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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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PRESTAR RESOURCES BERHAD

(Company No. 123066-A)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED LISTING OF TASHIN HOLDINGS BERHAD ON THE
ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("PROPOSED LISTING")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice convening the Extraordinary General Meeting ("EGM") of the Company in respect of the Proposed Listing to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 20 March 2019 at 10.00 a.m. or any adjournment thereof, together with the Proxy Form are enclosed in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Proxy Form must be lodged at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on or before the date and time indicated below in order for it to be valid. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the EGM, should the member subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 18 March 2019 at 10.00 a.m.

Date and time of EGM : Wednesday, 20 March 2019 at 10.00 a.m. or any adjournment thereof

This Circular is dated 25 February 2019

DEFINITION

Except where the context otherwise requires, the following definition shall apply throughout this Circular:

"ACE Market"	: ACE Market of Bursa Securities
"Act"	: Companies Act 2016
"Board"	: Board of Directors of Prestar
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"Circular"	: This circular to shareholders dated 25 February 2019
"Completion"	: The date of which the matters under Section 2.1.2(c) of this Circular are completed
"Completion Date"	: The date which the SSA is completed and agreed between the Vendors and Tashin Holdings or, in the absence of such agreement, the Last Completion Date
"Conditions"	: The condition precedents to be fulfilled in accordance with the SSA and set out in Section 2.1.2(a) of this Circular
"EGM"	: Extraordinary General Meeting
"Entitled Shareholders"	: Shareholders of Prestar whose names appear in Prestar's Record of Depositors on the Entitlement Date and who are eligible to apply for the Issue Shares under the Proposed Restricted Offering
"Entitlement Date"	: A date to be determined and announced later by the Board, as at the close of business on which the Entitled Shareholders must be entered in the Record of Depositors of the Company in order to be eligible to apply for the Issue Shares under the Proposed Restricted Offering
"EPS"	: Earnings per Share
"Formula Naga"	: Formula Naga Sdn Bhd (437714-W)
"FPE"	: Financial period ended
"FYE"	: Financial year ended
"IPO"	: Initial public offering
"Issue Shares"	: The 59,329,000 new Share(s) to be issued pursuant to the Proposed Public Issue
"Last Completion Date"	: The last day of the period of 10 business days after all of the Conditions have been satisfied or waived by Tashin Holdings (whichever is the later) or such earlier date (after all of the Conditions are satisfied or waived) or later date as the parties may from time to time agree as being the last date for Completion
"Listing Scheme"	: The listing scheme by Tashin Holdings to list its entire enlarged number of issued shares on the ACE Market which shall be implemented via the Proposed Acquisition, the Proposed IPO and Proposed Listing

DEFINITION (cont'd)

"LPD"	:	18 February 2019, being the latest practicable date prior to the date of printing of this Circular
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"MITI"	:	Ministry of International Trade and Industry
"NA"	:	Net assets
"Offer Shares"	:	55,489,000 existing Shares to be offered pursuant to the Proposed Offer for Sale
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Prestar" or "Company"	:	Prestar Resources Berhad (123066-A)
"Prestar Group" or "Group"	:	Prestar and its subsidiaries, collectively
"Proposed Acquisition"	:	Proposed acquisition by Tashin Holdings of the entire share capital of Tashin Steel from the Vendors for a purchase consideration of RM144,830,999 which shall be satisfied by the issuance of 289,661,998 new Tashin Holdings Shares at an issue price of RM0.50 per Share
"Proposed IPO"	:	Proposed initial public offering comprising the Proposed Public Issue and Proposed Offer for Sale
"Proposed Listing"	:	Proposed listing of Tashin Holdings on the ACE Market
"Proposed Offer for Sale"	:	Proposed offer for sale of 55,489,000 Offer Shares by the Vendors, representing 15.90% of the enlarged share capital of Tashin Holdings
"Proposed Public Issue"	:	Proposed public issue of 59,329,000 Issue Shares, representing 17.00% of the enlarged share capital of Tashin Holdings
"Proposed Restricted Offering"	:	Proposed restricted offering of 17,449,600 Issue Shares to the Entitled Shareholders
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	The entire issued share capital of Tashin Steel under the SSA
"Selling Shareholders"	:	Collectively, Prestar and Formula Naga
"Shares" or "Tashin Holdings Shares"	:	Ordinary shares in Tashin Holdings

DEFINITION (cont'd)

- "SSA" : Conditional share sale agreement dated 9 January 2018 wherein Tashin Holdings agreed to acquire the Sale Shares from Prestar and Formula Naga for a total purchase consideration of RM144,830,999 to be satisfied via the issuance of 289,661,998 new Shares to the Vendors at an issue price of RM0.50 each.
- The SSA was subsequently amended via the signing of a supplemental conditional share sale agreement dated 17 April 2018 and a letter of extension dated 8 January 2019
- "Tashin Group" : Tashin Holdings and its proposed subsidiaries comprising Tashin Steel and Tashin Hardware
- "Tashin Hardware" : Tashin Hardware Sdn Bhd (642549-V)
- "Tashin Holdings" : Tashin Holdings Berhad (1242878-H)
- "Tashin Holdings Board" : The Board of Directors of Tashin Holdings
- "Tashin Steel" : Tashin Steel Sdn Bhd (471094-P)
- "Tashin Steel Shares" : Ordinary shares in Tashin Steel
- "Vendors" : Collectively, Prestar and Formula Naga

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments.

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PRESTAR RESOURCES BERHAD
(Company No. 123066-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

25 February 2019

Directors:

Toh Yew Keat (*Group Executive Chairman*)
Dato' Toh Yew Peng (*Group Managing Director*)
Toh Yew Kar (*Group Executive Director*)
Toh Yew Seng (*Group Executive Director*)
Toh Yew Chin (*Executive Director*)
Tuan Haji Fadzlullah Shuhaimi Bin Salleh (*Independent Non-Executive Director*)
Md. Nahar Bin Noordin (*Independent Non-Executive Director*)
Dato' Lim Cheang Nyok (*Independent Non-Executive Director*)
Lou Swee You (*Independent Non-Executive Director*)

To: Shareholders of Prestar

Dear Sir / Madam,

PROPOSED LISTING

1. INTRODUCTION

On 9 January 2018, M&A Securities announced on behalf of the Board that the Company proposed to undertake the Proposed Listing and that the Company had together with Formula Naga, entered into the SSA with Tashin Holdings for the sale and disposal of their respective portion of the Sale Shares as part of the Proposed Listing.

On 17 April 2018, M&A Securities announced on behalf of the Board that the Company had together with Formula Naga, entered into a supplemental share sale agreement with Tashin Holdings to revise certain terms of the SSA*.

Note:

* The revised salient terms of the SSA are as follows:

<u>Salient terms</u>	<u>SSA dated 9 January 2018</u>	<u>Supplemental share sale agreement dated 17 April 2018</u>
Purchase consideration	RM144,069,306	RM144,830,999

Salient terms	SSA dated 9 January 2018	Supplemental share sale agreement dated 17 April 2018
Basis for the purchase consideration	Taking into consideration the audited net assets of Tashin Steel as at 31 July 2017 of RM144,069,306	Taking into consideration the audited net assets of Tashin Steel as at 31 December 2017 of RM144,831,193
Mode of settlement	288,138,612 new shares in Tashin Holdings at an issue price of RM0.50 per Tashin Holdings Share	289,661,998 Tashin Holdings Shares at an issue price of RM0.50 per Tashin Holdings Share

On 13 December 2018, M&A Securities announced on behalf of the Board that Bursa Securities had vide its letter dated 12 December 2018 approved the admission of Tashin Holdings to the official list of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of Tashin Holdings on the ACE Market.

On 8 January 2019, M&A Securities announced on behalf of the Board that Tashin Holdings, Prestar and Formula Naga mutually agreed to extend the last date to fulfil the conditions precedent as set out in the SSA by a period of 6 months up to 8 July 2019.

The purpose of this Circular is to provide you with details of the Proposed Listing, to set out the Board's opinion and recommendation in relation to the Proposed Listing and to seek your approval for the resolutions pertaining to the Proposed Listing to be tabled at the forthcoming EGM of the Company, scheduled to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 20 March 2019 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed with this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED LISTING AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED LISTING

The Proposed Listing shall be implemented through the following stages:

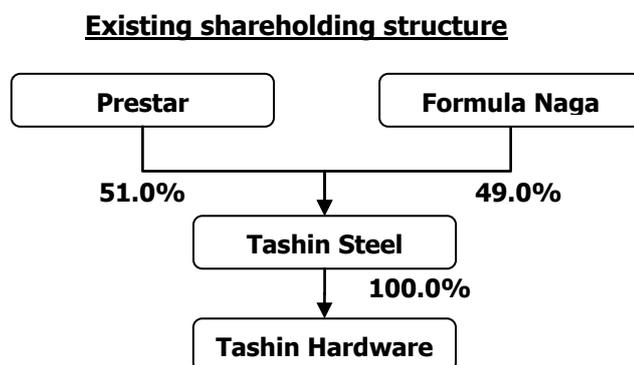
Stage 1 : **Proposed Acquisition;**
Stage 2 : **Proposed IPO; and**
Stage 3 : **Proposed Listing**

All stages are inter-conditional with each other and will be viewed as one exercise to be undertaken to facilitate the Proposed Listing.

The details of the above stages under the Proposed Listing are set out below.

2.1 Proposed Acquisition

As at the date of the LPD, Prestar holds 51.0% equity interest in Tashin Steel. The remaining 49% equity interest is held by Formula Naga. The shareholding structure of Tashin Steel is depicted below:



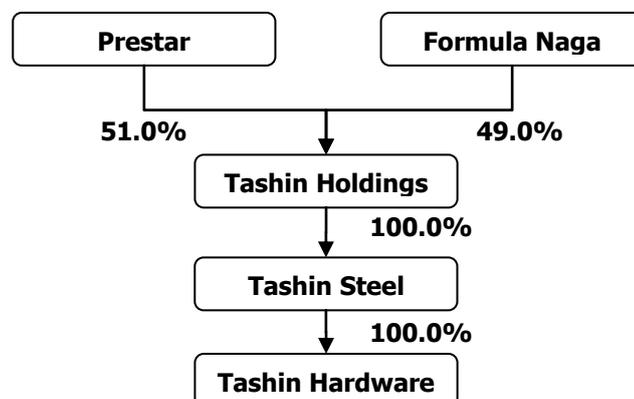
On 14 August 2017, Tashin Holdings was incorporated as a special purpose vehicle to facilitate the Proposed Listing.

In preparation for the Proposed Listing, Tashin Holdings entered into the SSA on 9 January 2018 (which was subsequently amended via the signing of a supplemental conditional share sale agreement dated 17 April 2018 and a letter of extension dated 8 January 2019) for the proposed acquisition of 100% equity interest in Tashin Steel from the Vendors for an aggregate consideration of RM144,830,999 to be satisfied via the issuance of 289,661,998 new Shares to the Vendors in the proportions set out in the table below:

Vendors	No. of Tashin Steel shares to be acquired	% of share capital in Tashin Steel	Purchase consideration	No. of Shares to be issued
			RM	
Prestar	10,200,000	51.00	73,863,809.50	147,727,619
Formula Naga	9,800,000	49.00	70,967,189.50	141,934,379
Total	20,000,000	100.00	144,830,999.00	289,661,998

The total purchase consideration of RM144,830,999 for the Proposed Acquisition was arrived after taking into consideration the audited NA of Tashin Steel as at 31 December 2017 of RM144,831,193.

Upon completion of the Proposed Acquisition, Tashin Steel shall become a direct wholly-owned subsidiary of Tashin Holdings. The Tashin Group's shareholding structure shall be as follows:



2.1.1 Background information of Formula Naga

Formula Naga was incorporated on 3 July 1997 as a private limited company under the Companies Act, 1965. The principal activity of Formula Naga is investment holding.

As at the LPD, the share capital of Formula Naga is RM1,050,002 comprising 1,050,002 ordinary shares. The Directors of Formula Naga are Lim Choon Teik, Lim Koh Yeong and Khoo Teng Lye.

The shareholders and their respective shareholdings in Formula Naga are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Choon Teik	325,002	31.0	-	-
Lee Meng Yim	225,000	21.5	-	-
Chong Ping Chin	200,000	19.0	-	-
Lim Koh Yeong	200,000	19.0	-	-
Khoo Teng Lye	100,000	9.5	-	-
Total	1,050,002	100.0	-	-

As at the LPD, Prestar shares held by Formula Naga's shareholders are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Choon Teik	392,000	0.2	-	-
Lee Meng Yim	-	-	-	-
Chong Ping Chin	-	-	-	-
Lim Koh Yeong	-	-	-	-
Khoo Teng Lye	-	-	-	-

2.1.2 Salient terms of the SSA

- (a) The SSA is conditional upon the fulfilment of the following conditions precedent:
- (i) The passing of a resolution in a general meeting by Tashin Holdings for:
 - (aa) approval for the purchase of the entire issued share capital of Tashin Steel under the SSA and acceptance of the listing scheme by Tashin Holdings, to list its entire enlarged number of issued shares on the ACE Market;
 - (bb) approval for the transactions and matters contemplated in the SSA, namely the Proposed Acquisitions, Proposed Listing and Proposed IPO;
 - (cc) approval for the issue and allotment of the new Tashin Holdings Shares;

The above resolution was passed on 9 January 2018 and 17 April 2018.

- (ii) The passing of a resolution in a general meeting by Prestar and Formula Naga, respectively for:
 - (aa) the sale and disposal by Prestar and Formula Naga, respectively of their respective portion of the Sale Shares under the SSA and the Listing Scheme;
 - (bb) approval for the transactions and matters contemplated in the SSA, namely the Proposed Acquisitions, Proposed Listing and Proposed IPO;
- (iii) The passing of a resolution in a general meeting by Prestar for the approval of the Proposed Listing under Paragraph 8.24 of the Main Market Listing Requirements issued by Bursa Securities;
- (iv) By Tashin Holdings receiving evidence (in the form, substance, terms and conditions, if any, which are acceptable to Tashin Holdings), that all other governmental, public or regulatory authorities whose approvals are considered necessary in relation to the Proposed Acquisition or any transaction or matter contemplated by it, have been given;
- (v) That:
 - (aa) Approval has been obtained from MITI for the procurement and/or identification of Bumiputera investors (whom have been approved by MITI) for the purpose of the private placement of Tashin Holdings Shares to such Bumiputera investors;
 - (bb) notification has been given to the MITI for the acquisition of the Sale Shares;
 - (cc) approval has been obtained from the Securities Commission Malaysia (Equity Compliance Unit) for the resulting equity structure of Tashin Holdings pursuant to the Proposed Listing;
 - (dd) approval has been obtained from Bursa Securities for the admission of Tashin Holdings to the official list of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of Tashin Holdings on the ACE Market; and
 - (ee) any notification that is required to be made to, or waiver or consent or approval that is required to be obtained from all other governmental, public, regulatory authorities or persons by Tashin Holdings has been obtained before completion in relation to the Listing Scheme;
- (vi) Tashin Holdings is satisfied in all material respects on the audit results, due diligence reviews and any other inquiries and investigations (whether legal, financial, accounting and/or otherwise whatever and whether conducted by lawyers, accountants, Tashin Holdings or its employees or officers or other representatives or otherwise) into the business, matters and affairs of the Tashin Steel and its subsidiary; and with the results of any reports prepared by

persons conducting any such audits, due diligence, reviews, inquiries or investigations; and

- (vii) All the consents from the financial institutions, contracting parties, licensing authorities and any other parties in relation to any contracts, banking facilities and licences involving and/or affecting Tashin Steel and its subsidiary to which consent is required for SSA or any transactions or matters contemplated by it has been obtained.

The conditions precedent stipulated above will be required to be satisfied within 12 months of the date of the SSA* or such other period as the parties may mutually agree in writing.

Note:

* Tashin Holdings, Prestar and Formula Naga had on 8 January 2019 mutually agreed to extend the date to fulfil the conditions precedent as set out in the SSA by 6 months up to 8 July 2019.

- (b) In the event that any of the Conditions are not fulfilled/satisfied by the Vendors and Tashin Holdings, where applicable or waived by Tashin Holdings, on or before the 8 July 2019, the Vendors or Tashin Holdings shall have the right to terminate the SSA.
- (c) Subject to the satisfaction of the Conditions or waiver of any such Conditions, Completion shall take place on the Completion Date when the following are required to take place:
 - (i) the Vendors shall deliver to Tashin Holdings such waivers, consents or other documents (as applicable) as may be required to give good title to the Tashin Steel Shares and to enable Tashin Holdings to become their registered holder of the Tashin Steel Shares; and
 - (ii) the Vendors shall deliver to Tashin Holdings, the certificates in respect of the Tashin Steel Shares and duly completed and signed transfers of the Tashin Steel Shares in favour of Tashin Holdings.
- (d) Without prejudice to the Vendors' (as the case may be) and Tashin Holdings' right under the general or common law and in the SSA, the Vendors or Tashin Holdings may by notice to the other party terminate the SSA if:
 - (i) any of the Conditions (to the extent not waived) is not satisfied by the 8 July 2019 or any of them cease to be satisfied at any time before the Last Completion Date or any of the resolutions or approvals referred to under Section 2.1.2 (a) above are rejected, refused or approved on terms not acceptable to Tashin Holdings or the Vendors (as the case may be); or
 - (ii) the Vendors or Tashin Holdings (as the case may be) notify the other party that it does not wish to exercise a right of appeal or a right to require an appeal (whether or not such a right of appeal or right to require an appeal had been previously exercised including (without limitation), in respect of the same or similar subject matter) as stipulated in the SSA and all or any of the Conditions have not been satisfied by reason of any rejection (whether at first instance or on appeal) of any application for approval or any term or condition imposed in any approval or an appeal; or

- (iii) the Vendors or Tashin Holdings breach all or any of the provisions of the SSA or any of the warranties contained in the SSA; or
 - (iv) any of the Vendors or Tashin Holdings are or become insolvent; or
 - (v) Tashin Holdings does not complete the purchase of all or any of the Tashin Steel Shares in accordance with the SSA; or
 - (vi) Tashin Steel sustains a loss on account of fire, flood, accident or other calamity which in the opinion of Tashin Holdings will materially and adversely affects Tashin Steel (regardless of whether or not such loss has been insured); or
 - (vii) it appears that any of the warranties contained in the SSA is or has become materially inaccurate or misleading.
- (e) If the SSA is terminated in accordance to Section 2.1.2 (d) above or otherwise on any other lawful ground, the termination shall be without prejudice to any rights under or in relation to the SSA which may have accrued to a party against another.

2.1.3 Basis and justification for the purchase consideration for the Proposed Acquisition

The total purchase consideration of RM144,830,999 for the Proposed Acquisition was arrived after taking into consideration the audited consolidated NA of Tashin Steel as at 31 December 2017 of RM144,831,193.

2.1.4 Basis and justification for the issue price of new Tashin Holdings Shares

The issue price of the new Tashin Holdings Shares of RM0.50 each under the Proposed Acquisition was determined after taking into consideration the targeted enlarged number of 348,991,000 Tashin Holdings Shares upon completion of the Proposed Listing.

2.1.5 Ranking of the new Tashin Holdings Shares

The new Tashin Holdings Shares to be issued pursuant to the Proposed Acquisition shall, upon allotment and issue, rank equally in all respects with the existing Tashin Holdings Shares.

2.1.6 Liabilities to be assumed by Tashin Holdings

Tashin Holdings will not assume any liabilities, including contingent liabilities, pursuant to the Proposed Acquisition. The Sale Shares shall be disposed free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements attached.

2.2 Proposed IPO

Upon completion of the Proposed Acquisition, Tashin Holdings shall undertake an IPO involving:

- (a) the Proposed Public Issue of 59,329,000 Issue Shares, representing 17.00% of the enlarged share capital of Tashin Holdings; and
- (b) the Proposed Offer for Sale by Prestar and Formula Naga of 55,489,000 Offer Shares, representing 15.90% of the enlarged share capital of Tashin Holdings.

2.2.1 Proposed Public Issue

The Proposed Public Issue comprises the public issue of 59,329,000 new Shares, representing approximately 17.00% of the enlarged share capital of Tashin Holdings, at the indicative offer price of RM0.65 per Share.

The Proposed Public Issue shall be allocated in the following manner:

(a) Allocation via balloting to the Malaysian Public

A total of 17,449,600 Issue Shares, representing 5.00% of the enlarged share capital of Tashin Holdings, will be made available to the Malaysian Public via balloting process as follows:

- (i) 8,724,800 Issue Shares made available to public investors; and
- (ii) 8,724,800 Issue Shares made available to Bumiputera public investors.

(b) Allocation to the eligible directors and employees of the Tashin Group and the Prestar Group ("Proposed Pink Form Allocations")

8,724,800 Issue Shares, representing 2.50% of the enlarged share capital of Tashin Holdings, made available to the eligible directors and employees of the Tashin Group as well as directors and employees of the Prestar Group.

(c) Allocation to the Entitled Shareholders of Prestar

17,449,600 Issue Shares, representing 5.00% of the enlarged share capital of Tashin Holdings, are reserved for applications by the Entitled Shareholders of Prestar as follows:

- (i) each Entitled Shareholder who applies for at least 100 Issue Shares is guaranteed an allocation of 100 Issue Shares;
- (ii) any Issue Shares applied for after the allocation under item (i) above shall be allocated to the Entitled Shareholders who apply in excess of 100 Issue Shares on a pro-rata basis according to their respective shareholdings in Prestar as at the Entitlement Date; and
- (iii) any Issue Shares applied for after the allocation under items (i) and (ii) above shall be allocated to the Entitled Shareholders on pro-rata basis according to the remaining Issue Shares under application.

In the event there are any balance Issue Shares under the Proposed Restricted Offering after the above sequence of allocations are completed, the balance will be allocated in the processes set out in items (ii) and (iii) above.

Any fractional entitlements and odd lots arising shall be disregarded and rounded down to the nearest board lot, and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as Tashin Holdings Board may deem fit and expedient in the best interest of Tashin Holdings.

Nevertheless, Tashin Holdings Board reserves the right to allot any balance Issue Shares applied for in such manner as Tashin Holdings Board deems fit and expedient and in the best interest of Tashin Holdings, subject always to such allocation being made on a fair and equitable basis and that the intention of Tashin Holdings Board as set out above is achieved.

The entitlement of the Entitled Shareholders to participate in the Proposed Restricted Offering is non-renounceable and non-tradable. Entitled Shareholders are not allowed to submit multiple applications for the Issue Shares made available under the Proposed Restricted Offering and Tashin Holdings Board has the absolute discretion to reject multiple applications. However, the Proposed Restricted Offering does not preclude the Entitled Shareholders from making additional applications for the Issue Shares made available under the Malaysian Public category using the White Application Forms.

Distribution of the Prospectus

Tashin Holdings will be issuing its Prospectus in due course. The Prospectus will be distributed to all Entitled Shareholders in CD-ROM format (contents of which will be in printable format). Entitled Shareholders are advised to read and understand the contents of the Prospectus as well as the relevant notices in or accompanying the CD-ROM. If Entitled Shareholders are in doubt as to the course of action to be taken, they are advised to consult a stockbroker, bank manager, solicitor, accountant or other professional advisers. The printed copies of the Prospectus are available upon request and at no cost to Entitled Shareholders. Entitled Shareholders will be given an option to have a printed Prospectus delivered to them, or to obtain the printed Prospectus from the designated locations to be disclosed in the Prospectus. Any delivery charges, if applicable, will be borne by Tashin Holdings.

The Prospectus will not be registered under any applicable securities legislation of any foreign jurisdiction.

(d) Private placement to Bumiputera investors approved by MITI

15,705,000 Issue Shares, representing 4.50% of the enlarged share capital of Tashin Holdings, will be made available by way of private placement to selected Bumiputera investors approved by the MITI.

The 43,624,000 Issue Shares made available for application by the Malaysian Public, eligible directors and employees of the Tashin Group, eligible directors and employees of the Prestar Group and Entitled Shareholders under Sections 2.2.1(a), 2.2.1(b) and 2.2.1(c) above will be fully underwritten.

The 15,705,000 Issue Shares made available for application by way of private placement to selected Bumiputera investors under Section 2.2.1(d) will not be underwritten and will be placed out by M&A Securities, the Placement Agent.

2.2.2 Utilisation of proceeds from the Proposed IPO

The proceeds arising from the Proposed Public Issue of approximately RM38.56 million is proposed to be utilised for the following purposes:

Utilisation of proceeds	Reference	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Land acquisition and construction of new factory	(a)			
- Land acquisition		9 months	7,200	18.67
- Construction of new factory to commence manufacturing of wire mesh, flat and square bars in this new factory		24 months	10,350	26.84
Purchase of machinery and equipment for:	(b)			
- 5 wire mesh manufacturing lines		20 months	4,100	10.63
- 1 slitting line		6 months	1,800	4.67
- 5 packing machines		6 months	1,800	4.67
General working capital	(c)	12 months	10,114	26.22
Estimated listing expenses	(d)	1 month	3,200	8.30
			38,564	100.00

Note:

⁽¹⁾ From the date of listing.

(a) Land acquisition and construction of new factory

To support the existing businesses and to expand its production capacity, Tashin Holdings has allocated RM17.55 million in the following manner:

Description	RM'000
Land acquisition	7,200
Construction of new factory	10,350
	17,550

The allocated amount for the land acquisition and construction of new factory is based on the estimated cost and shall be recorded as capital expenditure under property, plant and equipment. The breakdown of the cost of construction of the new factory is presently estimated as follows:

Details	RM'000
(i) Pilling works	1,743
(ii) Steel structure	3,922
(iii) Architectural, roofing and cladding	1,220
(iv) Electrical systems and wiring	1,743

Details	RM'000
(v) Heating, ventilation and air conditioning	14
(vi) Fire suppression systems	610
(vii) Overhead crane	800
(viii) Miscellaneous	298
	<u>10,350</u>

Tashin Holdings plans to acquire an industrial land in Seberang Perai, Penang for the construction of a new factory with a total floor space of approximately 90,000 square feet to be situated on this land. As at the LPD, Tashin Holdings is still in the process of identifying a suitable land.

The preliminary details of the new factory are as follows:

Floor space : 90,000 square feet

% proposed use of floor space	<u>%</u>
Factory	40.0
Warehouse	60.0

Land size : Approximately 180,000 square feet

Location : Seberang Perai, Penang with close proximity to its existing factory

The construction of the new factory is subject to the building plan and planning permit being approved by the Majlis Perbandaran Seberang Perai. The application for the building plan and planning permit is expected to be submitted upon the completion of the acquisition of land. Tashin Holdings expects to acquire the land and complete the construction of the new factory within 22 months upon receipt of the listing proceeds.

If the actual cost of new land and factory is higher than the amount budgeted, the deficit will be funded out of the portion allocated for general working capital requirements and/or internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for general working capital requirements.

The new factory is intended to house existing manufacturing line for flat and square bars and new manufacturing line for wire mesh.

In the event Tashin Holdings is unable to identify a land with close proximity to its existing factory within 9 months from the date of listing, it intends to acquire an existing factory building within the Seberang Perai area.

(b) Purchase of machinery and equipment

Tashin Holdings intends to utilise RM7.70 million of the proceeds in the following manner:

Description	Notes	RM'000
Purchase of machinery and equipment:		
- to support business expansion into the manufacturing of wire mesh	(i)	4,100

Description	Notes	RM'000
- to increase the capacity of steel processing lines	(ii)	1,800
- to increase the efficiency of steel processing and steel manufacturing business	(iii)	1,800
		7,700

(i) Expansion into manufacturing of wire mesh

Tashin Holdings intends to utilise RM4.10 million from the proceeds of the IPO to purchase the machinery and equipment for the manufacture of wire mesh as follows:

	Description	Function	No. of units	Total cost RM'000
1.	Welding machine	To weld the wire rods into wire mesh	5	1,570
2.	Straightening and cutting machine	To straighten and cut the wire rods into specific lengths	5	670
3.	Ribbing wire machine	To roll the wire rods into rib bars	4	660
4.	Wire drawing machine	To draw the wire rods into different sizes	3	500
5.	Overhead crane	To transport the raw materials and completed products within the factory	4	600
6.	Air compressor machine	To pressurise the air used for welding machine	1	100
				4,100

To facilitate the manufacturing of wire mesh products, Tashin Holdings intends to set up 5 new wire mesh production lines in the new factory with a combined production capacity of 24,000 MT per annum.

(ii) Increase the capacity of existing steel processing line

Tashin Holdings intends to utilise RM1.80 million from the proceeds of the IPO to purchase a new slitting line.

In anticipation of the expected growth in demand for slit coils, the purchase of a new slitting line for steel processing will increase its combined effective annual capacity for slitting lines by 26,400 MT to 93,600 MT. In addition, the new slitting line will allow it to slit the steel coils into larger size slit coils of up to 1,600 mm width as the current slitting lines are able to slit the steel coils into slit coils with a maximum of 1,550 mm width only.

(iii) Increase the efficiency of steel processing and steel manufacturing business

Tashin Holdings intends to utilise RM1.80 million from the proceeds of the IPO to purchase 5 additional packing machines.

The purchase of 5 additional packing machines is anticipated to reduce its dependency on manual labour and improve the handling and packing speed for steel pipes and slit coils.

If the actual cost of the new machinery and equipment is higher than the amount budgeted, the deficit will be funded out of the portion allocated for general working capital requirements and/or internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for general working capital requirements.

(c) General working capital requirements

Approximately RM10.11 million of the proceeds raised from the Proposed Public Issue has been earmarked to supplement the working capital requirements of the Tashin Group. The proceeds shall be used for the purchase of raw materials, such as wire rods and steel coils for existing manufacturing lines of steel processing and steel manufacturing segments.

(d) Estimated listing expenses

The amount of RM3.20 million is allocated to meet the estimated cost for the Proposed Listing. If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for general working capital requirements. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for general working capital requirements.

The breakdown of the estimated expenses are as follows:

Description	RM'000
Fees payable to authorities	90
Printing and advertising fees	125
Professional fees ⁽¹⁾	1,860
Underwriting, placement and brokerage fees	1,077
Miscellaneous ⁽²⁾	48
	3,200

Notes:

(1) Includes advisory fees for, amongst others, the Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with the Proposed IPO.

Pending the deployment of the proceeds raised from the Proposed Public Issue as aforementioned, the funds will be placed in deposits with financial institutions.

2.2.3 Proposed Offer for Sale

The Selling Shareholders propose to undertake an offer for sale of 55,489,000 Offer Shares, representing 15.90% of the enlarged share capital of Tashin Holdings, at the indicative offer price of RM0.65 per Offer Share in the following proportion:

Name	No. of Shares
Prestar	29,071,000
Formula Naga	26,418,000
	55,489,000

The Proposed Offer for Sale shall be allocated in the following manner:

- (a) 19,194,100 Offer Shares by way of private placement to selected Bumiputera investors approved by the MITI; and
- (b) 36,294,900 Offer Shares by way of private placement to selected investors.

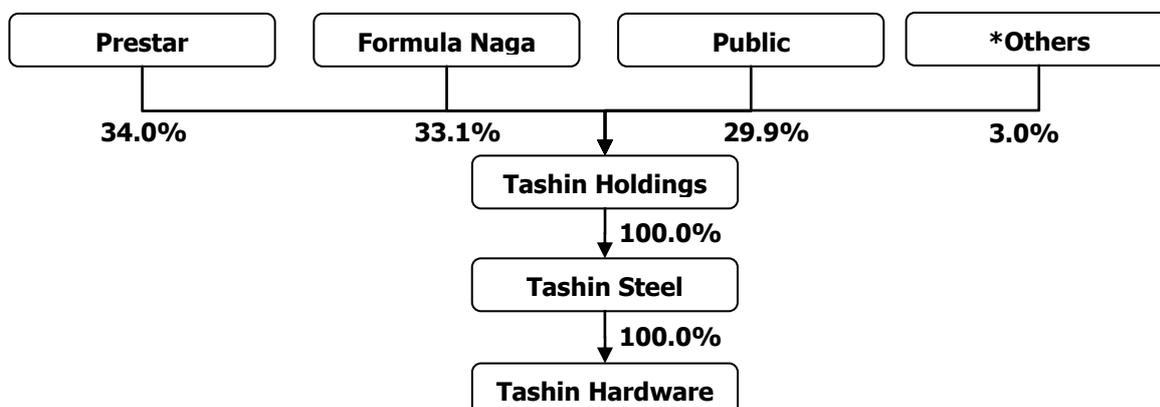
The 55,489,000 Offer Shares will not be underwritten and will be placed out by M&A Securities, the Placement Agent.

2.3 Proposed Listing

Upon completion of the Proposed IPO, Tashin Holdings will seek the listing of and quotation for its entire enlarged share capital on the ACE Market.

Tashin Holdings will be issuing its Prospectus setting out the detailed terms and conditions of the Proposed Listing in due course.

The shareholding structure of Tashin Holdings after the acquisition of Tashin Steel, Proposed Public Issue and Proposed Offer for Sale is depicted below:



Note:

* Comprising shareholdings of directors of Tashin Holdings after:

- (i) the subscription of Issue Shares under the Proposed Restricted Offering (allocated based on pro-rata basis according to their respective shareholdings in Prestar as at the LPD. However, the final shareholdings will depend on the actual number of Issue Shares subscribed and allocated to them); and/or

- (ii) Proposed Pink Form Allocations as well as shareholdings of substantial shareholders of Tashin Holdings after the subscription of Issue Shares under the Proposed Restricted Offering.

3. UTILISATION OF PROCEEDS

Based on the indicative offer price of RM0.65 per Offer Share, the proceeds of approximately RM18.90 million to be raised from the Proposed Offer for Sale shall accrue directly to the Prestar Group, which will be utilised as follows:

	RM'000	Note	Expected time frame for utilisation of proceeds
Repayment of bank borrowings	18,186	(i)	Within 6 months from the Proposed Listing
Estimated expenses	710	(ii)	Within 1 month from the Proposed Listing
Total estimated proceeds	18,896		

Notes:

(i) Repayment of bank borrowings

As at 31 December 2018, the total borrowings of Prestar (at Company level) amounted to RM35.55 million. Upon completion of the Proposed Listing, Prestar proposes to utilise up to RM18.19 million from the proceeds of Proposed Offer for Sale for the repayment of outstanding bank borrowings of the Prestar Group.

Based on the average interest rate of approximately 5.57% per annum, Prestar is expected to generate an annual interest savings of approximately RM1.01 million per annum.

Resulting from the above, the future interest expenses of the Prestar Group are expected to reduce and hence improve its cash flow position.

(ii) Estimated expenses

RM0.71 million from the proceeds have been allocated to defray the expenses to be incurred as follows:

Description	RM'000
Professional fees	95
Placement fees	567
Other listing expenses*	48
	710

Note:

- * Includes amongst others, the estimated fees to be paid to the relevant authorities, printing and advertising charges, estimated expenses for conducting the forthcoming EGM and miscellaneous charges which may arise from the Proposed Offer for Sale.

If the actual expenses incurred are higher than the amount budgeted, the deficit will be funded out of the portion allocated for the repayment of bank borrowings. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for the repayment of bank borrowings.

Pending the full utilisation of the gross proceeds received, the proceeds raised from the Proposed Offer for Sale will be held in interest-bearing deposit accounts with licensed financial institution(s).

4. RATIONALE AND BENEFITS OF THE PROPOSED LISTING

For the Prestar Group as a whole:

The Proposed Listing will:

- (i) enable Prestar to unlock and crystallise the value of its investment in the Tashin Steel and enhance shareholders' value at the Prestar level;
- (ii) provide an opportunity for existing shareholders of Prestar to directly participate in the equity of Tashin Holdings via the Proposed Restricted Offering; and
- (iii) enable Prestar to reduce its existing borrowings and improve its cash flow position.

For the Tashin Group as a whole:

The Proposed Listing will enable the Tashin Group to:

- (i) create a separate listing platform on the ACE Market so that Tashin Holdings can raise equity and debt financing independently from the Prestar Group. Via the Proposed Listing, the value of both the Tashin Group and the Prestar Group would not rely on each other and can be fully reflected in the respective trading prices of its shares;
- (ii) allow investors of Tashin Group to appraise the business strategies, risks and returns of its business independently from the Prestar Group;
- (iii) increase its operational and financial transparency which will provide investors with greater clarity on its business and financial performance; and
- (iv) gain recognition through its listing status which will enhance the Tashin Group's reputation in the marketing of its products and services to expand the customer base in Malaysia, and to retain and attract new, skilled employees in the industry.

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5. RISK FACTORS

The Proposed Listing is not expected to expose the Group to additional categories of material risks that are currently faced by the Group. However, you should carefully consider the following factors (which may not be exhaustive) that are relevant to the Group in relation to the Proposed Listing, in addition to other information contained in this Circular before voting on the resolutions pertaining to the Proposed Listing:

(a) There may be a delay in, or termination of, the Proposed Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, the Proposed Listing:

- (i) the identified investors fail to subscribe for the portion of the Shares;
- (ii) the underwriters to be appointed exercising their rights under the underwriting agreement to discharge themselves of their obligations thereunder; or
- (iii) Tashin Holdings' inability to meet the minimum public spread requirement as determined by Bursa Securities, that is, having at least 25% of the total number of Shares for which the listing is sought to be held in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of the Proposed Listing.

In such an event, investors will not receive any IPO Shares and Tashin Holdings will become liable to return in full all monies paid in respect of all your applications for the IPO Shares. If such monies are not returned in full within 14 days and Tashin Holdings become liable to repay them, then in accordance with the provision of sub-sub-sections 243(2) and 243(6) of the Capital Markets and Services Act 2007, Tashin Holdings shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the Securities Commission Malaysia upon expiration of that period until the full refund is made.

In the event that the Proposed Listing is aborted and the Tashin Holdings Shares have been allotted to the shareholders a return of monies to the holders of the Tashin Holdings Shares would only be achieved by way of cancellation of Tashin Holdings' share capital as provided under the Act and its related rules. Such cancellation can be implemented by either (i) the sanction of the shareholders by special resolution in a general meeting, consent of the creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya; or (ii) the sanction of the shareholders by special resolution in a general meeting supported by a solvency statement from the Tashin Holdings Board. If the approval of the High Court of Malaya is not obtained or the Tashin Holdings Board is unable to provide the solvency statement as required under the Act, there can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

(b) There has been no prior market for Tashin Holdings Shares

There has been no prior market for Tashin Holdings Shares, and there is no assurance as to the liquidity of any market that may develop for Tashin Holdings Shares, the ability of holders to sell Tashin Holdings Shares or the prices at which holders would be able to sell Tashin Holdings Shares. Nor can there be assurance that the trading price of Tashin Holdings Shares will reflect the financial and operating conditions, and the prospects of the industries in which Tashin Holdings operates.

There can be no assurance that the IPO price will correspond to the price at which Tashin Holdings Shares will be traded on the ACE Market upon or subsequent to the Proposed Listing or that an active market for Tashin Holdings Shares will develop and continue upon or subsequent to the Proposed Listing.

The price at which the Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for Tashin Holdings Shares, investors' individual perceptions of Tashin Group, market and economic conditions.

(c) The trading price of Tashin Holdings Shares following the Proposed Listing may be volatile

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

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy.

(d) Dilution of equity interest in Tashin Steel

Presently Tashin Steel is a 51%-owned subsidiary of Prestar. The profit contribution of Tashin Steel to Prestar for the FYE 31 December 2017 and the 9 months FPE 30 September 2018 is as follows:

	Audited FYE 31 December 2017 (Audited) RM'000	9 months FPE 30 September 2018 (Unaudited) RM'000
PAT contribution of Tashin Steel to Prestar (after deducting non-controlling interest)	8,026	4,239

Upon completion of the Proposed Offer for Sale and Proposed Listing, Tashin Steel shall cease to be a subsidiary of Prestar and the equity interest held by Prestar in Tashin Holdings will be 34.0%. Accordingly, the profit attributable to equity holders will reduce from 51.0% to 34.0% upon the listing of Tashin Holdings. For avoidance of doubt, upon completion of the Proposed Listing, Tashin Holdings shall be an associate company of Prestar.

6. EFFECTS OF THE PROPOSED LISTING

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Listing will not result in any issuance of new ordinary shares in Prestar ("Prestar Shares"), and accordingly, will not have any effect on the share capital, the shareholdings of substantial shareholders and the existing convertible securities of the Company (if any).

6.2 NA and gearing

Based on the latest audited consolidated statement of financial position of the Group as at 31 December 2017, and on the assumption that the Proposed Listing had been effected on that date and that all other conditions remain the same, the pro forma effects of the Proposed Listing on the consolidated NA, NA per share and gearing are as follows:

	Audited as at 31 December 2017	(I) After the Proposed Offer for Sale and utilisation of proceeds*
	RM `000	RM `000
Share capital	103,411	103,411
Treasury shares	(5,873)	(5,873)
Reserves profits	180,834	206,108**
NA	278,372	303,646
Non-controlling interests	60,859	386
Total equity	339,231	304,032
No. of Prestar Shares	204,626	204,626
NA per Prestar Share (RM)#	1.41	1.54
Borrowings (RM)	245,424	175,864^
Gearing (times)	0.86	0.57

Notes:

* Based on the indicative offer price of RM0.65 per Share.

Excluding 6,939,100 treasury shares held by the Company as at 31 December 2017.

^ After taking into consideration the deconsolidation of the Tashin Group's bank borrowings and the utilisation of up to RM18.19 million from the proceeds of Proposed Offer for Sale for the repayment of outstanding bank borrowings of the Prestar Group.

** After taking into consideration gains of RM25.3 million arising from the following:

	RM'000
Net proceeds from the Proposed Offer for Sale	18,186
Investment in associate	77,127
Less:	
Total net assets of Tashin Steel as at 31 December 2017 (after deducting non-controlling interest)	(70,039)
	25,274

6.3 Earnings and EPS

The Proposed Listing is expected to be completed in the second quarter of 2019. Upon completion of the Proposed Listing, the Prestar Group will cease to consolidate the earnings contribution from the Tashin Group, thus resulting in a decrease in the Prestar Group's immediate future earnings.

For illustrative purposes only, based on the latest audited consolidated statement of financial position of the Group as at 31 December 2017, the pro forma effects of the Proposed Listing on the consolidated earnings and EPS of the Group assuming the Proposed Listing had been effected on 1 January 2017 and that all other conditions remain the same are as follows:

	Audited as at 31 December 2017	(I) After the Proposed Offer for Sale and deconsolidation of Tashin Group
Consolidated profit attributable to equity holders of the Company (RM `000)	43,126	68,400*
Weighted average number of shares (adjusted for treasury shares) (`000)	192,879	192,879
Basic earnings per ordinary share (sen)	22.36	35.46

Note:

* After taking into consideration the following:

	RM `000
Consolidated profit attributable to equity holders of the Company as at 31 December 2017	43,126
Less:	
Total net assets of Tashin Steel as at 31 December 2017 (after deducting non-controlling interest)	(70,039)
Add:	
Net proceeds from the Proposed Offer for Sale	18,186
Investment in associate	77,127
	68,400

7. PROSPECTS OF THE PRESTAR GROUP AFTER THE PROPOSED LISTING

Upon completion of the Proposed Listing, the principal activities of Prestar (excluding Tashin Group) shall include:

- (i) manufacturing of steel products including wheelbarrows, platform hand trucks, racking systems, highway guardrails, automotive steel pipes, steel pipes, storage and racking systems and material handling equipment;
- (ii) processing (ie, slitting and shearing) of steel coils into slit coils and steel sheets;
- (iii) provision of hot-dip galvanising service, powder coating service, moulds and dye fabrication as well as maintenance and installation of machinery services;
- (iv) sale and rental of forklift and reachtruck; and
- (v) trading of steel products including stainless steel pipes, steel plates, slit coils and steel sheets.

The Board believes that the Proposed Listing will not have any material operational impact as each the Prestar Group and the Tashin Group has a distinct and viable business on its own. The Prestar Group has its own manufacturing operations based in Rawang, Selangor and it relies on its own management and technical team for its operations including the purchase and sale of goods, management, management policy, financial support and manufacturing knowhow.

The Board further wishes to highlight that the PAT of the Prestar Group for the past 3 FYEs, after excluding the profit from Tashin Group is as follows:

	FYE 2015	FYE 2016	FYE 2017
	RM'000	RM'000	RM'000
PAT	13,153	30,686	50,729
Less:			
PAT contribution from the Tashin Group	(4,160)	(12,184)	(15,737)
	8,993	18,502	34,992

In addition, the Prestar Group has sufficient working capital as follows:

- (i) The cash and bank balances of Prestar Group (excluding cash and bank balances of Tashin Group) for the past 3 FYEs is as follows:

	FYE 2015	FYE 2016	FYE 2017
	RM'000	RM'000	RM'000
Cash and bank balances	40,852	44,987	78,758
Less:			
Cash and bank balances of Tashin Group	(8,546)	(8,417)	(24,556)
	32,306	36,570	54,202

- (ii) As at 31 December 2017, Prestar (excluding banking facilities of Tashin Steel) has banking facilities (excluding finance lease) up to a limit of RM347.90 million, of which RM185.31 million has been drawn.

In view of the above, Prestar has sufficient level of working capital to fund its continuing operations.

The prospects of the Prestar Group are positive as it will further benefit from the future performance of Tashin Holdings after the Proposed IPO via dividends which may be declared by Tashin Holdings as well as the potential earnings if the Tashin Holdings Shares held by the Company are subsequently sold above the issue price of RM0.50 per Share pursuant to the Proposed Acquisition.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Listing is subject to the following approvals:

- (i) Bursa Securities which was obtained vide its letter dated 12 December 2018, for:
- (a) the Proposed Listing;
 - (b) admission of Tashin Holdings to the official list of the ACE Market; and
 - (c) listing of and quotation for the Tashin Holdings Shares on the ACE Market;

- (ii) the Securities Commission Malaysian (Equity Compliance Unit) under the equity requirement for public companies for the Proposed Listing which was obtained vide its letter dated 21 December 2018;
- (iii) MITI, for the Proposed Listing and the allocation of Issue Shares and Offer Shares to Bumiputera investors to be identified and approved by the MITI; and
- (iv) the shareholders of Prestar in relation to the Proposed Listing and the proposed allocations of Issue Shares to directors of Prestar under the Proposed Pink Form Allocations at the forthcoming EGM.

The Proposed Pink Form Allocations is conditional upon the Proposed Listing. However, the Proposed Listing is not conditional upon the Proposed Pink Form Allocations.

The Proposed Pink Form Allocations to each respective director of Prestar is not inter-conditional upon each other.

The Proposed Listing and Proposed Pink Form Allocations are not conditional upon any other corporate exercise/scheme of the Company.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Directors of Prestar who are eligible for an allocation under the Proposed Pink Form Allocations, are deemed interested in the Proposed Listing to the extent of their respective allocations as well as allocations to persons connected to them (if any). Accordingly, they have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company pertaining to their respective proposed allocations of the Issue Shares as well as proposed allocations to persons connected to them (if any) under the Proposed Pink Form Allocations. They will abstain and will also undertake to ensure that persons connected to them will also abstain from voting in respect of their respective direct and/or indirect shareholdings, if any, on the resolutions pertaining to the proposed allocations of the Issue Shares to them or any persons connected to them (if any) at the forthcoming EGM.

The Proposed Allocations of Issue Shares to the directors of Prestar under the Proposed Pink Form Allocations are as follows:

Directors	Designation (Prestar Group)	No. of Issue Shares allocated
Toh Yew Keat	Group Executive Chairman	120,000
Dato' Toh Yew Peng	Group Managing Director	550,000
Toh Yew Kar	Group Executive Director	100,000
Toh Yew Seng	Group Executive Director	550,000
Toh Yew Chin	Executive Director	70,000

Save as disclosed above and their respective entitlements to subscribe for the Issue Shares made under the Proposed Restricted Offering (including any such excess Issue Shares) as shareholders of Prestar, if any, where such rights are similarly available to all other shareholders of Prestar on the Entitlement Date, none of the directors and major shareholders of Prestar as well as persons connected to them has any interest, direct or indirect, in the Proposed Listing.

10. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed Listing, the Board is of the opinion that the Proposed Listing is in the best interest of the Company, and accordingly recommends that the shareholders vote in favour of the resolutions pertaining to the Proposed Listing to be tabled at the forthcoming EGM of the Company.

Directors of Prestar who are eligible to participate in the Proposed Pink Form Allocations, have abstained from forming an opinion and making any recommendation to vote in respect of the resolutions pertaining to allocations of Issue Shares to them or any persons connected to them (if any).

11. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all the required approvals being obtained, the Proposed Listing is expected to be completed by the second quarter of 2019.

Tentative Date	Events
20 March 2019	EGM to approve the Proposed Listing
April 2019	Announcement of the Entitlement Date
May 2019	Listing of Tashin Holdings

12. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Listing, there are no other proposals announced but pending implementation:

- (i) Sale and purchase agreement dated 28 December 2018, between Prestar Storage Systems Sdn Bhd, a wholly-owned subsidiary of Prestar and GMS Purnamax (M) Sdn Bhd for the acquisition of a parcel of freehold land measuring approximately 8,093 square metres held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang, Selangor, together with a 3-storey building and a single storey warehouse at a total purchase consideration of RM14,500,000. The acquisition is expected to be completed in the second half of 2019.

13. EGM

An EGM, the notice of which is enclosed together with this Circular, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 20 March 2019 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions so as to give effect to the Proposed Listing.

If you are unable to attend and vote in person at the EGM, you may complete and return the relevant Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan before Monday, 18 March 2019 at 10.00 a.m. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
PRESTAR RESOURCES BERHAD

TOH YEW KEAT
GROUP EXECUTIVE CHAIRMAN

(A) INFORMATION ON THE TASHIN GROUP

1. HISTORY AND BUSINESS

Tashin Holdings was incorporated in Malaysia on 14 August 2017 under the Act as a public limited company under their present name as a special purpose vehicle to facilitate the Proposed Listing.

Tashin Holdings is an investment holding company. Upon completion of the Proposed Acquisition, the Tashin Group through its subsidiaries, Tashin Steel and Tashin Hardware, will be principally involved in the following activities:

- (i) Processing (i.e., slitting and shearing) of steel coils into slit coils and steel sheets;
- (ii) Manufacturing of steel products comprising, steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins; and
- (iii) Trading of steel products including steel plates, steel pipes, round bars, angle bars and wire mesh.

Information of Tashin Steel and Tashin Hardware are set out in **Appendix I(B)**.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, Tashin Holdings has an issued share capital of RM2.00 comprising of 2 Shares.

2.2 Movements in share capital

Details of the changes in the share capital of Tashin Holdings since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration	Cumulative share capital
		RM	RM
14 August 2017	2	RM2.00	2

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

Upon completion of the Proposed Acquisition and Proposed Public Issue, Tashin Holdings' share capital will be increased to RM183,394,851 comprising 348,991,000 Shares.

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Tashin Holdings does not have any subsidiaries and associated companies.

The details of the subsidiaries of Tashin Holdings after the completion of the Proposed Acquisition are set out below:

Company	Company No.	Date / Place of incorporation	Effective equity interest %	Principal activities
Tashin Steel	471094-P	30 October 1998 / Malaysia	100.0	Processing of steel coils into slit coils and steel sheets as well as manufacturing of steel products including expanded metals, steel pipes and C Purlins
<u>Held by Tashin Steel</u>				
Tashin Hardware	642549-V	16 February 2004 / Malaysia	100.0	Manufacturing of flat bars, square bars and checkered plates as well as trading of steel products

4. SUBSTANTIAL SHAREHOLDERS

The details of the existing substantial shareholders and their respective shareholdings in Tashin Holdings as at the LPD are as follows:

Name	Nationality	Direct⁽¹⁾		Indirect	
		No. of Shares	%	No. of Shares	%
Lim Lih Chau	Malaysia	1	50.00	-	-
Mak Chooi Peng	Malaysia	1	50.00	-	-

Note:

(1) 2 subscriber shares issued as at the LPD.

5. DIRECTORS

The details of the Directors of Tashin Holdings are as follows:

Name	Designation/ Nationality
Dato' Kalsom Binti Abd. Rahman	Independent Non-Executive Chairperson/ Malaysian
Lim Choon Teik	Managing Director / Malaysian
Foong Kok Chuin	Executive Director / Chief Financial Officer / Malaysian

Name	Designation/ Nationality
Sim Puei Chun	Senior Independent Non-Executive Director / Malaysian
Khaw Chooi Kee	Independent Non-Executive Director / Malaysian
Rusdy Bin Ishak	Independent Non-Executive Director / Malaysian
Ir. Tan Tiong Ben	Independent Non-Executive Director / Malaysian
Dato' Toh Yew Peng	Non-Independent Non-Executive Director / Malaysian
Toh Yew Seng	Non-Independent Non-Executive Director / Malaysian
Koay Kah Ee	Non-Independent Non-Executive Director / Malaysian

6. FINANCIAL DATA

The historical financial information based on the audited consolidated financial statements of Tashin Steel, the wholly-owned subsidiary of Tashin Holdings upon the completion of the Proposed Acquisition, is set out in **Section 5 of Appendix I(B)**.

7. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, Tashin Holdings has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Tashin Holdings) during the two years immediately preceding the LPD:

- (a) The SSA entered into between Tashin Holdings and the Vendors for the Proposed Acquisition which was amended by the supplemental share sale agreement dated 17 April 2018 and letter of extension dated 8 January 2019.

8. MATERIAL LITIGATION

As at the LPD, Tashin Holdings is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Tashin Holdings Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial or business of the Tashin Holdings.

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(B) INFORMATION ON TASHIN STEEL AND TASHIN HARDWARE

1. HISTORY AND BUSINESS

Tashin Steel was incorporated on 30 October 1998 under the Companies Act, 1965 as a shelf company. On 14 September 1999, Tashin Steel was acquired by Prestar at the purchase consideration of RM2.00, with the intention of setting up a steel processing plant in the Northern region of Peninsular Malaysia.

In order to expand Prestar's steel processing business, Prestar approached Lim Choon Teik, an entrepreneur in the steel business to set up a steel processing plant. Lim Choon Teik together with other investors acquired Formula Naga, a shelf company, to enter into a joint venture with Tashin Steel and Prestar.

The joint venture agreement was entered into on 30 December 1999 ("JVA") to set out their rights, duties and obligations in relation to the operations of Tashin Steel and to regulate their relationship as shareholders in Tashin Steel. The agreed shareholdings of Prestar and Formula Naga in the JVA are 51.0% and 49.0%, respectively with a share capital of RM20.0 million.

On 8 August 2000, Tashin Steel acquired an existing factory in Perai, Penang at Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang ("Plot 40") to commence its operations. At that time, Tashin Steel's principal activities were the processing of slit coils and steel sheets as well as manufacturing flat bars, square bars and expanded metals. Tashin Steel's products were supplied to steel stockists and manufacturers such as metal stamping and engineering companies as well as electrical and electronics companies. Steel stockists purchase steel products from Tashin Steel for subsequent resale to manufacturers across different industries.

On 2 March 2004, Tashin Steel acquired Tashin Hardware, a shelf company as a wholly-owned subsidiary of Tashin Steel. Tashin Hardware commenced its operations on 17 June 2004. Tashin Hardware was set up to sell Tashin Steel's products to customers in the Northern region of Peninsular Malaysia who purchase products in smaller quantities while Tashin Steel concentrated on customers who order in bulk. Tashin Hardware also sells products purchased from other suppliers in addition to products produced by Tashin Steel.

In 2005, Tashin Steel was certified compliant to ISO 9001:2000 for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as metal roofing sheet, cold rolling steel bar and expanded metal).

In line with its business growth and the increasing demand for its steel products, Tashin Steel acquired an adjacent factory lot with a land area of 197,927 square feet in 2005 at Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang ("Plot 39").

In 2006, Tashin Steel has further extended the factory at Plot 40 to include a packing and storage area. In 2007, Tashin Steel expanded into the manufacturing of checkered plates. Tashin Steel commenced the construction works of the new factory at Plot 39 which was completed at the end of 2007. The expansion allowed Tashin Steel to increase the manufacturing capacity for its existing products i.e., expanded metals, increase its overall storage capacity and extend the range of its steel products to include manufacturing of C Purlins.

In 2009, Tashin Steel obtained ISO 9001:2008 Quality Management System certification for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as metal roofing sheet, cold rolling steel bar and expanded metal).

On 3 June 2011, Tashin Steel was appointed by Perusahaan Otomobil Nasional Sdn Bhd ("Proton") as steel supplier to import and process raw materials for Proton.

In 2013, in view of the expanding steel processing business under Tashin Steel, the management decided to focus on the steel processing business and manufacturing of steel pipes, expanded metals and C Purlins. In line with this, the manufacturing business for flat bars, square bars and checkered plates were moved to Tashin Hardware together with the equipment and employees associated with the manufacturing of these products.

In 2017, Tashin Steel has obtained ISO 9001:2015 Quality Management System certification for the provision of slitting and shearing of steel products as well as manufacturing of steel products (such as steel pipe, checkered plate, cold rolling steel bar and expanded metal).

1.1 Principal markets

(a) Products

For the past 3 FYEs 2015 to 2017, approximately 99.0% of Tashin Steel and Tashin Hardware (collectively, "Tashin Steel Group")'s revenue was derived locally while less than 1.0% of its revenue was from foreign sales. Details of the principal end user markets of Tashin Steel Group's products are as follows:

Product types	Principal end user markets
Slit coils and steel sheets	<ul style="list-style-type: none"> Automotive (e.g. internal steel panels for automotive body) Engineering (e.g. steel panels for fabrication of machinery components) Manufacturing (e.g. steel panels for fabrication of furniture and electrical appliances)
Steel pipes	<ul style="list-style-type: none"> Construction (e.g. manufacture of window and door grilles) Civil engineering (e.g. construction of light structures) Manufacturing (e.g. manufacture of metal frame furniture and industrial equipment)
Flat and square bars	<ul style="list-style-type: none"> Construction (e.g. manufacture of window and door grilles) Manufacturing (e.g. manufacture of manhole and drain gratings, household appliances and metal frame furniture)
Expanded metals	<ul style="list-style-type: none"> Automotive (e.g. used as grilles in armoured vehicles for security, enclosure, protection and reinforcement) Construction (e.g. manufacture of walkways, staircases and fences) Manufacturing (e.g. manufacture of filtration equipment)
Checkered plates	<ul style="list-style-type: none"> Automotive (e.g. used as truck flooring and cargo plates) Construction (e.g. manufacture of stairs, bridges and containers)
C Purlins	<ul style="list-style-type: none"> Construction (e.g. used as roof truss) Engineering (e.g. fabrication of machinery structure)

The Tashin Steel Group does not conduct any research and development activities.

(b) Raw materials

Tashin Steel's raw materials are sourced from local and overseas steel manufacturers, selected based on the availability of raw material, the pricing and lead time for delivery. Whilst Tashin Steel Group has maintained long term business relationship with its existing suppliers, the Tashin Steel Group also sources for raw materials from new suppliers, if the need arises.

The percentage breakdown between the raw materials sourced locally and overseas is as follows:

<u>Source</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Local	66.78	68.82	66.82
Overseas	33.22	31.18	33.18

1.2 Operating capacities and output

The annual production volumes, annual capacity and utilisation rates for Tashin Steel Group in the FYEs 2015, 2016 and 2017 are depicted below:

	<u>Actual production</u>	<u>Annual machinery capacity⁽¹⁾</u>	<u>Machinery utilisation rate⁽¹⁾</u>	<u>Annual capacity⁽²⁾</u>	<u>Utilisation rate⁽²⁾</u>
	<u>(MT)</u>	<u>(MT)</u>	<u>(%)</u>	<u>(MT)</u>	<u>(%)</u>
FYE 2015					
Steel processing ⁽³⁾	79,582	151,560	52.51	101,040	78.76 ⁽⁵⁾
Steel manufacturing ⁽⁴⁾	20,712	52,380	39.54	34,920	59.31 ⁽⁵⁾
Total	100,294	203,940	49.18	135,960	73.77⁽⁵⁾
FYE 2016					
Steel processing ⁽³⁾	81,492	165,960	49.10	110,640	73.66 ⁽⁵⁾
Steel manufacturing ⁽⁴⁾	22,086	51,120	43.20	34,080	64.81 ⁽⁵⁾
Total	103,578	217,080	47.71	144,720	71.57⁽⁵⁾
FYE 2017					
Steel processing ⁽³⁾	80,876	173,160	46.71	115,440	70.06 ⁽⁵⁾
Steel manufacturing ⁽⁴⁾	19,206	51,120	37.57	34,080	56.36 ⁽⁵⁾
Total	100,082	224,280	44.62	149,520	66.94⁽⁵⁾

Notes:

- (1) Annual machinery capacity and machinery utilisation rate assumes that machines operate 24 hours per day, 312 working days per year.
- (2) The annual capacity and utilisation rate based on actual working hours (i.e. 2 working shifts of 8 hours each per day, 312 working days per year).
- (3) Steel processing includes the process of slitting and shearing of steel coils.
- (4) Steel manufacturing includes the manufacture of steel pipes, flat bars, square bars, expanded metals, checkered plates and C Purlins.
- (5) Computed by dividing the annual production of each business segment over the respective annual capacity, whereby the utilisation rate of steel processing is calculated by dividing annual production of steel processing by annual capacity of steel processing, while the utilisation rate of steel manufacturing is calculated by dividing annual production of steel manufacturing by annual capacity of steel manufacturing.

1.3 Material assets owned by Tashin Steel and Tashin Hardware

As at the 31 December 2017, material assets owned by Tashin Steel and Tashin Hardware comprises the following:

	RM'000
Property	51,408
Plant and equipment	24,359
	<u>75,767</u>

Details of the properties owned by Tashin Steel Group are as follows:

(i) Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang

Particulars of title	:	PT 2935, Mukim 11, District of Seberang Perai Tengah, Penang held under Title No. HSD 14891
Registered proprietor	:	Tashin Steel
Land area based on titles	:	20,305 square meters ("sqm") (218,564 square feet ("sq ft"))
Tenure / land use	:	Leasehold for 60 years expiring on 8 May 2052 with a remaining leasehold period of approximately 34 years / Industrial
Existing use and age of building	:	The property comprises 3 units of detached factory/office identified as Block A, Block B and Block C, a canteen, a guard house, a pump house and a car, motorcycle and bicycle parking sheds. Block A Block A is a single-storey detached factory. The age of Block A is approximately 16 years old and it has a total floor area of 36,000 sq ft. As at the LPD, it is used as warehouse. Block A is interconnected to Block C. Block B Block B is an annexed four-storey detached office block. The age of Block B is approximately 21 years old and it has a total floor area of 48,000 sq ft and ancillary floor area of 3,872 sq ft. As at the LPD, it is used as office building. Block C Block C is an annexed single-storey detached factory. The age of Block C is approximately 21 years old and it has a total floor area of 125,967 sq ft. As at the LPD, it is used as steel processing factory, steel manufacturing factory and warehouse. Block C is interconnected to Block A.
Net book value	:	RM27,557,180 as at 31 December 2017

Certificate of fitness for occupation / Certificate of Completion and Compliance	Buildings Block A Block B Block C Canteen Guard house, pump house and sheds for vehicles	Date of certificate 15 May 2003 3 September 1998 3 September 1998 2 March 2005 2 July 2009 22 March 2016 12 July 2012 3 September 1998	Certificate no. 75/I/2003 76/I/98 76/I/98 22/I/05 86/T/09 LJM/PP/0325 LJM/PP/0178 76/I/98
Encumbrances	Charges created by Tashin Steel in favour of United Overseas Bank (Malaysia) Bhd as collateral for banking facilities		

(ii) Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Perai, Penang

Particulars of title	Lot No. 5642, Mukim 11, District of Seberang Perai Tengah, Penang held under Title No. Pajakan Negeri 3299		
Registered proprietor	Tashin Steel		
Land area	18,388 sqm (197,927 sq ft)		
Tenure / land use	Leasehold for 60 years expiring on 22 October 2052 with a remaining leasehold period of approximately 34 years / Industrial		
Existing use and age of building	Erected upon the land is a single-storey detached factory (Block D). Block D Block D is a single-storey detached factory. The age of Block D is approximately 10 years old and it has a total floor area of 138,473 sq ft. As at the LPD, it is used as steel processing factory, steel manufacturing factory and warehouse.		
Net book value	RM23,747,892 as at 31 December 2017		
Certificate of Fitness for Occupation / Certificate of Completion and Compliance	Building Block D	Date of certificate 2 July 2009 22 March 2016	Certificate No. 86/T/09 LJM/PP/0325
Encumbrances	None		

2. SHARE CAPITAL

2.1 Tashin Steel

2.1.1 Issued share capital

As at the LPD, Tashin Steel's share capital is RM20,000,000 comprising 20,000,000 ordinary shares.

2.1.2 Movements in share capital

The changes in the share capital of Tashin Steel since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
30 October 1998	2	2	2
20 October 1999	99,998	99,998	100,000
5 January 2000	2,655,100	2,655,100	2,755,100
21 December 2000	2,239,900	2,239,900	4,995,000
21 December 2000	2,150,000	2,150,000	7,145,000
27 March 2001	3,000,000	3,000,000	10,145,000
27 March 2001	2,880,000	2,880,000	13,025,000
14 December 2001	2,743,000	2,743,000	15,768,000
14 December 2001	2,640,000	2,640,000	18,408,000
28 March 2002	812,000	812,000	19,220,000
28 March 2002	780,000	780,000	20,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tashin Steel. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

2.2 Tashin Hardware

2.2.1 Issued share capital

As at the LPD, Tashin Hardware's share capital is RM2,500,000 comprising 2,500,000 ordinary shares.

2.2.2 Movements in share capital

The changes in the share capital of Tashin Hardware since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative share capital
		RM	RM
16 February 2004	2	2	2
20 December 2004	499,998	499,998	500,000
28 December 2012	2,000,000	2,000,000	2,500,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tashin Hardware. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

3. SUBSTANTIAL SHAREHOLDERS

3.1 Tashin Steel

The details of the existing substantial shareholders and their respective shareholdings in Tashin Steel as at the LPD are as follows:

Name	Place of incorporation	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Prestar	Malaysia	10,200,000	51.0	-	-
Formula Naga	Malaysia	9,800,000	49.0	-	-

Upon the completion of the Proposed Acquisition, Tashin Steel will be the wholly-owned subsidiary of Tashin Holdings.

3.2 Tashin Hardware

Tashin Hardware is the wholly-owned subsidiary of Tashin Steel.

4. DIRECTORS

The details of the Directors of Tashin Steel and Tashin Hardware are as follows:

Name	Designation/ Nationality
Lim Choon Teik	Director / Malaysian
Dato' Toh Yew Peng	Director / Malaysian
Toh Yew Seng	Director / Malaysian

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5. FINANCIAL DATA AND COMMENTARY

The following table sets out a summary of the historical audited consolidated financial statements of profit or loss and other comprehensive income of Tashin Steel and its subsidiary for the FYEs 31 December 2015 ("FYE 2015"), 31 December 2016 ("FYE 2016"), 31 December 2017 ("FYE 2017") and 9 months FPE 30 September 2018 ("FPE 2018"):

	Audited			Unaudited
	FYE 2015	FYE 2016	FYE 2017	FPE 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	212,284	214,741	257,701	203,150
Cost of sales	(196,419)	(185,247)	(221,568)	(181,482)
Gross profit ("GP")	15,865	29,494	36,133	21,668
Other income	1,002	963	2,202	1,676
Selling and distribution expenses	(2,439)	(2,612)	(3,419)	(1,848)
Administrative expenses	(6,364)	(6,863)	(9,102)	(6,760)
Other operating expenses	(324)	(4,151)	(2,055)	(1,221)
Finance costs	(2,838)	(2,351)	(2,235)	(2,636)
Interest income	85	105	169	123
Profit before taxation ("PBT")	4,987	14,585	21,693	11,002
Tax expense	(827)	(2,401)	(5,956)	(2,690)
Profit after taxation ("PAT")	4,160	12,184	15,737	8,312
Other comprehensive income, net of tax				
- Revaluation surplus	-	-	21,393	-
Total comprehensive income	4,160	12,184	37,130	8,312
GP margin (%)	7.47	13.73	14.02	10.67
PBT margin (%)	2.35	6.79	8.42	5.42
PAT margin (%)	1.96	5.67	6.11	4.09
Effective tax rate (%)	16.58	16.46	27.46	24.45

Commentary:

Comparison between FYE 2015 and FYE 2016

In the FYE 2016, Tashin Steel recorded a marginal increase in revenue of RM2.46 million or 1.16% from RM212.28 million in the FYE 2015 to RM214.74 million in the FYE 2016.

The revenue from steel manufacturing segment increased from RM45.07 million in the FYE 2015 to RM54.47 million in the FYE 2016. The increase was attributable to the improvement in average selling price and sales volume for long products which is in line with the increase in the global steel coil price.

The increase from steel manufacturing segment was offset by the decrease in revenue from steel processing segment by RM4.99 million or 3.10% due to the decrease in the sales volume for flat products and trading by RM1.96 million or 31.5% which was mainly due to the decrease in sales of steel plates to steel stockists.

Notwithstanding the increase in the revenue by 1.16%, Tashin Steel's cost of sales decreased by RM11.17 million, or 5.69%, from RM196.42 million for FYE 2015 to RM185.25 million for FYE 2016. The decrease in cost of sales was mainly contributed by the decrease in raw

materials costs by RM11.51 million or 6.30%. The decrease was however offset with marginal increase in direct labour cost by RM0.21 million or 5.01% and increase in factory overheads by RM0.12 million or 1.25%.

Tashin Steel's GP increased by RM13.62 million or 85.82%, from RM15.87 million for FYE 2015 to RM29.49 million for FYE 2016 and the overall GP margin increased by 6.26% from 7.47% for FYE 2015 to 13.73% for FYE 2016. This has resulted in an increase in PBT of RM9.60 million or 192.38% during FYE 2016.

Comparison between FYE 2016 and FYE 2017

In FYE 2017, Tashin Steel recorded an increase in revenue of RM42.96 million or 20.01% from RM214.74 million in the FYE 2016 to RM257.70 million in the FYE 2017. The increase was attributable to the increase in sales from steel processing segment of RM34.10 million or 21.86% from RM156.01 million in the FYE 2016 to RM190.11 million in the FYE 2017, which was due to the increase in average selling price.

Tashin Steel recorded marginally higher revenue for steel manufacturing segment of RM6.64 million or 12.19% from RM54.47 million in the FYE 2016 to RM61.11 million in the FYE 2017 which was attributable to the increase in average selling price for both long products and building materials.

The revenue from trading of steel products recorded an increase of RM2.22 million or 52.11% from RM4.26 million in the FYE 2016 to RM6.48 million in the FYE 2017 due to the increase in trading volume and increase in average selling prices.

Tashin Steel's GP increased by RM6.64 million or 22.52%, from RM29.49 million for FYE 2016 to RM36.13 million for FYE 2017 as the increase in the revenue of 20.01% was higher than the increase in the cost of sales of 19.61% for the same period. As a result of the improvement in the overall GP margin from 13.73% for FYE 2016 to 14.02% in FYE 2017, Tashin Steel also recorded a higher PBT margin of 8.41% in FYE 2017 compared to 6.79% in FYE 2016.

FPE 2018

For the FPE 2018, Tashin Steel recorded revenue of RM203.15 million and a GP of RM21.67 million and PBT and PAT recorded was RM11.00 million and RM8.31 million respectively.

The GP margin recorded in the FPE 2018 of 10.67% is lower as compared to FYE 2016 and FYE 2017 due to the decrease in average selling prices. Correspondingly, the PBT margin recorded was lower at 5.42%. In the FPE 2018, Tashin Steel recorded net operating cash inflow of RM13.74 million.

6. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, Tashin Steel and its subsidiary have not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of Tashin Steel and Tashin Hardware) during the two years immediately preceding the LPD.

- (a) The JVA dated 30 December 1999 entered into between Tashin Steel, Prestar and Formula Naga to set out each parties' rights, duties and obligations in relation to the operations of Tashin Steel and to regulate their relationship as shareholders in Tashin Steel. Certain terms of the JVA were amended via a supplemental joint venture agreement entered into on 9 January 2018.

The salient terms of the Supplemental JVA are as follows:

- (i) In the event that Tashin Steel undertakes a proposed listing/proposed initial public offering on the ACE Market / Main Market of Bursa Securities:
 - (aa) the shareholding proportion of 51:49 of Prestar and Formula Naga shall not apply, and the parties agree that their shareholding proportion post-listing shall be in accordance with the listing scheme as:
 - (1) prepared by the adviser for the Proposed Listing Exercise;
 - (2) jointly agreed by Prestar and Formula Naga; and
 - (3) approved by the SC and/or Bursa Securities.
 - (bb) the agreed board composition in the JVA shall not apply and the appointment of directors in the listing vehicle for the proposed listing/proposed initial public offering on the ACE Market / Main Market of Bursa Securities ("ListCo") shall be determined in the following manner:
 - (1) Prestar shall be entitled to appoint 3 persons to the Board of the ListCo and have the right to remove or substitute any directors so appointed;
 - (2) Formula Naga shall be entitled to appoint 2 persons to the Board of the ListCo and have the right to remove or substitute any directors so appointed;
 - (3) Prestar and Formula Naga shall jointly be entitled to appoint 5 persons to the Board of the ListCo as independent directors; and
 - (4) Prestar and Formula Naga shall jointly be entitled to appoint 1 person from the Board of the ListCo to assume the role of the managing director of the ListCo. The clause on the appointment of chief executive officer and chief operating officer in the JVA shall no longer apply.
 - (cc) the transfer restrictions and procedures in the JVA shall no longer apply. The parties shall use their best endeavours to:
 - (1) appoint a principal adviser who is licenced by the SC to prepare a listing scheme for such purposes;
 - (2) adopt any share transfer or share swap mechanism as stipulated in the listing scheme that has been agreed jointly by Prestar and Formula Naga; and
 - (3) procure all the relevant and necessary approvals, resolutions or authorisation from the shareholders of Prestar and Formula Naga for the adoption of such listing scheme.

- (ii) Both the JVA and Supplemental JVA shall be terminated and shall cease to have any binding effect to Prestar and Formula Naga upon the successful listing of Tashin Steel whether or not the listing is made via the ListCo. Termination under this circumstance shall not in any way discharge or otherwise affect any liability incurred or obligation entered into by any party to any other party or any third party prior to the date of termination.

7. MATERIAL LITIGATION

Tashin Steel and its subsidiary are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the board of directors of Tashin Steel and its subsidiary is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial or business of Tashin Steel and its subsidiary.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TASHIN STEEL FOR THE FYE 31
DECEMBER 2017**

Company No:
471094 - P

TASHIN STEEL SDN. BHD. (471094 - P)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2017

Company No:
471094 - P

TASHIN STEEL SDN. BHD. (471094 - P)
(Incorporated in Malaysia)

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TASHIN STEEL SDN. BHD. (471094 - P)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing and selling of steel products. The principal activities of the subsidiary is set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>15,736,621</u>	<u>12,937,605</u>
Attributable to:		
Owners of the parent	15,736,621	12,937,605
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>15,736,621</u>	<u>12,937,605</u>

DIVIDENDS

Dividends paid, declared or proposed since the end of previous financial year were as follows:

- (i) Single tier final cash dividend of 10 sen per share, amounting to RM2,000,000 in respect of the previous financial year paid on 28 April 2017;
- (ii) First single tier interim cash dividend of 10 sen per share, amounting to RM2,000,000 in respect of the previous financial year paid on 15 August 2017; and
- (iii) Second single tier interim cash dividend of 20 sen per share, amounting to RM4,000,000 in respect of the current financial year ended paid on 22 December 2017.

The Directors do not recommend the payment of any final cash dividend in respect of current financial year ended 31 December 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Dato' Toh Yew Peng
Toh Yew Seng
Lim Choon Teik

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	----- Number of ordinary shares -----			Balance as at 31.12.2017
	Balance as at 1.1.2017	Bought	Sold	
Shares in the Company				
<u>Deemed interests</u>				
Dato' Toh Yew Peng	10,200,000	-	-	10,200,000
Lim Choon Teik	9,800,000	-	-	9,800,000
Shares in the holding company, Prestar Resources Berhad				
<u>Direct interests</u>				
Dato' Toh Yew Peng	5,417,896	1,582,104	-	7,000,000
Toh Yew Seng	2,266,252	1,090,000	-	3,356,252
<u>Deemed interests</u>				
Dato' Toh Yew Peng	72,172,000	478,500	-	72,650,500

DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

	----- Number of options over ordinary shares -----			
	Balance as at 1.1.2017	Granted	Exercised	Balance as at 31.12.2017
Share options in the holding company, Prestar Resources Berhad				
Dato' Toh Yew Peng	1,000,000	90,000	(1,090,000)	-
Toh Yew Seng	1,000,000	90,000	(1,090,000)	-
Lim Choon Teik	57,900	-	(57,900)	-
	----- Number of ordinary shares -----			
	Balance as at 1.1.2017	Bought	Sold	Balance as at 31.12.2017
Shares in the related companies				
<u>Deemed interests</u>				
Prestar Precision Tube Sdn. Bhd.				
Dato' Toh Yew Peng	56,000,000	-	-	56,000,000
Prestar Manufacturing Sdn. Bhd.				
Dato' Toh Yew Peng	5,000,000	-	-	5,000,000
Prestar Galvanising Sdn. Bhd.				
Dato' Toh Yew Peng	5,000,000	-	-	5,000,000

By virtue of their substantial interest in the shares of the Company, Dato' Toh Yew Peng is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions as disclosed in Note 23 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
Fees	524,000	24,000	374,000	24,000
Emoluments other than fees	129,696	105,952	129,696	105,952
Share options granted under share options scheme	1,355	2,536	1,355	2,536
Non-executive:				
Fees	<u>536,000</u>	<u>36,000</u>	<u>336,000</u>	<u>36,000</u>
	<u>1,191,051</u>	<u>168,488</u>	<u>841,051</u>	<u>168,488</u>

Estimated monetary value of benefits-in-kind provided to the Executive Director of the Company is RM4,343 (2016: RM12,982).

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

No indemnity or insurance was effected for any Director or Officer of the Group and of the Company during the financial year.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY
(continued)**

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

HOLDING COMPANY

The Directors regard Prestar Resources Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

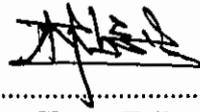
The details of auditors' remuneration of the Company and its subsidiary for the financial year ended 31 December 2017 are disclosed in Note 18 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.



.....
Toh Yew Seng
Director

Kuala Lumpur
30 March 2018



.....
Lim Choon Teik
Director

Company No:
471094 - P

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TASHIN STEEL SDN. BHD. (471094 - P)

(Incorporated in Malaysia)

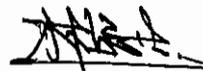
STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 12 to 63 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



.....
Toh Yew Seng
Director



.....
Lim Choon Teik
Director

Kuala Lumpur
30 March 2018

STATUTORY DECLARATION

I, Foong Kok Chuin, being the Officer primarily responsible for the financial management of Tashin Steel Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 12 to 63 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur this
30 March 2018



Foong Kok Chuin

Before me:



102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TASHIN STEEL SDN. BHD.
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tashin Steel Sdn. Bhd., which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TASHIN STEEL SDN. BHD. (continued)
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon
(continued)**

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TASHIN STEEL SDN. BHD. (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TASHIN STEEL SDN. BHD. (continued)
(Incorporated in Malaysia)**

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature of the BDO firm, written in black ink. The letters 'BDO' are written in a stylized, cursive-like font.

BDO
AF: 0206
Chartered Accountants

Kuala Lumpur
30 March 2018

A handwritten signature in black ink, appearing to be 'Lim Chu Guan'. The signature is fluid and cursive.

Lim Chu Guan
03296/03/2019 J
Chartered Accountant