

4. INFORMATION ON THE GROUP

4.1 BACKGROUND

4.1.1 Incorporation and Commencement of Business

Eonmetall was incorporated in Malaysia under the Act as a private limited company on 16 October 2003 under the name of Eoncap Corporation Sdn Bhd. On 1 April 2004, it was converted into a public limited company under the name of Eoncap Corporation Berhad. Subsequently, it changed and assumed its present name since 15 April 2005. The principal activity of Eonmetall is investment holding whilst its subsidiaries are principally involved in the manufacturing of steel products focusing on Secondary Flat Steel Products and Steel Storage Systems, machinery and equipment focusing on Metalwork Machinery and Equipment, Industrial Process Machinery and Equipment, and provision of IT solutions including software development and distribution activities.

Goh Cheng Huat is the founder of Eonmetall Group. He brings with him more than 20 years of experience in the Iron and Steel Industry. He has been instrumental in the growth, success and development of the Eonmetall Group. Since its inception in 1990, Eonmetall Group has grown to become a major player in the industry with revenue of approximately RM78.45 million for the financial year ended 31 December 2004.

The history of Eonmetall Group can be traced back to the establishment of EMI, which is involved in the manufacturing of steel products focusing on Secondary Flat Steel Products such as Roofing Sheets, Slotted Angles and Expanded Metals. EMI was incorporated in 1990 and commenced business in the same year.

In 1997, the Group ventured into the manufacturing of Metalwork Machinery and Equipment including slitting, shearing and forming machines for metal works through its subsidiary, EMT. In line with the management's intention to diversify its product range, the Group started expanding its manufacturing activities into other types of finished steel products such as Steel Storage Systems through its subsidiary, EMS in 1998. Subsequently in 2000, EIT commenced operations as part of the diversification strategy to provide IT solutions including software development. In 2001, the Group expanded its operations, to commence on the manufacturing of Industrial Process Machinery and Equipment focusing on palm oil and oleochemical processing machinery and equipment through its subsidiary, ECH.

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4. INFORMATION ON THE GROUP (Cont'd)**4.1.2 Share Capital and Changes in Share Capital**

The present authorised share capital of Eonmetall is RM100,000,000 comprising 200,000,000 Shares. The issued and paid-up share capital of Eonmetall is RM44,000,000 comprising 88,000,000 Shares.

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

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
16.10.2003	4	0.50	Subscribers' shares	2
28.02.2005	87,955,278	0.50	Acquisitions	43,977,641
18.04.2005	44,718	0.50	Rights Issue	44,000,000

4.1.3 Listing Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Eonmetall on the Second Board of the Bursa Securities, the Company undertook a Listing Scheme which involved the following:-

(i) Acquisitions**(a) Acquisition of EMI**

Eonmetall had on 30 August 2004 entered into a conditional share sale agreement with ECSB to acquire the entire issued and paid-up share capital of EMI comprising 2,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,835,960 satisfied by the issuance of 19,671,920 new Shares in Eonmetall at an issue price of RM0.50 per Share. The purchase consideration of EMI was based on the audited NTA as at 31 December 2003 of RM9,835,960.

The vendor's shareholding in Eonmetall after the Acquisition of EMI is as follows:-

Shareholder	No. of Ordinary Shares of RM1.00 Each in EMI	Interest (%)	Purchase Consideration (RM)	No. of Eonmetall Shares Issued
ECSB	2,500,000	100.00	9,835,960	19,671,920
Total	2,500,000	100.00	9,835,960	19,671,920

The Acquisition of EMI was completed on 28 February 2005.

4. INFORMATION ON THE GROUP (Cont'd)**(b) Acquisition of EMT**

Eonmetall had on 30 August 2004 entered into a conditional share sale agreement with ECSB to acquire the entire issued and paid-up share capital of EMT comprising 2,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM25,180,650 satisfied by the issuance of 50,361,300 new Shares in Eonmetall at an issue price of RM0.50 per Share. The purchase consideration of EMT was based on the adjusted NTA as at 31 December 2003 after taking into account of the revaluation surplus on EMT's properties of RM7,069,499 (net of deferred tax) based on the market value as valued by the Independent Registered Valuers, as set out below and Section 8.1 of this Prospectus:-

	EMT (RM)
Audited NTA as at 31 December 2003	18,111,151
Market value of EMT's properties based on Valuation Report	20,230,000
Less:-	
- Audited net book value as at 31 December 2003	(10,703,501)
- Deferred tax adjustment	(2,457,000)
Revaluation surplus on EMT's properties (net of deferred tax)	7,069,499
Adjusted NTA as at 31 December 2003	25,180,650

The vendor's shareholding in Eonmetall after the Acquisition of EMT is as follows:-

Shareholder	No. of Ordinary Shares of RM1.00 Each in EMT	Interest (%)	Purchase Consideration (RM)	No. of Eonmetall Shares Issued
ECSB	2,500,000	100.00	25,180,650	50,361,300
Total	2,500,000	100.00	25,180,650	50,361,300

The Acquisition of EMT was completed on 28 February 2005.

(c) Acquisition of EMS

Eonmetall had on 30 August 2004 entered into a conditional share sale agreement with ECSB to acquire the entire issued and paid-up share capital of EMS comprising 2,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,038,030 satisfied by the issuance of 10,076,060 new Shares in Eonmetall at an issue price of RM0.50 per Share. The purchase consideration of EMS was based on the audited NTA as at 31 December 2003 of RM5,038,030.

4. INFORMATION ON THE GROUP (Cont'd)

The vendor's shareholding in Eonmetall after the Acquisition of EMS is as follows:-

Shareholder	No. of Ordinary Shares of RM1.00 Each in EMS	Interest (%)	Purchase Consideration (RM)	No. of Eonmetall Shares Issued
ECSB	2,500,000	100.00	5,038,030	10,076,060
Total	2,500,000	100.00	5,038,030	10,076,060

The Acquisition of EMS was completed on 28 February 2005.

(d) Acquisition of EIT

Eonmetall had on 30 August 2004 entered into a conditional share sale agreement with ECSB, Goh Kee Seng and Yeoh Cheng Chye to acquire the entire issued and paid-up share capital of EIT comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,718,561 satisfied by the issuance of 5,437,122 new Shares in Eonmetall at an issue price of RM0.50 per Share. The purchase consideration of EIT was based on the audited NTA as at 31 December 2003 of RM2,718,561.

The vendors' shareholdings in Eonmetall after the Acquisition of EIT are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each in EIT	Interest (%)	Purchase Consideration (RM)	No. of Eonmetall Shares Issued
ECSB	60,000	60.00	1,631,137	3,262,274
Goh Kee Seng	20,000	20.00	543,712	1,087,424
Yeoh Cheng Chye	20,000	20.00	543,712	1,087,424
Total	100,000	100.00	2,718,561	5,437,122

The Acquisition of EIT was completed on 28 February 2005.

(e) Acquisition of ECH

Eonmetall had on 30 August 2004 entered into a conditional share sale agreement with ECSB, Goh Kee Seng, Ng Chee Heong, Lee Liang, V&M Mixtec Asia Sdn Bhd, Profina Teknik Sdn Bhd and Taran Tej Singh to acquire the entire issued and paid-up share capital of ECH comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,204,438 satisfied by the issuance of 2,408,876 new Shares in Eonmetall at an issue price of RM0.50 per Share. The purchase consideration of ECH was based on the audited NTA as at 31 December 2003 of RM1,204,438.

4. INFORMATION ON THE GROUP (Cont'd)

The vendors' shareholdings in Eonmetall after the Acquisition of ECH are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each in ECH	Interest (%)	Purchase Consideration (RM)	No. of Eonmetall Shares Issued
ECSB	505,000	50.50	608,238	1,216,476
Goh Kee Seng	90,000	9.00	108,400	216,800
Ng Chee Heong	90,000	9.00	108,400	216,800
Lee Liang	90,000	9.00	108,400	216,800
V&M Mixtec Asia Sdn Bhd	90,000	9.00	108,400	216,800
Profina Teknik Sdn Bhd	90,000	9.00	108,400	216,800
Taran Tej Singh	45,000	4.50	54,200	108,400
Total	1,000,000	100.00	1,204,438	2,408,876

The Acquisition of ECH was completed on 28 February 2005.

The Acquisitions resulted in the issued and paid-up share capital of Eonmetall being increased from 4 Shares to 87,955,282 Shares.

All the new Shares issued pursuant to the Acquisitions ranked pari passu in all respect with the existing Shares of Eonmetall including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Shares issued pursuant to the Acquisitions.

(ii) Rights Issue

Upon completion of the Acquisitions, Eonmetall undertook a renounceable rights issue of 44,718 new Shares at an issue price of RM0.50 per Rights Share to all the existing shareholders of Eonmetall. The Rights Issue was undertaken on the basis of approximately fifty one (51) new Shares for every existing one hundred thousand (100,000) Shares in Eonmetall held after the Acquisitions. Goh Kee Seng, Yeoh Cheng Chye, Ng Chee Heong, Lee Liang, V&M Mixtec Asia Sdn Bhd, Profina Teknik Sdn Bhd and Taran Tej Singh, the shareholders of Eonmetall after the Acquisitions, renounced all of their entitlements under the Rights Issue to ECSB, a substantial shareholder of Eonmetall.

The Rights Issue was completed on 18 April 2005. The Rights Issue resulted in the issued and paid-up share capital of Eonmetall being further increased from 87,955,282 Shares to 88,000,000 Shares.

All the new Shares issued pursuant to the Rights Issue ranked pari passu in all respect with the existing Shares of Eonmetall including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Shares issued pursuant to the Rights Issue.

4. INFORMATION ON THE GROUP (Cont'd)

(iii) Public Issue

The Public Issue of 22,000,000 new Shares at an issue price of RM1.00 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(a) Malaysian Public

6,000,000 Public Issue Shares representing approximately 5.45% of the enlarged issued and paid-up share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Private Placement

6,100,000 Public Issue Shares representing approximately 5.55% of the enlarged issued and paid-up share capital are reserved by way of Private Placement to selected investors (who are deemed public).

(c) Eligible Directors, Employees and Business Associates of the Group

5,500,000 Public Issue Shares representing 5.00% of the enlarged issued and paid-up share capital will be reserved for the eligible Directors, employees and business associates (which include the suppliers, sales agents, customers and others) of the Group.

Further details of Pink Form Shares allocation are set out in Section 2.5(iii) of this Prospectus.

(d) Bumiputera Investors

4,400,000 Public Issue Shares representing 4.00% of the enlarged issued and paid-up share capital will be reserved for Bumiputera investors approved by the MITI.

All the new Shares to be issued pursuant to the Public Issue will rank pari passu in all respect with the existing Shares of Eonmetall including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Shares issued pursuant to the Public Issue.

(iv) Offer For Sale

The Offer For Sale of 28,600,000 Shares at an offer price of RM1.00 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be reserved for Bumiputera investors approved by the MITI.

4. INFORMATION ON THE GROUP (Cont'd)**(v) Listing**

Upon completion of the abovementioned Acquisitions, Rights Issue and IPO, Eonmetall will seek a listing of and quotation for its enlarged issued and paid-up share capital comprising 110,000,000 Shares on the Second Board of the Bursa Securities.

(vi) Summary

In summary, the IPO Shares will be allocated and allotted in the following manner:-

	Public Issue Shares	Offer Shares	Total IPO Shares
Malaysian public	6,000,000	-	6,000,000
Eligible Directors, employees and business associates of the Group	5,500,000	-	5,500,000
Private Placement	6,100,000	-	6,100,000
Bumiputera investors	4,400,000	28,600,000	33,000,000
Total	22,000,000	28,600,000	50,600,000

All the IPO Shares available for application by the Malaysian Public and the eligible Directors, employees and business associates of the Group have been fully underwritten. The IPO Shares available for application by identified placees and Bumiputera investors are not underwritten. The Sole Placement Agent has received irrevocable undertakings from the identified placees to take up the IPO Shares available for application under the Private Placement.

In the event of an under-subscription of the IPO Shares by the Malaysian Public, the unsubscribed IPO Shares will be made available to identified placees.

Any IPO Shares which are not taken up by the eligible Directors, employees and business associates of the Group will be made available for application by the Malaysian Public and/or identified placees via Private Placement.

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4. INFORMATION ON THE GROUP (Cont'd)**4.1.4 ESOS**

Eonmetall had on 30 May 2005 obtained the approval of existing shareholders of the Company to establish an ESOS in order to retain and motivate eligible Directors and employees who have contributed to the success of the Group.

The Bursa Securities had via its letter dated 7 October 2004 granted its approval-in-principle for the listing of and quotation for the new Shares of up to fifteen percent (15%) of the issued and paid-up share capital of the Company to be issued pursuant to the exercise of Options under the ESOS subject to the conditions set out in Section 6.1 of this Prospectus.

The ESOS scheme shall come into force upon compliance with the relevant requirements and obtaining the following approvals:-

- (i) The approval by the Bursa Securities, including the approval-in-principle for the listing of and quotation for the new Shares to be issued under the scheme by the Bursa Securities, which was obtained via Bursa Securities's letter dated 7 October 2004 subject to the conditions set out in Section 6.1 of this Prospectus;
- (ii) The approval by the shareholders of the Company in general meeting, which was obtained on 30 May 2005;
- (iii) The fulfilment of all conditions attached to the aforesaid approvals, if any;
- (iv) The submission of final copy of the By-Laws pursuant to paragraph 6.30F of the Listing Requirements together with a letter of compliance pursuant to paragraph 2.11 of the Listing Requirements and a checklist showing the compliance with Appendix 6F of the Listing Requirements; and
- (v) The approvals of any other relevant authorities, where applicable;

and shall take effect from the date of full compliance of item (i) to (v) above and a letter of confirmation required to be issued by the adviser of the Company to the Bursa Securities confirming the compliance of the above requirements, stating the effective date of implementation together with a certified true copy of the relevant resolution passed by the shareholders in general meeting no later than five (5) Market Days after the effective date of the implementation.

The ESOS will be for a duration of five (5) years and maximum number of Shares that may be issued to eligible Directors and employees of the Group under the ESOS shall not exceed fifteen percent (15%) of the enlarged issued and paid-up share capital of the Company at any point in time during the duration of the scheme.

The subscription price shall be calculated in the following manner:-

- (i) Where the Option is granted before the Company is listed on the Bursa Securities then the price at which the Grantee is entitled to subscribe for the Shares shall not be less than the IPO Price; or

4. INFORMATION ON THE GROUP (Cont'd)

- (ii) Where the Option is granted after the Company is listed on the Bursa Securities, the price at which the Grantee is entitled to subscribe for the Shares shall be a price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than ten percent (10%) from the weighted average market price of the Shares as shown in the daily official list issued by the Bursa Securities for the five (5) Market Days immediately preceding the Date of Offer, if deemed appropriate, or such lower or higher limit as approved by the relevant authorities.

The Directors of Eonmetall intend to/may grant Options for up to a maximum of 16.50 million Shares prior to the Company being listed on the Bursa Securities.

The ESOS Committee to be established under the By-Laws governing the ESOS may, in accordance with the By-Laws governing the ESOS, offer Options to the Non-Executive Directors of Eonmetall to subscribe for Shares in the Company pursuant to the ESOS, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS.

The maximum number of Options that may be granted to the Non-Executive Directors of Eonmetall Group are as follows:-

No.	Non-Executive Directors	Designation	Maximum Entitlements (No. of Options)
1.	Tan Sri Dato' Mohd Desa bin Pachi	Chairman/ Non-Executive Director of Eonmetall	450,000
2.	Goh Kee Seng	Non-Executive Director of Eonmetall	350,000
3.	Tan Sri Dato' Soong Siew Hoong	Non-Executive Director of Eonmetall	350,000
4.	Tang Yin Kham	Independent Non-Executive Director of Eonmetall	350,000
5.	Phee Boon Leng	Independent Non-Executive Director of Eonmetall	350,000
6.	Tan Pak Say	Non-Executive Director of EMI, EMT and EMS	200,000
7.	Ma Eng Yau	Non-Executive Director of ECH	200,000
8.	Lee Liang	Non-Executive Director of ECH	200,000
9.	Tan Tiam Aik	Non-Executive Director of ECH	200,000

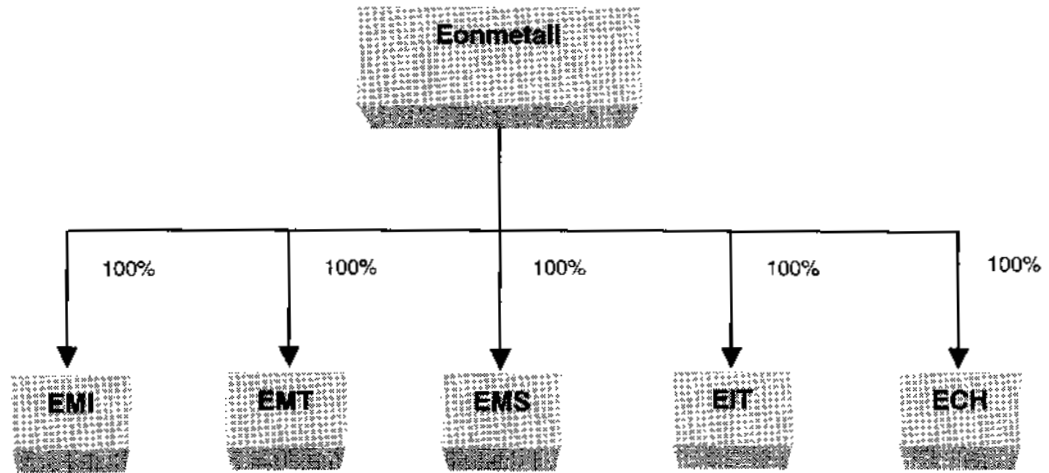
The Directors of Eonmetall intend to utilise the proceeds from the exercise of the Options for working capital purposes.

The new Shares to be allotted upon any exercise of the Option will upon allotment and issuance rank pari passu in all respect with the then existing issued Shares of the Company except that the new Shares so issued shall **NOT** be entitled for any dividend, rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by Bursa Depository before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise.

The By-Laws of the ESOS are set out in Section 14 of this Prospectus.

4. INFORMATION ON THE GROUP (Cont'd)**4.2 BUSINESS****4.2.1 Group Structure**

An overview of the Group's structure is set out below:-



Details of the subsidiaries of Eonmetall are summarised below:-

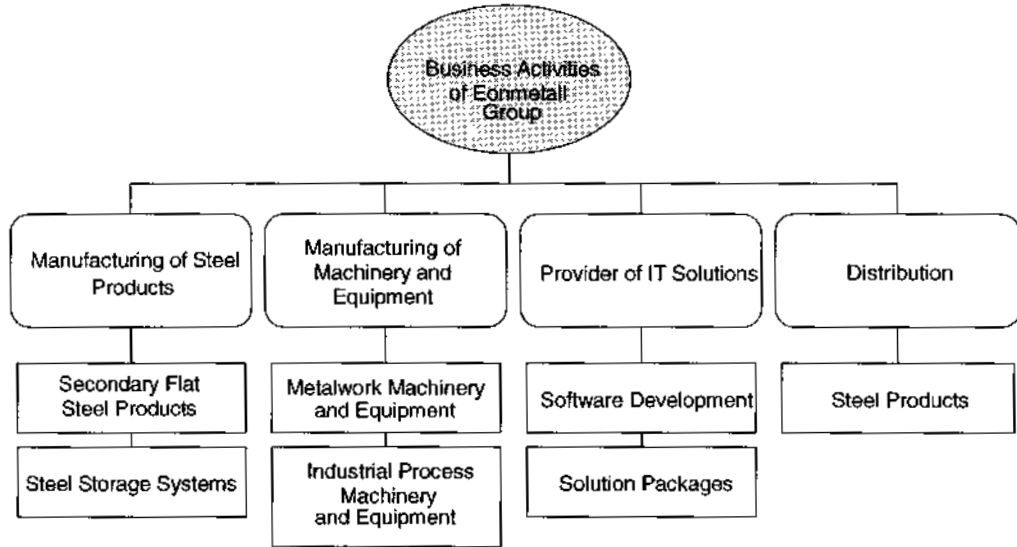
Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
EMI	07.11.1990/ Malaysia	2,500,000	100.00	Manufacture and distribution of steel products, focusing on Secondary Flat Steel Products
EMT	17.12.1994/ Malaysia	2,500,000	100.00	Manufacture of Metalwork Machinery and Equipment
EMS	19.09.1995/ Malaysia	2,500,000	100.00	Manufacture of steel products, focusing on Steel Storage Systems
EIT	06.11.1995/ Malaysia	100,000	100.00	Provider of IT solutions including software development
ECH	21.03.2001/ Malaysia	1,000,000	100.00	Manufacture of Industrial Machinery Process and Equipment

Eonmetall does not have any associated company.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.2 Types of Products and/or Services

The business activities of Eonmetall Group are depicted in the figure below:-



The principal business activities of Eonmetall Group are in the manufacturing of steel products and machinery and equipment. Other activities include the provision of IT solutions and distribution activities.

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4. INFORMATION ON THE GROUP (Cont'd)

The breakdown of Eonmetall Group's revenue by principal activities for the year ended 31 December 2004 is as follows:-

Business Activity	Revenue Contribution to the Group for Financial Year Ended 31 December 2004	
	RM'000	%
Manufacturing of Steel Products		
Secondary Flat Steel Products	25,495	32.5
Expanded Metals	6,147	7.8
C-purlin	4,481	5.7
Roofing Sheets	4,246	5.4
Slotted Angles	4,091	5.2
Conduit pipe	1,319	1.7
Blank mouth ring	693	0.9
Header channel	450	0.6
Vertical flange	347	0.4
Others ^(a)	3,721	4.8
Steel Storage Systems	14,765	18.8
Heavy duty racking system	9,139	11.6
Light duty racking system	5,626	7.2
Manufacturing of Machinery and Equipment		
Metalwork Machinery and Equipment	30,206	38.5
Rolling machine	10,518	13.4
Forming machine	7,196	9.2
Expanded Metal machine	6,261	8.0
Slitting and shearing machine	4,332	5.5
Coating machine	1,520	1.9
Others ^(b)	379	0.5
Industrial Process Machinery & Equipment	-	-
SEP	-	-
Distribution		
Steel products	6,583	8.4
Hot-rolled coil and sheet	1,266	1.6
Galvanised coil and sheet	1,137	1.5
Cold-rolled coil and plate	283	0.4
Others ^(c)	3,897	4.9
Provider of IT Solutions		
Software development & solutions packages	1,399	1.8
TOTAL	78,448	100.0

4. INFORMATION ON THE GROUP (Cont'd)

Notes:-

- (a) Others include bed frames.
- (b) Others include machinery modules and numerical control feeding units.
- (c) Others include commercial quality round bar, wire rod, rollers, flat bars and machinery parts.

For the financial year ended 31 December 2004, total revenue of Eonmetall Group amounted to approximately RM78.45 million excluding inter-company transactions.

For the financial year ended 31 December 2004, manufacturing operations of Eonmetall Group accounted for approximately 89.8% of the total Group's revenue. The remaining 10.2% was contributed by provision of IT systems and distribution operations. Manufacture of steel products accounted for approximately 51.3% of Eonmetall Group's total revenue and the second largest revenue contributor is in the manufacturing of machinery and equipment, which contributed approximately 38.5% of Eonmetall Group's total revenue for the financial year ended 31 December 2004.

Within the manufacturing of steel products activity, Secondary Flat Steel Products accounted for approximately 32.5% of the Group's total revenue for the financial year ended 31 December 2004. The remaining 18.8% was in the manufacturing of Steel Storage Systems.

The manufacturing of machinery and equipment comprising mainly of Metalwork Machinery and Equipment contributed approximately 38.5% of the Group's total revenue for the financial year ended 31 December 2004.

(i) Manufacturing of Steel Products

Eonmetall Group currently manufactures the following types of steel products:-

(a) Secondary Flat Steel Products

Secondary Flat Steel Products primarily utilise flat products including cold-rolled or hot-rolled coils, as feedstock in the manufacturing process. Eonmetall Group uses hot-rolled, cold-rolled and galvanised steel coils, plates and sheets as its main raw materials for its manufacturing process. Secondary Flat Steel Products represents a significant proportion of Eonmetall Group's manufacturing activity.

Eonmetall Group currently manufactures the following products:-

Expanded Metals

Expanded Metals are metal sheet or coil metal that is slitted and stretched into a non-ravelling unit of uniform sized diamond shaped openings. It is available in various thicknesses with different opening sizes from micromesh to grating. Expanded Metals are used in industries including automotive, building and construction, furniture, electrical and electronics and others.

4. INFORMATION ON THE GROUP (Cont'd)

The following are some of the applications of Expanded Metals:-

- Air and fluid filters;
- Light diffusers;
- Ventilation system;
- Strainers;
- Satellite and radar antennas;
- Partitions;
- Fencing and grilles;
- Shelving and racks;
- Concrete reinforcement;
- Walkways and stair treads; and
- Others (include stationery, furniture, cooking utensils and others).

The types of Expanded Metals manufactured by the Group are as follows:-

Types of Expanded Metals	Specifications (mm)
Short Way Diamond	2 to 35
Long Way Diamond	4 to 114
Strand Width	0.1 to 4.5
Strand Thickness	0.1 to 4.5
Length	243 to 7,670

C-purlin

C-purlin is cold-formed from the imported high quality tensile zinc coated steel. It served as the secondary supports for various range of roofing and cladding materials including profiled metal sheeting, slate, composite panel and tiles with or without insulation. Due to the light weight and high strength of the base material, i.e. steel, together with the zinc coated surface, it obviates any fabrication and painting at side. Therefore, the C-purlin is ready for immediate erection upon delivery.

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4. INFORMATION ON THE GROUP (Cont'd)

Material Specifications	
Base Steel Thickness	1.6mm, 2.0mm and 2.5mm
Steel Grade	High Tensile ASTM 446 Grade D
Tensile Strength	450 MPa \pm 10%
Yield Stress	345 MPa \pm 10%
Zinc Coating	Minimum 275g/m ² Coating mass
Tolerances	
Length	\pm 3mm
Flange width	\pm 5mm
Depth	\pm 1mm
Holes centres	\pm 1.5mm

Roofing Sheets

Roofing Sheets are commonly made out of galvanised and/or prepainted steel. It is primarily used for roofing and wall cladding applications. Eonmetall Group uses rollforming process to produce Roofing Sheets. Rollforming is a continuous metal forming process taking metal sheets or coils, whereby profiles or shapes are created such that it has identical cross sections.

Eonmetall Group's current product range of Roofing Sheets is as follows:-

	Descriptions
Materials Used	Hot-Dipped Galvanised Iron Coil Prepainted Coil
Product Types	Corrugated Ribbed
Corrugated - Width x Length x Thickness	762 mm x 1829 mm x 0.18 mm 762 mm x 2134 mm x 0.18 mm 762 mm x 2743 mm x 0.18 mm 762 mm x 3048 mm x 0.18 mm 762 mm x 3353 mm x 0.18 mm 762 mm x 3658 mm x 0.18 mm
Ribbed	Width and Length made to order; Thickness = 0.21mm; 0.24mm; 0.30mm; 0.35mm; 0.42mm

4. INFORMATION ON THE GROUP (Cont'd)

Slotted Angles

Slotted Angles are made out of rollformed steel and perforated at specified spaces and can be overlapped to increase strength as well as stability. Slotted Angles used as materials for building a framing system such as building carts, ladders, benches, shelving, cases, racks and other types of structures.

Types of Slotted Angles manufactured by Eonmetall Group includes:-

- 38 mm x 38 mm x 3 meter; and
- 38 mm x 63 mm x 3 meter.

Others

In addition, the Group also has in-house capabilities to manufacture the following Secondary Flat Steel Products:-

- Conduit pipe;
- Blank mouth ring;
- Header channel;
- Vertical flange; and
- Others include bed frames, socket, and DIY steel ladder.

(b) Steel Storage Systems

Eonmetall Group currently manufactures the following types of Steel Storage Systems:-

- Heavy duty racking system; and
- Light duty racking system.

Some of these racking system including:-

- Drive-in and Drive-through Racking System is where the first shelf of the racking system is positioned high enough to allow a forklift to drive in or drive through the racking system to stack loads onto the racking shelves.
- Selective Racking System is the most common configuration where shelves are designed for single pallet depth. This configuration can be used with wide aisles using a standard forklift and narrow aisles using a reach truck, a very narrow aisles using order selectors, turret trucks and swing mast trucks.
- Double Deep Racking System can place two (2) pallets deep in a single-entry rack and four (4) pallets deep in a double entry rack. This would require a special reach truck with double or extendable fork attachment.

4. INFORMATION ON THE GROUP (Cont'd)

- Boltless Selective Racking System is a common design of pallet racking used. The standardised "teardrop" shape connection design makes the uprights and crossbeam slotted together with rivets. The boltless design simplifies reconfiguration of beam levels.
- Rack Supported Platform is accessible through staircases and loading gates. Shelf levels can be either decked with steel decking panels or plywood. As for the floor decking materials, there are expanded mesh and mesh grating, wood panels and steel plates.
- DIY and 2-in-1 Racking System designed for the consumer market to be sold through retails outlets like DIY, hardware and departmental stores. The package comes with easy to follow instructions for buyers to install the racking systems themselves.

(ii) Manufacture of Machinery and Equipment

Eonmetall Group currently focuses on the manufacture of the following types of machinery and equipment:-

(a) Metalwork Machinery and Equipment

The manufacture of Metalwork Machinery and Equipment is undertaken by EMT, a subsidiary of Eonmetall Group.

Metalwork Machinery and Equipment is a set of machinery and equipment to perform a series of tasks such as rolling, slitting, shearing, punching, stamping and forming metal into parts and products. Eonmetall Group also uses its in-house manufactured Metalwork Machinery and Equipment to produce steel products. This serves as a critical feedback loop for continuous improvements in the Group's manufacture of Metalwork Machinery and Equipment.

Types of Metalwork Machinery and Equipment manufactured by Eonmetall Group include:-

Rolling Machine/ Rolling Mill Machinery

Rolling machine is used to reduce metal to a smaller thickness and/or a given shape for example blooms, slabs, rails, bars, rods, sections, plates, sheets and strips. Some of these include:-

- Flat bar;
- Square bar; and
- Angle bar.

4. INFORMATION ON THE GROUP (Cont'd)

Forming Machine

Forming machine is primarily used to form metal sheets or plates into required shapes. Some of these include:-

- Channel;
- C-purlin;
- Slotted Angle;
- Rollforming; and
- Pipe and hollow section.

Expanded Metal Machine

Expanded Metal machine is a set of machinery to slit and expand or draw the resultant slit metal sheets into an open mesh pattern.

Slitting and Shearing Machine

Slitting machine is used to cut metal coils into the desired widths, while shearing machine is used to cut straight lines across flat metal materials. Some of these include:-

- Cut-to-length;
- Shearing; and
- Slitting.

Powder Coating Machine

Powder coating line comprises three stages. The first stage is to thoroughly clean the part to be coated. The second stage is to apply a coat of powdered paint. The final process is to cure the powder coating material through the use of an oven.

Overhead Crane

Overhead crane is used to hoist and move heavy objects within a limited area. Overhead crane that uses a single girder will allow back-and-forth movements in one direction. Overhead crane that uses a second set of girders, comprising two (2) parallel girders, will provide an additional directional movement perpendicular to the movement from the first girder.

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4. INFORMATION ON THE GROUP (Cont'd)

The Group has in-house capabilities to manufacture the following Metalwork Machinery and Equipment:-

		Specifications		
Cold-rolled Forming Machine - Slotted Angle/ C-Purlin/ Lip Channel				
Raw Material	G. I. / SHPT-1			
Coil Thickness	1.6 - 4.0 mm			
Coil Size	10 - 390 mm			
Machine Capacity				
- Output Speed	15 m per minute			
- Output Size				
. Angle Bar	20 x 20 mm to 50 x 50 mm			
. C-Purlin	10 x 10 mm to 25 x 25 mm			
. Lip Channel	100 x 50mm to 200 x 75 mm			
Pipe Line Machine				
Raw Material	Hot-rolled Strip, Steel (SPHT1-2), G3141, SPCC			
Machine Model	P-1250 2" Pipe Line	P-1976 3" Pipe Line	P-60100 4" Pipe Line	
Coil Thickness	0.6 to 2.0 mm	0.8 to 3.0 mm	0.8 to 3.0 mm	
Coil Width	40 to 160 mm	60 to 240 mm	190 to 360 mm	
Inner Diameter of the Coils	508 mm	610 mm	610 mm	
Machine Capacity - Product Sizes				
- Round Tube	12.7 to 50.8 mm	19 to 76.2 mm	60.3 to 114.3 mm	
- Square Tube	12x12 to 38x38	15x15 to 60x60	50x50 to 85x85 mm	
- Rectangular Tube	10x20 to 25x50	15x30 to 40x80	35x70to50 x100 mm	
- Linear Speed	100 m/min	50 to 60 m/min	40 to 50 m/min	

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4. INFORMATION ON THE GROUP (Cont'd)

Cold-rolling Machine - Angle Bar	
Raw Material	SPHT, 08KP
Coil Thickness	1.0 to 6.0 mm
Coil Size	32 to 90 mm
Inner Diameter of the Coil	508 mm & 610 mm
Coil Weight	10 tonnes (max)
Machine Capacity	
- Output Speed	40 m/min
- Output Sizes	20 x 20 mm to 50 to 50 mm
Cold-rolling Machine - Flat Bar	
Raw Material	Slitted Coil
Coil Thickness	3 to 6 mm
Coil Width	50 mm
Coil Weight	2 tonnes
Machine Capacity	
- Product Sizes	3 to 5 mm(t) x 12 to 50 mm(w)
- Linear Speed	40 m/min
Cold-rolling Machine - Square Bar	
Raw Material	Wire Rod
Coil Thickness	7 mm to 14 mm
Coil Weight	1.8 tonnes
Machine Capacity	
- Product Sizes	6x6 to 12x12 mm
- Linear Speed	40 m/min
Cold-rolling Machine - Deformed Bar	
Materials to be process	
Raw Material	Wire Rod
Coil Thickness	10 mm to 14 mm
Coil Weight	1.8 tonnes
Machine Capacity	
- Product Sizes	9 m to 12.0 m
- Linear Speed	40 m/min

4. INFORMATION ON THE GROUP (Cont'd)

Slitting Line					
Raw Material	SPHT-1, 08KP, 3SP, SS400 & ST37.2				
Coil Thickness	0.9 to 6.0 mm				
Coil Width	405 to 1550 mm				
Inner Diameter of the Coil	508 mm & 610 mm				
Coil Weight	20 tonnes (max)				
Machine Capacity					
- No. of individual Strips	25 cuts (max)				
- Linear Speed	100 m/min (max)				
Cutting to Length Machine					
Raw Material	SPHC, SPCC, GI Cold-rolled, Electro Galvanized				
Coil Thickness	0.4 to 2.0 mm				
Coil Width	600 to 1250 mm				
Inner Diameter of the Coil	508 mm and 610 mm				
Coil Weight	10 tonnes (max)				
Machine Capacity:					
- Product Length	1000 to 2400 mm				
- Cutting Speed	14 sheets/min				
Expanded Metal Machine					
Raw Material	SPHT, 08KP, 08YU, SAE1008, SAE1006				
Machine Model	E-02-02 2 FT	E-04-02 4 FT	E-05-05 5 FT	E-08-05 8 FT	ENC-08-05 8 FT (NC)
Coil Thickness (mm)	0.3 to 1.2	0.3 to 1.2	1.0 to 5.0	1.0 to 3.0	1.0 to 3.0
Coil Width (mm)	600	1220	1550	2438	2438
Machine Capacity					
Short Way Centre (mm)	1 to 30	1 to 30	0 to 75	6 to 45	6 to 45
Distance of Mesh (SWD)					
Long Way Centre (mm)	2 to 38	2 to 38	15 to 200	10 to 114	10 to 114
Distance of Mesh (SWD)					
Speed (stroke/min)	500	500	89	89	89

4. INFORMATION ON THE GROUP (Cont'd)

Expanded Metal Flattening Machine	
Raw Material	SPH-1, 08KP, 08YU, SAE1008, SAE1006
Expanded Metal Dimension	
Thickness	1.0 mm to 3.0 mm
Width	1250 mm
Length	Flexible
Machine Capacity	
- Linear Speed	17.5 m/min
CGL-Continuous Galvanising Line*	
Raw Material	SPHC, SPCC
Coil Thickness	0.23 to 2.3 mm
Coil Width	700 to 1850 mm
Inner Diameter of the Coil	508 mm & 610 mm
Coil Weight	20 tonnes (max)
Machine Capacity	
- Product Capacity	400,000 ton/year
- Coating Weight	GI : 60 to 720 g/m ²
PPGI - Prepainted Galvanising Line*	
Raw Material	SPHC, SPCC
Coil Thickness	0.23 to 1.6 mm
Coil Width	1250 mm
Inner Diameter of the Coil	508 mm & 610 mm
Coil Weight	15 tonnes (max)
Machine Capacity	
- Product Capacity	160,000 ton/year
- Coating Thickness	One Side : 5 + 15 to 20 / μ m Both Side : 5 + 15 to 20 / μ m

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4. INFORMATION ON THE GROUP (Cont'd)

Powder Coating Line				
Raw Material	Pre-fabricated Steel Metal, Furniture, Racking			
Machine Capacity	1260 m ² , 20 m(W) x 63 m(L) x 10 m(H)			
- Plant Build-up Area	1260 m ² , 20 m(W) x 63 m(L) x 10 m(H)			
- Mill Capacity	2 to 6 m/min			
- Mill Layout	Close Loop Overhead Conveyor			
- Product Dimension	1 m(W) x 3 m(H)			
- Product Range	Powder Coated Metal Furniture, Racking and etc.			
Overhead Crane				
Model	CR-3S 3 Ton	CR-5S 5 Ton	CR-10D 10 Ton	CR-20D 20 Ton
Hoisting Speed (mpm)	7.5	4.7	5.0	3.6
Hoisting Motor (kW x p)	5.5 x 4	5.5 x 6	13 x 6	17
Wire Rope Diameter (mm)	12.5 x 2	16 x 2	16 x 4	22.4 x 4
Cross Travel	13.3 to 20	13.3 to 20	8.3 to 13.3	8.3 to 12.6
Long Travel	30	30	30 to 40	30 to 40
Travelling Motor (kW x p)	0.75 x 4	0.75 x 4	0.75 x 4	1.5 x 4
Cold-rolling Mill				
Raw Material	Hot-rolled Low Carbon Steel (0.05 to 0.15%C) SAE 1008			
Machine Model	CRM-4H-320		CRM-2H-420	
Strip Thickness	0.8 to 2.5 mm		0.8 to 2.5 mm	
Coil Width	240 mm		400 mm	
Inner Diameter of the Coil	508mm		508mm	
Coil Outer Diameter	1800 mm		1800 mm	
Coil Weight	2 tonnes		4 tonnes	
Machine Capacity				
Finishing Strip Thickness	0.6 to 1.5 mm		1.0 to 1.5 mm	
Roller Diameter				
- Backup Roll	320 x 300 mm (L)		-	
- Work Roll	25 x 300 mm (L)		380 x 420 mm (L)	
Linear Speed	100 m/min		100 m/min	

4. INFORMATION ON THE GROUP (Cont'd)

		Specifications			
Power Source	125HP x 1450 rpm 75HP x 1450 rpm	125HP x 1450 rpm 75HP x 1450 rpm			
NCFD-Numerical Control Feeding Machine					
Raw Material	Aluminium, Copper, Mild Steel, Stainless Steel				
Machine Model	NCFD 300 1 FT	NCFD 1250 4 FT			
Coil Thickness	0.4 to 1.5 mm		0.4 to 2.0 mm		
Coil Width	50 to 300 mm		760 to 1250 mm		
Machine Capacity					
- Max Coil Width	300 mm		1250 mm		
- Linear Speed	33.9 m/min		34 m/min		
- Accuracy	±0.015 mm		±0.015 mm		
Hot Steel Rolling Mill*					
Raw Material	High Carbon Steel				
Billet Size	100 x 100 mm				
Machine Capacity					
- Output Speed	107 kg to 30 tonnes/hour				
- Output Sizes	10 mm & 25 mm				
- End Products	High Tensile Deformed Bar, Round Bar, Wire Rod				
SEP					
Raw Material	Wet palm fibre, 10% (max) oil content, 40% (max) moisture & 0.1 (min) bulk density				
Model	SEP-8TPH	SEP-10TPH	SEP-15TPH	SEP-20TPH	
Final Oil Left in Deoiled Fibre	0.5% (max) on weight basis for all capacity				
Solvent Consumption	3 litre (max) on continuous operation 5 litre (max) on 16 hrs/day operation				
Power Consumption	23KWH/T	20KWH/T	17KWH/T	14KWH/T	
Steam Consumption	400 kg/T wet palm fibre on continuous operation				
Water Consumption	200 litre (max)/T wet palm fibre on continuous operation				
Flash Point of Oil Extraction	180°C (min)				

Note:-

* Future plans.

4. INFORMATION ON THE GROUP (Cont'd)

(b) Industrial Process Machinery and Equipment

The manufacture of Industrial Process Machinery and Equipment is undertaken by ECH, a subsidiary of Eonmetall Group.

Within Industrial Process Machinery and Equipment, the Group specialises in the manufacture of palm oil and oleochemical processing machinery and equipment specifically for SEP.

A SEP is used to extract the residual oil from the processed fibre (mesocarp) of the oil palm fruit. These processed fibres are commonly discarded, but through a patented process, Eonmetall Group has built an extraction plant that uses solvents to extract the residual oil from the processed fibre.

Management of Eonmetall Group estimates that its SEP is able to extract approximately 7% of the total oil extracted from the original oil palm fruit. This effectively increases the yield by approximately 1.5%.

(iii) Provider of IT Solutions

The Group also provides IT solutions in the following areas:-

- ERP System;
- Control Shop Floor Automation System; and
- Customised Software Development.

The Group's ERP System was developed in-house for use internally as well as for external customers. As such, the Eonmetall Group owns the intellectual property to the ERP System. This allows it to customise, enhance, resell and recruit resellers, if desired.

The ERP System is targeted at the Process Industry. This is highly synergistic as the ERP System is also used within its own operating environment.

Technical specifications of its ERP System are as follows:-

- Operating System : Windows
- Database : Oracle, MS SQL, Informix
- Language : Visual Basic, Centura
- Network : Local and Wide Area Network
- Telecommunications : TCP/IP

As at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus), Eonmetall Group's ERP System is used by thirty four (34) customers in Peninsular and East Malaysia.

In addition, Eonmetall Group's IT solutions also incorporate customised software development in two (2) areas:-

- Customisation of its ERP System to suit specific customers' requirements; and
- Custom software development for any applications.

4. INFORMATION ON THE GROUP (Cont'd)

Custom software development incorporates the full project life-cycle as follows:-

- Business requirements specification;
- Systems architecture and design;
- Systems functional specification;
- Programming;
- System testing;
- User acceptance testing; and
- System commissioning.

(iv) Distribution

The Group is also engaged in sales and distribution of externally sourced products, including steel product such as follows:-

- Hot-rolled coils and sheet;
- Galvanised coils and sheets; and
- Cold-rolled coils and plates.

Eonmetall Group purchases external products for the following reasons:-

- To supplement in-house manufactured products with the view of supplying complementary products to its customers; and
- As steel products are so diverse it is no economical for the Group to manufacture all or most of these products.

4.2.3 Technology Used

The main technology involved in the business of the Eonmetall Group is focused on steel products and machinery and equipment. Some of the relevant technologies for the manufacture of steel products include the following:-

(i) Rollforming Technology

Rollforming is the process that feed flat metal sheets or coils and passes through a series of roller dies that progressively form the metal into the required profile or shape. During the rollforming process, only bending occurs. The thickness of the metal is not changed except for a slight thinning of the material at the bend radius.

The major advantage of rollforming is the increase in strength to weight ratio over plain sheet metal. This strength allows some shapes to be produced with thinner walls than competing processes, thus reducing material costs. For cold-rolling process, there is no heat treatment involved. Therefore, it is able to maintain the tensile strength of the material.

There are two (2) methods commonly used when shaped parts are roll formed, including:-

- (a) Precut or cut-to-length rollforming; and
- (b) Post-cut rollforming.

4. INFORMATION ON THE GROUP (Cont'd)

Precut rollforming is when the material to be rollformed is cut-to-length before being fed into a rollforming machine. Normally, this process includes both a stacking and feeding system that moves the metal blanks into the rollforming machine running at a fixed speed, which is normally between 50 feet to 250 feet per minute and a post production conveying and stacking system. Precut rollforming is usually used for lower volume output and also used when notching cannot be easily handled in a post-cut machine.

Post-cut rollforming requires uncoiler, rollforming machine, cut-out machine and run-out table. The process can be supplemented by a variety of secondary operations including pre-notching, punching, embossing, marking, trimming, welding, curving and die forming.

The Eonmetall Group has in-house capabilities to use rollforming technology incorporating the following key factors:-

- (a) **Cross section depth:** Avoids to forming pieces with extreme depth in a cross section during the rollforming process. The movement of the metal around the arc of the bend is much greater in a deep piece, so the stress produced on the piece during rollforming is much greater and that produces stress on the formed piece's edges.
- (b) **Blind corner:** Refers to a bend that can't be handled by direct roll contact. Blind corners eliminate the precise control of sectional dimensions unless the corner is reachable by slides or other forming rolls.
- (c) **Symmetrical rollforming design:** Symmetrical design creates equal forming pressure to each edge of the metal and reduces metal stress since the rollforming pressure is equal.
- (d) **Length of leg:** A shorter leg does not allow the rolls to properly form the leg. This results in nipping the edge of the material and will produce an undesirable wave along the finished edges.
- (e) **Radius of the bend:** Creation of sharper radius can be produced by rollforming process. Generally, the bend radius should be equal to, or greater than the material thickness. Smaller radius can often result in fracturing at the bends due to the thinning of the metal.
- (f) **Notches or punched holes:** To keep pre-punched holes or notches away from bend lines or material edges, the holes or notches are placed at least three to five times the material thickness past the bend radius.
- (g) **Width of the section:** Wide sections are difficult to form and conceal imperfections including curvy edges or lack of centre flatness. Rollforming cannot remove flaws inherent in the coil or surface in wide flat areas. However, rollforming may be able to conceal or disguise them in the rollformed cross section.
- (h) **Length of the part:** Design and rollform your shape to facilitate cut-off that will minimise part distortion.

In general, there are four critical tolerances during the rollforming process, including dimensional cross-sectional, length tolerance, angular and material straightness.

4. INFORMATION ON THE GROUP (Cont'd)

- (a) Dimensional cross-sectional tolerance can be achieved with rollforming equipment.
- (b) Length tolerances are dependent on the thickness and length of the material, speed of the rollforming line, quality of equipment, and type of measuring and cut-off system used by the operator.
- (c) Angular tolerance of $\pm 1^\circ$ is common in the rollforming process.
- (d) Material straightness includes the following factors:-
 - Camber is the variation of a side edge from a straight line. Extreme camber contributes to curve, bow, and/or twist in the finished parts;
 - Curve or sweep is the variation from a straight line in the horizontal plane measured after the part has been rollformed. Causes of curve or sweep include incorrect horizontal roll alignment and uneven forming pressure;
 - Bow is the variation from a straight line in the vertical plane. It can be either cross bow or longitudinal bow. Bow is often caused by the existence of irregular vertical space on symmetrical sections, and uneven forming areas on unsymmetrical sections; and
 - Twist is when a formed part resembles a corkscrew effect. This is often caused by excessive forming pressure in the final formed part. In normal cases, twist is less than 5° in 10 feet of formed parts.

(ii) Other Forming Technologies

Some of the other technologies used by Eonmetall Group for the manufacturing of steel products including:-

(a) Slitting

Slitting is used to cut a wide coil or sheet of metal into a number of narrower coils or sheets as it moves through the slitter, which uses a circular blade.

Some of the characteristics of the slitting process include:-

- Restricted to cutting relatively thin materials ranging from 0.2 mm;
- Leaving left-over burrs on slit edges of the narrower coils; and
- Ability to be used on both ferrous and non-ferrous metals.

Slitting blades are designed depending on the job required. The three critical determinants of the blade configuration include the work piece material thickness, the type of material to be slit and the tolerance that must be held while slitting.

4. INFORMATION ON THE GROUP (Cont'd)

(b) Shearing

Shearing is used to cut straight lines on flat metal materials. During the shearing process, an upper blade and a lower blade are forced past each other with the space between them determined by a required offset. Normally one of the blades remains stationary.

The characteristics of shearing process include:-

- Its ability to make straight-line cuts on flat metal materials;
- Metal is placed between an upper and lower shear blades; and
- Its ability to cut relatively small lengths of material at any time since the shearing blades can be mounted at an angle to reduce the necessary shearing force required.

In general, the upper shear blade is mounted at an angle to the lower blade that is normally mounted horizontally. The shearing process performs only fundamental straight-line cutting but any geometrical shape with a straight-line cut can usually be produced on a shear.

Metal shearing can be performed on sheet, strip, bar, plate and angle stock. Bar and angle materials can only be cut to length. However, shearing sheets and plates can produce many shapes.

The shearing process uses three types of tool system:-

- Sheet metal and plate uses a squaring or bow tie shear;
- Angle material uses an angle shear; and
- bar material uses a bar shear.

(c) Punching

Punching is to remove a small portion of the metal work piece each time a punch enters the punching die. The process leaves a hole in the metal work piece. The punching process produces holes of varying shapes and sizes in both strips and sheets.

The punching process forces a steel punch, which is made of hardened steel, into and through a work piece. The punch diameter determines the size of the hole created in the work piece. The work piece remains and the punched part falls out as scrap as the punch enter the die. The materials for punching can be in sheet or roll forms.

(d) Notching

Notching is a process where a metal scrap piece is removed from the outside edge of the metal work piece. This is done by using a multiple shear blades that are set at right angles to each other.

The notching process is only to removes metal from the outside of a piece and also capable to make different angle notches by adjusting the location of the work piece.

4. INFORMATION ON THE GROUP (Cont'd)

(e) Blanking

The metal work piece is removed from the primary metal strip or sheet when it is punched. The material that is removed is the new metal work piece or blank.

The blanking process forces a metal punch into a die that shears the part from the larger primary metal strip or sheet. The die cut edge usually has four attributes, including burnish, burr, fracture and roll-over.

The primary metal work piece remains the punched part falls out as scrap as the punch enters the die. The waste can be minimised if the tools are deigned to nest parts as closely together as possible.

(iii) Multi-Discipline Engineering Technologies

Developing machinery and equipment relies primarily on technologies from the following engineering disciplines:-

- (a) Mechanical;
- (b) Electrical;
- (c) Hydraulic;
- (d) Software Automation Control System;
- (e) Pneumatic; and
- (f) Ergonomics.

Each discipline brings along its own technologies, which are applied to the machinery and equipment being developed.

(a) Mechanical Engineering

Some of the technologies within mechanical engineering that are used in the fabrication of machine and equipment are as follows:-

- (aa) Total machine design for all moving and stationery parts incorporating:-
 - Power transmission systems;
 - Motors;
 - Gears;
 - Hydraulics;
 - Heating and cooling systems, including heat exchangers;
 - Process piping; and
 - Metal and non-metal parts and components.
- (bb) Design and incorporation of supporting components and equipment including:-
 - Moulds, tools and dies;
 - Jigs and fixtures; and
 - Fabricated metal products.
- (cc) Testing and analyses of machines, components and materials to determine their performance, strength, response to stress and other characteristics.
- (dd) Integration of all parts, machinery and equipment to ensure optimum performance.

4. INFORMATION ON THE GROUP (Cont'd)

(b) Electrical Engineering

Some of the technologies within electrical engineering that are used in the fabrication of machine and equipment are as follows:-

- Control switch boards;
- Transformers;
- Logic circuits; and
- Wiring.

(c) Ergonomics

Ergonomics is an important component in any design of machine and equipment. Ergonomics is concerned with the following aspects relating to the machine operator:-

- Safety;
- Comfort;
- Effectiveness; and
- Efficiency.

As such, technologies from ergonomics also play an important role in the design and fabrication of machine and equipment.

(iv) Machinery and Equipment Technologies

One of Eonmetall Group's business activity is focusing on manufacturing of Metalwork Machinery and Equipment, and Industrial Process Machinery and Equipment. Each of these types of machinery and equipment encapsulates its own special technologies.

(a) Metal Slitting Machine

Metal slitting machine is one of the machines manufactured by the Group. A slitting line consists of:-

(aa) Uncoiler

Uncoiler is to take a new roll of metal and feed the material into the slitting heads. This is accomplished by either a brake with a fixed speed thread-up motor or by a variable speed motor driving the uncoiler.

When a brake is used, the material feed a thread-up motor through the shear directly into the slitting heads. Once the slitting head has the material, the brake holds tension in the material and the fixed speed motor turns off.

If a drive is used on the uncoiler, the material goes on to the uncoiler, the material then goes directly into the slitter heads, the uncoiler drive acts as both the thread-up motor and the hold-back brake.

4. INFORMATION ON THE GROUP (Cont'd)

(bb) Shear

Many metal slitting lines have a shear entry section. This section does not have a motor, but the control system is required to perform a number of functions such as peeler control, side control, shear control, footage counter and others.

(cc) Entry Loop

Some of the metal slitting lines have an entry loop and this is light gauge, tension free slitting. There is an uncoiler which driven by a variable speed drive and sets the loop position and a feedback device in the loop pit. This is used to control the loop.

(dd) Slitting Head

The slitting head is a pair of rolls nipped together. These rolls comprise the knives that actually cut the metal. On a simple machine, the slitter is not driven except for a thread-up fixed speed motor. As for more complex machines having looping pits and multi-modes of operations, they will have variable speed drives on the slitters.

(ee) Exit Loop

Most slitting machines that produce more than two (2) mults (a coil that is slit in half results in two (2) mults), will have an exit loop. The loop position is manually adjusted via trim potentiometer.

The main purpose of the exit loop is to compensate for the varying gauge throughout the strip. Usually the gauge of the material is thicker in the centre than the outside of the strip. Thus, the outside coils will be smaller in diameter than the inside coils, causing less material to be recoiled for every revolution of the recoiler as it moves further from the centre of the strip.

It is common to see the centre mult almost taught (no loop) and the outside mults near the bottom of the looping pit.

(ff) Tension Stand

This section has many different names such as synchro, drag carpet and others. It creates the necessary tension for the recoiler to pull against the exit loop. This tension can be created via friction pads that hydraulically press together to hold the strip back from the recoiler.

Another method is to use two (2) rolls instead of pads. These rolls could have a mechanical brake holding back or regenerative variable speed drive, which could reduce scratching on the metal because of its ability to speed a match.

4. INFORMATION ON THE GROUP (Cont'd)

In addition, the Group is also capable of incorporating some of the following auxiliary equipment:-

(aa) Scrap handling

The slitter also trims the edge of the metal. These edge trims are not recoiled, but are removed as scrap. The common scrap handling are scrap choppers and scrap ballers. Scrap choppers are used to chop the scrap into small pieces as they are removed by conveyor system. Scrap ballers wind the scrap into a ball. Both of them would require fixed speed motors and motor starter.

(bb) Coil handling

The metal coils coming into the metal slitting line and the coils of slitted metal leaving the line can either be handled mechanically with turnstiles and forklift or can be handled automatically with conveyors.

(cc) Tension levelling

Some metal slitting lines will have tension levellers in line with the slitting process. Tension levellers will have a variable speed drive associated with them.

(v) SEP

The SEP consists of two (2) modules:-

(a) Preparation

After normal extraction of palm oil from the fibres (mesocarp), the processed fibres will contain approximately 35% to 40% moisture. The processed fibres is heated at temperature of 95°C to 100°C in a jacket stream and under slightly lower than normal pressure until the moisture content is reduced to approximately 8%. The dried fibre is then transferred to the solvent extraction module.

(b) Solvent Extraction

The solvent extraction module consists of the following sections:-

(aa) Extraction Section

This section is the heart of the plant. It comprises a metallic sieve conveyor belt over which the fibres are placed. A solvent (n-Hexane) is sprayed over the fibre in eight to ten stages. The resultant mixture of oil and hexane, called miscella, progressively gets richer as the fibre moves from one stage to the next. By the end of the extraction cycle, the oil in the fibre would be reduced to approximately 0.5%.

The concentrated miscella is then transferred to the distillation section.

4. INFORMATION ON THE GROUP (Cont'd)

(bb) Miscella Distillation Section

The oil rich miscella is then distilled to separate the solvent from the oil. Using steam heaters and evaporators, the solvent, having a lower boiling point, would evaporate and condensed in the water-cooled condensers kept under vacuum. Final traces of hexane are removed in a final evaporator which has a large evaporation surface and is maintained at a vacuum of 650 - 700 mm mercury(Hg). Oil coming out of the final evaporator is cooled to 60°C – 70°C in a heat exchanger and sent to the storage tank.

(cc) Desolventisation Section

The desolventisation section is for extracting the solvent from the de-oiled fibre prior to disposal. As the solvent is highly flammable, this step is crucial as a preventive means against fire. In addition, the extracted solvent may be reused.

The solvent laden and de-oiled fibre is firstly placed in a drum which is heated to approximately 120°C under vacuum at 5 mm mercury(Hg). The solvent, having a lower boiling point will evaporate from the de-oiled fibre and collected together with the solvent vapour from the miscella distillation where it is allowed to condensed back to liquid solvent. The dissolventised fibre is then used as fuel for the steam boiler.

(dd) Solvent Absorption Section

To minimise solvent lose, the condensed solvent from the condensers is channelled to the absorption section, where it is passed through a packed bed sprayed with cold spindle oil. Solvents are absorbed in the spindle oil and the spindle oil is then passed through an evaporator maintained at 100°C and under vacuum of 450 mm mercury(Hg). The absorbed solvent is thus released and taken to the condensers where it condenses and combines with the solvent recovered from other sections. Uncondensed gases are removed from the absorption section through a vent.

(ee) Vacuum/Condensation/Solvent-Water Separation

This system consists of three (3) shell and tube condensers equipped with stem ejectors to create differential vacuums in the three (3) condensers. The miscella distillation, desolventisation and solvent absorption sections are connected to their respective condensers depending on the pressure required in each section. Solvent and water vapour that condensed in all the condensers are combined in a receiver. The solvent, being lighter, is separated from water by decantation and recycled to the extractor.

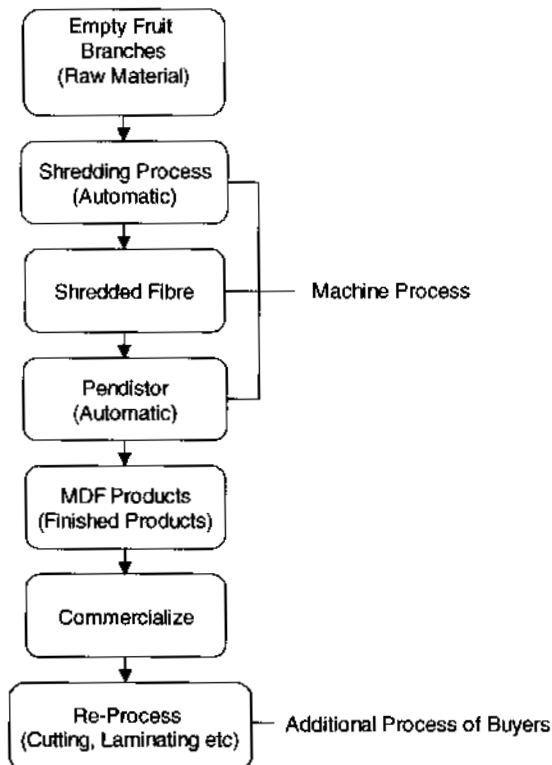
4. INFORMATION ON THE GROUP (Cont'd)

(vi) MDF Plant

Eonmetall Group plans to develop a MDF Plant that is able to use oil palm empty fruit branches instead of wood fibre commonly used in traditional MDF Plant.

The first step of the MDF Plant machine will shred the fibre of the empty fruit branches. The shredded fibre will then be transferred into a mixer tank known as "Pendistor Process Machine" for mixing and moulding into pieces of hardened MDF Plant. At this juncture, the MDF Plant produced is ready for commercial usage.

Normally, buyers will purchase the MDF Plant board and send them for further processing such as cutting into relevant sizes, repacking and laminating.



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4. INFORMATION ON THE GROUP (Cont'd)

4.2.4 Approvals, Major Licences and Permits Obtained

Details of the approvals obtained by the Company for the Listing from the SC, MITI and FIC together with the conditions imposed by these authorities and status of compliance are set out in Section 6.1 of this Prospectus. Other approvals and licences obtained by the Group are as follows:-

(i) EMI

No.	Type of Licence	Authorities	Effective Date/ Date of Expiry	Major Conditions	Status of Compliance
1.	Manufacturing Licence (Product: Expanded Metals, hinges, steel bed frames, steel furniture and base plates)	MITI	07.12.2000/ N/A	(a) Site: Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang is subject to the approvals from the state government and Environmental Department. (b) EMI shall inform MITI on the disposals of EMI's shares. (c) EMI shall train Malaysian citizens in order to shift the technologies and the expertise to every level of employee structure. (d) EMI is required to manage the projects in accordance to all the abovementioned conditions and to comply with the laws and other regulations in Malaysia.	Complied/ To be complied* Complied Complied Complied/ To be complied
2.	Manufacturing Licence (Product: Roofing sheets and sheared/ slitted sheets)	MITI	26.06.2002/ N/A	As per the major conditions set out in items 1 (a) to 1 (d) above.	As per the status in 1 (a) to 1 (d) above
3.	Manufacturing Licence (Product: Racking system)	MITI	14.10.2003/ N/A	As per the major conditions set out in items 1 (a) to 1 (d) above.	As per the status in 1 (a) to 1 (d) above
4.	Manufacturing Licence (Product: C-purlins, conduit pipes, sheared/slitted coils)	MITI	17.03.2005/ N/A	(a) Site: Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang is subject to the approvals from the state government and Environmental Department. (b) EMI shall inform MITI on the disposals of EMI's shares. (c) EMI shall train Malaysian citizens in order to shift the technologies and the expertise to every level of employee structure. (d) EMI is required to manage the projects in accordance to all the abovementioned conditions and to comply with the laws and other regulations in Malaysia.	To be complied Complied Complied Complied/ To be complied

Note:-

* Pending approval from Environmental Department.

4. INFORMATION ON THE GROUP (Cont'd)

(ii) EMT

No.	Type of Licence	Authorities	Effective Date/ Date of Expiry	Major Conditions	Status of Compliance
1.	Manufacturing Licence (Product: Metal working machinery, over head cranes, steel structures and complete hangers)	MITI	17.04.2001/ N/A	(a) Site: Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang is subject to the approvals from the state government and Environmental Department. (b) EMT shall inform MITI on the disposals of EMT's shares. (c) EMT shall train Malaysian citizens in order to shift the technologies and the expertise to every level of employee structure. (d) EMT is required to manage the projects in accordance to all the abovementioned conditions and to comply with the laws and other regulations in Malaysia.	Complied/ To be complied* Complied Complied Complied/ To be complied
2.	Manufacturing Licence (Product: Powder coating line machine, galvanising line machine and pre-painted galvanising line machine for metal surface treatment/ coating industry)	MITI	26.09.2003/ N/A	As per the major conditions set out in items 1 (a) to 1 (d) above.	As per the status in 1 (a) to 1 (d) above
3.	Manufacturing Licence (Product: Process system for recovery of residual palm oil from palm fibre and MDF machine)	MITI	03.12.2003/ N/A	As per the major conditions set out in items 1 (a) to 1 (d) above.	As per the status in 1 (a) to 1 (d) above
4.	Manufacturing Licence (Product: Rolling mill machinery and parts thereof for the Iron & Steel Industry)	MITI	08.03.2004/ N/A	As per the major conditions set out in items 1 (a) to 1 (d) above.	As per the status in 1 (a) to 1 (d) above

Note:-

* Pending approval from Environmental Department.

4. INFORMATION ON THE GROUP (Cont'd)**(iii) EMS**

No.	Type of Licence	Authorities	Effective Date/ Date of Expiry	Major Conditions	Status of Compliance
1.	Manufacturing Licence (Product: Storage racking system)	MITI	24.04.2002/ N/A	<p>(a) Site: Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang is subject to the approvals from the state government and Environmental Department.</p> <p>(b) EMS has to commence the operations within twelve (12) months upon the date of the issuance of the licence or otherwise approved by the Licensing Officer. The licence can be withdrawn, should the project has not commenced.</p> <p>(c) The composition of the board of Directors of EMS shall in general reflect the equity structure of EMS. MITI shall be informed in respect of any appointment of Director or any change in the board of Directors.</p> <p>(d) EMS shall appoint or train Malaysian citizens in order to reflect the composition of the different races in every level of employee structure.</p> <p>(e) Should EMS decide to make use of used machineries, prior written approval has to be obtained from MITI and valuation has to be conducted by independent valuer approved by MITI. In addition, MITI has to grant the approval prior to any intention to change, increase or reduce those machineries which will result in significant change on the workforce and/or production.</p> <p>(f) EMS shall as far as practicable, use services which are locally owned by Malaysian entrepreneurs in the new economy plan.</p>	<p>Complied/ To be complied*</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>N/A</p> <p>Complied</p>

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4. INFORMATION ON THE GROUP (Cont'd)

No.	Type of Licence	Authorities	Effective Date/ Date of Expiry	Major Conditions	Status of Compliance
				<p>(g) EMS is required to obtain prior written approval from the MITI before signing any agreement on the technology transfer with foreigners for the following:-</p> <ul style="list-style-type: none"> • Joint venture agreements; • Technical assistance and know how agreements; • Licensing agreements; • Trademark and patent agreements; • Turnkey contract agreements; and • Management agreements. <p>The above condition is not applicable for the purchase of machineries which requires technical services from the manufacturers to supervise and ensure full commissioning of the machineries.</p>	N/A
				<p>(h) The goods manufactured by EMS are required to achieve the quality accepted by the Malaysian Government.</p>	Complied
				<p>(i) EMS is required to manage the projects in accordance to all the abovementioned conditions and to comply with the laws and other regulations in Malaysia.</p>	Complied/ To be complied

Note:-

* Pending approval from Environmental Department.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.5 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

It is a legal requirement that a proprietor registers his trade mark under the Trade Marks Act 1976 and Trade Marks Regulations 1997, before a trademark can be adapted in relation to any goods or services. (Source: Trade Marks Act 1976 and Regulations, and Patents Act 1983 and Regulations, all amendments up to January, 1998).

The registration of trade marks confers upon the proprietor intellectual property rights against infringement of the trade marks under the Trade Marks Act 1976 and Trade Marks Regulations 1997. The Registrar of Trade Marks is the authority for the registration of trademarks in Malaysia.

The registration of trade marks shall be valid for a period of ten (10) years and may be renewed from time to time.

The Group markets its products under the following brand names and logos:-

- (i) **Secondary Flat Steel Products**
 - "Jaguar" logo for ribbed Roofing Sheets; and
 - "Eondec" brand name for corrugated Roofing Sheets;
- (ii) **Steel Storage Systems**
 - "EASYRACK" trade mark for racking system;
 - "Eonmetall" brand name for ladder; and
 - "E" logo for light duty racking system.

The Group has submitted applications for trade marks for the "EASYRACK" and "E" logos, which have been rejected by the relevant authority. The Group has appealed against the decisions. "E" logo has also been used as a general logo of Eonmetall Group.

The Group has registered its industrial designs with the Intellectual Property Corporation of Malaysia, including:-

- "Beam for a rack". Approval was granted 31 July 2003.
- "A Ladder". Approval was granted on 8 August 2003.
- "Metal Fitting and Mounting Components". Approval was granted on 5 August 2003.
- "Frame Element". Approval was granted on 11 September 1997.
- "Bracing". Approval was granted on 30 July 2003.

In addition, the Group has also obtained exclusive rights and licences for the following:-

- rights to manufacture "4x2 High Cold Roll Angle Bar Machine"; and
- licence to use the "Process for the Manufacture of Steel Products & Apparatus Therefor".

The copyright to the manufacture of "4x2 High Cold Roll Angle Bar Machine" and the patent for the "Process for the Manufacture of Steel Products & Apparatus Therefor" are owned by Goh Cheng Huat, the Managing Director of the Company.

On 1 January 2004, Goh Cheng Huat and EMT have entered into a licensing agreement to confer the rights to manufacture "4x2 High Cold Roll Angle Bar Machine" and a deed of conferment to use the "Process for the Manufacture of Steel Products & Apparatus Therefor" to EMT.

Details of the deed of conferment and licensing agreement are set out in Sections 15.5 (ii) and (iii) of this Prospectus.

4. INFORMATION ON THE GROUP (Cont'd)

The Group has also submitted patent applications which are pending for the approval from the Ministry of Domestic Trade and Consumer Affairs for the following products:-

Company	Product Descriptions	Status
EMT	Rolling Unit	Application filed on 17 January 2003
EMS	Engaging Means for Metal Assembly	Applications filed on 27 November 2002 and 19 November 2003
	Foldable Ladder Assembly	Application filed on 19 February 2003
ECH	Recovering Oil from Palm Mesocarp Fibres	Application filed on 6 January 2003
	Improvement Process of Extracting Oil from Oil Palm Fruit	Application filed on 9 September 2003

The Group has also submitted patent applications which are pending for the approval from Departmen Hukum dan Hak Asasi Manusia, Republik Indonesia and Intellectual Property Office of Singapore for the following products:-

Company	Product Descriptions	Status
ECH	Recovering Oil from Palm Mesocarp Fibres (Indonesia)	Application filed on 10 April 2003
	Recovering Oil from Palm Mesocarp Fibres (Paris Convention Treaty, Singapore)	Application filed on 6 January 2004

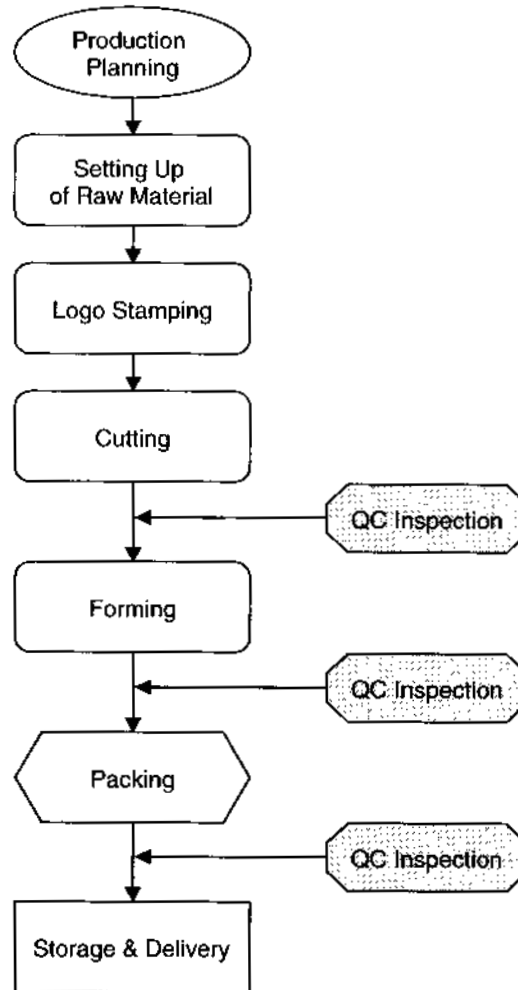
The Group also owns the copyright for its "EES" ERP system.

4.2.6 Dependency on Patents, Licences, Permits and Registration

Save as disclosed in Sections 4.2.4 and 4.2.5 of this Prospectus, the Board is of the opinion that the Group is not dependent on any other patents, licences and registrations.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.7 Operating or Trading Mechanism**(i) Process Flow for the Manufacture of Corrugated Roofing Sheets**

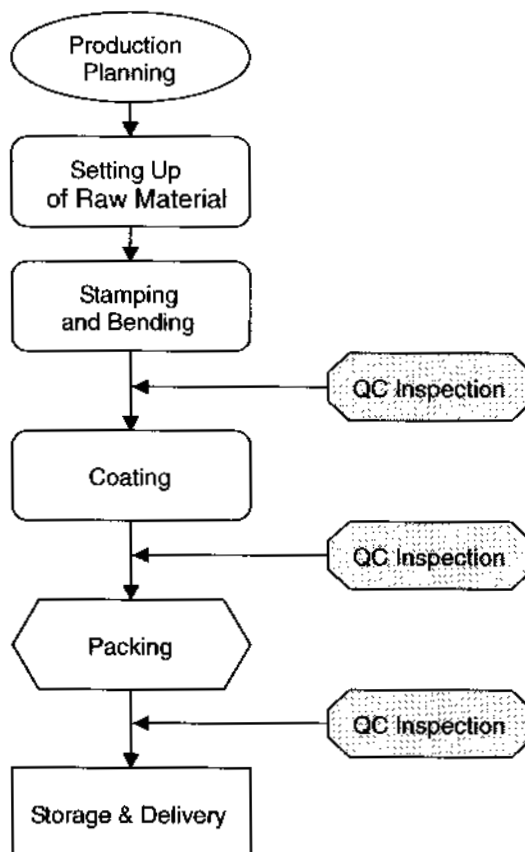
The manufacturing process begins with the selection and set up of the raw material as specified in the job order. This involves the selection of the metal coils according to the specified gauge and widths.

The metal coils are unwound and will go through a stamping process where the logo of the product and other details and marking are applied onto the metal sheeting. The timing of the cutting machine is set according to the length required before the coiled metal is passed through the cutting machine. The duration of time between the cuttings of sheets determines the actual length of the metal sheet.

The metal sheets are passed through QC and checked for accuracy, length and appearance before it proceeds to the next stage of the process.

The metal sheets then proceed to the forming process where the profile of the corrugated sheets are pressed and formed into the metal sheets according to specifications.

The formed corrugated metal sheets undergo another QC inspection before it is passed for packing and packaging for storage or delivery.

4. INFORMATION ON THE GROUP (Cont'd)**(ii) Process Flow for the Manufacture of Slotted Angles**

The manufacturing process begins with the selection of raw materials for the process according to specifications.

The metal strips derived from metal coils are cut into lengths before it proceeds to be stamped. The stamping process introduces or stamps holes and slots of various widths and sizes into the metal strips.

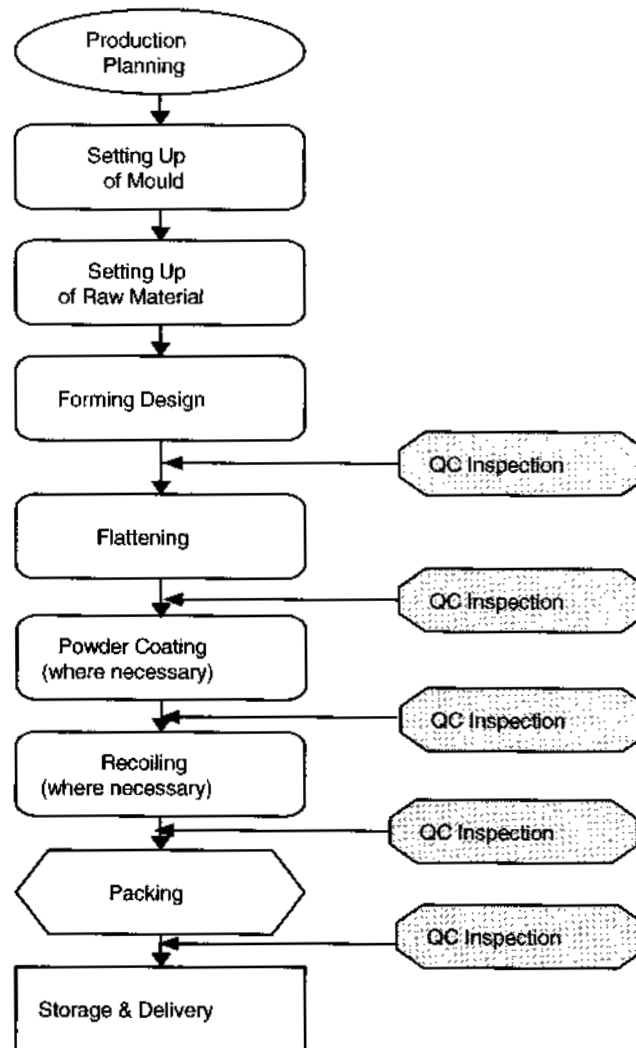
The strip metal is then inserted into a bending machine where it is bent to a right-angled profile. The bent metal strips are then checked as per the required specifications such as thickness, length, widths between bending areas, profile and bent angle, and for its lengthwise straightness.

The bending process is followed by a QC inspection before the unfinished product is spray painted in the spraying oven. After this coating process, the painted Slotted Angle product is then checked again for evenness and thickness of the paint application and colour as well as in general appearance.

The finished Slotted Angle product then undergoes another QC inspection before it is passed for packing and packaging for storage or delivery.

4. INFORMATION ON THE GROUP (Cont'd)

(iii) Process Flow for the Manufacture of Expanded Metals



The manufacturing process for Expanded Metal production begins with the mould set up. This is followed by the selection of raw materials that are in the form of metal coils, as specified in the job order.

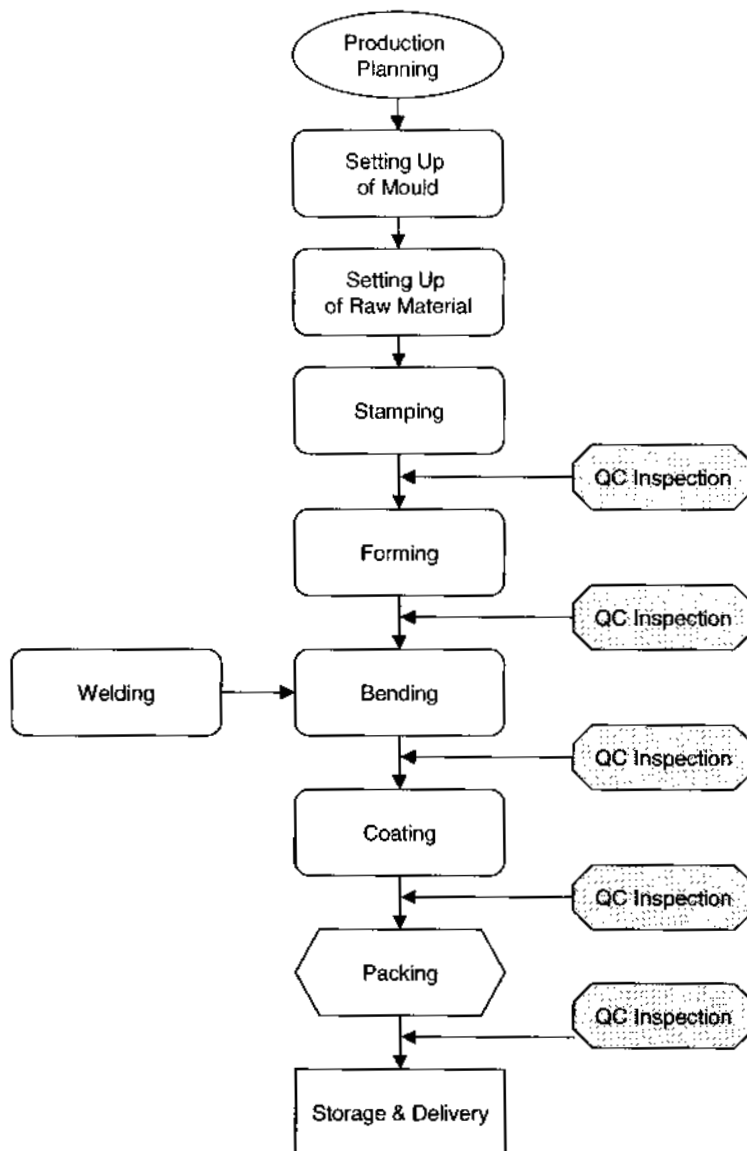
The next process of forming design is where the machine makes cuts or slashes in the metal sheet. Opening or expanding the cut metal sheet so as to form a series of meshes or latticework then follows this process.

The forming process is followed by a QC inspection of the Expanded Metal before the sheet metal is put into the flattening process to even out and flatten the newly formed Expanded Metal grating.

Before the Expanded Metal product is rewound or recoiled by another set of machines, it undergoes another QC inspection. However, this is only applicable to small and mini mesh products. The Expanded Metal product is then packed as per customer requirements ready for dispatch.

4. INFORMATION ON THE GROUP (Cont'd)

(iv) Process Flow for the Manufacture of Racking Systems



The manufacturing process begins with the mould set up for the manufacture of the racking system before the selection of raw materials for the process according to specifications and job order.

The metal strips, which are cut or slitted from metal coils, are cut into lengths before it proceeds to be stamped. The stamping process introduces of holes and slots of various specified widths and sizes into the metal strips.

The strip metal after stamping, then undergoes the forming process where its profile, length, width and its lengthwise straightness are incorporated into the semi finished form.

It is then put into a bending machine and is bent according to its specified profile. The metal strips are then checked as per its requirements for its width and size.

4. INFORMATION ON THE GROUP (Cont'd)

The semi-finished product is put into the spray oven for spray painting. The painted Slotted Angle product is then checked again for evenness and thickness of the paint application and colour, as well as the general appearance.

The finished product then undergoes another QC inspection before it is passed for packing and packaging for storage or delivery.

4.2.8 Critical Success Factors

The critical success factors for manufacturers of Secondary Flat Steel Products include:-

(i) Ability to Value-add

As steel is a commodity and subject to global prices, the ability to value-add is critical to ensure that the cost of steel represents a small proportion of the price of the final product. In addition, value-adding provides a means of differentiation from other competitors.

(ii) Cost Competitiveness

Steel is a commodity and there are many substitute products. The ability to be cost competitive is critical to compete effectively against other substitute materials.

(iii) Commitment to Quality Products

To ensure optimal performance and reliability of products, manufacturers must be committed to deliver quality products to customers consistently. Those who adopt stringent controls in their manufacturing processes and have attained internationally recognised accreditations, such as ISO 9000 series, reflect their commitment to excellence and are in a better position to meet customers' requirements.

(iv) Established Track Record

The Secondary Flat Steel Products Industry is a competitive industry with many operators. As such, other than possessing the manufacturing capabilities, a reputable track record is required before securing contracts from existing or new customers.

(v) Financial Stability

Manufacturers in a healthy financial position are more likely to retain and attract new customers. In addition, a financially strong manufacturer would be in a better position to upgrade its manufacturing capabilities, if necessary, to keep abreast with technology changes in manufacturing or to meet future demand for increased capacity.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.9 Competitive Advantages

Eonmetall Group has distinct advantages over its competitors in terms of the following:-

(i) Quality Products

Eonmetall Group places significant emphasis on product quality and this is reflected in the ISO accreditations attained by its subsidiaries EMT, EMS and EMI.

Product quality is a significant competitive advantage that will create customer loyalty through customer satisfaction. This provides Eonmetall Group with an advantage over other competitors that do not have any quality accreditations.

(ii) Market Reputation and Established Track Record

With approximately fifteen (15) years of experience (since the commencement of EMI) as a manufacturer of steel products, the Group has successfully established a reputable track record associated with quality and reliability. As such, the Group can use its established track record as a reference site to win new customers.

(iii) Owner of Intellectual Property

Eonmetall Group owns the intellectual property or has been granted the exclusive licence to manufacture certain type of machinery and equipment manufactured by the Group.

The details of the trade marks, brand names and intellectual property rights of Eonmetall Group are set out in Section 4.2.5 of this Prospectus.

(iv) Lower Cost of Operations

As Eonmetall Group has in-house expertise in the manufacture of Metalwork Machinery and Equipment, most of the machinery and equipment used in the production of steel products are manufactured internally. This has enabled the Group to enjoy cost savings particularly for the production of steel products compared to other manufacturers that have to purchase these types of machinery and equipment externally. In addition, it is easier for the Group to perform upgrades or maintenance of the machinery and equipment.

(v) In-roads into Export Markets

Eonmetall Group has gained in-roads into export markets. This is reflected by the fact that for the financial year ended 31 December 2004, the Group's export revenue contributed approximately 41.6% of the Group's total revenue, amounting to approximately RM32.6 million. This would provide the platform for the Group to further expand its export activities.

4. INFORMATION ON THE GROUP (Cont'd)

For the financial year ended 31 December 2004, the Group's export markets extended to nineteen (19) countries including the following countries:-

- Singapore	- Senegal
- Saudi Arabia	- Vietnam
- US	- Philippines
- China	- Brunei
- Hong Kong	- Sudan
- Indonesia	- Ireland
- Yemen	- Belgium
- Mauritius	- Lebanon
- Taiwan	- United Arab Emirates
- Sweden	

(vi) Large Customer Base

For the financial year ended 31 December 2004, Eonmetall Group has a large customer base comprising two hundred and forty three (243) customers. This has enabled the Group to use the existing base of customers to on-sell other products.

4.2.10 Estimated Market Coverage, Position and Share

Market Size

In 2004, the market size of Secondary Flat Steel Products was estimated at 4.9 million tonnes based on consumption in Malaysia.

In 2004, the market size of Steel Roofing Sheets (Galvanised/Coloured) was approximately RM235 million based on production in Malaysia.

In 2004, the market size of Steel Roofing Sheets (Galvanised/Coloured) was approximately 51,500 tonnes based on production in Malaysia.

In 2004, the market size for Metal Working Machinery was estimated at RM2.6 billion based on consumption in Malaysia.

Market Share

In 2004, Eonmetall Group's market share of Secondary Flat Steel Products was estimated at 0.3% based on consumption in Malaysia in tonnage.

In 2004, Eonmetall Group's market share of Steel Roofing Sheets (Galvanised/Coloured) was estimated at 2% based on production in Malaysia.

In 2004, Eonmetall Group's market share of Steel Roofing Sheets (Galvanised/Coloured) was estimated at 3% based on production in Malaysia.

In 2004, Eonmetall Group's market share of Metal Working Machinery was estimated at 1% based on consumption in Malaysia.

(Source: Assessment of the Secondary Flat Steel Product Industry, Vital Factor Consulting Sdn Bhd)