pro forma consolidated statements of financial position.

Other Matters

This letter has been prepared for the purpose of inclusion in the Prospectus of Chin Hin Group. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the IPO.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'UHY', positioned above the printed name 'UHY'.

UHY

Firm Number: AF 1411

Chartered Accountants

Kuala Lumpur, Malaysia

A handwritten signature in blue ink, appearing to read 'CHAN JEE PENG', positioned above the printed name 'CHAN JEE PENG'.

CHAN JEE PENG

Approved Number: 3068/08/16 (J)

Chartered Accountant

11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)
Appendix A
**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015 (CONT'D)**
3.1 Pro forma adjustments to the pro forma consolidated statements of financial position
Pro forma I

Pro forma I incorporates the effects of the public issue of 63,197,900 new Shares at an issue price of RM0.65 per Share.

Upon completion of the Public Issue, the 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.

The Offer for Sale outlined in Section 2.2 does not have any financial impact to the Pro forma Consolidated Statement of Financial Position.

Pro forma II

Pro forma II incorporates the effects of Pro forma I and the utilisation of proceeds.

The proceeds will be utilised in the following manner:

Proposed Utilisation	RM'000	%	Estimated timeframe for use (from the listing date)
Purchase of new plant, equipment and machineries as well as expansion of manufacturing facility	15,000	36.5	Within twenty four (24) months
Repayment of bank borrowings	15,000	36.5	Within six (6) months
Working capital requirements	7,079	17.2	Within twenty four (24) months
Estimated listing expenses	4,000	9.8	Immediately
Total	41,079	100.0	

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11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)
Appendix A
**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015 (CONT'D)**
3.2 Notes to the pro forma consolidated statements of financial position as at 31 August 2015
3.2.1 Property, Plant and Equipment

	RM'000
As at 31 August 2015	195,485
Public Issue	-
As per Pro forma I	<u>195,485</u>
Utilisation of Proceeds	<u>15,000</u>
As per Pro forma II	<u>210,485</u>

3.2.2 Investment Properties

	RM'000
As at 31 August 2015	<u>103,235</u>
As per Pro forma I and II	<u>103,235</u>

3.2.3 Inventories

	RM'000
As at 31 August 2015	<u>46,153</u>
As per Pro forma I and II	<u>46,153</u>

3.2.4 Trade Receivables

	RM'000
As at 31 August 2015	<u>308,460</u>
As per Pro forma I and II	<u>308,460</u>

3.2.5 Other Receivables

	RM'000
As at 31 August 2015	<u>22,149</u>
As per Pro forma I and II	<u>22,149</u>



11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)
Appendix A
**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015 (CONT'D)**
3.2 Notes to the pro forma consolidated statements of financial position as at 31 August 2015 (Cont'd)
3.2.6 Hire Purchase Receivables

	RM'000
As at 31 August 2015	819
As per Pro forma I and II	819

3.2.7 Tax Recoverable

	RM'000
As at 31 August 2015	85
As per Pro forma I and II	85

3.2.8 Derivative Financial Assets

	RM'000
As at 31 August 2015	585
As per Pro forma I and II	585

3.2.9 Fixed Deposits with Licensed Banks

	RM'000
As at 31 August 2015	14,589
As per Pro forma I and II	14,589

3.2.10 Cash and Bank Balances

	RM'000
As at 31 August 2015	149,875
Public Issue	41,079
As per Pro forma I	190,954
Utilisation of Proceeds	(34,000)
As per Pro forma II	156,954



11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

Appendix A

**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 AUGUST 2015 (CONT'D)**

3.2 Notes to the pro forma consolidated statements of financial position as at 31 August 2015 (Cont'd)

3.2.11 Assets held for sale

	RM'000
As at 31 August 2015	3,663
As per Pro forma I and II	3,663

3.2.12 Share Capital

	RM'000
As at 31 August 2015	221,345
Public Issue	31,599
As per Pro forma I and II	252,944

3.2.13 Share Premium

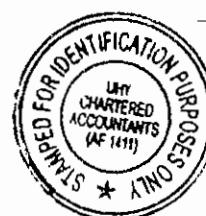
	RM'000
As at 31 August 2015	-
Public Issue	9,480
As per Pro forma I and II	9,480

3.2.14 Foreign Exchange Reserve

	RM'000
As at 31 August 2015	427
As per Pro forma I and II	427

3.2.15 Revaluation Reserve

	RM'000
As at 31 August 2015	8,769
As per Pro forma I and II	8,769



11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)
Appendix A
**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015 (CONT'D)**
3.2 Notes to the pro forma consolidated statements of financial position as at 31 August 2015 (Cont'd)
3.2.16 Merger Deficit

	RM'000
As at 31 August 2015	(153,192)
As per Pro forma I and II	(153,192)

3.2.17 Retained profits

	RM'000
As at 31 August 2015	173,657
Public Issue	-
As per Pro forma I	173,657
Utilisation of Proceeds	(4,000)
As per Pro forma II	169,657

3.2.18 Finance Lease Payables

	RM'000
Non-Current Liabilities	
As at 31 August 2015	12,989
As per Pro forma I and II	12,989
Current Liabilities	
As at 31 August 2015	10,496
As per Pro forma I and II	10,496

3.2.19 Bank Borrowings

	RM'000
Non-Current Liabilities	
As at 31 August 2015	81,834
As per Pro forma I and II	81,834
Current Liabilities	
As at 31 August 2015	309,182
Public Issue	-
As per Pro forma I	309,182
Utilisation of Proceeds	(15,000)
As per Pro forma II	294,182



11. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)
Appendix A
**CHIN HIN GROUP BERHAD AND ITS SUBSIDIARIES ("CHIN HIN GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015 (CONT'D)**
3.2 Notes to the pro forma consolidated statements of financial position as at 31 August 2015 (Cont'd)
3.2.20 Deferred Tax Liabilities

	RM'000
As at 31 August 2015	5,218
As per Pro forma I and II	5,218

3.2.21 Trade Payables

	RM'000
As at 31 August 2015	140,091
As per Pro forma I and II	140,091

3.2.22 Other Payables

	RM'000
As at 31 August 2015	20,129
As per Pro forma I and II	20,129

3.2.23 Amount Owing to Directors

	RM'000
As at 31 August 2015	11,382
As per Pro forma I and II	11,382

3.2.24 Tax Payable

	RM'000
As at 31 August 2015	2,771
As per Pro forma I and II	2,771

