NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TCS GROUP HOLDINGS BERHAD ("TCS" OR "COMPANY") DATED 29 JUNE 2020 ("ELECTRONIC PROSPECTUS")

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

Website

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

Availability and Location of Paper/ Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/ printed copy of the Prospectus directly from TCS, RHB Investment Bank Berhad ("**RHB Investment Bank**") or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

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

Jurisdictional Disclaimer

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

Close of Application

Applications will be accepted from 10.00 a.m. on 29 June 2020 and will close at 5.00 p.m. on 10 July 2020. In the event there is any change to the timetable, the Company will advertise a notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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

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

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/ or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind and shall not at any time be relied upon as such.

TCS

Passion to Build

TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia under the Companies Act, 2016)

No. 1 & 3, Bangunan TCS
Jalan SP 1/1
Bandar Saujana Putra
42610 Jenjarom
Selangor



TCS GROUP HOLDINGS BERHAD

PROSPECTUS

TCS

Passion to Build

PROSPECTUS

TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia under the Companies Act, 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 108,000,000 ORDINARY SHARES IN TCS GROUP HOLDINGS BERHAD ("TCS" OR "COMPANY") ("SHARES") AT AN IPO PRICE OF RM0.23 PER SHARE, PAYABLE IN FULL UPON APPLICATION COMPRISING:

(I) PUBLIC ISSUE OF UP TO 90,000,000 NEW SHARES ("ISSUE SHARES") IN THE FOLLOWING MANNER:

- **(A) UP TO 10,800,000 ISSUE SHARES TO THE MALAYSIAN PUBLIC;**
- **(B) UP TO 7,200,000 ISSUE SHARES TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TCS AND ITS SUBSIDIARIES ("TCS GROUP"), AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE TCS GROUP;**
- **(C) UP TO 32,400,000 ISSUE SHARES TO INSTITUTIONAL AND SELECTED INVESTORS BY WAY OF PRIVATE PLACEMENT; AND**
- **(D) UP TO 39,600,000 ISSUE SHARES TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY BY WAY OF PRIVATE PLACEMENT; AND**

(II) OFFER FOR SALE OF UP TO 18,000,000 EXISTING SHARES TO INSTITUTIONAL AND SELECTED INVESTORS BY WAY OF PRIVATE PLACEMENT;

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS, IN CONJUNCTION WITH THE LISTING AND QUOTATION OF THE ENLARGED TOTAL NUMBER OF 360,000,000 SHARES ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent

RHB InvestmentBank

RHB INVESTMENT BANK BERHAD
(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Securities)

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SECURITIES COMMISSION MALAYSIA ("SC").

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 32.

This Prospectus has been registered by the SC. The registration of this Prospectus should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of TCS and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after six months from the date of this Prospectus.

THIS PROSPECTUS IS DATED
29 JUNE 2020

All defined terms used in this Prospectus are defined under "Definitions" commencing on page xi, "Glossary of Technical Terms" commencing on page xviii and "Presentation of Information" commencing on page viii.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being our Sole Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for the listing and quotation of our Shares. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

This Prospectus, together with the Application Forms, has also been lodged with the ROC who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Our IPO and this Prospectus are subject to the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept any liability in relation thereto whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction which you may be subject to.

We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

This Prospectus is prepared and published solely for our IPO under the laws of Malaysia. Our Directors, Promoters, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone and take no responsibility for distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide you with any information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, Promoters, Sole Principal Adviser, Sole Underwriter and Sole Placement Agent, any of their respective directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our Shares being offered in our IPO in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

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

If you are in doubt about the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, our Sole Principal Adviser or Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, will prevail.

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

(i) we and our Sole Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files, information or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we and our Sole Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Sole Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other material provided by such parties; and

(iii) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

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

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

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

(iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Event	Dates
Opening date of our IPO	29 June 2020
Closing date of our IPO	10 July 2020
Balloting of Applications	14 July 2020
Allotment/ transfer of our IPO Shares to successful applicants	20 July 2020
Listing	23 July 2020

The application for our IPO Shares will open at 10.00 a.m. on 29 June 2020 and close at 5.00 p.m. on 10 July 2020. Late Applications will not be accepted.

In the event there is any change to the timetable, we will advertise a notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF INFORMATION

All references to "our Company" or "TCS" in this Prospectus are to TCS Group Holdings Berhad. All references to "TCS Group", "our Group", "we", "us", "our" or "ourselves" in this Prospectus are to our Company and our subsidiaries as a whole, save for where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and Key Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Directors and Key Management.

All references to "you" are to our prospective investors.

In this Prospectus, all references to the "Government" are to the Government of Malaysia; and references to "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables between amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the "Definitions" section and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing after that section. Words denoting the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

References to any provisions of the statutes, rules, regulations, enactments, guidelines or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments, guidelines or rules of stock exchange for the time being in force.

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

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We have appointed Protégé to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, Protégé relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

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

Reference to the "LPD" in this Prospectus is to 31 May 2020, being the latest practicable date prior to the registration of this Prospectus with the SC.

FORWARD-LOOKING STATEMENTS

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

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our business strategies, trends and competitive position;

(ii) our plans and objectives for future operations;

(iii) our financial position;

(iv) potential growth opportunities;

(v) our future earnings, cash flows and liquidity;

(vi) our ability to pay dividends; and

(vii) the regulatory environment and the effects of future regulation.

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

(i) the general economic, business, social, political and investment environment in Malaysia and globally;

(ii) government policy, legislation and regulation;

(iii) interest rates, tax rates and exchange rates;

(iv) delays, cost overruns, shortages in labour and other changes that impact the execution of our expansion plans;

(v) the competitive environment in the industry in which we operate;

(vi) reliance on approvals, licenses and permits;

(vii) project risks;

(viii) possible delays in completion of construction projects;

(ix) availability and fluctuations in prices of raw materials;

(x) fixed and contingent obligations and commitments; and

(xi) any other factors beyond our control which include terrorist acts, pandemics, epidemics or natural disasters.

FORWARD-LOOKING STATEMENTS (*CONT'D*)

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus on "Risk Factors", Section 6 of this Prospectus on "Impact of COVID-19 on our Group" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent significant change or new matter arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares that will affect a matter disclosed in this Prospectus, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

ACE Market	:	ACE Market of Bursa Securities
Act	:	Companies Act, 2016
ADA	:	Authorised depository agent
Application	:	Application for our IPO Shares under the Retail Offering by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Collectively, White Application Form and Pink Application Form
ATM	:	Automated teller machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
Board	:	Board of directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CDB Realty	:	CDB Realty Sdn Bhd (Registration No. 201201027968 (1012454-X))
CDS	:	Central depository system
CIDB	:	Construction Industry Development Board
CIDB Act	:	Construction Industry Development Board Act, 1994
CMSA	:	Capital Markets and Services Act, 2007
Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019
Director(s)	:	Director(s) of our Company
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs *(compact disc read-only memory)*
Electronic Share Application	:	Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM

Eleventh Malaysia Plan	:	Malaysia's five-year development plan which outlines the country's growth strategies from 2016 to 2020
Eligible Persons	:	Collectively, our Directors and employees of our Group, and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EPF	:	Employees Provident Fund
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC
FYE	:	Financial year ended / ending 31 December, as the case may be
FYE Under Review	:	FYE 31 December 2016, FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019
GP	:	Gross profit
IJM Group	:	Collectively, IJM Corporation Berhad and its subsidiaries
IMR Report	:	Independent market research report dated 15 June 2020 prepared by Protégé
Institutional Offering	:	Offering of up to 90,000,000 IPO Shares at our IPO Price comprising: (i) the Public Issue of up to 32,400,000 Issue Shares to institutional and selected investors; (ii) the Public Issue of up to 39,600,000 Issue Shares to identified Bumiputera investors approved by the MITI; and (iii) the Offer for Sale of up to 18,000,000 Offer Shares to institutional and selected investors, subject to the clawback and reallocation provisions as set out in this Prospectus
Internet Participating Financial Institution	:	Participating financial institution in the Internet Share Application
Internet Share Application	:	Application for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	IPO price of RM0.23 per IPO Share
IPO Shares	:	Collectively, Issue Shares and Offer Shares
Issue Shares	:	New Shares to be issued by our Company pursuant to the Public Issue

DEFINITIONS *(CONT'D)*

Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Key Management	:	Key management personnel of our Group comprising Dato' Ir Tee Chai Seng, Datin Koh Ah Nee, Ooi Kee An, Yap Choo Cheng, Liew Kok Yoong, Ho Chee Woei, Koo Yoke Ping and Ng Lee Foong
Kia Ace Development	:	Kia Ace Development Sdn Bhd
Listing	:	Admission to the Official List and the listing and quotation of our enlarged total number of 360,000,000 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	31 May 2020, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Manda'rina	:	Manda'rina Sdn Bhd
Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCO	:	A movement control order implemented as a preventive measure by the federal government of Malaysia to curb the outbreak of COVID-19
MIA	:	Malaysian Institute of Accountants
MITI	:	Ministry of International Trade and Industry
MPM Project Management	:	MPM Project Management Sdn Bhd
Murni Lapisan	:	Murni Lapisan Sdn Bhd
MyIPO	:	Intellectual Property Corporation of Malaysia
NA	:	Net assets
NBV	:	Net book value
NLC	:	National Land Code, 1965
Offer for Sale	:	Offer for sale by the Selling Shareholders of up to 18,000,000 Offer Shares at our IPO Price, representing 5.00% of our enlarged total number of 360,000,000 Shares to institutional and selected investors by way of private placement, subject to our Issue Shares being fully taken up first
Offer Shares	:	The existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale

DEFINITIONS *(CONT'D)*

Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PAT	:	Profit after tax
PBT	:	Profit before tax
Pink Application Form	:	Application form for the application of our Issue Shares allocated for the Eligible Persons as set out in Section 3.3.1(ii) of this Prospectus
Pre-IPO Reorganisation	:	The acquisitions by our Company and our subsidiary, TCS Construction as set out in Section 5.3 of this Prospectus
Promoter(s)	:	Collectively, Dato' Ir Tee Chai Seng and Datin Koh Ah Nee
Prospectus	:	This prospectus dated 29 June 2020 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Protégé or IMR	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H))
Public Issue	:	The public issue of up to 90,000,000 Issue Shares at our IPO Price, representing 25.00% of our enlarged total number of 360,000,000 Shares comprising the following: (i) the Retail Offering of up to 18,000,000 Issue Shares; and (ii) the Institutional Offering of up to 72,000,000 Issue Shares, subject to clawback and reallocation provisions as set out in this Prospectus
QESH	:	Quality, environment, safety and health
Reporting Accountants	:	Grant Thornton Malaysia PLT (201906003682 & AF 0737)
Retail Offering	:	Offering of up to 18,000,000 Issue Shares to the Malaysian Public at our IPO Price comprising: (i) up to 10,800,000 Issue Shares to the Malaysian Public, of which at least 50.00% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and/ or institutions; and (ii) up to 7,200,000 Issue Shares to the Eligible Persons
RHB Investment Bank or Sole Principal Adviser, Sponsor or Sole Underwriter or Sole Placement Agent	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
ROC	:	Registrar of Companies

DEFINITIONS *(CONT'D)*

Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Selling Shareholder(s)	:	Collectively, Dato' Ir Tee Chai Seng and Datin Koh Ah Nee
Setia Precast	:	Setia Precast Sdn Bhd
Share Registrar	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SIRIM QAS	:	SIRIM QAS International Sdn Bhd
SOCSO	:	Social security organisation
SP Setia Group	:	Collectively, SP Setia Berhad and its subsidiaries
Subsidiaries	:	Collectively, TCS Construction and TCS Bina
TCS or Company	:	TCS Group Holdings Berhad (Registration No. 201901004613 (1313940-W))
TCS Bina	:	TCS Bina Sdn Bhd (Registration No. 201701013895 (1228060-H))
TCS Construction	:	TCS Construction Sdn Bhd (Registration No. 199801010644 (466772-H))
TCS Group or Group	:	Collectively, our Company and our Subsidiaries
TCS Share(s) or Share(s)	:	Ordinary share(s) in our Company
Tropicana Aman	:	Tropicana Aman Sdn Bhd
Tropicana Group	:	Collectively, Tropicana Corporation Berhad and its subsidiaries
Tropicana Metropark	:	Tropicana Metropark Sdn Bhd
UM Land Group	:	Collectively, United Malayan Land Berhad and its subsidiaries
Underwriting Agreement	:	Underwriting agreement dated 12 June 2020 entered into between our Company and our Sole Underwriter for the underwriting of 18,000,000 Issue Shares under the Retail Offering
USA	:	United States of America
White Application Form	:	Application form for the application of our Issue Shares allocated to the Malaysian Public as set out in Section 3.3.1(i) of this Prospectus

Currency and unit

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
%	:	Per centum

DEFINITIONS *(CONT'D)*

On-going projects

Hermington Project	:	479 units of one block of 46 storeys of condominium with eight storeys of car parking podium and 478 units of one block of 49 storeys affordable homes on Jalan Indrahana 3, Mukim Petaling, Kuala Lumpur for QBeez Holdings Sdn Bhd
Putrajaya Sentral Project	:	672 units of two blocks of 34 storeys of serviced apartment with one basement car park and four storeys of car parking podium at PT 13108, Precinct 7, Wilayah Persekutuan Putrajaya for Cahaya Nusantara Sdn Bhd
Riana South Project	:	536 units of one block of 27 storeys condominium and one block of 28 storeys condominium with five storeys of car parking building at Jalan Manda'rina Damai, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur for BEP Akitek Sdn Bhd on behalf of Manda'rina
Setia City Residences Project	:	780 units of three blocks of 35 storeys serviced apartments with seven storeys of car parking podium at Bandar Setia Alam, Shah Alam, Selangor for Setia Precast
Suria Pantai Project	:	896 units of two blocks of 35 storeys affordable homes with seven storeys of car parking building at Jalan Pantai Dalam, Wilayah Persekutuan Kuala Lumpur for Murni Lapisan
Tropicana Urban Homes Project	:	766 units of four blocks of 18 storeys affordable homes with seven storeys of car parking building at Tropicana Aman, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor for Tropicana Aman
Woodbury Project	:	356 units of double storey terrace houses on part of Lot 11605, Mahkota Hills, Mukim Lenggeng, Negeri Sembilan for Kia Ace Development

Completed projects

Albury 1 Project	:	331 units of single storey terrace houses at Mahkota Hills, Mukim Lenggeng, Seremban, Negeri Sembilan for Kia Ace Development
Albury 2 Project	:	382 units of double storey terrace houses at Mahkota Hills, Mukim Lenggeng, Seremban, Negeri Sembilan for Kia Ace Development
Bandar Seri Coalfields Project	:	101 units of two and three storeys shop offices at Bandar Seri Coalfields, Mukim Ijok, Daerah Kuala Selangor, Selangor for KL Kepong Country Homes Sdn Bhd
Cengal and Berlian Project	:	40 units of double storey bungalows and 44 units of double storey semi-detached houses at Bandar Puncak Alam, Mukim Ijok, Daerah Kuala Selangor, Selangor for Worldwide Holdings Bhd

DEFINITIONS *(CONT'D)*

GEMS International School Project	:	International School – GEMS at Tropicana Metropark, Subang Jaya, Mukim Damansara, Daerah Petaling, Selangor for Tropicana Metropark
Jati 4 Project	:	69 units of one, two and three storeys of shop offices at Bandar Puncak Alam, Mukim Ijok, Daerah Kuala Selangor, Selangor for Worldwide Holdings Bhd
KTCC Mall Project	:	One block of five storeys shopping complex consisting of four levels of retail space and one level of car parking podium, and one basement car park at Muara Selatan Bandar Kuala Terengganu, Kuala Terengganu, Terengganu for MPM Project Management
Little GEMS Project	:	International School – Little GEMS at Tropicana Metropark, Subang Jaya, Mukim Damansara, Daerah Petaling, Selangor for GEMS Maju Sdn Bhd
Saujana Avenue Project	:	75 units of three and four storeys of shop offices at Bandar Saujana Putra, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor for Temasya Mayang Sdn Bhd
Saujana Prima Project	:	196 units of double-storey terrace houses on Plot G, Lot 20407, PN 11211, Bandar Saujana Putra, Mukim Tanjung Dua Belas, Kuala Langat, Selangor for Saujana Prima Development Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

As-built drawings	:	A revised set of drawing submitted by a contractor upon completion of a project, which reflects all the changes made in the specifications and working drawings during the construction process, detailing the exact dimensions, geometry and location of all elements of the work completed under the contract
BIM	:	Building Information Modelling refers to a digital modelling platform which incorporates key building elements into building designs and can be used to simulate scheduling, estimation and fabrication processes. The modelling platform provides a virtual reality insight throughout the stages of the building construction with integrated information as well as prompting deviations/ exceptions for realignment/ rectification
CCC	:	Certificate of completion and compliance issued by local authorities or principal submitting person (whichever is applicable)
CIDB Green Card	:	A compulsory registration card issued by CIDB for personnel who are involved in site construction activity, detailing the personnel's job and degree of expertise
CIDB SCORE	:	A programme developed by CIDB in cooperation with SME Corporation Malaysia with the aim to evaluate contractors' capacity and capability in the construction industry
CMGD	:	Certificate of Making Good Defects, issued to the contractor by the architect on behalf of the customer after identified defects have been rectified upon expiry of the defects liability period
CPC	:	Certificate of Practical Completion, issued to the contractor by the architect on behalf of the customer when the contractor has completed its assigned obligations and handed over the works to the customer
Defects liability period	:	A warranty period where a contractor is required to repair or make good defects at their own cost and expense for defects in the work performed
ISO	:	International Organisation for Standardisation
Letter of award	:	A formal acceptance of an award of a project by a customer to the contractor
M&E	:	Mechanical and electrical
Master work programme	:	Master work programme details the work activities at work site, sequence of work and identified key milestones of a project according to project requirements and specifications

GLOSSARY OF TECHNICAL TERMS *(CONT'D)*

QLASSIC	:	Quality Assessment System in Construction is a system or method which is used to measure and evaluate the workmanship quality of a building construction work which was developed by CIDB
SHASSIC	:	Safety and Health Assessment System in Construction is a system used to benchmark the level of safety and health performance of the construction industry in Malaysia which was developed by CIDB

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Nationality/ Gender	Designation	Residential Address
Tan Sri Dato' Sri Izzuddin bin Dali	Malaysian/ Male	Independent Non-Executive Chairman	No. 60, Jalan Sepah Puteri 5/2 Kota Damansara 47810 Petaling Jaya Selangor
Dato' Ir Tee Chai Seng	Malaysian/ Male	Managing Director (Non-Independent)	No. 11, Jalan Setia Tropika U13/20B Setia Eco Park Setia Alam 40170 Shah Alam Selangor
Datin Koh Ah Nee	Malaysian/ Female	Executive Director (Non-Independent)	No. 11, Jalan Setia Tropika U13/20B Setia Eco Park Setia Alam 40170 Shah Alam Selangor
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Malaysian/ Male	Independent Non-Executive Director	No. 4, Jalan Damai Kasih 5 Alam Damai Cheras 56000 Kuala Lumpur
Ooi Guan Hoe	Malaysian/ Male	Independent Non-Executive Director	No. 100, Casaman, Cangkat Intisari Desa Parkcity 52200 Kepong Kuala Lumpur

1. CORPORATE DIRECTORY (*CONT'D*)

AUDIT COMMITTEE

Name	Designation	Directorship
Ooi Guan Hoe	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin bin Dali	Member	Independent Non-Executive Chairman
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin bin Dali	Member	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin bin Dali	Member	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Sri Izzuddin bin Dali	Chairman	Independent Non-Executive Chairman
Dato' Ir Tee Chai Seng	Member	Managing Director
Ooi Guan Hoe	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (*CONT'D*)

COMPANY SECRETARIES	:	Tan Tong Lang Professional qualification: The Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") (MAICSA membership no. 7045482) Thien Lee Mee Professional qualification: Licensed Secretary ("**LS**") (LS membership no. 0009760) Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: (603) 2298 0263 Fax. No.: (603) 2298 0268
REGISTERED OFFICE	:	Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: (603) 2298 0263 Fax. No.: (603) 2298 0268
HEAD OFFICE	:	No. 1 & 3, Bangunan TCS Jalan SP 1/1 Bandar Saujana Putra 42610 Jenjarom Selangor Tel. No.: (603) 5103 8899 Fax. No.: (603) 5103 7366 Email: general@tcsgroup.com.my Website: www.tcsgroup.com.my
SOLE PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT	:	RHB Investment Bank Berhad Level 10, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: (603) 9287 3888 Fax. No.: (603) 9287 2233/3355/4770
AUDITORS AND REPORTING ACCOUNTANTS	:	Grant Thornton Malaysia PLT Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: (603) 2692 4022 Fax. No.: (603) 2732 5119 Partner-in-charge: Lui Lee Ping Professional qualification: Member of Malaysian Institute of Accountants ("**MIA**") Approval no.: 03334/11/2021(J) (MIA membership no.: 29126)

1. CORPORATE DIRECTORY (*CONT'D*)

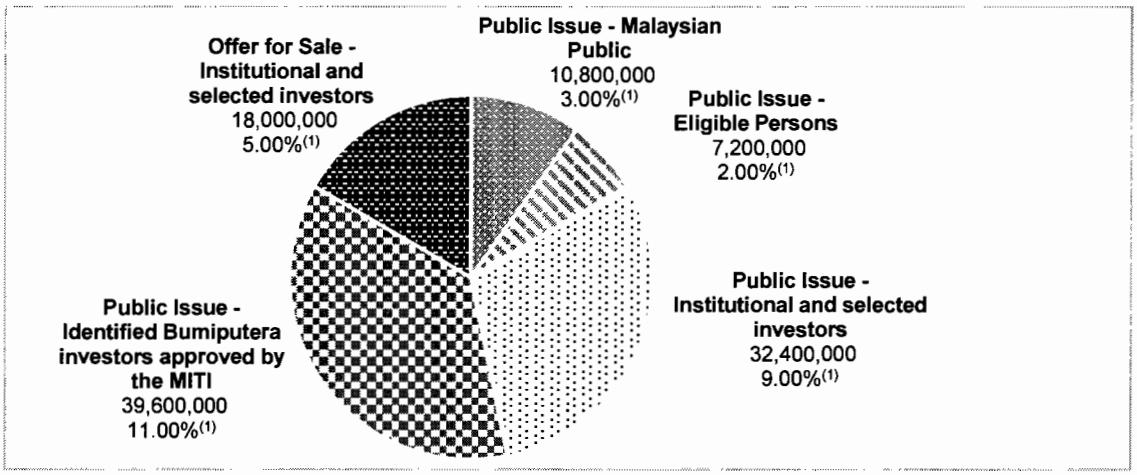
SOLICITORS FOR OUR LISTING	:	Wong Beh & Toh Level 19, West Block Wisma Golden Eagle Realty 142-C, Jalan Ampang 50450 Kuala Lumpur Tel. No.: (603) 2713 6050 Fax. No.: (603) 2713 6052
INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd Suite C-09-12, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur Tel. No.: (603) 6201 9301 Fax. No.: (603) 6201 7302 Managing Director : Seow Cheow Seng Master in Business Administration from Charles Stuart University, Australia Bachelor of Business specialising in Marketing from RMIT University, Australia
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Tel No.: (603) 7890 4700 Fax No.: (603) 7890 4680
SHARE REGISTRAR	:	Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Tel No.: (603) 7890 4700 Fax No.: (603) 7890 4670
LISTING SOUGHT	:	ACE Market

2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO comprises the Public Issue and Offer for Sale of up to 108,000,000 IPO Shares at our IPO Price of RM0.23 per Share. Our IPO Shares will be allocated in the following manner, subject to the clawback and reallocation provisions:



Note:

(1) Based on the enlarged total number of 360,000,000 Shares after our IPO.

Please refer to Section 3.3 of this Prospectus for further details of our IPO.

Enlarged total number of Shares upon Listing	360,000,000
Market capitalisation based on our IPO Price and the enlarged total number of 360,000,000 Shares upon Listing	RM82,800,000
Pro forma consolidated NA as at 31 December 2019 after our Pre-IPO Reorganisation but before our Public Issue (rounded to nearest thousand)	RM41,885,767
Pro forma consolidated NA as at 31 December 2019 after our Pre-IPO Reorganisation, Public Issue and the intended use of proceeds (rounded to nearest thousand)	RM59,085,767
Pro forma consolidated NA per Share as at 31 December 2019 after our Pre-IPO Reorganisation, Public Issue and the intended use of proceeds	RM0.16

A moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters. Further information on moratorium restrictions is disclosed under Section 9.4 of this Prospectus.

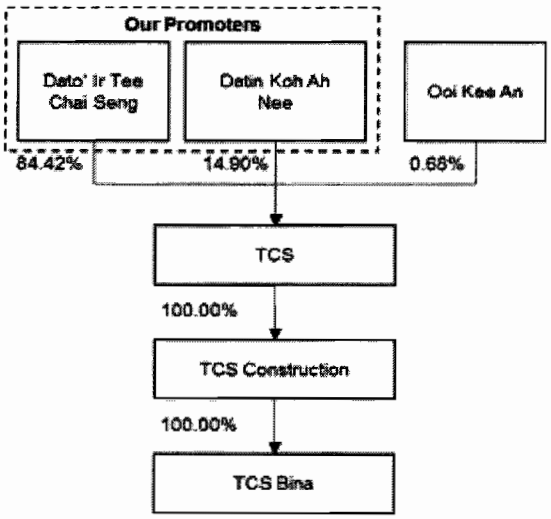
2.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

Our Company was incorporated in Malaysia on 11 February 2019 under the Act as a public company limited by shares under the name of TCS Group Holdings Berhad. We are an investment holding company and through our Subsidiaries, we are principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia.

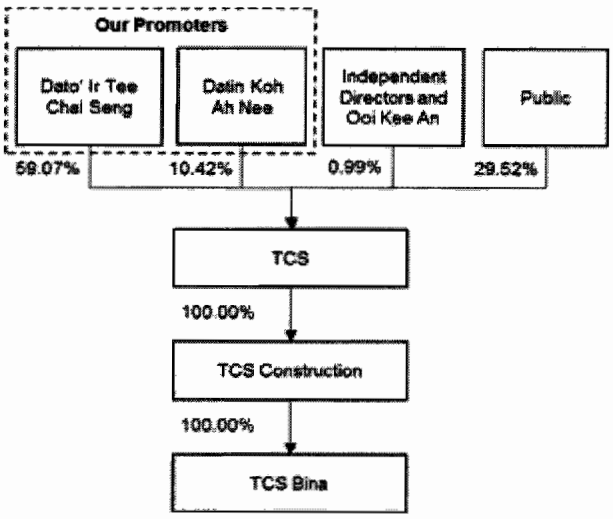
2. PROSPECTUS SUMMARY *(CONT'D)*

Our shareholders and Group structure before our IPO but after our Pre-IPO Reorganisation, and after our IPO is set out below:

Before our IPO (1)



After our IPO (2)



Notes:

(1) Based on the total number of 270,000,000 Shares before our IPO.

(2) Based on the enlarged total number of 360,000,000 Shares after our IPO and assuming full subscription of the Pink Form Shares reserved for the Eligible Persons.

We have been operating in the construction industry in Malaysia for about 21 years under the leadership and guidance of our Managing Director, Dato' Ir Tee Chai Seng. He has been instrumental in charting our business direction and managing our strategic development. After Dato' Ir Tee Chai Seng acquired TCS Construction in 1998, which was incorporated under the name of Technomatrix Sdn Bhd, we began our operations in 1999 as a subcontractor carrying out selected civil and structural works in townships and landed property developments such as building of roads, water and sewerage treatment plants, water tanks and reticulation systems.

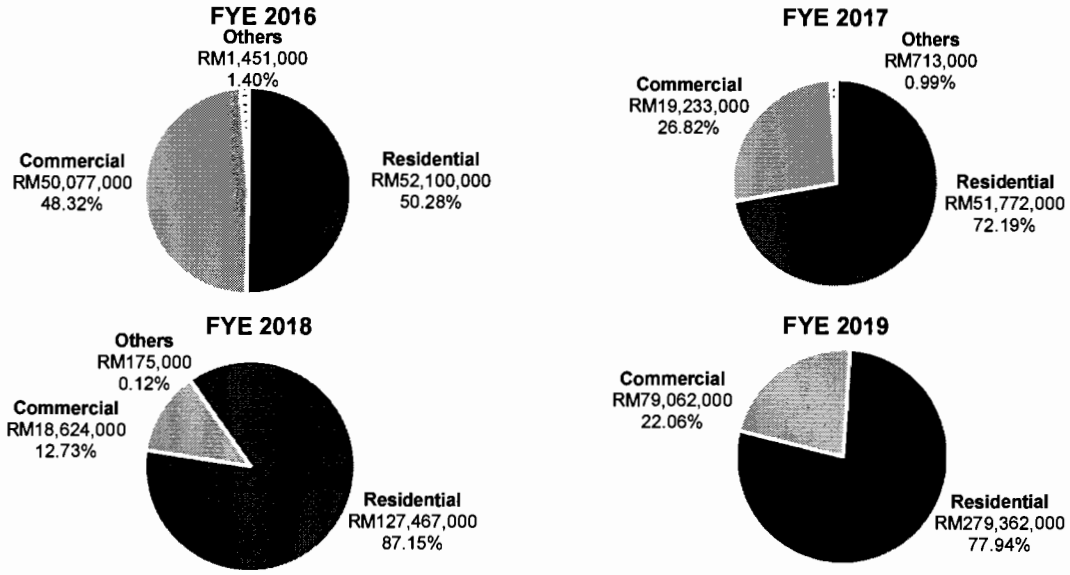
As a subcontractor for civil and structural works, we were mainly responsible for specific sections of a construction project. Whilst maintaining our involvement in civil and structural projects in townships and landed property developments, we gradually expand our scope of work and started to participate in building construction projects.

From the commencement of our business until 2012, we undertook and completed numerous projects, covering construction of roads, water and sewerage treatment plants, water tanks, reticulation systems, electrical substations, show-units, landed residential houses and shop offices. During that period, our projects were less complex, on a smaller scale, generally with a contract sum of less than RM20.00 million and had shorter timeframe as compared to our on-going projects.

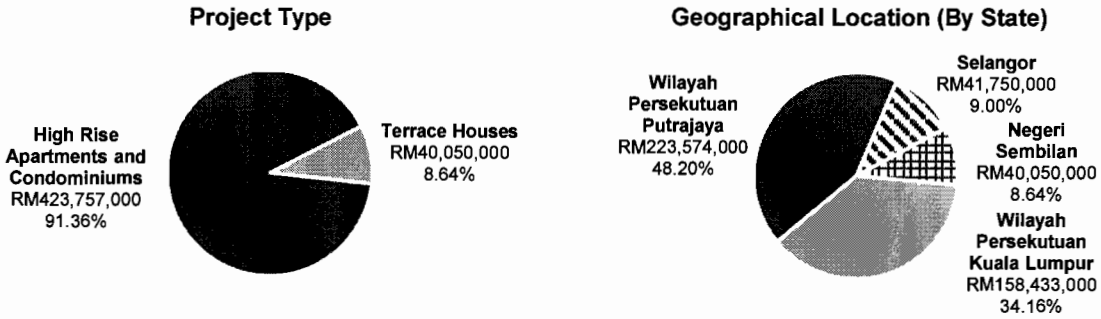
With a stronger capability and capacity, we began to undertake larger building construction projects in 2013, namely our Saujana Avenue Project with a contract value of RM44.60 million and Saujana Prima Project with a contract value of RM39.31 million as a main contractor. Our customers for these two projects are property development companies which our Managing Director was a director and is still a shareholder, Further, we expanded into construction of purpose-built building in 2015 when we secured our GEMS International School Project worth RM46.04 million. As a main contractor, we play a central coordinator role in our building construction projects in planning and managing the overall construction projects to ensure successful handover to our customers within the contract period.

2. PROSPECTUS SUMMARY *(CONT'D)*

Our segmental revenue for the FYE Under Review is set out below:



As at 30 April 2020, we have seven on-going projects with an outstanding order book of RM463.81 million, all of which were secured in the years 2017 to 2019, comprising:



Currently, both our Subsidiaries are registered with CIDB as Grade G7 contractors, which allow us to tender for construction projects that are of unlimited value. In addition, we are allowed to participate in tenders by the Government or in Government related projects as TCS Construction also holds the certificate of Governmental Procurement Works issued by CIDB and certificate of registration issued by Ministry of Finance. Please refer to Section 6.12 of this Prospectus for details on our major approvals, licenses, permits and registrations.

Moving forward, it is our firm intention to remain focused on our business as a pure play construction company by focusing on high rise residential and commercial projects, and to venture into infrastructure construction services.

The table below summarises our Group's key milestones and achievements since our inception:

Year	Key milestones and achievements
1998	• Dato' Ir Tee Chai Seng acquired TCS Construction which was incorporated under the name of Technomatrix Sdn Bhd
2015	• Expanded into our first purpose-built building, GEMS International School Project with a contract value of RM46.04 million
2017	• Secured our first two high rise residential construction projects, Suria Pantai Project and Riana South Project worth RM141.73 million and RM119.72 million, respectively
2018	• Secured our first shopping mall construction project, KTCC Mall Project with a contract sum of RM101.00 million
2019	• Secured our Putrajaya Sentral Project with a contract sum of RM223.89 million

Further details of our Group and business are set out in Sections 5 and 6 of this Prospectus.

2. PROSPECTUS SUMMARY *(CONT'D)*

2.3 IMPACT OF COVID-19 ON OUR GROUP AND MEASURES TO COMMENCE AND CONTINUE OUR BUSINESS OPERATIONS

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. As a result, we had to temporarily suspend our operations at both our construction sites and head office. As at the date of this Prospectus, we have fully resumed operations at full workforce at our head office and at all construction sites for our on-going projects. For our Putrajaya Sentral Project, we have yet to commence operations. Please refer to Section 4.1.9 for further details on risks relating to outbreak of COVID-19 which we are exposed to and Section 6.1 of this Prospectus for details of the impact of COVID-19 on our Group, our supply chain and our projects.

As part of the requirement to commence our operations, all our employees and construction workers (including our subcontractors' construction workers) at our construction sites have undergone testing for COVID-19 to ensure that they are not infected. As at the LPD, all our employees and construction workers (including our subcontractors' construction workers who are working at our construction sites) have tested negative for COVID-19. We have also implemented new COVID-19 safety and health instructions and procedures, and social distancing guidelines imposed by the Government, relevant authorities and local councils governing the jurisdiction our projects are situated at. Further details on the measures to commence and continue our business operations are set out in Section 6.1 of this Prospectus.

2.4 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

(i) **Our historical GP margin is not a guarantee of our future performance.** Our Group's GP margin may fluctuate for each financial year. For instance our Group's overall GP margin increased from 13.80% for FYE 2016 to 20.88% for FYE 2017, and then decreased to 14.04% and 10.53% for FYE 2018 and FYE 2019 respectively.

Our overall GP margin is dependent on our projects mix, and each of our project's GP and GP margins may differ depending on the scope of work, technical specifications, project duration and costs. During the FYE Under Review, our completed projects were mainly landed properties with a smaller contract sum as opposed to our on-going projects, which mainly comprise high rise properties with a larger contract sum. In general, our construction projects with a higher contract sum will have a lower GP margin, and hence our GP margin in the future may be lower as most of our on-going projects have larger contract sums.

Further, our overall GP and GP margins, and their sustainability is largely dependent on our efficiency in implementing our projects as well as factors beyond our control, such as project delays and termination, and fluctuations in prices and unavailability of construction materials.

We cannot ensure that we will be able to sustain our historical or current levels of GP margin, or achieve or maintain our profitability in the future if there is a decline in overall GP margin of our future projects.

(ii) **Our profitability may be adversely affected by properties which we have purchased.** It is our firm intention to remain focused on our business as a pure play construction company. Further, it is not our business model or policy to acquire properties in our customers' property development projects as a precondition for securing a project or to accept pre-arranged payment-in-kind from our customers for our construction services. During the FYE Under Review, we purchased six properties from our customers' property development projects as support to their business with a view of fostering and/ or maintaining good business relationship. We may either dispose and/ or rent out the properties we purchased when we no longer require the properties as our site office. This will subject us to inherent risks such as fluctuation in property prices and rental rates, and we may only realise capital gain, if any, upon disposal.

2. PROSPECTUS SUMMARY *(CONT'D)*

As such, in the event that we are not able to recoup our cost in the properties in the future, our profitability may be adversely affected.

(iii) **Our cash flows may be adversely affected by delays in collections or non-recoverability of trade receivables.** This may result in a material adverse impact on our financial condition, our ability to pay our suppliers, and potentially delay the progress of our projects. Our average trade receivables turnover period (net of retention sum) was higher in FYE 2017 and FYE 2018 than the normal credit terms granted to our customers. This was mainly due to slow repayment from our customers as detailed in Section 12.7.1 of this Prospectus. The current property overhang situation, dampened property market and the outbreak of COVID-19 may cause our customers to experience a decline in their business performance, and in turn subject us to risk of delays in collections, non-recoverability of trade receivables, or incur material impairment loss for outstanding payments owed to us by our customers. This may affect our working capital to meet operating requirements. As a result, it may impair our ability to service our bank borrowings, which include term loans we have taken to finance the purchase of six properties amounting to RM10.33 million from our customers' property development projects.

(iv) **We are dependent on our Managing Director and other Key Management for our continued success and growth.** Our Group's continuous success and growth is dependent on our Key Management, in particular, our Managing Director, Dato' Ir Tee Chai Seng, who has been actively involved in our Group's operations since the founding of our business. Over the past years, Dato' Ir Tee Chai Seng has been instrumental in charting our business direction and managing our strategic development. He is also key to our existing relationships with our customers and in securing new projects for our Group.

Our Managing Director, Dato' Ir Tee Chai Seng has extended his personal guarantees for banking facilities, lease liabilities, trade supplies and/ or projects to our Group. Further, Dato' Ir Tee Chai Seng has procured the issuance of a bank guarantee by CDB Realty, a company owned by Dato' Ir Tee Chai Seng and Datin Koh Ah Nee, payable to TCS Construction to cover the estimated amount of liquidated ascertained damages of RM5.40 million for our KTCC Mall Project for an initial period of two years from 23 June 2020 to 22 June 2022, and is renewable upon its expiry up to 22 June 2023 or such longer period subject to terms and conditions in the offer letter from the bank and as may be stipulated by the bank. Dato' Ir Tee Chai Seng and/ or persons connected with him will not seek to recover any compensation from TCS Group for any amounts paid under the bank guarantee, and any amounts which are required to be paid on behalf of TCS Construction if required by law to be made by TCS Construction. As such, we are dependent on our Managing Director. For further details, please refer to Section 10.1.3 of this Prospectus.

Hence, the loss of our Managing Director and/ or any of our other Key Management without a suitable and timely replacement or our inability to attract or retain qualified and skilled key management may adversely affect our continued ability to maintain our Group's operational and financial performance, and to achieve our future plans.

(v) **We are exposed to project delays, potential reduction or revision in our scope of works and termination risks.** Our Subsidiary, TCS Construction had on 15 August 2019 issued a letter to MPM Project Management confirming substantial and practical completion of the scope of work stipulated in the contract for our KTCC Mall Project (which mainly entails reinforced concrete structural works, brickwall and plastering works, and construction of electrical substations) and requested for joint inspection to facilitate issuance of the CPC by the architect. However, on 16 April 2020 TCS Construction received a certificate of non-completion dated 1 December 2019 from MPM Project Management in relation to an alleged non-completion of our scope of work specified in the contract for our KTCC Mall Project by the alleged extended completion date of 30 November 2019 and claim for liquidated ascertained damages of RM100,000.00 per day for the period during which the works are alleged to be incomplete ("**KTCC Mall Dispute**"). We are disputing the issuance of the certificate of non-completion as we have completed our scope of works for our KTCC Mall Project by the completion date, i.e. 15 August 2019. The CCC was issued to the KTCC Mall on 23 January 2020. Please refer to Section 15.6 of this Prospectus for further details.

2. PROSPECTUS SUMMARY *(CONT'D)*

In addition, our customers may reduce and/or revise our scope of works, which will result in us generating a lower revenue from such affected project. The contract sum of our KTCC Mall Project is subject to change mainly due to various changes in design and specifications. We expect the contract sum to be revised when the final accounts are finalised and the KTCC Mall Dispute is resolved. As such, during the FYE Under Review, we recognised revenue from our KTCC Mall Project to the extent of total contract costs incurred. In the event we are not able to recover any further amounts in relation to our KTCC Mall Project, the estimated loss to be recognised in relation to this project is RM1.71 million. Please refer to Section 12.3.2(e) of this Prospectus for further details on the potential revision in our KTCC Mall Project contract sum.

Further details on the risk faced by our business and operations, the industry we operate in and our Shares are set out in Section 4 of this Prospectus.

2.5 COMPETITIVE STRENGTHS

(i) **We are committed in maintaining good quality in our projects.** We continuously aim to provide our customers quality services as their trust and satisfaction are pivotal to our business. To this front, we have had our quality management system, occupational health and safety management system, and environmental management system assessed and accredited with ISO 9001:2015, ISO 45001:2018 and ISO14001:2015, respectively by SIRIM QAS.

Further, as a testament to the quality of our works, we have been awarded with a High QLASSIC Achievement Awards for our GEMS International School Project, and both a High QLASSIC Achievement Awards and a Best QLASSIC Achievement Awards for our Albury 1 Project.

(ii) **We have built established working relationships with our customers, suppliers and subcontractors.** Our track record of delivering quality construction services has allowed us to establish good working relationships with our customers which puts us in a position to sustain and further develop our business with them. For instance, we have received invites to tender for projects from our repeat customers whom we have established working relationships with, namely Worldwide Holdings Bhd (length of relationship: 12 years), UM Land Group (six years) and Tropicana Group (six years). We also actively maintain working relationships with our suppliers and subcontractors that enable us to enjoy a continuous supply of raw materials and services at competitive pricing.

(iii) **We have an experienced management team.** Our Group is led by our Managing Director who has over 36 years of experience in design, project management, property development, civil and structural engineering consultancy and site supervision. He is supported by our Key Management who are experienced in their respective fields. Their collective experience and knowledge of the construction industry have formed a solid foundation for our Group to further grow our business and expand our market presence.

Further details on our competitive strengths are set out in Section 6.2 of this Prospectus.

2.6 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM20.70 million from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	(RM'000)	%	
Purchase of new construction machinery and equipment	13,000	62.80	Within 36 months
Working capital for our construction projects	4,200	20.29	Within 24 months
Estimated Listing expenses	3,500	16.91	Within 3 months
Total	**20,700**	**100.00**	

2. PROSPECTUS SUMMARY *(CONT'D)*

Our Company will not receive any proceeds from the Offer for Sale. Further details of the proposed utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2.7 FUTURE PLANS AND PROSPECTS

Our Group's future plans are set out below:

(i) **We plan to further grow our building construction activities.** Our Group intends to further grow our building construction activities by participating in tenders for high rise buildings (residential and commercial), purpose-built buildings (such as private hospitals and schools) and institutional buildings (such as government hospitals). As part of this expansion plan, we intend to allocate RM4.20 million or 20.29% of funds raised from our IPO as working capital for our Hermington Project. This will free up our working capital and enable us to tender for and/ or take on additional projects. If the earmarked funds for our Hermington Project are not utilised, the proceeds allocated under this category would be allocated to our Putrajaya Sentral Project or other future construction projects to be identified by our Group.

(ii) **We intend to expand our infrastructure construction services.** We intend to expand our infrastructure construction services to include major roads, highways and bridges. We believe that the experience gained from our past civil works projects has equipped us with the necessary knowledge and technical skills to handle and complete infrastructure construction projects. Further, we believe that our Managing Director's past experience and knowledge will lend credence to our future tenders for infrastructure construction projects.

As part of this expansion plan, we intend to hire experienced civil and structural engineers, on a permanent basis, to be part of the new project team to manage our future infrastructure projects, which we expect to establish within 24 months from our Listing and will be funded via our internally generated funds and/or borrowings.

(iii) **We intend to purchase machinery and equipment to support our expansion plans.** In order to enhance our capability to tender for large scale projects and cater for new projects secured, we intend to purchase new construction machinery and equipment. The purchase of these new construction machinery and equipment is expected to increase our capacity and flexibility in meeting the needs of our future construction projects as it allows us to use these construction machinery and equipment as and when required without delays or incurring additional costs to rent from external parties.

According to the IMR Report, the local construction industry in Malaysia is expected to contract by 3.2% in 2020 due to lower property demand and disruption in construction activities following the COVID-19 pandemic and lockdown measures. However, the local construction industry is expected to rebound in 2021 by a growth rate of 4.1% on the back of infrastructure activities with the Government reiterating its position to continue implementing large scale infrastructure projects which have high multiplier effects. In addition, the Government had already announced various economic stimulus and assistance packages to strengthen the economy. The size (revenue) of the construction industry in Malaysia is projected to reach RM77.29 billion in 2024, while the size (revenue) of the real estate construction market in Malaysia is RM29.59 billion in 2019 and is expected to grow to RM33.23 billion in 2024. Premised on the above, we believe that our prospects in the building construction industry are favorable.

Further details on our future plans and prospects, and the IMR Report are set out in Sections 6.4 and 7 of this Prospectus, respectively.

2. PROSPECTUS SUMMARY *(CONT'D)*

2.8 OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

2.8.1 Shareholdings of our Promoters and substantial shareholders

Details of our Promoters' and substantial shareholders' shareholdings in our Company before and after our IPO are as follows:

	As at date of incorporation[1]				As at the LPD and before our IPO[2]				After our IPO[4]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Promoters and substantial shareholders[5]												
Dato' Ir Tee Chai Seng	-	-	-	-	227,938,377	84.42	40,224,419[3]	14.90	212,638,377	59.07	37,524,419[3]	10.42
Datin Koh Ah Nee	-	-	-	-	40,224,419	14.90	227,938,377[3]	84.42	37,524,419	10.42	212,638,377[3]	59.07
Substantial shareholders[5][6]												
Shaari bin Hashim	1	50.00	-	-	-	-	-	-	-	-	-	-
Lee Han Woon	1	50.00	-	-	-	-	-	-	-	-	-	-

Notes:

(1) Based on the total number of two Shares.

(2) Based on the total number of 270,000,000 Shares before our IPO.

(3) Deemed interested in shares held by spouse pursuant to Section 8 of the Act.

(4) Based on the enlarged total number of 360,000,000 Shares after our IPO.

(5) All of our Promoters and substantial shareholders are Malaysian.

(6) Shaari bin Hashim and Lee Han Woon each transferred their Shares to Dato' Ir Tee Chai Seng on 30 October 2019.

2. PROSPECTUS SUMMARY *(CONT'D)*

2.8.2 Directors and Key Management

Name	Designation
Directors	
Tan Sri Dato' Sri Izzuddin bin Dali	Independent Non-Executive Chairman
Dato' Ir Tee Chai Seng	Managing Director
Datin Koh Ah Nee	Executive Director
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Independent Non-Executive Director
Ooi Guan Hoe	Independent Non-Executive Director
Key Management	
Ooi Kee An	General Manager
Yap Choo Cheng	Chief Financial Officer
Liew Kok Yoong	Group Accountant
Ho Chee Woei	Senior Contract Manager
Koo Yoke Ping	Corporate Affairs Manager
Ng Lee Foong	Purchasing Manager

Further details of our Promoters, substantial shareholders, Directors, and Key Management and their shareholdings in our Company are set out in Section 8 of this Prospectus.

2.9 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the consolidated financial information of our Group for the FYE Under Review.

	Audited			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000	RM'000
Consolidated statements of profit or loss and other comprehensive income				
Revenue	103,628	71,718	146,266	358,424
GP	14,298	14,977	20,535	37,728
Profit from operations	6,699	8,169	12,964	22,398
PBT	6,841	8,524	13,062	21,912
Profit attributable to owners of the company	5,091	6,179	9,688	15,657
Consolidated statements of cash flows				
Net cash from/ (used in) operating activities	8,215	12,653	(6,171)	25,270
Net cash used in investing activities	(5,112)	(1,842)	(12,043)	(9,862)
Net cash from/ (used in) financing activities	2,488	(224)	5,314	(5,006)
Net increase/(decrease) in cash and cash equivalents	5,591	10,587	(12,900)	10,402
Cash and cash equivalents at beginning of the financial year	1,340	6,931	17,518	4,618
Cash and cash equivalents at end of the financial year	6,931	17,518	4,618	15,020

2. PROSPECTUS SUMMARY *(CONT'D)*

	Audited			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000	RM'000
Other selected financial information				
EBITDA	7,386	8,902	15,019	27,194
GP margin (%)	13.80	20.88	14.04	10.53
PBT margin (%)	6.60	11.89	8.93	6.11
PAT margin (%)	4.91	8.63	6.71	4.37

For detailed financial information relating to our Group, see Sections 12 to 14 of this Prospectus.

2.10 DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy. However, it is the intention of our Board to maintain a stable stream of dividends, and at the same time preserve adequate reserves for our future growth.

As we are an investment holding company, our ability to pay dividends is dependent on our Subsidiaries, which in turn will depend on various factors, including their financial performance and condition, working capital needs and availability of cash, capital expenditure and business expansion plans, the covenants in our Subsidiaries' existing loan agreements, and the general economic and business conditions, and such other relevant factors.

Our future dividends are at our Board's discretion and we may only make a distribution to our shareholders if we comply with the requirements as set out in Sections 131 and 132 of the Act, which require:

(i) our distribution to be made out of profits available; and

(ii) our Group is solvent and able to pay our debts as and when they become due within 12 months immediately after our distribution.

Further details of our dividend policy are set out in Section 12.10 of this Prospectus.

3. DETAILS OF THE LISTING

3.1 OPENING AND CLOSING OF APPLICATIONS

The Application for our IPO Shares will open at 10.00 a.m. on 29 June 2020 and close at 5.00 p.m. on 10 July 2020. Late Applications will not be accepted.

3.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Event	Dates
Opening date of our IPO	29 June 2020
Closing date of our IPO	10 July 2020
Balloting of the Applications	14 July 2020
Allotment/ transfer of our IPO Shares to successful applicants	20 July 2020
Listing	23 July 2020

3.3 DETAILS OF OUR IPO

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

3.3.1 Public Issue

A total of up to 90,000,000 Issue Shares representing approximately 25.00% of the enlarged total number of 360,000,000 Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

(i) Malaysian Public

Up to 10,800,000 Issue Shares, representing 3.00% of the enlarged total number of 360,000,000 Shares will be made available for application by the Malaysian Public through a balloting process, of which at least 50.00% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and/ or institutions.

(ii) Eligible Persons

Up to 7,200,000 Issue Shares, representing 2.00% of the enlarged total number of 360,000,000 Shares will be made available for application by Eligible Persons.

A summary of the allocation of 7,200,000 Issue Shares to Eligible Persons is set out below:

Eligibility	No. of persons	Aggregate number of Issue Shares allocated
Eligible Directors [1]	3	1,500,000
Eligible employees [2]	132	4,380,000
Persons who have contributed to the success of our Group [3]	96	1,320,000
Total	**231**	**7,200,000**

3. DETAILS OF THE LISTING *(CONT'D)*

Notes:

(1) Eligible Directors

The criteria for allocation to our Eligible Directors (save for our Directors who are also Selling Shareholders) are based on their respective roles and responsibilities in our Group and they will collectively be allocated a total of 1,500,000 Issue Shares as follows:

Name	Designation	Number of Issue Shares allocated
Tan Sri Dato' Sri Izzuddin bin Dali	Independent Non-Executive Chairman	500,000
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Independent Non-Executive Director	500,000
Ooi Guan Hoe	Independent Non-Executive Director	500,000
Total		**1,500,000**

(2) Eligible employees

(a) Key Management

The criteria for allocation to our Key Management are based on their respective roles and responsibilities in our Group and they will collectively be allocated a total of 1,200,000 Issue Shares as follows:

Name	Designation	Number of Issue Shares allocated
Ooi Kee An	General Manager	200,000
Yap Choo Cheng	Chief Financial Officer	200,000
Liew Kok Yoong	Group Accountant	200,000
Ho Chee Woei	Senior Contract Manager	200,000
Koo Yoke Ping	Corporate Affairs Manager	200,000
Ng Lee Foong	Purchasing Manager	200,000
Total		**1,200,000**

(b) Other eligible employees

The criteria for allocation to our other eligible employees (save for our Key Management) are set out below and they will collectively be allocated a total of 3,180,000 Issue Shares:

- confirmed and employed on a full time basis;
- length of service;
- seniority and job responsibility; and
- past contribution to our Group's success.

(3) Persons who have contributed to the success of our Group

The criteria for allocation to persons who have contributed to the success of our Group are set out below and they will collectively be allocated a total of 1,320,000 Issue Shares:

- their contribution to the success of our Group; and
- length of business relationship.

None of our substantial shareholders, Directors or Key Management has indicated to us on their intention to subscribe for our IPO Shares.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

(iii) Private placement to institutional and selected investors

Up to 32,400,000 Issue Shares, representing 9.00% of the enlarged total number of 360,000,000 Shares will be made available by way of private placement to institutional and selected investors.

(iv) Private placement to identified Bumiputera investors approved by the MITI

Up to 39,600,000 Issue Shares, representing 11.00% of the enlarged total number of 360,000,000 Shares will be made available by way of private placement to identified Bumiputera investors approved by the MITI.

The Public Issue will increase our issued share capital from RM26,244,002 comprising 270,000,000 Shares to up to RM46,944,002 comprising 360,000,000 Shares.

3. DETAILS OF THE LISTING *(CONT'D)*

3.3.2 Offer for Sale

Subject to our Issue Shares being fully taken up first, the Selling Shareholders are offering an aggregate of up to 18,000,000 Offer Shares, representing 5.00% of the enlarged total number of 360,000,000 Shares by way of private placement to institutional and selected investors at our IPO Price.

The Offer Shares to be offered by each Selling Shareholder and their respective shareholdings in our Company before and after our IPO are as follows:

		As at the LPD and before our IPO				Offer Shares Offered		After our IPO[3]			
		Direct		Indirect				Direct		Indirect	
Name	**Material relationship with our Group**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%**	**No. of Shares**	**%[3]**	**No. of Shares**	**%[3]**
Dato' Ir Tee Chai Seng	Promoter, Director, substantial shareholder and Key Management	227,938,377	84.42	40,224,419[2]	14.90	15,300,000	5.67[1]/ 4.25[3]	212,638,377	59.07	37,524,419[2]	10.42
Datin Koh Ah Nee	Promoter, Director, substantial shareholder and Key Management	40,224,419	14.90	227,938,377[2]	84.42	2,700,000	1.00[1]/ 0.75[3]	37,524,419	10.42	212,638,377[2]	59.07

Notes:

(1) Based on the total number of 270,000,000 Shares before our IPO.

(2) Deemed interested in shares held by spouse pursuant to Section 8 of the Act.

(3) Based on the enlarged total number of 360,000,000 Shares after our IPO.

3. DETAILS OF THE LISTING *(CONT'D)*

3.3.3 Summary of our IPO Shares to be allocated and underwriting

A summary of our IPO Shares allocated under the Retail Offering and Institutional Offering (subject to clawback and reallocation provisions set out in Section 3.3.4 below) is as follows:

	Public Issue		Offer for Sale		Total	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Retail Offering						
Malaysian Public	10,800,000	3.00	-	-	10,800,000	3.00
Eligible Persons	7,200,000	2.00	-	-	7,200,000	2.00
Institutional Offering						
Institutional and selected investors	32,400,000	9.00	18,000,000	5.00	50,400,000	14.00
Identified Bumiputera investors approved by the MITI	39,600,000	11.00	-	-	39,600,000	11.00
Total	**90,000,000**	**25.00**	**18,000,000**	**5.00**	**108,000,000**	**30.00**

The Institutional Offering is not underwritten. Irrevocable undertakings have been or will be obtained from investors who subscribe for our IPO Shares made available under the Institutional Offering.

The Retail Offering will be allocated on a fair and equitable manner, and the basis of allocation for our Issue Shares shall take into account the desirability of distributing our Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Applicants for the Institutional Offering will be selected in such manner as may be determined by our Sole Placement Agent, in consultation with our Company, to be in the best interest of our Company. Our Sole Placement Agent, in consultation with our Company, has the absolute discretion to decide whether to accept or reject any placement application.

There is no over-allotment or "greenshoe" option which will increase the number of our IPO Shares.

Details on the underwriting arrangement are set out in Section 3.9 of this Prospectus.

3. DETAILS OF THE LISTING *(CONT'D)*

3.3.4 Clawback and reallocation

Our IPO shall be subject to the minimum subscription as detailed in Section 3.3.5 below and the following clawback and reallocation provisions:

(i) in the event any Issue Shares allocated to the identified Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully taken up by them, the Issue Shares not taken up may be allocated to institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still not fully taken up under the Institutional Offering, and there is a corresponding over-application for Issue Shares by the Bumiputera public investors under the Retail Offering, our IPO Shares will be clawed back from the remaining MITI Tranche and firstly allocated to the Bumiputera public investors under the Retail Offering, followed by the order of priority as specified under item (ii) below;

(ii) subject to item (i) above, in the event there is an under-subscription in the Institutional Offering and there is an over-subscription in the Retail Offering, our IPO Shares not taken up may be clawed back from the Institutional Offering and be reallocated to the Retail Offering in the following order of priority:

(a) firstly, to the Malaysian Public; and

(b) secondly, to the Eligible Persons allocated on a fair and equitable basis in the manner as set out in items (iv)(a) and (b) below.

(iii) in the event that there is an under-subscription in the Retail Offering and there is an over-subscription in the Institutional Offering, our IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering;

(iv) any Issue Shares allocated to Eligible Persons but not taken up by them shall be made available to other Eligible Persons who have applied for excess Issue Shares (if any) in addition to their pre-determined allocation of Issue Shares ("**Excess Shares**"). Such Excess Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:

(a) firstly, allocation on a proportionate basis to Eligible Persons who have applied for Excess Shares based on the number of Excess Shares applied for; and

(b) secondly, to minimise odd lots.

Any allocated Issue Shares not fully taken up by Eligible Persons will be made available for application by the Malaysian Public under the Retail Offering. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be taken up by our Sole Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

The clawback and reallocation provisions will not apply in the event there is an over-subscription or under-subscription in both the Retail Offering and Institutional Offering at the closing date of our IPO.

3.3.5 Minimum subscription

Our Company will comply with the 25.0% public spread requirement of the Listing Requirements or as approved by Bursa Securities and the number of Shares required to be held by public shareholders for our IPO. As such, the proceeds to be raised by our Company shall be RM20.70 million based on 90,000,000 Public Shares (representing 25.0% of the enlarged total number of Shares upon Listing) at our IPO Price of RM0.23 per Share.

3. DETAILS OF THE LISTING *(CONT'D)*

In this regard, if there is an under-subscription for our IPO Shares (but is in excess of the 90,000,000 Shares offered under the Public Issue), the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. In such a situation, any shortfall between the total subscriptions for our IPO Shares and our Issue Shares will result in the Selling Shareholders reducing the number of Offer Shares offered under the Institutional Offering accordingly. For avoidance of doubt, if subscriptions received are sufficient to fully cover our Public Issue, the IPO shall proceed.

3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our enlarged issued share capital would be as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	270,000,000	26,244,002
New Shares to be issued pursuant to the Public Issue	90,000,000	20,700,000
Enlarged total number of Shares upon Listing	**360,000,000**	**46,944,002**
Offer for Sale	18,000,000	4,140,000
IPO Price		0.23
Pro forma consolidated NA per Share as at 31 December 2019 after our Pre-IPO Reorganisation, Public Issue and the intended use of proceeds		0.16
Market capitalisation upon Listing based on our IPO Price and the enlarged total number of 360,000,000 Shares upon Listing		82,800,000

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder presents either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held.

3. DETAILS OF THE LISTING *(CONT'D)*

3.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price of RM0.23 per IPO Share was determined and agreed upon between our Directors and our Promoters, together with RHB Investment Bank, being our Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, after taking into consideration the following factors:

(i) financial performance and operating history of our Group, where we recorded an EPS of approximately RM0.04 per Share for FYE 31 December 2019 based on the enlarged total number of 360,000,000 Shares and PAT attributable to owners of RM15.66 million, which translates to a net price-to-earnings multiple of approximately 5.75 times;

(ii) our detailed financial performance and operating history as described in Sections 12 and 6 of this Prospectus respectively;

(iii) our competitive strengths as well as our future plans and prospects of our Group as described in Sections 6.2 and 6.4 of this Prospectus;

(iv) overview and outlook of the construction industry in which our Group operates as well as the prevailing market conditions as described in Section 7 of this Prospectus; and

(v) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

You should also note that the market price of our Shares upon Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in Section 4 of this Prospectus before deciding to invest in our Shares.

3.6 DILUTION

Dilution is computed as the difference between our IPO Price paid by you for our Issue Shares and the pro forma consolidated NA per Share of our Group immediately after our IPO. The following table illustrates the effect in our Group's pro forma consolidated NA for each Share to our shareholders:

	RM
IPO Price	0. 23
Pro forma consolidated NA per Share as at 31 December 2019 after our Pre-IPO Reorganisation but before our Public Issue	0.16
Pro forma consolidated NA per Share as at 31 December 2019 after our Pre-IPO Reorganisation, the Public Issue and the intended use of proceeds	0.16
Increase in the pro forma consolidated NA per Share attributable to existing shareholders	-
Dilution in the pro forma consolidated NA per Share to new investors	0.07
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of our IPO Price	30.43%

Please refer to Section 13 of this Prospectus for further details of our Group's pro forma consolidated NA per Share as at 31 December 2019.

3. DETAILS OF THE LISTING *(CONT'D)*

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoters, Directors, substantial shareholders or Key Management, or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares from the date of our incorporation to the date of this Prospectus:

Name	No. of Shares held before our IPO	No. of Shares from our IPO	Total consideration	Average effective cost for each Share
			RM	RM
Promoters, Directors and substantial shareholders				
Dato' Ir Tee Chai Seng	227,938,377	-	22,155,612	0.10
Datin Koh Ah Nee	40,224,419	-	3,909,814	0.10
Key Management				
Ooi Kee An	1,837,204	200,000	224,576	0.11

3.7 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM20.70 million from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		(RM '000)	%	
Purchase of new construction machinery and equipment	(1)	13,000	62.30	Within 36 months
Working capital for our construction projects	(2)	4,200	20.29	Within 24 months
Estimated Listing expenses	(3)	3,500	16.91	Within 3 months
Total		**20,700**	**100.00**	

3. DETAILS OF THE LISTING *(CONT'D)*

Notes:

(1) Purchase of new construction machinery and equipment

We intend to utilise RM13.00 million for the purchase of new construction machinery and equipment and the breakdown of the estimated purchase cost for each type of machinery and equipment is as follows:

			Estimated	
Machinery / Equipment	**Purpose**	**Estimated timeframe**	**No. of unit(s)**	**Total purchase cost (RM '000)**
Self-climbing protection platform	A protection screen and platform that protects working environment from weather conditions and safeguards against falls in work areas	Within 36 months	2	6,000
Tower crane	A type of fixed crane to transport construction materials and equipment	Within 36 months	2	2,400
Heavy-duty scaffolding	A temporary platform that is used during construction to support workers and materials	Within 36 months	1	3,000
Excavator	Used for land clearing purposes and excavation purposes	Within 36 months	4	700
Trucks	Used for transporting materials	Within 36 months	7	900
Total				**13,000**

The purchase of these construction machinery and equipment is in line with our Group's future plans to further grow our building construction activities and expand into the infrastructure construction services. Further, the purchase of these machinery and equipment is expected to strengthen our Group's capacity and flexibility, particularly in meeting the needs of our future construction projects.

The timing of the purchase of these construction machinery and equipment depends on the timing when we secure our new construction projects. Further, if our existing construction machinery and equipment that are currently used at our on-going project sites are freed-up, and are similar to those identified for purchase by our Group, we may transfer those existing construction machinery and equipment to the new construction site(s). In such event, we may no longer need to purchase those identified construction machinery and equipment and those earmarked funds will be reallocated to purchase other construction machinery and equipment to be identified by our Group to meet the demands of our other new construction projects to be secured.

The estimated purchase cost of these construction machinery and equipment is subject to changes. Nonetheless, we intend to use only up to RM13.00 million of the proceeds from the Public Issue to finance the purchase of these new construction machinery and equipment. Any shortfall will be funded via internally generated funds and/ or bank borrowings.

Further information on our future plans and prospects are disclosed in Section 6.4 of this Prospectus.

(2) Working capital for our construction projects

We intend to utilise RM4.20 million as working capital for our construction projects.

We secured the Hermington Project in December 2018 for the construction of 479 units of one block of 46 storeys of condominium with eight storeys of car parking podium and 478 units of one block of 49 storeys affordable homes on Jalan Indrahana 3, Mukim Petaling, Kuala Lumpur.

As at 30 April 2020, we were carrying out the main building and structural works for our Hermington Project which represents completion of about 35.67% of the entire project and we expect to complete the main building and structural works by second quarter of 2021. Upon receiving the gross proceeds from our IPO, we intend to utilise the whole of RM4.20 million allocated to partly defray the costs related to the main building and structural works, which include payments to our subcontractors for their services, such as bar bending works, carpentry works, concreting works, and supply and installation of formworks, and purchase of steel and concrete from our suppliers, as well as payments for our construction workers' salaries and wages for our Hermington Project.

Typically, we anticipate our projects' cash flows to be self-sustainable after the phase of completion of main building and structural works, estimated at completion of about 60.00% to 70.00% of the entire project. On this basis, if our Hermington Project's cash flows have become self-sustainable and no longer requires such funding for its working capital, the proceeds allocated under this category would be reallocated to our Putrajaya Sentral Project, which we secured in November 2019 or other future construction projects to be identified by our Group. Our Putrajaya Sentral Project involves the construction of 672 units of two blocks of 34 storeys of serviced apartments with four storeys of carparking podium at Precinct 7, Wilayah Persekutuan Putrajaya.

Further information on the Hermington Project and Putrajaya Sentral Project is disclosed in Section 6.3.1 of this Prospectus.

3. DETAILS OF THE LISTING *(CONT'D)*

(3) Estimated listing expenses

The following estimated expenses and fees incidental to our Listing amounting to approximately RM3.50 million shall be borne by our Company:

Expenses	RM'000
Professional fees[1]	2,175
Underwriting commission, brokerage fee and placement fee	683
Other fees and expenses relating to our Listing and contingencies[2]	597
Regulatory fees	45
Total	**3,500**

Notes:

(1) This includes advisory fees for, among others, our Principal Adviser, legal advisers, Reporting Accountants and IMR.

(2) This includes any other incidental charges or related expenses in connection with our IPO, such as printing and advertising fee.

In the event of any shortfall or excess in the actual listing expenses as compared to the amount allocated, such amount will be adjusted accordingly against the portion allocated for working capital requirements.

Pending the eventual utilisation of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds raised (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licenced financial institutions in Malaysia and/ or money market deposit instruments/ funds.

Our Company will not receive any proceeds from the Offer for Sale. Based on our IPO Price of RM0.23 per Offer Share, the gross proceeds from the Offer for Sale of RM4.14 million will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear the entire incidental expenses and fees relating to the Offer for Sale, amounting to about RM124,200.

3.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

3.8.1 Underwriting Commission

We have entered into the Underwriting Agreement with our Sole Underwriter for the underwriting of our Issue Shares under the Retail Offering ("**Underwritten Shares**"), subject to the clawback and reallocation provisions. We will pay an underwriting commission at 3.00% of the total value of the Underwritten Shares.

3.8.2 Brokerage Fee

We will pay the brokerage fee in respect of our Issue Shares under the Retail Offering, at the rate of 1.00% of our IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/ or the Issuing House.

3. DETAILS OF THE LISTING *(CONT'D)*

RHB Investment Bank, being our Sole Placement Agent is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

3.8.3 Placement Fee

Our Placement Agent has agreed to place out 72,000,000 Issue Shares to institutional and selected investors, including identified Bumiputera investors approved by the MITI and 18,000,000 Offer Shares to institutional and selected investors. Our Company will pay a placement fee of up to 3.00% of the total value of Issue Shares successfully placed out by our Placement Agent.

The Selling Shareholders will bear the placement fee for 18,000,000 Offer Shares.

3.9 DETAILS OF UNDERWRITING ARRANGEMENT

We had on 12 June 2020, entered into the Underwriting Agreement with our Sole Underwriter to underwrite the 18,000,000 Issue Shares under the Retail Offering. The salient terms of the Underwriting Agreement are as follows:

(i) The obligation of our Sole Underwriter to underwrite the Underwritten Shares under the Underwriting Agreement is conditional on the performance by our Company of our obligations under the Underwriting Agreement and is conditional on the following:

(a) our Sole Underwriter receiving certificate in the form or substantially in the form contained in Schedule 2 (Certificate by Company) of the Underwriting Agreement, one dated the date of registration of this Prospectus and the other dated the closing date of the application of our IPO Shares ("**Closing Date**"), both of which are to be signed by our Director (on behalf of our Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the representations, warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of this Prospectus and Closing Date respectively that:

- there is no occurrence of any change or any development likely to result in a prospective change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole and from that set out in this Prospectus which would or is likely to have a material adverse effect;

- there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings set out in the Underwriting Agreement untrue or inaccurate, misleading or incorrect, not complied with, failure to be performed in any respect or result in a breach of the Underwriting Agreement by our Company;

- there shall have occurrence of any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates, which in the opinion of our Sole Underwriter, would have or is likely to have material adverse effect on:

1. the condition (financial or otherwise), contractual commitments, general affairs, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or our Group;

2. the ability of our Company and/or the Selling Shareholders to perform in any respect our obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the placement mandate or the Underwriting Agreement;

3. the ability of our Company and/or our Group to conduct our businesses as described in this Prospectus; or

4. our IPO;

(whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day, on or after the date of the Underwriting Agreement and prior to the Closing Date, lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

- there is no breach by our Company of any of our obligations under the Underwriting Agreement;

- all undertakings, representations, warranties and covenants of our Company under the Underwriting Agreement has been complied with and not breached; and

- our Company has satisfied all the conditions as set out in (i) on our part to be performed.

(b) the Underwriting Agreement being signed by the relevant authorised signatories to the Underwriting Agreement and stamped within the statutory time frame;

(c) the issue of this Prospectus not later than one month from the date of the Underwriting Agreement or such later date as our Sole Underwriter and our Company may from time to time agree in writing;

(d) the registration of this Prospectus and such other documents as may be required in accordance with the CMSA in relation to our IPO with the SC and its lodgement with the ROC by the issuance of this Prospectus;

(e) all necessary approvals remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;

(f) the approval of Bursa Securities for the admission of our Company to the Official List and our Listing being obtained on terms acceptable to our Sole Underwriter and the approval of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;

(g) our Sole Underwriter being satisfied that our Company will, following completion of our IPO, be admitted to the Official List and our enlarged issued share capital listed and quoted on the ACE Market no later than three months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;

3. DETAILS OF THE LISTING *(CONT'D)*

(h) the execution of the placement mandate and such agreement as may be determined by the placement mandate are in force and not having been terminated or rescinded pursuant to the provisions thereof (whereby for the avoidance of doubt, the execution of the placement mandate by our Sole Placement Agent shall be at the sole discretion of our Sole Placement Agent);

(i) our Sole Underwriter receiving a copy duly certified by our Director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of our Directors:

- approving this Prospectus (including a confirmation that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus), the Underwriting Agreement, our Listing and the transactions contemplated by it;
- authorising the issuance of this Prospectus;
- authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
- approving our IPO and our Listing and the transactions contemplated by each of the same;
- approving the allotment and issue of our IPO Shares under our IPO; and
- confirming that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus.

(j) all the resolutions referred to in sub-clause (i) above remaining in full force and effect as at the Closing Date and none having been rescinded or revoked or varied;

(k) our IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with our IPO and/or our Listing have been obtained and are in force up to the Closing Date;

(l) our Sole Underwriter being satisfied that our Company has complied with and that our IPO is in compliance with the policies, guidelines and requirements of Bursa Securities, SC and all other securities laws and regulations, including all revisions, amendments and/or supplements to it;

(m) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the Closing Date, which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue or inaccurate;

(n) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;

(o) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Sole Underwriter;

3. DETAILS OF THE LISTING *(CONT'D)*

(p) there having been, as at Closing Date, no registration or lodgement of any amendment, supplement, or replacement to this Prospectus with the SC or the ROC without the prior written approval of our Sole Underwriter; and

(q) our Sole Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.

Our Sole Underwriter may, without prejudice to their power, rights and remedies under the Underwriting Agreement, at law or in equity, waive all or any of the conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement. Any condition so waived shall be deemed to have been satisfied in relation to it. For the avoidance of doubt, any such waiver by our Sole Underwriter shall be without prejudice to our Sole Underwriter's right to elect to treat any further or other breach, failure or event as releasing and discharging our Sole Underwriter from their obligations under the Underwriting Agreement and shall be without prejudice to the right of our Sole Underwriter to terminate the Underwriting Agreement by written notice given to our Company and in such event the provisions on termination as set out below shall apply.

(ii) Notwithstanding anything contained in the Underwriting Agreement, our Sole Underwriter may terminate the Underwriting Agreement and withdraw its obligations upon the occurrence of any of the following:

(a) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or

(b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or

(c) there is withholding of information from our Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of our Shares issued or offered under our IPO; or

(d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group; or

(e) the Closing Date does not occur within three months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by our Sole Underwriter; or

(f) the occurrence of any force majeure event or any event or series of events beyond the reasonable control of our Sole Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which would have or can reasonably be expected to have a material adverse effect or which has or is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the Underwritten Shares; or

3. DETAILS OF THE LISTING *(CONT'D)*

(g) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of our Sole Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the Index is, at the close of normal trading on Bursa Securities, on any Market Day, on or after the date of the Underwriting Agreement, and prior to the closing date, lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or

(h) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group and/or materially prejudice the business or the operations of our Group, the success of the our IPO, or our Listing or market conditions generally or which has or is likely to have the effect of making the Underwriting Agreement incapable of performance in accordance with its terms; or

(i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities; or

(j) any government requisition or occurrence of any other nature which would have or is likely to have a material adverse effect on the business, operations and/or financial position or prospects of our Group or the success of our IPO; or

(k) the Institutional Offering and/or the Retail Offering is stopped or delayed by our Company, the Selling Shareholders or any relevant authorities for any reason whatsoever (unless such delay has been approved by our Sole Underwriter); or

(l) any commencement of legal proceedings or action against any member of our Group or the Selling Shareholders or any of our Directors, which in the opinion of our Sole Underwriter, would have or is likely to have a material adverse effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our Shares; or

(m) this Prospectus or Application Forms (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a material adverse effect; or

(n) any of the resolutions or approvals referred to in Section 3.9(i)(i) is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a material adverse effect; or

(o) if the SC or any other relevant authority issues an order pursuant to Malaysian law such as to make it impracticable to market our IPO or to allot and/or transfer our IPO Shares; or

(p) any other event in which a material adverse effect which have occurred or which in the opinion of our Sole Underwriter is likely to occur; or

(q) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to our Sole Underwriter or does not take place by 23 July 2020 or such other extended date as may be agreed in writing by our Sole Underwriter.

4. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISKS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESMENT DECISION.

4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

4.1.1 Our historical GP margin is not a guarantee of our future performance

Our Group's GP margin may fluctuate for each financial year. For instance, our Group's overall GP margin increased from 13.80% for FYE 2016 to 20.88% for FYE 2017, and then decreased to 14.04% and 10.53% for FYE 2018 and FYE 2019 respectively. For our segmental GP and GP margins, please refer to Section 12.3.3(c) of this Prospectus.

Our overall GP margin is dependent on our projects mix, and each of our project's GP and GP margins may differ depending on the scope of work, technical specifications, project duration and costs. During the FYE Under Review, our completed projects were mainly landed properties with a smaller contract sum as opposed to our on-going projects, which mainly comprise high rise properties with a larger contract sum. In general, our construction projects with a higher contract sum will have a lower GP margin, and hence our GP margin in the future may be lower as most of our on-going projects have larger contract sums.

In addition, all of our on-going projects and completed projects as set out in Sections 6.3.1 and 6.3.2 are fixed price contracts. Therefore, our overall GP and GP margins, and their sustainability largely depend on our efficiency in implementing our projects. In addition, our overall GP and GP margins are subject to factors beyond our control, such as project delays and termination, outbreak of COVID-19 and and fluctuations in prices and unavailability of construction materials, which are set out in Sections 4.1.8, 4.1.9 and 4.1.10 of this Prospectus.

Premised on the above as well as the current property market conditions, and the stiff competition faced within the construction industry as detailed in Section 4.2.2 of this Prospectus, we cannot assure you that we will be able to sustain our historical or current levels of GP margin, or achieve or maintain our profitability in the future if there is a decline in overall GP margin of our future projects.

Further, the volatility in our GP margins during the FYE Under Review may continue moving forward. This is mainly due to cost estimates by our management for each of our projects as it will directly affect recognition of our GP and GP margins. For instance, our management typically allocates a higher cost estimate during the initial stage of our projects as it involves higher uncertainties. This will result in our Group recognising a lower GP and GP margins at the initial stage of our projects.

During the construction period, our management will review the projects' cost estimates on a periodic basis and revise them, where the cost items previously budgeted are no longer required. This will in turn result in our Group recognising higher GP and GP margins when our projects' cost estimates are revised downwards. Similarly, if our management revises our projects' costs estimates upwards, our Group will recognise lower GP and GP margins. Such GP and GP margin fluctuations are typically more significant nearing completion of our projects when we can estimate our costs more accurately. Prior to FYE 2019, we generally reviewed our project's cost estimates on a yearly basis, which resulted in volatility in our GP margin. However, during FYE 2019, we adopted and implemented new standard operating procedures which require us to review and adjust (if required) our project's cost estimates on a quarterly basis.

4. RISK FACTORS *(CONT'D)*

Moreover, we will recognise our revenue only to the extent of the total contract costs we incurred in the event that we cannot estimate the outcome of our construction contract reliably. During the FYE Under Review, we have not recognised any GP from our KTCC Mall Project as its contract sum cannot be reliably estimated. We face the risk that we may not recognise any GP from the project in our upcoming financial years if the dispute with our customer is not resolved. Furthermore, in the event we are not able to recover any further amounts in relation to our KTCC Mall Project, the estimated loss to be recognised in relation to this project is RM1.71 million. Please refer to Section 12.3.2(e) of this Prospectus for further details relating to our KTCC Mall Project.

4.1.2 Our profitability may be adversely affected by properties which we have purchased

It is our firm intention to remain focused on our business as a pure play construction company. Further, it is not our business model or policy to acquire properties in our customers' property development projects as a precondition for securing a project or to accept pre-arranged payment-in-kind from our customers for our construction services.

During the FYE Under Review, we purchased six properties from our customers' property development projects as support to their business with a view of fostering and/ or maintaining good business relationship. These properties were material taking into consideration of:

(i) our payments of RM7.72 million during FYE 2018 for these properties when compared to our Group's PAT of RM9.81 million for FYE 2018; and

(ii) their total costs of RM10.33 million when compared to the aggregate project GP of RM25.73 million (estimated in 2019) from our projects with these customers during the FYE Under Review. During the FYE Under Review, we recognised GP of RM2.86 million, RM4.41 million, RM3.13 million and RM9.54 million respectively from our projects with these customers.

Please refer to Section 6.14 of this Prospectus for further details of the properties.

We may either dispose and/ or rent out the properties we purchased when we no longer require the properties as our site office. This will subject us to inherent risks such as fluctuation in property prices and rental rates, and we may only realise capital gain upon disposal in the future if we are able to dispose our properties at a price higher than its purchase costs, expenses incidental to the disposal and applicable taxes, if any. As such, in the event that we are not able to recoup our cost in the properties in the future, our profitability may be adversely affected. Please refer to Sections 4.2.1 and 7 of this Prospectus for further details of the outlook of the property market. Moving forward, we only intend to purchase additional properties if we require them as site offices for our on-going and/ or future projects.

4.1.3 Our cash flow may be adversely affected by delays in collections or non-recoverability of trade receivables

We are exposed to delays in collection and/ or non-recoverability of trade receivables. If we experience any delay and/ or non-payment by our customers, we may face cash flow constraints. This may result in a material adverse impact on our financial condition, our ability to pay our suppliers, and potentially delay the progress of our projects.

At present, the credit terms granted to our customers range from 30 to 60 days. Our average trade receivables turnover period (net of retention sum) during the FYE Under Review were 49 days, 72 days, 99 days and 60 days respectively. Our average trade receivables turnover period (net of retention sum) was higher in FYE 2017 and FYE 2018 than the normal credit terms granted to our customers. This was mainly due to slow repayment from our customers as detailed in Section 12.7.1 of this Prospectus. Further, as a result of slow repayment from our customers, our Group recorded a negative operating cash flow for FYE 2018.

However, our average trade receivables turnover period (net of retention sum) decreased in FYE 2019 due to continuous efforts by our management to monitor and manage the collections from our customers. Please refer to Section 12.4.2 of this Prospectus for further information on our operating cash flows.

For the FYE Under Review, our allowance for expected credit losses and bad debts written off for our trade receivables are RM0.10 million, RM0.44 million, RM0.18 million and RM0.21 million representing approximately 1.96%, 7.11%, 1.83% and 1.33% respectively of our Group's PAT. Please refer to Section 12.3.3(e) of this Prospectus for further information on our Group's allowance for expected credit losses and bad debts written off and Section 12.7.1 of this Prospectus for further analysis of our Group's trade receivables ageing. As at the LPD, our trade receivables include retention sum in relation to our KTCC Mall Project. The release of the first 50.00% of our retention sum is pending the issuance of CPC, and the issuance of CPC is dependent upon the resolution of the dispute with our customer. As such, we may not be able to recover our retention sum in relation to our KTCC Mall Project until the dispute with our customer is resolved. Please refer to Section 15.6 of this Prospectus details on the dispute and the opinion of our solicitors.

Our customers may experience a decline in their business performance due to the current property overhang situation, dampened property market and the outbreak of COVID-19. As a result, our Group may face risk of delays in collections, non-recoverability of trade receivables, or incur material impairment loss for outstanding payments owed to us by our customers, which may affect our working capital to meet operating requirements. It may also impair our ability to service our bank borrowings, which include term loans we have taken to finance the purchase of six properties amounting to RM10.33 million from our customers' property development projects. In FYE 2018, we paid RM7.72 million for these properties, which was material when compared to our cash and cash equivalents of RM4.62 million as at 31 December 2018 as well as the total net cash used in our operating activities of RM6.17 million for FYE 2018. As at 31 December 2019, our cash and cash equivalents have increased to RM15.02 million. Please refer to Sections 4.2.1 and 7 of this Prospectus for further details of the outlook of the property market. As at the LPD, we have not been informed by our customers of their intention to delay, cancel or suspend our on-going projects.

In mitigating our exposure to risk of delays in collection or non-recoverability of trade receivables, we selectively tender for projects with customers who are reputable and established. Further, we will also assess our cash flows, and cash and cash equivalents prior to making any material capital expenditure to ensure that we always have sufficient working capital to meet our operating requirements. However, we cannot assure you that we will not experience any delay and/ or default in payments by our customers, or any adverse impact on our ability to secure additional financial facilities, which may have a material adverse effect on our financial performance or position. Please refer to Section 12.4.1 of this Prospectus for details on our working capital.

4.1.4 We are dependent on our Managing Director and other Key Management for our continued success and growth

Our success depends on the abilities and continuing efforts of our Key Management, in particular, our Managing Director, Dato' Ir Tee Chai Seng, who has been actively involved in our Group's operations since the founding of our business. Over the past years, Dato' Ir Tee Chai Seng has been instrumental in charting our business direction and managing our strategic development. He is also key to our existing relationships with our customers and in securing new projects for our Group. This includes our building construction projects in 2013, namely Saujana Avenue Project and Saujana Prima Project which were awarded to us by companies in which he was a director and is still currently a shareholder.

Dato' Ir Tee Chai Seng is supported by our Key Management who are experienced in their respective fields that include contracts, project management, financial control, purchasing and corporate affairs. Please refer to Sections 8.2.2(ii) and 8.4.3 of this Prospectus for further details on the working experience of our Managing Director and Key Management.

4. RISK FACTORS *(CONT'D)*

Our future plans include expanding our infrastructure construction services to include major roads, highways and bridges. As we do not have a track record in major infrastructure construction projects, we are mainly dependent on our Managing Director, Dato' Ir Tee Chai Seng who has the relevant past experience as detailed in Section 6.4.2 of this Prospectus. Based on the above, the loss of Dato' Ir Tee Chai Seng, and/or any of our other Key Management without a suitable and timely replacement, or our inability to attract and retain qualified and skilled key management could adversely affect our continued ability to maintain our Group's operational and financial performance, and to achieve our future plans.

Our Subsidiary, TCS Construction had on 15 August 2019 issued a letter to MPM Project Management confirming substantial and practical completion of the scope of work stipulated in the contract for our KTCC Mall Project (which mainly entails reinforced concrete structural works, brickwall and plastering works, and construction of electrical substations) and requested for joint inspection to facilitate issuance of the CPC by the architect. However, on 16 April 2020 TCS Construction received a certificate of non-completion dated 1 December 2019 from MPM Project Management notwithstanding that the CCC of the KTCC Mall was issued on 23 January 2020 and the KTCC Mall was opened for business on 24 January 2020. Please refer to Section 15.6 of this Prospectus for details on the dispute and the opinion of our solicitors. To ensure that there is no financial impact on TCS Construction in respect of this dispute, our Managing Director, Dato' Ir Tee Chai Seng has procured the issuance of a bank guarantee by CDB Realty, a company owned by Dato' Ir Tee Chai Seng and Datin Koh Ah Nee, payable to TCS Construction to cover the estimated amount of liquidated ascertained damages of RM5.40 million for an initial period of two years from 23 June 2020 to 22 June 2022, and is renewable upon its expiry up to 22 June 2023 or such longer period subject to terms and conditions in the offer letter from CIMB Bank Berhad and as may be stipulated by the bank. In addition, he has also given an irrevocable and unconditional undertaking to:

(i) make payment on behalf of TCS Construction if required by law to be made by TCS Construction; and

(ii) to procure renewal of the said bank guarantee on an annual basis (or for whatsoever reason, a replacement of equivalent amount), to ensure such bank guarantee will be subsisting until the dispute between TCS Construction and MPM Project Management is resolved.

Dato' Ir Tee Chai Seng and/ or persons connected with him will not seek to recover any compensation from TCS Group for any amounts paid under the bank guarantee, and any amounts which are required to be paid on behalf of TCS Construction if required by law to be made by TCS Construction. Hence, we are dependent on our Managing Director in respect of the dispute in relation to our KTCC Mall Project.

Our Managing Director, Dato' Ir Tee Chai Seng has extended his personal guarantees for banking facilities, lease liabilities, trade supplies and/ or projects to our Group, including the personal guarantee for our KTCC Mall Project, which are subsisting as at the LPD. As such, we are dependent on our Managing Director. For further details, please refer to Section 10.1.3 of this Prospectus.

4.1.5 We are exposed to project delays, potential reduction or revision in our scope of works and termination risks

The timeframe to complete our projects is in accordance with the terms in our contracts. However, the completion of our projects may be affected by many external factors. These include the timely receipt and renewal of requisite licences, permits and approvals, availability of construction materials and labour, and the quality of work delivered by our subcontractors.

Any prolonged delay in the above factors could subsequently lead to project cost overrun, premature termination of our contract or the postponement of or scaling down of the project by our customers. Project delays may affect our profitability, delay the recognition of revenue, incur additional costs and/or result in our customers imposing liquidated ascertained damages on us, all of which could adversely affect our Group's financial performance.

4. RISK FACTORS *(CONT'D)*

On 16 April 2020, TCS Construction received a certificate of non-completion dated 1 December 2019 from MPM Project Management in relation to an alleged non-completion of our scope of work specified in the contract for our KTCC Mall Project by the alleged extended completion date of 30 November 2019 and claim for liquidated ascertained damages of RM100,000.00 per day for the period during which the works are alleged to be incomplete ("**KTCC Mall Dispute**"). We are disputing the issuance of the certificate of non-completion as we have completed our scope of works for our KTCC Mall Project by the completion date, i.e. 15 August 2019. The CCC was issued to the KTCC Mall on 23 January 2020. Please refer to Section 15.6 of this Prospectus for further details.

As at the LPD, we have provided performance bonds amounting to RM25.60 million to our customers to guarantee the performance and completion of our contractual obligations for our projects and our customers have not called on these performance bonds. In addition, we will be providing performance bond of 5.00% of the contract sum for our Putrajaya Sentral Project in due course.

Accordingly, our financial performance and financial position may be adversely affected if our customers call on our performance bonds. Further, if non-performance or non-completion of our contractual obligations is due to unsatisfactory performance of our subcontractors, we may not be able to recover the losses from these subcontractors as we did not impose performance bonds on our subcontractors for our projects who were appointed prior to 8 May 2019. Please refer to Section 4.1.7 of this Prospectus for the risks associated with services of our subcontractors.

Our customers may reduce and/or revise our scope of works, which will result in us generating a lower revenue from such affected project. The contract sum of our KTCC Mall Project is subject to change mainly due to various changes in design and specifications. We expect the contract sum to be revised when the final accounts are finalised and the KTCC Mall Dispute is resolved. As such, during the FYE Under Review, we recognised revenue from our KTCC Mall Project to the extent of total contract costs incurred. In the event we are not able to recover any further amounts in relation to our KTCC Mall Project, the estimated loss to be recognised in relation to this project is RM1.71 million. Please refer to Section 12.3.2(e) of this Prospectus for further details on the potential revision in our KTCC Mall Project contract sum.

We cannot assure you that the contract sum of our other on-going projects and/or future projects will not be reduced as a result of reduction or revision in our scope of works. In the event that the contact sum of our other on-going projects and/or future projects are reduced, our financial performance may be adversely affected.

Save for the above and as disclosed in Section 4.1.9 of this Prospectus, we have not faced any incidences of delay in the progress of any of our projects as at the LPD. Further, we have not faced any reduction or revision in our scope of work or premature termination of contracts with our customers in the past which had a material adverse impact on our Group's financial performance.

4.1.6 Our business operations rely on our certificates of registration issued by CIDB

We are principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia. The construction industry is regulated by laws set by government bodies such as CIDB. Pursuant to CIDB Act, it is a mandatory requirement for all contractors who carry out or complete any construction works to hold a valid certificate of registration issued by CIDB.

Our Subsidiaries are both currently registered as Grade G7 contractors with CIDB. The Grade G7 certification allows us to tender for construction projects without restriction in the value of the projects. Our certificates of registration issued by CIDB are key to the continuity of our business operations.

4. RISK FACTORS *(CONT'D)*

We have not experienced any past instances where our certificates have been revoked or suspended prior to their expiration, or where renewal of our certificates was not successful which had a material adverse impact on our Group's operations. However, any revocation of such certificates or failure by us to obtain other new approvals, licences and permits, where required for our business activities, will have a material impact on our ability to continue our business operations and realisation of our future plans, and hence will affect our profitability. In addition, our subcontractors may face revocation of their approvals, licences and permits required to carry out their works in the event of any non-compliance. This may cause delays in our projects and may affect our business operations.

4.1.7 We face uncertainty in securing new contracts and are currently dependent on a few on-going projects awarded by our key customers

Our contracts are awarded on a project basis to be implemented over an average of two to three years. In the construction industry, contracts are typically awarded based on competitive bidding by the contractors as well as the contractors' track record. Hence, we face uncertainty in securing new contracts as we may not be able to provide the most competitive pricing at all times or that our track record may not be as established as some of our competitors.

The volume of construction projects in the market is dependent on the current outlook of the Malaysian property market. The current property overhang situation in Malaysia may potentially reduce the number of construction projects in the market. This may result in a lower demand for our services, which may in turn affect our ability to secure new contracts. Hence, we cannot assure you that we will be able to sustain our historical or current levels of GP margin for our future projects. A more in-depth discussion of the outlook of the property market is disclosed in Sections 4.2.1 and 7 of this Prospectus.

During the FYE Under Review, the collective contribution from our key customers namely, UM Land Group, IJM Group and Tropicana Group, amounted to around 71.22%, 90.03%, 76.02% and 60.16% respectively to our Group's revenue. As at 30 April 2020, our order book comprised unbilled contracts of RM463.81 million to be fully billed over the next three financial years up to FYE 2023, of which RM355.73 million was attributed to these key customers. As such, these key customers will continue to contribute to a significant proportion of our Group's revenue in the next three financial years up to FYE 2023. Details of our on-going construction projects and our order book are provided for in Section 6.3 and Section 12.9 of this Prospectus, respectively.

We cannot assure you that our key customers will continue to engage us in the future as we do not have long term contractual agreements with them. Further, as at the LPD, we have tendered for a number of projects out of which we are still in the running for 10 projects (projects with a tender sum of RM50.00 million and above), with a total tender sum of approximately RM2.13 billion. The results of those 10 tenders are still unknown. As such, we face the risk that we may not be able to secure new contracts or land new customers who can contribute to our revenue in the coming years. Further, as part of our future plans, we intend to expand our infrastructure construction services to include major roads, highways and bridges as detailed in Section 6.4.2 of this Prospectus. However, we may not be able to materialise this future plan as we do not have a track record in major infrastructure construction projects. As a result, we may not be able to maintain our order book and/ or expand our infrastructure construction services which may then adversely affect our long term sustainability and business growth as well as our financial performance.

Further, we also face the risk that our existing order book may be reduced due to premature termination or scaling down of our contracts as detailed in Section 4.1.8 of this Prospectus, and this may adversely affect our financial performance.

4. RISK FACTORS *(CONT'D)*

4.1.8 Our construction works are dependent on the services of our subcontractors

We engage subcontractors to carry out certain construction activities throughout different stages of our projects, covering from preliminaries up to the completion. Depending on our project requirements, our subcontractors' services are mainly to provide labour for labour-intensive works, supply and install construction materials, machinery and equipment, and perform piling works as well as specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. Nevertheless, our Group is still in charge of the overall management of our projects. For the FYE Under Review, our total subcontractor costs accounted for approximately 48.87%, 65.69%, 37.46% and 48.17% of our Group's total cost of sales, respectively.

Any delay and/or failure by a subcontractor to provide its contracted services may lead to damages and penalties imposed on our Group by our customer who awarded the construction project to us. In addition, we may face delays in our projects and experience cost overruns.

Even though we may attempt to claim compensation from our subcontractors, from time to time, we may be required to compensate our customers in advance before receiving the compensation from our subcontractors. In the event that we are unable to recover the compensation amount from our subcontractors, whether in full or in part, we will suffer a loss, which could adversely affect our financial performance. Nevertheless, we have been imposing performance bonds on our subcontractors with a contract sum exceeding RM3.00 million who were appointed on or after 8 May 2019.

We cannot assure you that our Group's financial performance will not be affected adversely if our subcontractors fail to provide the agreed contracted services in a timely, reliable and satisfactory manner. However, we have not experienced any past instances where any delay or non-performance by our subcontractors have resulted in any breach by us of our contractual obligations to our customers which had a material adverse impact on our Group's financial performance.

4.1.9 Our financial performance and position, and business operations may be affected due to the outbreak of COVID-19

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. During the MCO period, all government and private premises except those involved in essential services are required to be closed and to cease operations during the period that the MCO takes effect unless exempted. This was followed by a conditional MCO on 4 May 2020 which allowed selected business sectors to resume operation and a recovery MCO from 10 June 2020 to 31 August 2020. During the MCO period, we had to temporarily suspend our construction works and was only allowed to resume operations upon obtaining approvals from MITI. As a result, our progress in completing our projects has been affected. Furthermore, we had to incur fixed overhead costs during the period when our business operations were temporarily suspended such as staff cost and wages, upkeep and maintenance, finance costs and rental expenses which amounted to approximately RM0.52 million per month. As at the date of this Prospectus, we have resumed operations at full workforce at our head office and at all construction sites for our on-going projects. For our Putrajaya Sentral Project, we have yet to commence operations. Please refer to Section 6.1(c) of this Prospectus for further details.

There were positive COVID-19 cases identified involving foreign workers at our Setia City Residences Project, all of whom are not employed by us or our subcontractors. As such, the site has been ordered to temporarily close down but has resumed operations as at the date of this Prospectus. Nevertheless, we do not expect a material impact on our financial performance as the project is at 99.97% completion as at 30 April 2020.

4. RISK FACTORS *(CONT'D)*

Under the PAM contracts which we have signed with our customers, in the occurrence of a force majeure event, we are entitled to apply to our customers for extension of time to complete the projects. Furthermore, PAM issued a notice dated 18 March 2020 which stated that in view of the MCO, the PAM contract provides for contractors to apply for extension of time under Clause 23.8(a) – Force majeure in which "Force Majeure" is defined as "any circumstances beyond the control of the contractor caused by terrorist acts, governmental or regulatory action, epidemics or natural disasters". We have submitted applications for extension of time to all our existing customers for our on-going projects. As at the LPD, we have received approvals from our customers for our Riana South Project, Setia City Residences Project and Suria Pantai Project. If we are unable to complete our work by the contracted period, we may face the risk of non-performance of our contracts. In such event, we may be liable to pay liquidated ascertained damages for a period commencing from the due date of completion of the project until the actual completion of the project at the rates ranging from RM500 to RM108,000 per day depending on the contracts with our customers. Hence, our financial performance may be adversely affected. If the on-going outbreak of COVID-19 worsens, and further restriction is imposed on business activities by the Government, the progress of our construction works may be further affected.

In the event any of the employees and construction workers (including our subcontractors' construction workers) fail to comply with the COVID-19 standard operating procedures implemented by our Group, we face an increased risk of infection at our construction sites. The precautionary measures implemented by our Group do not fully eliminate the risks of infection by the employees or construction workers of our Group, or other subcontractors working at the construction sites. If any of our Group's employees, construction workers or other subcontractors are suspected of contracting or contracts COVID-19, such persons would need to be quarantined and the infected construction sites would have to be temporarily closed down and be disinfected. As a result, our Group's construction progress may be disrupted and our construction projects may be suspended or delayed. Please refer to Section 6.1 of this Prospectus for further details on the measures we have implemented to commence and continue our business operations.

In addition, during the MCO and conditional MCO period, 27 of our foreign workers' work permits and CIDB Green Card had expired. We have not been able to renew their work permits and CIDB Green Cards in a timely matter due to the imposition of the MCO and conditional MCO that restricted our ability to renew them. We have been making attempts to make an appointment with the Immigration Department of Malaysia to renew their work permits on the earliest available date and as at the LPD, we have not been able to obtain an appointment date yet. We would be able to apply online for the CIDB Green Card for these foreign workers after the successful renewal of the work permits. Pending renewal of their work permits and CIDB Green Cards, they have not been and will not be working at our construction sites. We do not expect any material impact on the progress of our on-going projects with a reduced number of foreign workers as the foreign workers' whose work permits and CIDB Green Cards had expired are mainly general workers who are not integral to the progress of our projects.

There is no assurance that outbreak of COVID-19 in Malaysia can be effectively controlled, or another outbreak of COVID-19 or other pandemics will not happen in the future. Other outbreak or pandemics may materialise in the future and could persist for a substantial period, and this may significantly and adversely affect our business operations and financial performance.

4.1.10 Our operations are affected by the fluctuations in prices and unavailability of construction materials

We are awarded contracts on a fixed price basis and the contracts awarded to us do not contain price variation clauses which enable us to get reimbursement or vary the contract price with our customers if there is any increase in the cost of our construction materials.

As part of our construction activities, we constantly purchase a wide range of construction materials, particularly, concrete, steel bars, reinforced wire, quarry products, cement, tiles and accessories, plywood, and premix from our suppliers.

4. RISK FACTORS *(CONT'D)*

One of the construction materials that we use, namely, steel bars, are subject to fluctuations in global market prices which we are unable to predict at the point when we submit tenders for projects. We may incur higher than estimated costs when we purchase steel bars from our suppliers and we are unable to pass on the increase in cost to our customers. Hence, this will adversely affect our Group's financial performance. Similarly, a shortage in the supply of any construction materials will result in an increase in their prices, which in turn, would lead to an increase in costs which we are unable to pass on to our customers. This will adversely affect our Group's financial performance.

We are also dependent on the continuous supply of construction materials which we source from a number of local suppliers. Their supply to us is in turn subject to the availability of the construction materials in the market. The unavailability of certain construction materials may require us to source for replacements. If we are unable to obtain the replacements in a timely manner, it may lead to delay in our construction works and eventually our business operations may be affected. In this instance, we cannot assure you that our Group can obtain sufficient quantities of construction materials for our projects at competitive prices at all times without any adverse impact to our financial performance. Notwithstanding the above, we have not experienced any fluctuations in prices or shortages of construction materials in the past up to the LPD which had a material adverse impact on our Group's financial performance.

4.1.11 Our business may be affected by defects in our construction works

The nature of our business exposes us to the risk of defects liability claims by our customers due to defects in our construction works. These claims can be made by our customers during the defects liability period, which ranges from 24 to 30 months from the date CPC is issued to us upon the completion of our construction works.

As set out in our contracts with our customers, our customers are entitled to retain 10.00% of each progress billing as retention sum up to a maximum of 5.00% of the total contract sum awarded. This retention sum serves as a security to our customers to guarantee our performance in completing the projects and rectifying any defects during the defects liability period. Upon the issuance of CPC, half of the retention sum is released to us while the remaining half is retained by our customers and will only be released to us, if unused, at the end of the contracted defects liability period and upon the issuance of the CMGD.

If we are required to rectify any defects which occur during the defects liability period, we will have to do so at our own costs. If we fail to rectify the defects satisfactorily, our customer may utilise the portion of the retention sum retained by them to rectify those defects. In such cases, we may not be able to recover the whole of the retention sum from our customers and this, together with any further payments required to be made by us to our customer could adversely impact our financial results. We have not experienced any failure in recovering retention sums from our customers in the past up to the LPD which had a material adverse impact on our Group's financial performance.

4.1.12 We may suffer losses from inadequate insurance coverage on our assets, employees and construction projects

The nature of our business is such that we are exposed to operational risks such as accidents involving our employees as well as theft of our machinery and equipment. It is our practice to ensure that we obtain insurance coverage on our assets, employees and construction projects. The insurance policies undertaken by us include coverage for machinery and equipment, hospitalisation and surgical, life and personal accident, workmen's compensation and contractors' all risks. As at the LPD, the total sum insured for these insurance policies is approximately RM1.32 billion. In addition, we will be purchasing additional insurance policies for our Putrajaya Sentral Project in due course.

4. RISK FACTORS *(CONT'D)*

We cannot assure you that all liabilities incurred will be adequately covered by insurance and as such, claims for damages arising from our Group's operations which cannot be sufficiently covered by our insurance policies may have an adverse impact on our Group's financial condition or results of operations. As at the LPD, we have not experienced any claims for damages arising from our Group's operations which are not sufficiently covered by insurance.

Further, our insurance premium payable for our existing insurance policies may increase or we may be required to take on additional insurance for our future projects. Any increase in premium payable or additional insurance required may adversely affect our financial results.

4.2 RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

4.2.1 We are dependent on the property sector

Currently, our Group is mainly focused on the construction of residential and commercial buildings in Malaysia. Hence, the sustainability of our business operations depends to a large extent on the outlook of the Malaysian property market.

According to the IMR Report, the Malaysian Government announced in the Budget 2020, several measures in its efforts to encourage home ownership among the Malaysian public, which include the following:

(i) introduction of Rent To Own ("**RTO**") financing scheme which involves the provision of financing up to RM10 billion by the financial institutions with the support from the Malaysian Government via a 30% or RM3 billion bank guarantee for the purchase of a first home with a price of up to RM500,000;

(ii) exemption of stamp duty on the instruments of transfer between the developer and financial institutions, and between financial institutions and the buyer under the RTO financing scheme;

(iii) extending the youth housing scheme which offers a 10% loan guarantee to enable full financing to borrowers and RM200 monthly instalment assistance for the first two years limited to 10,000 home units from 1 January 2020 until 31 December 2021; and

(iv) allocation of RM100 million for repair and refurbishment of low and medium cost strata housing.

In addition, the Malaysian Government has also announced a lower threshold on high rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 in 2020 to address the property overhang problem and/ or stimulate growth in the property market. The real property gain tax treatment has also been enhanced where the base year for asset acquisition was revised to 1 January 2013 for asset acquired before 1 January 2013 as compared to the previous base year of 1 January 2000. Besides that, the 486-acre Bandar Malaysia Project in Sungai Besi, Kuala Lumpur has also been allowed to continue, with the inclusion of an additional 5,000 units of affordable homes.

The Malaysian property sector is susceptible to risks such as more stringent lending policies by banking and financial institutions and weakening demand for real estate properties. According to the IMR Report, restrictive measures such as increase in the real property gains tax is expected to dampen property transactions and growth rate in the Malaysian property market moving forward. In addition, the deteriorating property overhang situation may place property developers in a more difficult position to launch new property projects in the future, leading to lesser demand for construction services. Any other unfavourable movement or development in the local property market moving forward will likely have a further direct impact on our Group's performance and operations.

4. RISK FACTORS *(CONT'D)*

The Malaysian property market recorded an increase in total transaction volume from 313,710 in 2018 to 328,647 in 2019 whilst the total transaction value increased from RM140.33 billion in 2018 to RM141.40 billion in 2019, topped by the residential segment. In the first quarter of 2020, the total transaction value stood at RM28.64 billion as compared to RM37.16 billion registered in the same period last year.

In 2020, the property market has been affected by the COVID-19 pandemic and lockdown measures that have dampened consumer demand for properties. The prohibition on close contact due to social distancing measures has limited property marketing and sales activities.

On a brighter note, the Government announced several incentives on 5 June 2020 to stimulate the local property market involving the re-introduction of the Home Ownership Campaign and real property gains tax exemption. Further details on the incentives can be found in Section 7 of this Prospectus. In addition, the overnight policy rate had been revised downward three times thus far in 2020, and this can help to keep borrowing costs at a relatively low level to spur more demand for properties.

Moving forward, the real estate construction market is expected to grow from RM29.59 billion in 2019 to RM33.23 billion in 2024. In view of the current property market conditions highlighted above, profitability of our construction projects may not be as affirmative as in the past. Hence, we cannot assure you that we will be able to sustain our historical or current levels of GP margin for our future projects and we may have to lower our overall GP margin in the future in order for us to maintain our competitiveness within the construction industry. Further, our financial performance may be further worsened if we are unable to recoup our investments in the properties from our customers' property development projects.

Further details of the construction industry and property sector in Malaysia are disclosed in the IMR Report in Section 7 of this Prospectus.

4.2.2 We face intense competition within the industry

We operate in the construction industry which is highly fragmented.

As at LPD, there were a total of 105,586 local contractors registered with CIDB, of which 8,583 of them were registered with Grade G7 based on the IMR Report. Our competitors may have longer operating track record and more resources in terms of capital, machinery and manpower compared to us.

Stiff competition may result in highly competitive pricing in order to secure a contract, which may affect our financial performance. We cannot assure you that we will be able to compete effectively with current and new entrants into the construction industry in the future and that the competition will not become more intense in the future.

4.2.3 We are dependent on the supply of foreign workers

We are heavily dependent on the supply of foreign workers at our construction sites. As at the LPD, the number of foreign workers we employ is 81 out of 177 workers at our construction sites, representing 45.76% of our total construction workers employed by us. The rest of the foreign workers at our construction sites are employed by our subcontractors. Our subcontractors are also subject to the regulations imposed by CIDB and the Immigration Department of Malaysia in relation to the employment of foreign workers in the construction industry.

As our Group's operations are dependent on foreign workers, any scarcity in supply would adversely affect our business. These foreign workers are issued with visit passes (temporary employment) usually for a period of one year, which are subject to annual renewal. We cannot assure you that we and our subcontractors will be able to renew their visit passes (temporary employment) successfully.

Further, if the Government amends the policies and imposes a stricter regime on employers to employ foreign workers for construction projects and we are unable to obtain an adequate supply of foreign workers on similar terms, the quality of our work and our ability to complete our projects in a timely manner may be affected. This may subsequently affect our business operations and financial performance adversely.

Save for the issues that we are facing in renewing our foreign workers' visit passes as disclosed in Section 4.1.9 of this Prospectus, an issue which our subcontractors may similarly face, as at the LPD, we have not encountered any issues with obtaining permits, and for supply of foreign workers as well as changes in the relevant government policies on foreign workers which had a material adverse impact on our Group in the past.

4.2.4 We are affected by workplace safety and health matters

Due to the intrinsic nature of construction activities, we are exposed to potential resultant workplace safety and health liabilities, and workplace accidents and incidents caused by human error and other factors. In the event of such incidences, it may lead to a breach of prevailing workplace safety and health regulations and requirements and/ or negative publicity which may adversely impact our reputation. Further, the relevant authorities may also impose stop-work orders, worksite closure orders or suspension of our project until we have rectified and met the relevant workplace safety and health regulations and requirements. As a result, our existing licenses, approvals and permits may be revoked and we may face difficulties in renewing them and/ or obtaining new licences, approvals and permits. In turn, we may not be able to secure new projects and this will affect our business operations and financial position adversely.

During FYE 2020, we were required to temporarily suspend our operations due to the MCO implemented by the Government, as detailed in Section 6.1 of this Prospectus. As a result, we adopted COVID-19 standard operating procedures imposed by the Government, and relevant authorities and local councils as measures to ensure a safe operating environment for all personnel amidst the COVID-19 pandemic.

In addition, there may be changes in environmental, health and safety laws and regulations from time to time. As such, we are unable to ascertain the expenses to be incurred to ensure compliance with such new laws and regulations. We also cannot assure you that such costs will not be material and will not have a material adverse impact on our businesses and profitability. We have not experienced any of these incidents in the past up to the LPD which had a material adverse impact on our Group's financial performance.

4.2.5 We are exposed to political, economic and regulatory risk in Malaysia and the occurrence of force majeure events

We derive our revenue solely from Malaysia. As such, any adverse developments or uncertainties in political, economic or regulatory conditions in Malaysia, as well as occurrence of force majeure events, such as terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters whether globally or in Malaysia could unfavourably affect our financial and business prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, interest rates and foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies and regulations.

The occurrence of any of these events is beyond our control, and may have an adverse impact on the demand of our services or cause interruptions and delays in the performance of our work at the construction sites. As a result, our business operations and financial performance will be adversely affected and we cannot assure you that we will be able to record profits or recover the damages caused by these events.

4. RISK FACTORS *(CONT'D)*

As at the LPD, we have not experienced any adverse political, economic and regulatory changes or any force majeure events (save for the COVID-19 pandemic) which has had a direct impact on our business operations. Please refer to Section 4.1.9 of this Prospectus for further details relating to the impact of COVID-19 pandemic on our business operations and financial performance. Further, we also cannot assure you that our plans to expand our infrastructure construction services will not be adversely affected by the changes in political, economic and regulatory condition in Malaysia and force majeure events.

4.3 RISKS RELATING TO OUR SHARES

4.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is a risk that upon Listing, an active market for our Shares may not develop, or if developed, whether such market can be sustained.

We cannot assure you that our IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below our IPO Price. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to announcements of developments relating to our business, fluctuations in our operating results, general industry conditions, the performance of the global economy, future sales by our shareholders of substantial amounts of our Shares or other securities relating to our Shares in the open market after our Listing or the perception that these sales may occur. This could also materially and adversely affect our ability to raise capital at a time and at a Share price we deem appropriate.

4.3.2 Our ability to pay dividends is dependent on our financial performance

Our ability to declare dividends to our shareholders will depend on, among others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on market demand, and our operating results, capital requirements and ability to implement our future plans. We may also be required to obtain the approval of certain of our financiers in order to declare dividends. As such, there is no assurance that we will be able to pay dividends to our shareholders.

Our Board intends to declare a dividend for the FYE 2019 after our Listing. However, the quantum has yet to be determined and is subject to factors stated above. In addition, our Board may, at any time and for any reason it deems appropriate, decide not to pay any dividend for the FYE 2019 as our future dividends are at our Board's discretion. You should note that any statement on the payment of dividends in this Prospectus merely describes our Company's present intention. This shall neither constitute a legally binding obligation or statement on our Company nor a guarantee by our Board. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

For a description of our dividend policy, please refer to Section 12.10 of this Prospectus.

4.3.3 Our Share price and trading volume may be volatile

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include changes in analysts' recommendations or projections, economic and political conditions of our country as well as the growth potential of the construction industry.

In addition, the trading price and volume of our Shares is dependent on external factors such as the performance of the world exchanges and the inflow or outflow of foreign funds. These factors will contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

4. RISK FACTORS *(CONT'D)*

4.3.4 The interest of our Promoters may not be aligned with the interest of our shareholders

Our Promoters, who are also our Key Management, will hold the controlling interest in our enlarged issued share capital upon Listing as disclosed in Section 8.1.1 of this Prospectus. As a result, our Promoters will be able to have effective control over the business direction and management of our Company including the election of directors, the timing and payment of dividends and influence the outcome of certain matters requiring the vote of our shareholders unless he and persons connected with him are required to abstain from voting either by requirement of law and/ or by the relevant guidelines or regulations. Therefore, there is a risk that the interests of our Promoters may not be aligned with those of our other shareholders.

Notwithstanding the above, we have in place our Audit Committee, consisting of our Independent Non-Executive Directors, which functions to assist our Board in making decisions that are in our shareholders' best interest in accordance with our internal control systems. For a detailed description of the duties of our Audit Committee, please refer to Section 8.3.2 of this Prospectus.

4.3.5 Delay or failure of our Listing

Our Listing may be potentially delayed or aborted due to the occurrence of any one or more of the following events:

(i) our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;

(ii) if we are unable to meet the public shareholding spread requirements of Bursa Securities under which at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our admission to the Official List; and

(iii) the revocation of the approvals from the relevant authorities prior to our Listing for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order under Section 245(7)(a) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or the Selling Shareholders shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC; or

(ii) our Listing is aborted, investors will not receive any IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order under Section 245(7)(b) of the CMSA, the issue of our IPO Shares shall be deemed void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstance or (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

5. INFORMATION ON OUR GROUP

5.1 OUR COMPANY

Our Company was incorporated in Malaysia as a public company limited by shares on 11 February 2019 under the name of TCS Group Holdings Berhad.

We are an investment holding company while our Subsidiaries are principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia.

5.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the LPD, our issued share capital is RM26,244,002 comprising 270,000,000 Shares.

Details of changes to our issued share capital since incorporation up to the LPD are shown below:

Date of allotment	No. of Shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)
11 February 2019	2	Subscribers' shares[1]	Cash	2
30 October 2019	268,162,794	First Acquisition (as defined below)	Otherwise than in cash	26,065,426
30 October 2019	1,837,204	Second Acquisition (as defined below)	Otherwise than in cash	26,244,002

Note:

(1) One each of the subscribers' shares was allotted to Shaari bin Hashim and Lee Han Woon respectively. They have each transferred their Shares to Dato' Ir Tee Chai Seng on 30 October 2019.

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

Upon our Listing, our issued share capital will increase from RM26,244,002 comprising 270,000,000 Shares to RM46,944,002 comprising 360,000,000 Shares.

5. INFORMATION ON OUR GROUP *(CONT'D)*

5.3 FORMATION OF OUR GROUP

In conjunction with our Listing, we entered into the following share sale agreements to undertake the following acquisitions:

5.3.1 Conditional share sale agreement with the Promoters ("First SSA")

(i) The First SSA was entered into on 15 May 2019 for the acquisition by our Company of the entire share capital of TCS Construction from our Promoters for a total consideration of RM26,065,424 ("**First Acquisition**"), which was fully satisfied by the issuance of 268,162,794 new Shares to the Promoters on 30 October 2019, in the following proportion:

	Shareholdings in TCS Construction before completion of the First SSA		Consideration	
Vendor/ Promoter	**No. of shares**	**%**	**RM**	**No. of new Shares**
Dato' Ir Tee Chai Seng	1,700,000	85.00	22,155,610	227,938,375
Datin Koh Ah Nee	300,000	15.00	3,909,814	40,224,419
Total	**2,000,000**	**100.00**	**26,065,424**	**268,162,794**

(ii) The purchase consideration for the First Acquisition was arrived at after taking into account the audited consolidated NA (excluding non-controlling interest) of TCS Construction amounting to RM26,050,508 as at 31 December 2018.

5.3.2 Conditional share sale agreement with Ooi Kee An and TCS Construction ("Second SSA")

(i) The Second SSA was entered into on 15 May 2019 for the acquisition by TCS Construction of 45,000 ordinary shares representing 5.63% equity interest in TCS Bina from Ooi Kee An for a consideration of RM178,576 ("**Second Acquisition**"), which was fully satisfied by the issuance of 1,837,204 new Shares by our Company on behalf of TCS Construction to Ooi Kee An on 30 October 2019; and

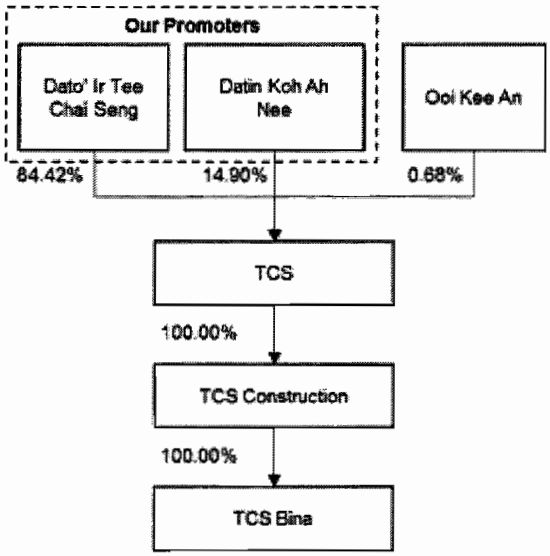
(ii) The purchase consideration for the Second Acquisition was arrived at after taking into account the audited NA of TCS Bina, attributed to Ooi Kee An amounting to RM178,576 as at 31 December 2018.

5. INFORMATION ON OUR GROUP *(CONT'D)*

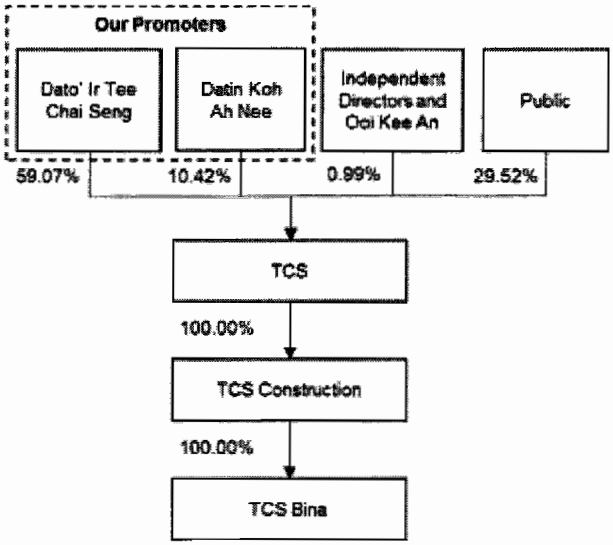
5.4 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before our IPO but after our Pre-IPO Reorganisation, and after our IPO is set out below:

Before our IPO (1)



After our IPO (2)



Notes:

(1) Based on the total number of 270,000,000 Shares before our IPO.

(2) Based on the enlarged total number of 360,000,000 Shares after our IPO and assuming full subscription of the Pink Form Shares reserved for the Eligible Persons.

5.5 OUR SUBSIDIARIES

Our Subsidiaries as at the LPD are as follows:

Company name	Registration No.	Date / Place of incorporation	Principal place of business	Principal activities
TCS Construction	199801010644 (466772-H)	4 August 1998 Kuala Lumpur	Malaysia	Provision of construction services for buildings, infrastructure, civil and structural works
TCS Bina	201701013895 (1228060-H)	20 April 2017 Kuala Lumpur	Malaysia	Provision of construction services for buildings, infrastructure, civil and structural works

As at the LPD, our Group does not have any associate companies.

5. INFORMATION ON OUR GROUP *(CONT'D)*

5.5.1 Share capital and changes in share capital of TCS Construction

TCS Construction's share capital as at the LPD is RM2,000,000 comprising 2,000,000 ordinary shares. Details of changes to TCS Construction's issued share capital for the past three financial years up to the LPD are shown below:

Date of allotment	No. of shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)
4 August 1998	2	Issue for cash	Cash	2
3 October 1999	99,998	Issue for cash	Cash	100,000
9 November 1999	150,000	Issue for cash	Cash	250,000
26 April 2006	500,000	Issue for cash	Cash	750,000
18 August 2009	350,000	Issue for cash	Cash	1,100,000
24 October 2017	900,000	Issue for cash	Cash	2,000,000

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

5.5.2 Share capital and changes in share capital of TCS Bina

TCS Bina's share capital as at the LPD is RM800,000 comprising 800,000 ordinary shares. Details of changes to TCS Bina's issued share capital from date of incorporation of 20 April 2017 up to the LPD are shown below:

Date of allotment	No. of shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)
20 April 2017	100	Subscribers' shares	Cash	100
1 November 2017	99,900	Issue for cash	Cash	100,000
23 April 2018	200,000	Issue for cash	Cash	300,000
21 January 2019	500,000	Otherwise than in cash	Otherwise than in cash	800,000

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

5.6 PUBLIC TAKE-OVER

Since our incorporation up to the LPD, there has been:

(i) no public take-over offers by third parties in respect of our Shares; and

(ii) no public take-over offers by our Company in respect of other companies' shares.

6. BUSINESS OVERVIEW

6.1 OVERVIEW AND BACKGROUND

Overview of our Group

Our Group is principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia. Construction services for buildings are categorised under the real estate construction market while construction services for infrastructure, civil and structural works are categorised under the civil engineering and specialised trade works market.

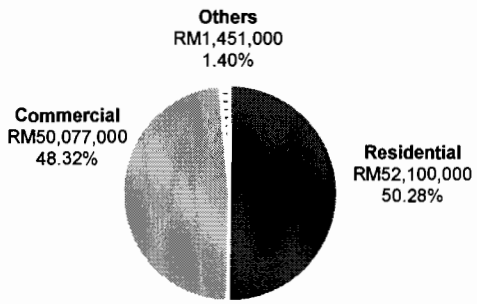
We participate in construction projects either as a main contractor, principal subcontractor or a subcontractor, where our roles and responsibilities differ according to the terms of the contract, and can be generally categorised in the table below:

Role	Responsibilities
Main contractor	Plays a central coordinator role in planning and managing the overall construction project to ensure successful handover to our customers within the contract period. This will require us to supervise daily construction activities, coordinate with suppliers and subcontractors, as well as plan and manage our resources including site workers, construction machinery and equipment, and construction materials in accordance with the master work programme prepared.
Principal subcontractor	Similar to our role as a main contractor, but the contract is awarded by the appointed main contractor instead of the property developer directly.
Subcontractor	Mainly responsible for specific sections of a construction project.

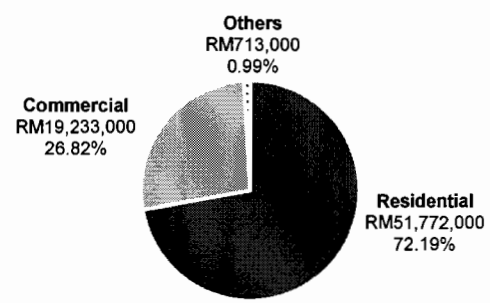
Our Managing Director, Dato' Ir Tee Chai Seng with support from our contracts department, actively seeks for new projects by engaging with past and existing customers, consultants as well as other prospective customers to identify potential business opportunities. Please refer to Section 6.9 of this Prospectus for our sales and marketing activities.

Under building construction, we have experience in both residential and commercial buildings. Our experience in residential buildings includes terrace houses, bungalows, high rise apartments and condominiums. For commercial buildings, our experience covers shop offices, a shopping complex as well as purpose-built buildings such as our GEMS International School Project. Further, our service also extends to cover civil works such as roads, water and sewerage treatment plants, electrical substations, water tanks and reticulation systems for townships. Our segmental revenue for the FYE Under Review is set out below:

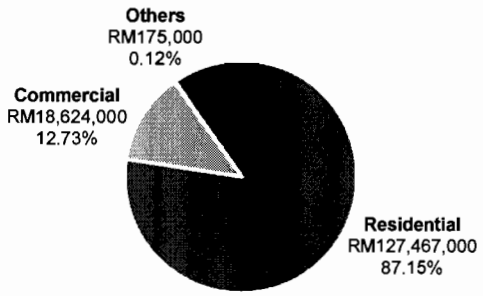
FYE 2016



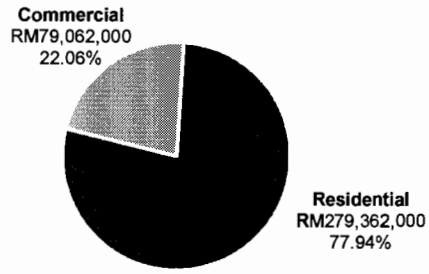
FYE 2017



FYE 2018

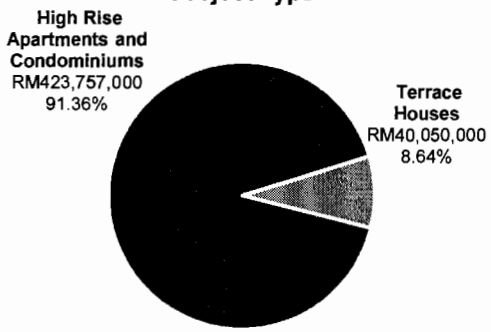


FYE 2019

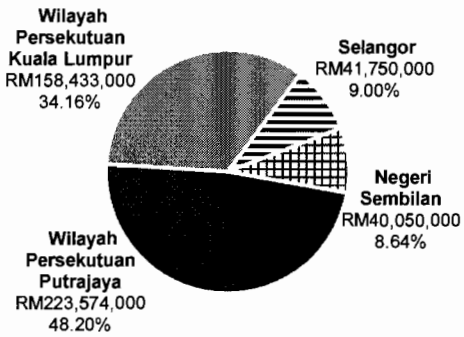


As at 30 April 2020, we have seven on-going projects with an outstanding order book of RM463.81 million, all of which were secured in 2017 to 2019, comprising:

Project Type



Geographical Location (By State)



Please refer to Section 6.3.1 of this Prospectus for further details of our on-going projects and Section 12.3.3 for results of our operations.

Currently, both our Subsidiaries are registered with CIDB as Grade G7 contractors, which allow us to tender for construction projects that are of unlimited value. In addition, we are allowed to participate in tenders by the Government or in Government related projects as TCS Construction also holds the certificate of Governmental Procurement Works issued by CIDB and certificate of registration issued by Ministry of Finance. Please refer to Section 6.12 for details on our major approvals, licenses, permits and registrations.

Moving forward, it is our firm intention to remain focused on our business as a pure play construction company by focusing on high rise residential and commercial projects, and to venture into infrastructure construction services.

Background of our Group

After Dato' Ir Tee Chai Seng acquired TCS Construction in 1998, which was incorporated under the name of Technomatrix Sdn Bhd, we began our operations in 1999 as a subcontractor carrying out selected civil and structural works in townships and landed property developments, where our scope of work includes the building of roads, water and sewerage treatment plants, water tanks and reticulation systems. Technomatrix Sdn Bhd later changed its name to Projek Bumi Bina Sdn Bhd on 8 May 2002 and subsequently to TCS Construction on 23 January 2013.

Whilst maintaining our involvement in civil and structural works projects in townships and landed property developments, we gradually expanded our scope of work and participated in building construction projects.

6. BUSINESS OVERVIEW *(CONT'D)*

From the commencement of our business until 2012, we undertook and completed numerous projects, covering construction of roads, water and sewerage treatment plants, water tanks, reticulation systems, electrical substations, show-units, landed residential houses and shop offices. During that period, our projects were less complex, on a smaller scale, generally with a contract sum of less than RM20.00 million and had shorter timeframe as compared to our on-going projects.

With a stronger capability and capacity, we began to undertake larger building construction projects as a main contractor in 2013, namely our Saujana Avenue Project with a contract value of RM44.60 million and our Saujana Prima Project with a contract value of RM39.31 million. Our customers for these two projects are property development companies which Dato' Ir Tee Chai Seng was a director and is still a shareholder. Further, we expanded into construction of our first purpose-built building in 2015 when we secured our GEMS International School Project worth RM46.04 million.

The year 2017 marked our Group's entry into high rise residential projects when we secured our Suria Pantai Project followed by our Riana South Project. These two projects have contract values of RM141.73 million and RM119.72 million respectively. In the same year, TCS Bina was established to provide an opportunity to our General Manager, Ooi Kee An to participate in equity shareholding in TCS Bina in appreciation for his past contribution to our growth. As at the LPD, TCS Bina is currently undertaking our Setia City Residences Project, and is managed by Ooi Kee An who reports directly to our Managing Director.

In 2018, we secured our first shopping complex project, KTCC Mall Project worth RM101.00 million contract, and a RM168.00 million contract for our Hermington Project to construct two blocks of residential buildings. In November 2019, we secured a RM223.89 million contract for our Putrajaya Sentral Project to construct two blocks of residential buildings. Moving forward, we intend to continue our focus on high rise residential and commercial projects, and to venture into infrastructure construction services.

During the FYE Under Review and from 1 January 2020 up to the LPD, we have completed six projects (project with a contract sum of RM20.00 million and above) with a total contract sum of RM321.85 million as detailed in Section 6.3.2 of this Prospectus.

The table below summarises our Group's key milestones, achievements and awards received since our inception:

Year	Key milestones, achievements and awards
1998	• Dato' Ir Tee Chai Seng acquired TCS Construction which was incorporated under the name of Technomatrix Sdn Bhd
2015	• Expanded into our first purpose-built building project, GEMS International School Project with a contract value of RM46.04 million
2017	• Secured our first two high rise residential construction projects, Suria Pantai Project and Riana South Project worth RM141.73 million and RM119.72 million, respectively
2018	• Secured our first shopping mall construction project, KTCC Mall Project with a contract sum of RM101.00 million • Albury 1 Project was awarded a Best QLASSIC Achievement Awards 2018 under Category A – Landed Housing Project and a High QLASSIC Achievement Awards by CIDB • GEMS International School Project was awarded a High QLASSIC Achievement Awards 2018 by CIDB

6. BUSINESS OVERVIEW *(CONT'D)*

Year	Key milestones, achievements and awards
2019	• Our quality management system was assessed and accredited with ISO 9001:2015 by SIRIM QAS under the scope "provision of building construction and civil engineering"
	• Our occupational health and safety management system was assessed and accredited with ISO 45001:2018 by SIRIM QAS under the scope "provision of building construction and infrastructure works"
	• Our environmental management system was assessed and accredited with ISO 14001:2015 by SIRIM QAS under the scope "provision of building construction and infrastructure works"
	• Riana South Project scored five-star rating (96% score) for its SHASSIC assessment
	• Suria Pantai Project scored a five-star rating (93% score) for its SHASSIC assessment
	• Tropicana Urban Homes Project scored a five-star rating (93% score) for its SHASSIC assessment
	• Our subsidiary, TCS Construction, received a five-star rating for its CIDB SCORE

Impact of COVID-19 on our Group

Since COVID-19 was officially declared a pandemic by the Director General of the World Health Organisation in his opening remarks at the media briefing on COVID-19 on 11 March 2020, we have closely monitored the development of the outbreak of COVID-19. We communicated with our customers proactively and regularly on whether there would be any significant impact on the status or progress of our on-going construction projects, as well as with our suppliers and subcontractors on any supply shortages of construction materials and labour. On 16 March 2020, the Government announced a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. As a result, we temporarily suspended our operations at both our construction sites and head office, and we only resumed our operations at our construction sites and head office (up to 50.0% of our workforce) after obtaining approvals from MITI on 20 April 2020, except for our Setia City Residences Project which was obtained on 27 April 2020. Prior to obtaining approval from MITI, our head office personnel were working remotely.

Subsequently, the Government implemented a conditional MCO on 4 May 2020 up to 9 June 2020 allowing certain business sectors to resume operations, which include construction activities. However, we were required to perform testing for COVID-19 on all of our construction workers (including our subcontractors' construction workers) to ensure that they are not infected with COVID-19 in order for us to resume our operations at the construction sites. As for our head office, since commencement of the conditional MCO period we have been gradually increasing our head office workforce.

6. BUSINESS OVERVIEW *(CONT'D)*

As at 28 May 2020, we have received results for all the COVID-19 tests performed and all the results were negative. After furnishing the tests result to the relevant local councils, we were allowed to resume our operations for our Suria Pantai Project, Riana South Project and Hermington Project on 28 May 2020, and our Woodbury Project and Tropicana Urban Homes Projects on 1 June 2020. The Government then implemented a recovery MCO from 10 June 2020 to 31 August 2020. As at the date of this Prospectus, we have resumed operations at full workforce at our head office and at all construction sites for our on-going projects. For our Putrajaya Sentral Project, we have yet to commence operations. Please refer to Section 6.1(c) of this Prospectus for further details.

There were positive COVID-19 cases identified involving foreign workers at our Setia City Residences Project, all of whom are not employed by us or our subcontractors. As such, the site has been ordered to temporarily close down but has resumed operations as at the date of this Prospectus. Nevertheless, we do not expect a material impact on our financial performance as the project is at 99.97% completion as at 30 April 2020.

Although our construction activities were temporarily suspended for a period of approximately two and a half months, our Board considers that such temporary suspension would not have a material impact on our business operation and financial condition. This is because most of the costs we incur for our business operations are variable costs, which consists of mainly subcontractors' costs and cost of construction materials. As such, we will only be required to incur such costs when we are carrying out our construction activities.

Meanwhile, our fixed overhead costs which we still had to incur during the period when our business operations were suspended included staff cost and wages, upkeep and maintenance, finance costs, and rental expenses amounted to approximately RM0.52 million per month. In addition, as a safety net in case the COVID-19 pandemic prolongs further, we have temporarily revised our staff salaries in April 2020, and expect to reinstate them in September 2020. Please refer to Section 12.4.1 of this Prospectus for a discussion on our Group's working capital for the next 12 months.

(a) Measures to commence and continue our business operations

As part of the requirements to commence our operations, all our employees and construction workers (including our subcontractors' construction workers) at our construction sites have undergone testing for COVID-19 to ensure that they are not infected. We had incurred approximately RM0.24 million on COVID-19 tests for our subcontractors' workers at our construction sites, and all costs incurred will be claimed back from our subcontractors. Meanwhile, we did not incur any costs for the COVID-19 tests for our employees and construction workers as it was free under the Prihatin Screening Programme implemented by SOCSO. As at the LPD, all our employees and construction workers (including our subcontractors' construction workers who are working at our construction sites) have tested negative for COVID-19.

We have also implemented new COVID-19 safety and health instructions and procedures, and social distancing guidelines imposed by the Government, relevant authorities and local councils governing the jurisdiction our projects are situated at. This is to safeguard the safety and health conditions of our employees and construction workers at our head office, construction sites and staff accommodations. These new COVID-19 standard operating procedures include the following:

(i) all employees are required to provide declaration of health conditions and travel history prior to returning to our head office and construction sites;

(ii) implementation of movement control routing;

(iii) ensuring all our employees, construction workers and visitors wear face masks at all times, regularly sanitise their hands, and practise social distancing;

(iv) measuring and recording temperature of our employees, construction workers and visitors daily;

(v) daily sanitising of our head office, construction sites and staff accommodations;

(vi) setting up quarantine zones and isolated quarantine cabins;

(vii) require all employees and construction workers to visit nearby hospitals for diagnosis and treatment immediately if they develop any COVID-19 disease symptoms and have not recovered after being in quarantine for three days; and

(viii) remind all employees and construction workers to be aware of the importance of health protection.

The total estimated costs for the implementation of the COVID-19 standard operating procedures above is approximately RM0.10 million per year, which is not material to our Group.

In the event of an outbreak of COVID-19 at our construction sites, our new COVID-19 standard operating procedures include the following:

(i) suspension of all construction activities immediately at the infected construction site for at least 14 days and notifying the Ministry of Health of the outbreak;

(ii) all construction workers are to be tested for COVID-19 and practise self-quarantine;

(iii) any infected construction workers will be quarantined based on instructions from the Ministry of Health; and

(iv) the construction site including construction machinery and equipment at the site will be disinfected.

(b) Impact of COVID-19 on our supply chain

Our suppliers and subcontractors' operations were also temporarily suspended during the MCO and conditional MCO as a result of the COVID-19 pandemic. We have been working closely with our suppliers and subcontractors before we resumed our operations in order to ensure that there will be timely delivery of construction materials, no shortage in supply of construction materials and labour, and continuation of services by our subcontractors once we resume our operations at our construction sites.

We have more than 90 approved subcontractors and more than 250 approved suppliers that we can procure materials and services from as at the LPD. As such, we are not dependent on any single supplier or subcontractor, as our top five suppliers for each FYE Under Review collectively contributed only 12.19% to 24.37% of our total cost of sales. In the event our suppliers and/ or subcontractors are required to temporarily stop their operations due to COVID-19 infection cases in the future, we believe our business operations will not be significantly impacted as we have alternative suppliers and subcontractors from our approved list who are not infected by COVID-19 that meet our requirements to ensure consistent and stable supply of construction materials, labour and subcontractors' services.

Since the resumption of operations at our construction sites, we have not encountered any disruption in delivery of construction materials from our suppliers. In addition, all our subcontractors for our on-going projects have also resumed operations after performing testing for COVID-19 and receiving negative results. As such, we do not expect any material impact on our supply chain due to the COVID-19 pandemic. For further information on our Group's major suppliers, please refer to Section 6.7 of this Prospectus.

During the MCO and conditional MCO period, 27 of our foreign workers' work permits and CIDB Green Cards had expired. We have not been able to renew their work permits and CIDB Green Cards in a timely matter due to the imposition of the MCO and conditional MCO that restricted our ability to renew them. We have been making attempts to make an appointment with the Immigration Department of Malaysia to renew their work permits on the earliest available date and as at the LPD, we have not been able to obtain an appointment date yet. We would be able to apply online for the CIDB Green Card for these foreign workers after the successful renewal of the work permits. Pending renewal of their work permits and CIDB Green Cards, they have not been and will not be working at our construction sites. We do not expect any material impact on the progress of our on-going projects with a reduced number of foreign workers as the foreign workers' whose work permits and CIDB Green Cards had expired are mainly general workers who are not integral to the progress of our projects.

(c) Impact of COVID-19 on our projects

Due to the MCO and conditional MCO, the initial work plan for our Group's on-going projects has been deferred. We have submitted applications to all our on-going projects' customers for extension of time to complete our projects, and our request have been approved for the following projects:

Project	Contracted completion date	Extended completion date
Riana South Project	April 2020	July 2020
Setia City Residences Project	March 2020	June 2020
Suria Pantai Project	October 2020	December 2020

Under the PAM contracts which we have signed with our customers, in the occurrence of a force majeure event, we are entitled to apply to our customers for extension of time to complete the projects. Furthermore, PAM issued a notice dated 18 March 2020 which stated that in view of the MCO, the PAM contract provides for contractors to apply for extension of time under Clause 23.8(a) – Force majeure in which "Force Majeure" is defined as "any circumstances beyond the control of the contractor caused by terrorist acts, governmental or regulatory action, epidemics or natural disasters". If we are unable to complete our work by the contracted period, we may face the risk of non-performance of our contracts. Nevertheless, we will continue to closely monitor the on-going outbreak of COVID-19 and will strive to implement more stringent operating procedures and prudent financial management to ensure the adequacy of our working capital and the timely completion of our projects. For our Putrajaya Sentral Project, we expect to commence the project in the third quarter of 2020 as there has been a delay in obtaining the necessary licence by the developer to commence construction work as a result of the MCO and conditional MCO.

Despite the outbreak of COVID-19 and imposition of MCO and conditional MCO, we have not experienced any termination or cancellation of any of our on-going projects. In addition, there has not been any reduction in the contracted value or the contracted terms of our on-going projects. Due to the outbreak of COVID-19, there may be postponement of tenders for new construction projects in the construction industry but we believe that the COVID-19 pandemic will not have any adverse impact on our prospects and our ability to replenish our order book in the long run.

Based on the IMR Report, the construction industry is expected to rebound in 2021 at a growth rate of 4.1% on the back of infrastructure construction activities with the Government reiterating its position to continue implementing large scale infrastructure projects which have high multiplier effects. Please refer to Section 6.4 of this Prospectus for details on our future plans and prospects.

6. BUSINESS OVERVIEW *(CONT'D)*

6.2 COMPETITIVE STRENGTHS OF OUR GROUP

6.2.1 We are committed in maintaining good quality in our projects

We believe that customers' trust and satisfaction play an important role in our business. Hence, we are committed to provide our customers quality services and to continuously improve in all aspects of our business.

Our quality management system has been assessed and accredited with ISO 9001:2015 by SIRIM QAS for the "provision of building construction and civil engineering" in September 2018. Our occupational health and safety management system, and environmental management system have also been assessed and accredited with ISO 45001:2018 and ISO 14001:2015 respectively, under the scope of "provision of building construction and infrastructure works" in May 2019, which underscore our commitment to quality and provides customers with assurance and confidence that our services adhere to recognised quality standards and processes.

We work with experienced personnel, suppliers and subcontractors which enable us to anticipate and identify potential challenges and delays ahead of time. It is our Group's commitment to ensure that our projects are well managed and complete on time while meeting our customers' requirements and specifications. Further, we aspire to achieve beyond the minimum expectation of our customers, which is evidenced by our track record in achieving higher QLASSIC scores for our construction projects than the minimum QLASSIC scores required by our customers.

As a testament to the quality of our works, we have been awarded with a High QLASSIC Achievement Awards for our GEMS International School Project, and both a High QLASSIC Achievement Awards and a Best QLASSIC Achievement Awards for our Albury 1 Project. In addition, our subsidiary, TCS Construction, also received a five-star rating for its CIDB SCORE. Further information on our QLASSIC achievements and CIDB SCORE are available in Sections 6.11.1 and 6.11.2 respectively of this Prospectus.

6.2.2 We have built established working relationship with our customers, suppliers and subcontractors

We believe that our emphasis in constructing and delivering quality construction services that meet customers' expectations has helped endear our Group to our customers. This has resulted in the development and establishment of beneficial working relationship with our customers. We believe that our good working relationship with our customers puts us in a position to sustain and further develop our business by capturing additional opportunities from our repeat customers. For instance, we have received invites to tender for projects from our repeat customers whom we have established working relationship with, such as Worldwide Holdings Bhd (length of relationship: 12 years), UM Land Group (six years) and Tropicana Group (six years). In addition, the positive business relationship with our customers, consultants and architects have also led to potential business opportunities with other prospective customers.

We also have an established relationship with our suppliers and subcontractors who supply construction related materials and services for our projects. The established relationship with our suppliers and subcontractors ensures that we are able to enjoy continuous supply of raw materials and services while at the same time obtain competitive pricing for these supplies and services.

Details of our Group's major suppliers and customers are available in Sections 6.7 and 6.8 respectively, in this Prospectus.

6. BUSINESS OVERVIEW *(CONT'D)*

6.2.3 We have an experienced management team

Our Group is led by our Managing Director Dato' Ir Tee Chai Seng, who has more than 36 years of experience in design, project management, property development, civil and structural engineering consultancy and site supervision.

He is supported by our Key Management who are experienced in their respective fields, including contracts, project management, financial control, purchasing and corporate affairs. Our Key Management is further strengthened with the recruitment of our Chief Financial Officer, Yap Choo Cheng in FYE 2018. Our Chief Financial Officer who has past experience in financial related roles in public listed companies is expected to enhance our financial management and reporting functions. Further details on the work experience of our Key Management are available in Section 8.4.3 of this Prospectus. Dato' Ir Tee Chai Seng and our Key Management's collective experience and knowledge of the construction industry have formed a solid foundation for our Group to further grow our business and expand our market presence.

6. BUSINESS OVERVIEW *(CONT'D)*

6.3 ON-GOING AND COMPLETED PROJECTS

6.3.1 On-going projects

We have seven on-going projects as at the LPD and the details are as follows:

Project Details	Tropicana Urban Homes Project	Suria Pantai Project	Riana South Project
	766 units of four blocks of 18 storeys affordable homes with seven storeys of car parking building in Selangor	896 units of two blocks of 35 storeys affordable homes with seven storeys of car parking building in Kuala Lumpur	536 units of one block of 27 storeys condominium and one block of 28 storeys condominium with five storeys of car parking building in Kuala Lumpur
Role	Main contractor(1)	Main contractor(1)	Main contractor(1)
Customer	Tropicana Aman (a subsidiary of Tropicana Group)	Murni Lapisan (a subsidiary of IJM Group)	Manda'rina(2) (a subsidiary of IJM Group)
Contract period/ Defects liability period	January 2018 to September 2020/ 27 months from the CPC date and/ or until issuance of CMGD, whichever is later	October 2017 to December 2020/ 24 months from the CPC date or CCC date, whichever is later	November 2017 to July 2020/ 30 months from the CPC date
Contract sum (RM'000)	151,000	141,733	119,722
Remaining contract sum as at 30 April 2020 (RM'000)	41,739	27,703	22,661
Stage of completion as at 30 April 2020	• Completed the main building and structural works for four blocks of the affordable homes • In the midst of completing architectural, and mechanical and electrical works • In the midst of carrying out external and ancillary works • Overall completion of 72.36%	• Completed the car parking building and two blocks of affordable homes • In the midst of carrying out external road and drainage works, and remaining internal architectural works • Overall completion of 80.45%	• Completed the car parking building, two blocks of condominium and electrical substation • In the midst of carrying out external and ancillary works • Overall completion of 81.07%

6. BUSINESS OVERVIEW *(CONT'D)*

Project Details	Woodbury Project	Setia City Residences Project	Hermington Project
	356 units of double storey terrace houses in Negeri Sembilan	780 units of three blocks of 35 storeys serviced apartments with seven storeys of car parking podium in Selangor	479 units of one block of 46 storeys of condominium with eight storeys of car parking podium and 478 units of one block of 49 storeys of affordable homes in Kuala Lumpur
Role	Main contractor[1]	Subcontractor[3]	Principal subcontractor[4]
Customer	Kia Ace Development (a subsidiary of UM Land Group)	Setia Precast (a subsidiary of SP Setia Group)	QBeez Holdings Sdn Bhd
Contract period/ Defects liability period	October 2018 to January 2021/ 24 months from the CPC date	September 2017 to June 2020/ 24 months from the CPC date or the expiry date of the CMGD, whichever is later	January 2019 to May 2021/ 24 months from the CPC date
Contract sum (RM'000)	71,995	40,680	168,000
Remaining contract sum as at 30 April 2020 (RM'000)	40,050	11	108,067
Stage of completion as at 30 April 2020	• Completed the construction of show units • In the midst of carrying out building works for the double storey terrace houses • Overall completion of 44.37%	• Completed main building and structural works for two blocks of the serviced apartments and car parking podium • Completing internal architectural works for another block of service apartment • Overall completion of 99.97%	• Completed the main building and structural works for the car parking podium • In the midst of carrying out the main building and structural works of the condominium and affordable homes • Overall completion of 35.67%

6. BUSINESS OVERVIEW *(CONT'D)*

Project Details	Putrajaya Sentral Project
	672 units of two blocks of 34 storeys of serviced apartment with one basement carpark and four storeys of car parking podium in Putrajaya
Role	Main contractor(1)
Customer	Cahaya Nusantara Sdn Bhd (a subsidiary of UM Land Group)
Contract period/ Defects liability period	September 2020 to June 2023/ 27 months from the CPC date
Contract sum (RM'000)	223,888
Remaining contract sum as at 30 April 2020 (RM'000)	223,574
Stage of completion as at 30 April 2020	Expected to commence in the third quarter of 2020

Notes:

(1) Please refer to Section 6.1 for further details on our role as a main contractor and Section 6.5 for further details on our business process.

(2) The contract was awarded by BEP Akitek Sdn Bhd on behalf of Manda'rina.

(3) Our scope of work for the Setia City Residences Project as a subcontractor includes provision of labour for reinforced concrete structural works, provision of labour and materials for aluminium and timber formworks, brickwall and plastering works, installation of doors, door frames and ironmongery, skimcoating works and floor hardener works, construction of mock-up units and electrical substations.

(4) Our scope of work for the Hermington Project as a principal subcontractor includes the construction and completion of the building and external works.

6. BUSINESS OVERVIEW *(CONT'D)*

6.3.2 Completed projects

We have completed the following selected projects (project with a contract sum of RM20.00 million and above) during FYE Under Review and from 1 January 2020 up to the LPD, and the details are as follows:

Project Details	Albury 1 Project	Albury 2 Project	Bandar Seri Coalfields Project
	331 units of single storey terrace houses in Negeri Sembilan	382 units of double storey terrace houses in Negeri Sembilan	101 units of two and three storeys shop offices in Selangor
Role	Main contractor	Main contractor	Main contractor
Customer	Kia Ace Development (a subsidiary of UM Land Group)	Kia Ace Development (a subsidiary of UM Land Group)	KL Kepong Country Homes Sdn Bhd (a subsidiary of Kuala Lumpur Kepong Berhad)
Contract period	June 2015 to July 2017	October 2015 to July 2018	May 2015 to April 2017
Issuance date of CPC	July 2017	July 2018	April 2017
Contract sum (RM'000)	46,228	82,674	26,209
Defects liability period	July 2017 to October 2019	July 2018 to October 2020	April 2017 to July 2018
Status of retention sum as at the LPD	Released	Pending release of the remaining 50.00% of the retention sum upon expiry of the defects liability period	Released

6. BUSINESS OVERVIEW *(CONT'D)*

Project Details	Jati 4 Project	GEMS International School Project	KTCC Mall Project
	69 units of one, two and three storey shop offices in Selangor	An international school in Selangor	One block of five storeys shopping complex consisting of four levels of retail space and one level of car parking podium, and one basement car park in Terengganu
Role	Main contractor	Main contractor	Subcontractor[2]
Customer	Worldwide Holdings Berhad	Tropicana Metropark (a subsidiary of Tropicana Group)	MPM Project Management
Contract period	June 2015 to February 2017	July 2015 to February 2017	October 2018 to August 2019
Issuance date of CPC	January 2017	February 2017	Note 4
Contract sum (RM'000)	19,697	46,042	101,000[3]
Defects liability period	January 2017 to January 2019	February 2017 to May 2019	27 months from the date of CPC
Status of retention sum as at LPD	Released	Pending release of the remaining 50.00% of the retention sum[1]	Note 4

Notes:

(1) As at the LPD, our customer is in the midst of inspecting our construction work.

(2) Our scope of work for the KTCC Mall Project as a subcontractor includes construction and completion of the main builder's works which mainly entail reinforced concrete structural works, brickwall and plastering works, and construction of electrical substations for the shopping complex.

(3) Contract sum of our KTCC Mall Project is subject to change mainly due to changes in design and specifications. We expect the contract sum to be revised when the final accounts are finalised and the dispute with MPM Project Management is resolved. As such, we are not able to reasonably estimate the final contract sum as at the LPD. For further details, please refer to Section 12.3.2(e) and Section 15.6 of this Prospectus.

(4) As at the LPD, the release of the first 50.00% of our retention sum is pending the issuance of CPC, and the issuance of CPC is dependent upon the resolution of the dispute with MPM Project Management. The remaining 50.00% of our retention sum will be released upon the expiry of the defects liability period. Please refer to Section 15.6 of this Prospectus for further details on the dispute and the opinion of our solicitors.

6. BUSINESS OVERVIEW *(CONT'D)*

6.4 FUTURE PLANS AND PROSPECTS

6.4.1 We plan to further grow our building construction activities

Moving forward, our Group intends to further grow our building construction activities by participating in tenders for high rise buildings (residential and commercial), purpose-built buildings (such as private hospitals and schools) and institutional buildings (such as government hospitals).

We believe that our current and past projects in the construction of high rise buildings such as our Tropicana Urban Homes Project which achieved a QLASSIC score of 83, being our highest achieved score for high-rise buildings as at the LPD, and purpose-built building such as our GEMS International School Project which was awarded a High QLASSIC Achievement Awards 2018 by CIDB, will serve as a reference to secure future projects.

We have been securing construction projects with increasing contract value throughout the FYE Under Review from RM40.68 million for our Setia City Residences Project secured in FYE 2017 to RM223.89 million for our Putrajaya Sentral Project secured in FYE 2019, which is our largest project in terms of contract sum as at the LPD. We have also been increasing our workforce from 180 employees as at 31 December 2018 to 246 employees as at the LPD. Accordingly, this will serve as a platform for our expansion plan to grow our building construction activities.

As at the LPD, we have six on-going high rise residential building projects. Our plan to grow our building construction activities is undertaken on an on-going basis and as at the LPD, we have tendered for a number of projects out of which we are still in the running for 10 projects (projects with a tender sum of RM50.00 million and above), mainly comprising high rise residential projects and landed commercial projects. The total tender sum for those 10 projects is approximately RM2.13 billion.

Due to the COVID-19 pandemic and lockdown measures, consumer demands for property have dampened, with possibilities of postponement of tenders for new construction projects in the industry. As our contracts are typically secured via competitive bidding, postponement of new construction projects will result in a longer period to replenish our order book. However, we expect the situation to improve in the near future on the back of various government initiatives and economic stimulus packages being introduced to ease this difficult period which include, amongst others, Bank Negara Malaysia reducing the Overnight Policy Rate, re-introduction of the Home Ownership Campaign ("**HOC**") with stamp duty exemption on instruments of transfer and loan agreements for the purchase of residential homes priced between RM0.3 million and RM2.5 million (subject to terms and conditions). The current 70% margin financing limit applicable for third housing loan onwards for properties valued at RM600,000 and above is uplifted during the period of HOC subject to the internal risk management practices of financial institutions. In addition, there is also a real property gains tax exemption for Malaysians for the disposal of up to three units of residential homes per individual between 1 June 2020 and 31 December 2021.

As part of this expansion plan, we intend to allocate RM4.20 million or 20.29% of funds raised from our IPO as working capital for our Hermington Project. This will free up our working capital and enable us to tender for and/or take on additional projects. If the earmarked funds for the abovementioned project are not utilised, the proceeds allocated under this category would be allocated to our Putrajaya Sentral Project or other future construction projects to be identified by our Group.

We believe that the expected cash flows to be generated from our operations, the remaining amount that is available under our existing financing facilities of RM84.94 million as at 31 December 2019, the estimated proceeds from the Public Issue to be utilised above, and the increase in our workforce, will provide our Group with the necessary resources and operating capacity to further increase our order book.

Further details on the utilisation of proceeds are disclosed in Section 3.7 of this Prospectus.

6. BUSINESS OVERVIEW *(CONT'D)*

6.4.2 We intend to expand our infrastructure construction services

We intend to expand our infrastructure construction services to include major roads, highways and bridges. Our existing infrastructure activities are limited to construction of roads, water and sewerage treatment plants, electrical substations, water tanks and reticulation systems, some of which form part of our building construction projects.

We believe that the experience gained from our past civil works projects has equipped us with the necessary knowledge and technical skills to handle and complete infrastructure construction projects. Our Managing Director, Dato' Ir Tee Chai Seng was also involved in a number of civil and structural engineering as well as infrastructure construction projects outside of our Group in the past, such as bridges and highways, where he was mainly responsible for the pre-construction process, carrying out conceptual and detailed engineering designs, feasibility studies and preliminary studies for these projects.

Further, he was also involved in site supervision during the construction period, which required him to be in close coordination with the contractors as well as contract administration for these structural engineering and infrastructure construction projects. We believe that his past experience and knowledge will lend credence to our future tenders for infrastructure construction projects. This in turn augurs well for our plan to expand our infrastructure construction services.

According to the IMR Report, the Malaysian Government earmarked RM220.00 billion as development allocation under the Eleventh Malaysia Plan, with RM133.12 billion allocation earmarked for 2018 to 2020. In Budget 2020, a total of RM12.20 billion has been allocated for transport related projects. These projects include expansion of airports in Sandakan, Sabah and Kota Bharu, Kelantan, public transportation, rails and highways such as the East Coast Rail Link project and the Klang Valley Double Tracking project, as well as the maintenance and upgrading of bridges, ports, railways and roads, which bode well for the overall prospects of the local construction industry. We believe that such initiatives provide ample opportunities for our Group to participate in this segment.

In 2020, the local construction industry has been affected by the COVID-19 outbreak and lockdown measures. However, the Malaysian Government has announced various economic stimulus and assistance packages to strengthen the economy. It continues to give higher priority to projects with higher economic and social effects and has reiterated its position to continue implementing large scale infrastructure projects.

As part of this expansion plan, we intend to hire experienced civil and structural engineers, on a permanent basis, to be part of a new project team to manage our future infrastructure projects. This project team will consist of seven members, i.e. a project director, two project managers and four site engineers. We expect to establish this project team within 24 months from our Listing to be funded via internally generated funds and/or bank borrowings.

We currently own certain construction machinery and equipment such as backhoes, excavators, mobile cranes, concrete mixers and lorry cranes which can also be used for construction of major roads, highways and bridges. To further strengthen our capacity to provide infrastructure construction services, we intend to utilise part of the gross proceeds from our IPO as detailed in Section 3.7 of this Prospectus to purchase excavators and trucks. In addition, we may also purchase and/ or rent other construction machinery and equipment in the future such as roller compactor, pavers and road graders as and when they are required in meeting the needs of our future projects. We expect to fund these purchases and/ or rental via internally generated funds and/ or bank borrowings.

We believe that the expected cash flows to be generated from our operations, the remaining amount that is available under our existing financing facilities of RM84.94 million as at 31 December 2019 and any additional financing facilities we may secure in the future will provide our Group with the necessary resources to undertake infrastructure construction projects.

6.4.3 We intend to purchase machinery and equipment to support our expansion plans

As at 31 December 2019, our key construction machinery and equipment includes four units of aluminium formworks, two units of mobile cranes, three units of excavators, three units of static pumps and 46 units of concrete mixers, as well as various smaller machinery and equipment which are used in our construction activities. Further details of our key construction machinery and equipment are available in Section 6.16 of this Prospectus. These key construction machinery and equipment are used to perform our daily construction activities and we also hire construction machinery and equipment as and when required. In addition, selected works at site also utilise construction machinery and equipment which are provided by our subcontractors as part of their scope of work.

In order to enhance our capability to tender for large scale projects and cater for new projects secured, we have allocated RM13.00 million or 62.80% of funds raised from our IPO to purchase new construction machinery and equipment. The new construction machinery and equipment will be acquired within 36 months from our Listing. The identified construction machinery and equipment include two units of self-climbing protection platforms, two units of tower cranes, one lot of heavy-duty scaffolding, four units of excavators, and seven units of trucks. Further details of our intended use of proceeds are disclosed in Section 3.7 of this Prospectus.

The purchase of these construction machinery and equipment is expected to increase our capacity and flexibility in meeting the needs of our future construction projects as it allows us to use these construction machinery and equipment as and when required without delays or incurring additional costs to rent from external parties. This flexibility may result in better time management as we are able to mobilise these construction machinery and equipment on short notices to our construction sites when required. Further, we will also be able to manage our costs more efficiently while at the same time enable our Group to be more competitive in our pricing when bidding for contracts.

6.4.4 Prospects of our Group

Our Group believes that our prospects in the building construction industry are favourable in view of the following factors:

(a) Prospects of the construction industry

According to the IMR Report, the local construction industry in Malaysia is expected to contract by 3.2% in 2020 due to lower property demand and disruption in construction activities following the COVID-19 pandemic and lockdown measures. The Malaysian Government has continued to give higher priority to projects which have higher economic and social effects. Infrastructure development has been viewed by the Malaysian Government as the foundation to economic and social development. Accordingly, the local construction industry is expected to rebound in 2021 (with a growth rate of 4.1%) on the back of infrastructure activities with the Government reiterating its position to continue implementing large scale infrastructure projects which have high multiplier effects.

The annual growth in the local construction industry is expected to be at 5.0% during the period from 2022 to 2024. The implementation of various infrastructure projects and affordable housing schemes are expected to continue providing the foundation for growth in construction activities in Malaysia from 2022 to 2024. The size (revenue) of the construction industry in Malaysia is projected to reach RM77.29 billion in 2024. The size (revenue) of the real estate construction market in Malaysia was RM29.59 billion in 2019 and is expected to grow to RM33.23 billion in 2024. The real estate construction market in Malaysia is expected to contract by 5.3% in 2020 with recovery likely in 2021.

Premised on the above, we hold an equivalent of 0.54% share of the construction industry in Malaysia in 2019 and 1.21% share of the real estate construction market in Malaysia in 2019 based on our Group's revenue of RM358.42 million for FYE 2019.

(b) Current on-going projects

Our Group currently has seven on-going projects which consist of the construction of residential building projects, comprising terrace houses, high rise apartments and condominiums. As at 30 April 2020, we have a total outstanding order book of RM463.81 million to be recognised over the next three financial years up to FYE 2023. Further details regarding our on-going projects are set out in Section 6.3.1 of this Prospectus.

(c) Competitive strengths of our Group

We believe that our competitive strengths provide our Group with growth opportunities within the construction industry. Our Group has established good working relationship with our customers by providing quality services. The established working relationship with our customers have resulted in invites to tender for their projects and retention of them as our repeat customers, while our established working relationship with suppliers and subcontractors also enable us to enjoy continuous supply of raw materials and services at competitive pricing. In addition, our Group is led by our experienced Managing Director, Dato' Ir Tee Chai Seng and supported by our Key Management which have been further strengthened with the recruitment of our Chief Financial Officer, Yap Choo Cheng. Further details on our competitive strengths are available in Section 6.2 of this Prospectus.

(d) Purchase of new machinery and equipment

Our Group has allocated approximately RM13.00 million, representing approximately 62.80% of the funds raised from our IPO to purchase new construction machinery and equipment to further expand our capacity in the building and infrastructure construction services. The purchase of these machinery and equipment will increase our Group's capacity and flexibility in meeting the needs of our future construction projects. Further details on the purchase of new construction machinery and equipment are set out in Sections 3.7 and 6.4.3 of this Prospectus.

(e) Continuous efforts in expanding our services and capabilities

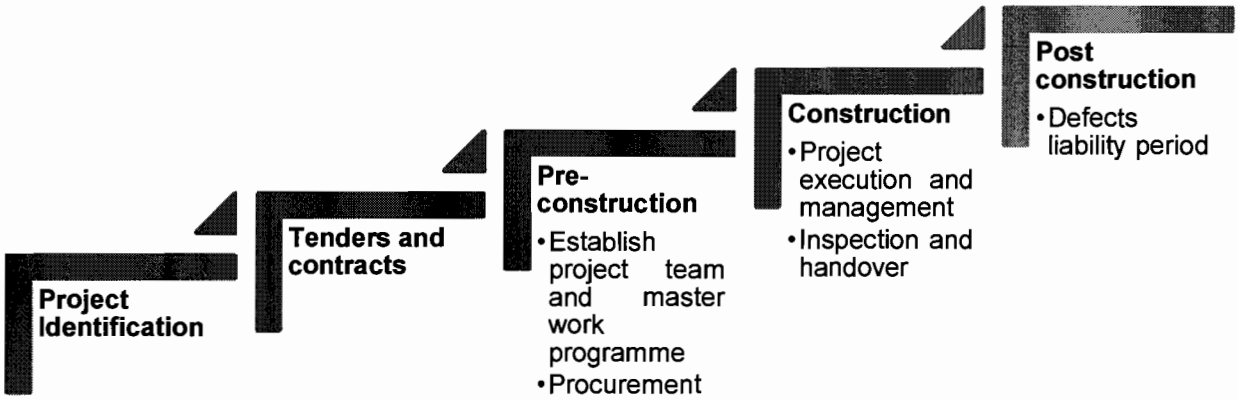
Our Group's future strategies moving forward involve continuous efforts to expand our services to include more building construction projects such as high rise and purpose-built buildings by leveraging on our relationship with current customers as well as via project tenders from new customers. Our Managing Director, Dato' Ir Tee Chai Seng has more than 36 years of experience in design, project management, property development, civil and structural engineering consultancy and site supervision. He is supported by our Key Management who are experienced in their respective fields that include contracts, project management, financial control, purchasing and corporate affairs. Our Group's commitment to delivering quality construction services is evidenced in the adoption of QESH management system, where our quality management system was assessed and accredited with ISO 9001:2015 certification under the scope of "provision of building construction and civil engineering" in September 2018.

Our occupational health and safety management system, and environmental management system were assessed and accredited with ISO 45001:2018 and ISO 14001:2015 respectively, under the scope of "provision of building construction and infrastructure works" in May 2019. The accreditation of our QESH management system, the achievement of High QLASSIC Achievement Awards and Best QLASSIC Achievement Awards, as well as receiving a five-star rating in the CIDB SCORE, is a testament to the quality of our works. We believe that this will provide our customers assurance and confidence that our services adhere to industry quality standards, and clients' project requirements and specifications. Further details on our QESH management system, QLASSIC achievements and CIDB SCORE are available in Sections 6.11, 6.11.1 and 6.11.2 of this Prospectus respectively.

6. BUSINESS OVERVIEW *(CONT'D)*

6.5 BUSINESS PROCESS

The following details our Group's business process:



(a) Project identification

We identify potential projects via recommendations from consultants such as architects and engineers, referrals and invitations from past and existing customers, and through tender notices. Our Managing Director, with support from our contracts department, also actively seeks for new projects by engaging with our past and existing customers, consultants as well as other prospective customers to identify potential business opportunities and stay abreast of latest market developments. Once a potential project is identified, our Senior Contract Manager will work closely with our Chief Financial Officer to conduct preliminary evaluations which cover our working capital requirements and background of potential customer, while our General Manager will evaluate the skills and resources required as well as our capacity to undertake additional projects. Our Managing Director will then conduct an internal discussion with the other Key Management to decide whether or not to proceed with the tender proposal.

(b) Tenders and contracts

If a potential project is deemed feasible, our Senior Contract Manager together with our Purchasing Manager will prepare a tender proposal based on the project's requirements. Our Senior Contract Manager will identify the relevant scope of work and estimate the extent of subcontracted work required while our Purchasing Manager will provide the estimated cost of construction materials required.

In some occasions, we would be required to complete pre-qualification exercises where our track record and financial strength are evaluated before we are invited for tender exercises. The finalised proposal will then be approved internally by our Managing Director before submission to the potential customer.

Upon submission, we may be invited for a tender interview to present our proposal and provide clarifications on technical details as well as to gather additional information on our customers' needs and requirements. We may submit revised tenders if there are any changes after the tender interview.

If the tender proposal is successful, the customer will issue a letter of award followed by signing of contract. A performance bond will be submitted to our customer upon acceptance of the letter of award or any other date to be agreed with our customer.

6. BUSINESS OVERVIEW *(CONT'D)*

(c) Pre-construction

Once we secure a project, our General Manager will be appointed to head the project and will be responsible for establishing a project team to oversee the management and implementation of various aspects of the project such as construction activities, QESH, time management, costing, and procurement of materials and subcontractors. With the assistance of the project team, our General Manager will also be responsible for preparing a master work programme, where site activities are broken down and include details such as sequence of work, budget, quality, construction methodology, resource planning and identified key milestones.

During this stage, the project team is also required to submit applications to the relevant authorities and local council to procure necessary permits and approvals.

Our contract team and purchasing team will source for quotations based on our approved list of suppliers and subcontractors who are chosen based on their ability to deliver services that meet our quality and timing requirements. Our Purchasing Manager will review all quotations received from the suppliers and work closely with the project team to keep track of the quality of construction materials received, while our Senior Contract Manager will work closely with all our subcontractors to negotiate on their pricing and terms of engagement.

As at LPD, we have more than 90 approved subcontractors and more than 250 approved suppliers, who are all Malaysian companies and are independent non-related parties. We do not have long term arrangements with our subcontractors and suppliers. We did not impose performance bonds on our subcontractors for our projects prior to 8 May 2019. Nevertheless, since 8 May 2019 we have been imposing performance bonds on our subcontractors with a contract sum exceeding RM3.00 million.

We engage our subcontractors to carry out certain construction activities throughout different stages of our projects, covering from preliminaries up to the completion. Depending on our project's requirements, our subcontractors' services are mainly to provide labour for labour-intensive works, supply and install construction materials, machinery and equipment, and perform piling works as well as specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works.

We select our subcontractors based on a number of factors, which include types of services, capability, track record and pricing. The project requirements are communicated to the shortlisted subcontractors, who will then prepare and submit their tender documents to us. Our Senior Contract Manager will review the quotation received and if required, conduct an interview with the subcontractors and recommend them to our General Manager and Managing Director for approval. Once the subcontractors have been approved by our General Manager and Managing Director, our Senior Contract Manager will prepare a letter of award to the subcontractors for the required works.

(d) Construction

During the construction phase, our Managing Director and General Manager with the assistance of the project team, will act as the site administrator where they will monitor, coordinate and supervise parties, and monitor project timeline.

Our purchasing department will coordinate the deliveries of construction materials, and machinery and equipment required according to the master work programme to ensure on-time arrival of supplies and reduce idle time.

Our safety officers who report to our General Manager also monitor the construction sites and activities to ensure workers comply with the QESH guidelines and policies as well as to ensure a conducive and safe working environment. During the construction period, we submit progress billings for the project according to billing intervals specified in the contract and receive progress payment from our customers. Our customers are entitled to retain 10.00% of each progress billing as retention sum up to a maximum of 5.00% of the total contract sum awarded. This retention sum serves as a security to our customers to guarantee our performance in completing the projects and rectifying any defects during the defects liability period. Our subcontractors also submit their progress claims to us on a pre-determined period, where we will verify their claims before releasing payment to them. Our Senior Contract Manager will work together with our General Manager, Chief Financial Officer, and Group Accountant to coordinate the billings and payments.

Over the course of the construction period, our project team carries out regular inspections to ensure work are performed according to specifications. Testing and commissioning activities are carried out at the end of the construction activities. Further, final project documentations such as warranties, as-built drawings, and operations and maintenance manuals are compiled and approved by our Managing Director, General Manager and Senior Contract Manager before being presented to our customer during the handover process. Projects are deemed completed when the project's architect issues a CPC. Once the CPC is issued, half of the retention sum will be released to us, while the remaining half will be retained by our customers until the end of the contracted defects liability period and upon issuance of CMGD.

(e) Post construction

The defects liability period will begin once the CPC is obtained, where we are bound to rectify defects that appear during this period. The length of the defects liability period is dependent on the nature and scale of the project and generally ranges from 24 to 30 months after receiving CPC.

Upon receiving reports on defects identified by our customer, our project team will investigate and inform the responsible subcontractor on the required rectification works as we also retain 10.00% of each progress billing from our subcontractors as retention sum, up to a maximum of 5.00% of the total subcontract sum awarded to our subcontractors. We will retain the entire retention sum throughout the contract period until the issuance of CPC, following which half of the total retention sum will be released to our subcontractors, while the remaining half of the retention sum will be retained by us until the end of the defects liability period and upon issuance of the CMGD. We may utilise the remaining retention sum to remedy defects if our subcontractors fail to rectify them within the agreed period.

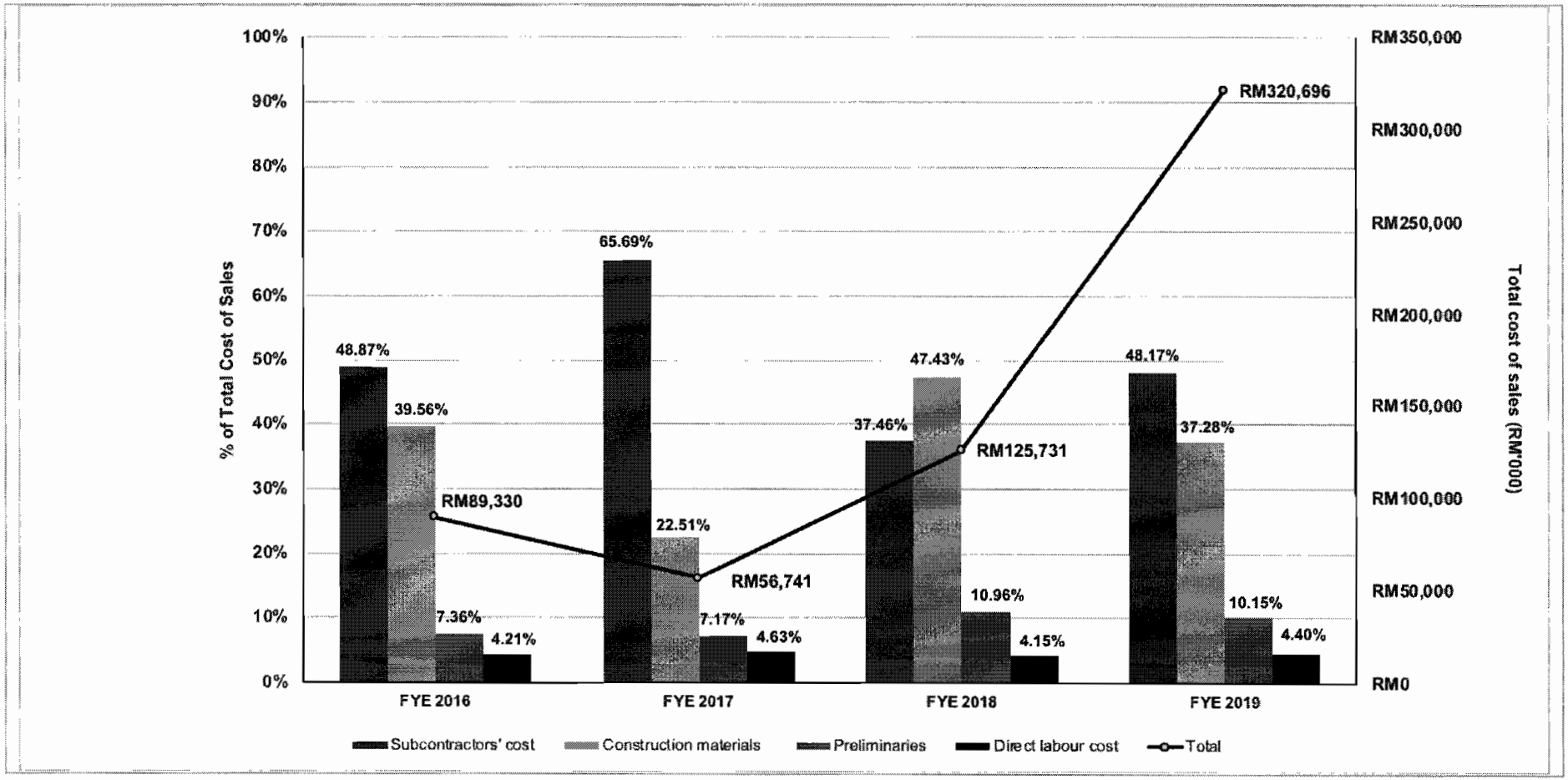
Our Senior Contract Manager who monitors the defects liability period will apply for issuance of the CMGD from the project's architect upon the expiry of the defects liability period, and the CMGD will be issued when the project's architect is satisfied that all defects have been rectified.

We also extend joint warranties or guarantees together with our relevant subcontractors in respect of building works performed for our customers such as external painting works and waterproofing works beyond the defects liability period up to the expiry of the warranty period, subject to the terms of the contract. Any defects identified by our customers during the warranty period will be rectified by our subcontractors on their own costs as all of these works are awarded to our subcontractors.

6. BUSINESS OVERVIEW *(CONT'D)*

6.6 SOURCES AND AVAILABILITY OF INPUT

Our Group's major cost components comprise subcontractors' costs, construction materials, preliminaries and direct labour costs. The diagram below shows the breakdown of our Group's major cost components for the FYE Under Review:



6. BUSINESS OVERVIEW *(CONT'D)*

(a) Subcontractors' cost

We engage our subcontractors to carry out certain construction activities throughout different stages of our projects, covering from preliminaries up to the completion. Depending on our project's requirements, our subcontractors' services are mainly to provide labour for labour-intensive works, supply and install construction materials, machinery and equipment, and perform piling works as well as specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. This helps to reduce the need for our Group to employ a large workforce as well as to control and lower our operating costs.

We have developed internal policies and procedures that guide our selection of subcontractors as detailed in Section 6.5(c) of this Prospectus.

(b) Construction materials

We use construction materials such as concrete, steel bar, reinforced wire, quarry products, cement, tiles and accessories, plywood and premix which are widely available from local suppliers. The breakdown of the cost of our construction materials for the FYE Under Review is as follows:

Construction materials	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Concrete	8,644	24.46	1,449	11.34	16,694	28.00	36,402	30.45
Steel bar	4,491	12.71	1,760	13.78	19,578	32.83	27,364	22.89
Reinforced wire	1,800	5.09	281	2.19	9,191	15.41	9,375	7.84
Quarry products	4,410	12.48	2,221	17.38	493	0.83	2,344	1.96
Cement	2,961	8.38	849	6.65	496	0.83	3,330	2.78
Tiles and accessories	2,605	7.37	861	6.74	496	0.83	9,830	8.22
Plywood	774	2.19	1,010	7.92	2,551	4.28	3,846	3.22
Premix	443	1.25	888	6.95	1,135	1.90	1	*
Others (1)	9,213	26.07	3,456	27.05	8,997	15.09	27,069	22.64
Total	**35,341**	**100.00**	**12,775**	**100.00**	**59,631**	**100.00**	**119,561**	**100.00**

Notes:

(1) Mainly consist of window and door frames, sanitary wares and fittings, pipe and fittings, paints and electrical fittings, and the cost of each of these items was less than 5.00% of our total cost of sales.

* Negligible

6. BUSINESS OVERVIEW *(CONT'D)*

We source all our construction materials locally and over the FYE Under Review, we did not experience major fluctuations in prices of construction materials and labour wages. Materials such as steel bars are subjected to fluctuations in global market prices due to demand and supply conditions which we are unable to predict at the point when we submit tenders for projects. In addition, we have not experienced major cost differentials for our subcontract agreements over the FYE Under Review.

(c) Preliminaries and direct labour cost

Preliminaries are general and miscellaneous expenses incurred over the course of a project and include bank charges, bank guarantee, commissions, stamp duties, CIDB levies, site management costs, utilities, rental expenses of machinery and equipment and other related project maintenance and overhead expenses. For the FYE Under Review, each of the cost items under preliminaries was less than 5.00% of our total cost of sales. Direct labour cost refers to workers' salaries and wages.

6. BUSINESS OVERVIEW *(CONT'D)*

6.7 MAJOR SUPPLIERS

Our suppliers and subcontractors are all based in Malaysia. Our Group's top five suppliers in terms of percentage of total cost of sales for each of the FYE Under Review are as follows:

Major suppliers	Types of products and services provided	FYE 2016		FYE 2017		FYE 2018		FYE 2019		Length of relationship
		RM'000	%	RM'000	%)	RM'000	%	RM'000	%	Year
Yuan Resources Sdn Bhd	Supply of steel bars	-	-	-	-	843	0.67	19,400*	6.05	3
E Da Electrical Engineering Sdn Bhd	Provision of M&E work	4,099*	4.59	2,981*	5.25	2,122	1.69	9,381*	2.93	5
SYP Sdn Bhd	Provision of plumbing work	114	0.13	2,257*	3.98	1,198	0.95	8,867*	2.76	6
Syn Tai Hung Trading Sdn Bhd	Supply of tiles	-	-	3	#	2,376	1.89	5,516*	1.72	4
Twin Tower Construction Sdn Bhd	Installation of conventional and aluminium formwork system	-	-	-	-	5,233*	4.16	5,341*	1.67	3
Great Formwork Sdn Bhd	Supply and installation of aluminium formwork system	-	-	-	-	5,011*	3.99	5,152	1.61	3
Syarikat Logam Unitrade Sdn Bhd	Supply of steel bar	-	-	115	0.20	4,985*	3.96	5,046	1.57	4
Strong Mixed Concrete Sdn Bhd	Supply of ready-mixed concrete	-	-	322	0.57	8,465*	6.73	4,086	1.27	4

6. BUSINESS OVERVIEW *(CONT'D)*

Major suppliers	Types of products and services provided	FYE 2016		FYE 2017		FYE 2018		FYE 2019		Length of relationship
		RM'000	%	RM'000	%)	RM'000	%	RM'000	%	Year
Peng Tat Engineering Sdn Bhd	Supply of mild steel work	151	0.17	2,233*	3.94	69	0.05	1,311	0.41	9
Keller (M) Sdn Bhd	Supply of piling work	-	-	984	1.73	6,954*	5.53	1,108	0.35	4
Sterling Glory Sdn Bhd	Supply of ready-mixed concrete	4,225*	4.73	1,282	2.26	103	0.08	472	0.15	6
Letrikon Engineering Sdn Bhd	Provision of M&E work	1,814	2.03	2,837*	5.00	-	-	31	0.01	6
The Aluminium Technology (M) Sdn Bhd	Supply of aluminium bars	680	0.76	2,729*	4.81	87	0.07	-	-	4
Goh Ah Lek Plastering Sdn Bhd	Provision of plastering work	4,446*	4.98	1,722	3.03	737	0.59	-	-	8
UMLB Marketing Sdn Bhd	Supply of ready-mixed concrete, steel bars	3,055*	3.42	1,421	2.51	-	-	-	-	5
Cemex Concrete (Malaysia) Sdn Bhd	Supply of ready-mixed concrete	2,566*	2.87	2	#	-	-	-	-	5

Notes:

* Representing the top five suppliers for the financial year.

\# Negligible.

6. BUSINESS OVERVIEW *(CONT'D)*

We are not dependent on any suppliers and subcontractors as our top five suppliers for each of the FYE Under Review collectively contributed 12.19% to 24.37% of our total cost of sales. In any case, these subcontracted services and construction materials are widely available from various local suppliers.

6.8 MAJOR CUSTOMERS

Our Group's customers are all based in Malaysia. The types of services that we provided over each of the FYE Under Review consisted mainly of construction services. The table below shows our Group's top five customers in terms of percentage of total revenue for each of the FYE Under Review:

Major customers	Projects[1]	FYE 2016		FYE 2017		FYE 2018		FYE 2019		Length of relationship
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	Year
MPM Project Management	KTCC Mall Project (Completed in August 2019)	-	-	-	-	16,320	11.16	78,399*	21.87	3
Tropicana Group										
Tropicana Aman	Tropicana Urban Homes Project (On-going)	-	-	-	-	23,643*	16.16	71,496*	19.95	3
Tropicana Metropark	GEMS International School Project (Completed in February 2017)	24,006*[3]	23.17	17,335*[3]	24.17	49[3][4]	0.03	-	-	4
IJM Group										
Murni Lapisan	Suria Pantai Project (On-going)	-	-	1,898	2.65	32,919*	22.51	66,421*	18.53	4
Manda'rina[2]	Riana South Project (On-going)	-	-	3,646*	5.08	35,901*[3]	24.55	48,627*	13.57	4
Qbeez Holdings Sdn Bhd	Hermington Project (On-going)	-	-	-	-	-	-	43,642*	12.18	2

6. BUSINESS OVERVIEW *(CONT'D)*

Major customers	Projects[1]	FYE 2016		FYE 2017		FYE 2018		FYE 2019		Length of relationship
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	Year
UM Land Group										
Kia Ace Development	Woodbury Project (On-going)	49,789*	48.05	41,692*[3]	58.13	18,677*[3]	12.77	29,065	8.11	6
	Albury 1 Project (Completed in July 2017)									
	Albury 2 Project (Completed in July 2018)									
S P Setia Berhad										
Setia Precast	Setia City Residences Project (On-going)	-	-	3,474*	4.84	16,514*	11.29	19,484	5.44	4
Kuala Lumpur Kepong Berhad										
KL-Kepong Country Homes Sdn Bhd	Bandar Seri Coalfields Project (Completed in April 2017)	14,057*	13.56	385	0.54	1,111[4]	0.76	-	-	5
Worldwide Holdings Berhad	Jati 4 Project (Completed in January 2017)	13,937*[7]	13.45	2,080*[3]	2.90	938[3][5]	0.64	422[4]	0.12	12
	Other projects									
Nekajati Sdn Bhd	Construction of electrical substation (Completed in June 2016)	372*	0.36	7[4]	0.01	82[6]	0.06	-	-	5

6. BUSINESS OVERVIEW *(CONT'D)*

Notes:

* Representing the top five customers for the financial year.

(1) Being projects with a contract sum of above RM20.00 million each.

(2) The contract was awarded by BEP Akitek Sdn Bhd on behalf of Manda'rina.

(3) Includes revenue from other projects with a contract sum of less than RM20.00 million each.

(4) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates upon finalisation of the final accounts.

(5) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates nearing the end of the defects liability period.

(6) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates at the end of the defects liability period.

(7) Includes revenue from other projects with a contract sum of less than RM20.00 million each, and revenue from a project with a contract sum of above RM20.00 million recognised subsequent to completion of that project upon finalisation of the final accounts.

Throughout the FYE Under Review, UM Land Group, IJM Group and Tropicana Group contributed around 71.22%, 90.03%, 76.02% and 60.16% of our total revenue for each of the FYE Under Review respectively. Whilst they contribute to a large portion of our revenue, we are not materially dependent on a single major customer as we have been securing projects from different customers over the years. The percentages of revenue contribution amongst our customers varies from year to year as a result of the nature of our business being conducted on a project basis. We may not secure similar projects in terms of size and scope with the same customer every year.

6. BUSINESS OVERVIEW *(CONT'D)*

6.9 SALES AND MARKETING

We do not have a designated marketing personnel. Our Managing Director, with support from our contracts department, actively seeks for new projects by engaging with past and existing customers, consultants as well as other prospective customers to identify potential business opportunities and stay abreast of the latest market developments.

Further, our Group's track record in the construction industry has provided us with opportunities to secure new projects via invited tenders by past and existing customers, and by referrals from consultants and past customers. In addition, our contract department is also responsible for identifying upcoming projects through tender notices. Our participation in increased number of construction projects has also enabled our Group to enhance our profile and raise market awareness of our name.

6.10 RESEARCH AND DEVELOPMENT

Due to the nature of our business operations, we do not engage in any research and development activity.

6.11 QESH

We are committed to delivering quality construction services to our customers while minimising adverse impact to the environment and protecting the safety and health of our customers, employees, workers, and other related stakeholders. We have achieved this by undertaking the following:

- consistently meeting our customers' requirements as mutually agreed;
- eliminating hazards and reducing occupational safety and health risks;
- providing a safe and healthy working condition for the prevention of work-related injury and ill health;
- performing sustainable construction, protecting the environment and preventing environmental pollution;
- effective and efficient project management;
- consultation and participation with employees, workers and interested parties; and
- continually improving QESH performance.

We have developed and implemented an integrated QESH management system that is aimed at optimising our resources and standardising processes in our operations. The QESH management system was developed according to international standards and the quality of our Group's products and services are monitored at each stage of construction in terms of QESH requirements.

6. BUSINESS OVERVIEW *(CONT'D)*

As a testament of our quality commitment, our quality management system was assessed and accredited with ISO 9001:2015 accreditation in September 2018 by SIRIM QAS under the scope of "provision of building construction and civil engineering". Our occupational health and safety management system and environmental management system were assessed and accredited with ISO 45001:2018 and ISO 14001:2015, respectively under the scope of "provision of building construction and infrastructure works" in May 2019 by SIRIM QAS. The table below sets out the validity period of our accreditations:

Accreditation	Validity period
ISO 9001:2015	25 September 2018 to 24 September 2021
ISO14001:2015	6 May 2019 to 5 May 2022
ISO 45001:2018	6 May 2019 to 5 May 2022

Our Group's QESH department is responsible for implementing and monitoring our QESH management system. We have a safety site supervisor at every site, who is assisted by safety officers for all our on-going projects to ensure activities carried out at our construction sites adhere to our QESH plan. They are also responsible for conducting regular inspections at our construction sites and that include quality and safety assessments throughout the construction period. These inspections are based on a set of procedures which include detailed monitoring, controlling and inspection of work sequence, internal quality and safety checks. Our QESH supervisor and officers will monitor the implementation of operational controls on our projects and periodically evaluate compliance to legal and other requirements.

Our QESH management system also covers environmental aspects which include environmental monitoring activities such as environmental safety and health inspection, and environmental parameter monitoring for air and water quality.

6.11.1 QLASSIC assessment

QLASSIC is a system or method carried out by qualified QLASSIC assessors appointed by CIDB to measure and evaluate the workmanship quality of a building construction work based on the Construction Industry Standard ("**CIS**"), CIS 7:2014. The system was developed by CIDB and was launched in 2006 with the objective of benchmarking the quality of workmanship of the construction industry in the country. It assesses a building construction project through a sampling approach according to four components, namely its structural, architectural, mechanical and electrical, and external works, with different weightages assigned to each component depending on the category of the building. The scores for each component are then summed up to calculate an overall QLASSIC score for a construction project. The table below illustrates the allocated weightage for each component according to four building categories:

Category	Type of properties
Category A	Landed housing includes detached, semi-detached, terrace and cluster houses.
Category B	Stratified housing includes flats, apartments, condominiums, service apartments, small office home offices and town houses.
Category C	Public/ commercial/ industrial buildings includes office buildings, schools, factories, warehouses, workshops, hangers, small office flexible office, small office virtual office, religious buildings, stadiums, community halls, hospitals, airports, universities, colleges and police stations without centralised cooling system

6. BUSINESS OVERVIEW *(CONT'D)*

Category	Type of properties
Category D	Public/ commercial/ industrial buildings includes office buildings, schools, factories, warehouses, workshops, hangers, small office flexible office, small office virtual office, religious buildings, stadiums, community halls, hospitals, airports, universities, colleges and police stations with centralised cooling system)

	Residential building		Non-residential building	
Component	**Category A**	**Category B**	**Category C**	**Category D**
	(%)	**(%)**	**(%)**	**(%)**
Structural	15.00	20.00	20.00	20.00
Architectural	70.00	60.00	55.00	50.00
Mechanical and electrical works	5.00	10.00	15.00	20.00
External works	10.00	10.00	10.00	10.00
Total score	**100.00**	**100.00**	**100.00**	**100.00**

Based on the CIDB's Annual Reports for 2017 and 2018, the number of assessments and average QLASSIC scores are set out below:

Year	Number of assessments	Average QLASSIC score
2013	160	72.0
2014	272	69.9
2015	270	72.5
2016	287	72.5
2017	318	72.4
2018	328	74.0

We have participated in CIDB's QLASSIC assessment for our projects where we are the main contractor since 2015, as part of our efforts to provide quality services as well as meeting our customers' QLASSIC score requirements, which are set by on a project basis. The following summarises our projects which have been assessed and rated with QLASSIC scores:

No.	Project details	Building category	QLASSIC certification date	QLASSIC scores achieved
Projects with a minimum QLASSIC score requirement by our customers				
1.	Albury 1 Project	A	September 2017	83
2.	Tropicana Urban Homes Project	B	February 2019	83
3.	Riana South Project	A	January 2019	81
4.	Albury 2 Project	A	April 2018	81

No.	Project details	Building category	QLASSIC certification date	QLASSIC scores achieved
5.	Jati 4 Project	C	August 2017	78
6.	Cengal and Berlian Project	A	September 2015	77
7.	Bandar Seri Coalfields Project	C	June 2017	77
Projects without a minimum QLASSIC score requirement by our customers				
1.	Suria Pantai Project	B	February 2019	82
2.	GEMS International School Project	D	October 2017	82

Further to the above, two of our projects also received additional awards from CIDB. Our Albury 1 project received the Best QLASSIC Achievement Awards in 2018 under Category A – Landed Housing Project and the High QLASSIC Achievement Awards in 2018, while our GEMS International School Project was awarded the High QLASSIC Achievement Awards in 2018.

6.11.2 CIDB SCORE

In June 2019, our subsidiary, TCS Construction, received a five-star rating in the CIDB SCORE. The CIDB SCORE programme is developed by CIDB in cooperation with SME Corporation Malaysia to provide an effective gauge of local contractors' strength through its stringent and comprehensive rating system which assesses seven parameters, namely company performance, financial capabilities, technical capabilities, project management, procurement management, best practices, and management capabilities. Each of the scope is allocated with 30 marks and the total from all the parameters will determine the final star rating of an applicant. The table below sets out the assessment definition:

Star rating	Definition
No star	Fulfils the basic registration and operation requirements
1-star	Possesses basic management and technical capabilities
2-star	Capable in management and technical aspects
3-star	Good in management and technical aspects, complies with best practices and manages projects well
4-star	Efficient in management and technical aspects, adheres to best practices, innovative, possesses integrated system and good project management. Capable of exporting services overseas
5-star	Can be emulated, strong company, efficient in management and technical aspects, adheres to best practices, possesses integrated system and good project management. Active in exporting services overseas

6. BUSINESS OVERVIEW *(CONT'D)*

6.11.3 SHASSIC

We have also participated in SHASSIC assessment which is carried out by qualified SHASSIC assessors to assess and evaluate the safety and health performance of contractors in construction works and projects. It was developed by CIDB and is carried out to benchmark the level of safety and health performance of the construction industry in Malaysia.

The system covers three main components, namely document check, workplace inspection and employees (areas covered include occupational health and safety policy, occupational health and safety organisation, occupational health and safety training and promotion, hazard identification, machinery and equipment management, materials management, emergency preparedness, accident investigation, reporting and records management, and performance monitoring).

The table below illustrates the allocated weightage for each component and the approaches:

Component	Weightage (%)	Approach
Document Check	20.00	Checking of occupational safety and health related documents and records to determine the compliance of the safety and health programmes and activities established.
Workplace inspection	60.00	Assessment of general occupational safety and health management implementation and facilities at site, and assessment of three high risk construction work activities to be determined by the SHASSIC assessor.
Employees interview	20.00	Interview with employees who are randomly selected from three categories, namely one management personnel, three supervisory personnel (site supervisor, designated person, occupational safety and health committee members and/ or a combination of both, safety and health officer and site safety supervisor), and nine workers from various trade or skills.
Total	**100.00**	

The scores for each component are then summed up in arriving at the overall SHASSIC score that is interpreted as below:

SHASSIC score (%)	Star(s) awarded	Justification
90 to 100	Five	Excellent occupational safety and health management system planned and implemented with proactive commitment from top management to manage occupational safety and health at all times
80 to 89.9	Four	Very good occupational safety and health management system planned and implemented with evidence of good commitment from top management to manage occupational safety and health at all times
70 to 79.9	Three	Good occupational safety and health management system planned and need commitment from top management but require improvement in system implementation

6. BUSINESS OVERVIEW *(CONT'D)*

SHASSIC score (%)	Star(s) awarded	Justification
60 to 69.9	Two	Satisfactory occupational safety and health management with minimum plan and implementation, and require commitment from top management
50 to 59.9	One	Basic occupational safety and health management system with basic plan and implementation, and require commitment from top management
49 and below	Certificate of participation only	Fail to meet the minimum requirement and poor occupational safety and health performance and management

We have received SHASSIC certificate from CIDB for three of our projects, namely Riana South Project, where we scored a five-star rating (96% score), Suria Pantai Project a five-star rating (93% score) and Tropicana Urban Homes Project a five-star rating (93% score).

6. BUSINESS OVERVIEW *(CONT'D)*

6.12 MAJOR APPROVALS, LICENCES, PERMITS AND REGISTRATIONS

Details of the major approvals, licenses, permits and registrations obtained by our Group for our business operations as at LPD are as follows:

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
TCS Construction Registered address: Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Certificate of registration Certificate of registration in respect of Grade G7, Category Building, Category Civil Engineering and Category Mechanical and Electrical The licence permits the licensee to carry out the following work scope: B01: industrialised building system, prefabricated buildings and industrial plants B04: construction work on buildings B05: piling	Registration No.: 10000825 – WP 057707	Issuance date: 11 July 2019 Commencement date: 11 July 2019 Expiry date: 30 October 2020	CIDB	**General terms and conditions:** (a) The certificate is non-transferrable; and (b) CIDB reserves the right to review the registration grade of the contractor from time to time. **Responsibility and obligations of the contractor** (a) The contractor shall comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("**LPIP Act**"), the regulations made thereunder and any term, conditions or restriction imposed by CIDB from time to time;	Complied Noted Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
	B14: paintwork B15: roof installation B24: building maintenance B29: hospital building works CE01: road and pavement construction CE02: bridge and jetty construction CE03: marine structure CE04: dams CE10: piling CE19: sewerage system				(b) the contractor shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed; (c) the contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category; (d) the contractor shall submit information in relation to any new construction work or project within 14 days from the award of construction work or project;	Complied Complied Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
	CE21: civil engineering construction CE36: earthwork M15: Miscellaneous mechanical equipment				(e) the contractor shall submit any information required by CIDB from time to time;	Complied
					(f) the contractor shall display the original or the certified true copy of the certificate of registration issued by CIDB at its place of business;	Complied
					(g) the contractor shall display its registration number on the signboard at each construction site;	Complied
					(h) the contractor shall apply for renewal of registration within 60 days prior to the expiry date as specified in this certificate;	Noted
					(i) the contractor shall comply with all the requirements and provisions of the code of ethics for contractors;	Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(j) the contractor shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB; and	Complied
					(k) all the workers at the construction site must have a valid CIDB Green Card.	Complied
					Disciplinary Action: The registration of the contractor shall be cancelled, suspended or revoked if:	
					(a) the contractor fails to comply with the requirement of any written law;	Noted
					(b) the contractor has been adjudicated a bankrupt;	Noted
					(c) a winding-up petition in relation to the contractor has been presented;	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(d) the contractor contravenes or fails to comply with any provision of LPIP Act;	Noted
					(e) the contractor has obtained this certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;	Noted
					(f) the contractor has abandoned any construction works undertaken without good reason;	Noted
					(g) the contractor is found negligent by the court or by any board of enquiry established under any written law in connection with any construction works undertaken; and	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(h) contravenes any of the terms and conditions of the responsibilities and obligations of the contractor as specified under paragraph 2 above.	Noted
TCS Construction Registered address: Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Certificate of Governmental Procurement Works Certificate of Government Procurement Works in respect of G7, Category Building, Category Civil Engineering and Category Mechanical and Electrical Engineering: B: Buildings CE: Civil Engineering ME: Mechanical and electrical engineering Authorised person: Tee Chai Seng	Certification of registration: 1000825 - WP057707	Issuance date: 11 July 2019 Commencement date: 11 July 2019 Expiry date: 30 October 2020	CIDB	**General Terms and Conditions:** (a) This certificate is issued based on the information submitted by TCS Construction. (b) This certificate shall not be used as a license for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works.	Noted Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(c) This certificate shall be cancelled if the Certificate of Registration has been terminated or suspended according to Rule 15, Rules of Contractor Registration (Construction Industry).	Noted
					(d) This certificate should be provided together with Certificate of Registration when the company tenders for government contracts.	Noted
					(e) This certificate should be renewed together with the Certificate of Registration issued by CIDB.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					Responsibilities of the company	
					(a) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works.	Complied
					(b) The contractor shall not be involved in tender or any construction works after the expiry of this certificate and until such time this certificate has been renewed.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(c) The officers of the company named in this certificate (Tee Chai Seng) are allowed to execute the contracts, obtain the tender documents and participate in the tender. Company is not allowed to be represented by other officers for the matters as mentioned.	Noted
					(d) The company or certificate holder shall comply with the terms and conditions attached to this certificate during the period of validity of this certificate.	Complied
					(e) If there is any change in the information provided to CIDB, the company or certificate holder shall inform CIDB within 30 days from the effective date of change.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(f) The company or certificate holder shall comply with the terms and conditions imposed by the government through instructions from the treasury and CIDB circular from time to time.	Noted
					Disciplinary Action:	
					(a) The company shall be penalised according to Rule 15, Rules of Contractor Registration (Construction Industry) 1995 if the company or/ certificate holder fails to comply with paragraph 2 above.	Noted
					(b) CIDB has the right to take action against the registered contractor.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(c) The company or/ certificate holder shall not participate in the tender or be involved in government procurement works within the prescribed period in the event that the company is penalised pursuant to Rule 15, Rules of Contractor Registration (Construction Industry) 1995 or this certificate has been withdrawn as a result of disciplinary action.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(d) The company or/ certificate holder shall be removed from the list of CIDB registration if the registration has been cancelled or withdrawn. The company shall comply with the terms and conditions issued to the new applicant if they wish to obtain this certificate again. The company shall not obtain the certificate of procurement works if the key management personnel of the company has been blacklisted.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(e) The company or/ certificate holder who has been blacklisted through disciplinary action, will not be removed from the list of CIDB registration. However, such Company or/ certificate holder can only participate in a tender or be involved in government procurement works after the prescribed period.	Noted
TCS Construction Place of business address: No. 1 & 3, Bangunan TCS, Jalan SP1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan	Certificate of registration The authority is given by the company to the following person for managing the government procurement works: Tee Chai Seng (Director) Ooi Kee An (Project Manager) Liew Kok Yoong (Finance Manager)	Registration no.: K661188445 01952783	Issuance date: 30 November 2017 Commencement date: 30 November 2017 Expiry date: 28 January 2021	Ministry of Finance ("**MOF**")	**General conditions:** (a) This approval is issued based on the information provided by TCS Construction.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(b) Any change in the information provided must be updated online in Modul Kemaskini Profit at www.eperolehan.gov.my within 21 days from the effective date of change; failing which the company shall be penalised as per paragraph (f) below.	Complied
					(c) The company shall submit any information required by MOF within the prescribed period, failing which the company shall be penalised as per paragraph (f) below.	Complied
					(d) The company must ensure that the registered sector in the certificate shall not overlap with the sectors approved for any other companies which:	Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(i) has the same shareholders or Board of Directors, management and workers; or (ii) operate on the same premise	
					(e) MOF has the right to visit or audit the company at any time without prior notice. Failure to comply with the terms and conditions may result in the sector code and/ or registration of the company being suspended or cancelled and the company, shareholders and directors may be subject to disciplinary action or blacklisted without any notice being given if it is determined that the information is false.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(f) A company that is newly registered is not allowed to have any changes to its shareholders or directors within 6 months from the date it is registered.	Complied
					(g) Failure of the company to renew its registration 1 year after the expiry of its registration may result in the company's registration with the MOF being cancelled and automatically removed from the ePerolehan system. In such event, the company has to make a new application for registration.	Noted
					Suspension or Cancellation (a) The registration shall be suspended / cancelled in the event the company commits the following offences:	

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(i) The company / shareholders / partners / directors / other management personnel has committed a crime and is found guilty in a court of law in Malaysia or outside Malaysia or is subject to any civil liability.	Noted
					(ii) The company withdraws an offer before the tender is being considered or rejects an offer that has been made.	Noted
					(iii) The company fails to perform its obligations in contracts entered into by the Government.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(iv) The company is found to have amended the certificate with the intention to deceive or for whatsoever reasons.	Noted
					(v) The company allows this certificate to be misused by any individuals or other companies.	Noted
					(vi) The company is found to be involved in price fixing with other companies when entering into a government tender or granted any sub-contract without obtaining prior valid consent from the relevant government agencies.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					Renewal	
					(a) The company shall submit its application for renewal 3 months prior to the expiry date of the registration.	Noted
					(b) Applications received after the expiry of the registration is considered as a new registration.	Noted
					Right of the Government	
					(a) The virtual certificate of registration that is issued (online registration) belongs to the government. The government has the right to withdraw/ suspend/ cancel the registration if the company is subject to disciplinary action under 1PP/PK8 (Pekeliling Perbendaharaan/ Perolehan Kerajaan 8).	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					Participate in government procurement works	
					(a) With the issuance of the virtual certificate, the company is not required to show this certificate when obtaining government procurement documents except for government agencies with no access to the Internet.	Noted
					(b) The company must ensure the registration with MOF is still valid throughout the duration of the contract.	Noted
					Cautions on corruptions	
					(a) Any action or attempt to bribe by way of offering, giving or receiving any form of bribery from anyone involved with government procurement is an offence under Malaysian Anti-Corruption Commission Act 2009.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
TCS Construction No. 1 & 3, Bangunan TCS, Jalan SP1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan	Trade, Business and Industrial Licence for the year of 2020 Signboard licence for the year of 2020	Account no.:030000000104505 Bill no.:202011010677	Issuance date: 9 December 2019 Expiry date: 31 December 2020	Majlis Daerah Kuala Langat ("**MDKL**")	(a) this licence shall be displayed at all the times at its place of business; (b) this license is subject to the terms and conditions imposed by MDKL; (c) this license shall be suspended or/ cancelled if the licencee fails to comply with any of the terms and conditions or laws and regulations published by MDKL; (d) licencee shall apply stage show permit if any chairs or tables are placed along the sidewalk; (e) this licence is valid until 31 December 2020. The renewal application of this licence shall be made from November 2020 until December 2020, failing which:- i. the licencee could be subject to compounds; or	Complied Complied Noted Noted Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					ii. this licence may be withdrawn or cancelled; (f) a copy of the passport size photo is required on every renewal; and (g) for those car or motorcycle repair workshop, tyre services centre, car accessories shop, car wash centre, they must rent the parking lots at Jabatan Penguatkuasa, MDKL.	 Noted Not applicable
TCS Bina Registered address: Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Certificate of registration in respect of Grade G7, Category Building, Category Civil Engineering and Category Mechanical and Electrical The licence permits the licensee to carry out the following work scope: B04: Construction work on buildings	Registration No.: 0120181123-SL019912	Issuance date: 17 June 2019 Commencement date: 17 June 2019 Expiry date: 26 November 2020	CIDB	**General terms and conditions:** (a) The certificate is non-transferrable; and (b) CIDB reserves the right to review the registration grade of the contractor from time to time.	 Complied Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
	CE21: Civil engineering construction M15: Miscellaneous Mechanical equipment				**Responsibility and obligations of the contractor:** (a) The contractor shall comply with the provisions of the LPIP Act, the regulations made thereunder and any term, conditions or restriction imposed by the CIDB from time to time;	Complied
					(b) the contractor shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed;	Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(c) the contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside is registered category;	Complied
					(d) the contractor shall submit information in relation to any new construction work or project within 14 days from the award of construction work or project or before the commencement of the project;	Complied
					(e) the contractor shall submit any information required by CIDB from time to time;	Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(f) the contractor shall display the original or the certified true copy of the certificate of registration issued by CIDB at its place of business;	Complied
					(g) the contractor shall display its registration number on the signboard at each construction site;	Complied
					(h) the contractor shall apply for renewal of registration within 60 days prior to the expiry date as specified in this certificate;	Noted
					(i) the contractor shall comply with all the requirements and provisions of the code of ethics for contractors;	Complied

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(j) the contractor shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB; and	Complied
					(k) all the workers at the construction site must have a valid CIDB Green Card.	Complied
					Disciplinary actions: The registration of the contractor shall be cancelled, suspended or revoked if:	
					(a) The contractor fails to comply with the requirement of any written law;	Noted
					(b) the contractor has been adjudicated a bankrupt;	Noted
					(c) a winding-up petition in relation to the contractor has been presented;	Noted
					(d) the contractor contravenes or fails to comply with any provision of LPIP Act;	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					(e) the contractor has obtained this certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;	Noted
					(f) the contractor has abandoned any construction works undertaken without good reason;	Noted
					(g) the contractor is found negligent by the court or by any board of enquiry established under any written law in connection with any construction works undertaken; and	Noted
					(h) the contractor contravenes any of the terms and conditions of the responsibilities and obligations of the contractor as specified under paragraph 2 above.	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
TCS Bina No. 1 & 3, Bangunan TCS, Jalan SP1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan	Trade, Business and Industrial Licence for the year of 2020 Signboard licence for the year of 2020	Account no.:030000000104504 Bill no.:202011010676	Issuance date: 9 December 2019 Expiry date: 31 December 2020	MDKL	(a) this licence shall be displayed at all the times at its place of business;	Complied
					(b) this licence is subject to the terms and conditions imposed by MDKL;	Complied
					(c) this licence shall be suspended or/ cancelled if the licencee fails to comply with any of the terms and conditions or laws and regulations published by MDKL;	Noted
					(d) licencee shall apply stage show permit if any chairs or tables are placed along the sidewalk;	Noted
					(e) this licence is valid until 31 December 2020. The renewal application of this licence shall be made from November 2020 until December 2020, failing which:-	Noted

6. BUSINESS OVERVIEW *(CONT'D)*

Company/ Address	Description of approval/ Licence/ Permit/ Registration	Licence/ Account/ Reference No.	Date of issuance/ Renewal/ Commencement/ Expiry	Authority	Major conditions imposed	Status of compliance
					i. the licencee could be subject to compounds; or ii. this licence may be withdrawn or cancelled;	
					(f) a copy of the passport size photo is required on every renewal; and	Noted
					(g) for those car or motorcycle repair workshop, tyre services centre, car accessories shop, car wash centre, they must rent the parking lots at Jabatan Penguatkuasa, MDKL.	Not applicable

6. BUSINESS OVERVIEW *(CONT'D)*

6.13 BRAND NAMES, PATENTS, LICENSING AGREEMENTS, ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed in the table below, we do not have any other brand names, patents, licensing agreements, assistance agreements, franchises and other intellectual property rights for our business operations as at the LPD:

Trademark	Issuing authority	Registered owner	Filing no.	Date of application	Date of registration	Expiry date	Class	Status
TCS Passion to Build	MyIPO	TCS Construction	2016065745	26 August 2016	10 January 2019	26 August 2026	37(1)	Registered
TCS Group	MyIPO	CDB Realty (2)	2012059322	27 November 2012	28 November 2013	27 November 2022	37(1)	Registered
TCS GROUP	MyIPO	CDB Realty (2)	2013050171	9 January 2013	6 March 2014	9 January 2023	37(1)	Registered

Notes:

(1) Property and housing development services; construction of building, building construction supervision and control, undertaking piling and structural works (building construction); electric appliance installation and structural works (building construction); electric appliance installation and repair; mechanical site equipment used in construction of building; advisory services relating to development of property; interior and exterior painting; road paving; advisory services relating to the renovation of property; commercial and retail property development services, property maintenance; demolition of building, building of residential and commercial properties; real estate development; construction of complexes for business and leisure; elevator installation and repair, building sealing; all included in Class 37.

(2) The trademarks have been assigned by CDB Realty to our Company on 13 March 2019 under the deed of assignment. The details of the deed of assignment are set out in Section 15.4 of this Prospectus.

6. BUSINESS OVERVIEW *(CONT'D)*

6.14 PROPERTIES OF OUR GROUP

During the FYE Under Review we purchased six properties (listed as No. 2 to No. 7 in the table below) from our customers' property development projects ("**Subject Properties**"), of which properties No. 2 to No. 4 in the table below are still currently under construction. We are not involved in the construction of any of these Subject Properties. We finance such purchases through our internally generated funds and borrowings. Further details on our Group's material capital commitments are set out in Section 12.6 of this Prospectus.

We purchased the Subject Properties with the intention to utilise them as site offices as we anticipate more prospective projects from the on-going township developments surrounding/ nearby the Subject Properties. These on-going townships development are being undertaken by our customers, whom we have established working relationships with. In the event we require site offices for our projects, we may utilise the Subject Properties and will not incur any rental expenses. While waiting for new projects to be launched by our customers or after completion of our projects, we may rent out the Subject Properties for rental income, which will be set off against the interest expense to be incurred from the term loans for the Subject Properties. Further, we may also recognise capital gains in the longer term if we manage to dispose the Subject Properties at prices higher than their total cost.

We have been using three Subject Properties (listed as No. 5 to No. 7 in the table below) located in Tropicana Aman as our site office since their completion. In January 2020, we entered into a tenancy agreement to rent out one of the Subject Properties (listed as No. 7 in the table below) as we no longer require it as our site office and the tenancy had commenced in March 2020. Upon completion of the remaining three Subject Properties (listed as No. 2 to No. 4 in the table below), we intend to utilise them as our site office for our future projects in Negeri Sembilan, if required.

It is our firm intention to remain focused in our business as a pure play construction company. Further, it is not our business model or policy to acquire properties in our customers' property development projects as a precondition for securing a project or to accept pre-arranged payment-in-kind from our customers for our construction services. As such, we only intend to purchase additional properties if we require them as site offices for our on-going and/ or future projects.

6. BUSINESS OVERVIEW *(CONT'D)*

Details of material properties owned by our Group as at the LPD are as follows:

No.	Registered owner/ Postal address	Description/ Existing use/ Tenure	Built-up area (Square feet)	Date of issuance of CCC	Major encumbrances	Audited NBV as at 31 December 2019 (RM'000)	Total cost of property (RM'000)
1	TCS Construction/ 45, Jalan Tasik Prima 4/4 Taman Tasik Prima 47150 Puchong Selangor	3-storey townhouse/ Staff accommodation/ 99 years expiring 15 May 2111 with a remaining lease period of about 92 years	1,715	14 March 2012	Charged to Public Islamic Bank Berhad	755	900[2]
2	TCS Construction/ H-11-01, Block H Setia Ecohill Walk 43500 Semenyih Selangor[1]	1 unit shop office at Level 1/ Under construction/ Freehold	2,088	Under construction	Charged to Public Bank Berhad	1,541	1,682[3]
3	TCS Construction/ H-11-02, Block H Setia Ecohill Walk 43500 Semenyih Selangor[1]	1 unit shop office at Level 2/ Under construction/ Freehold	2,088	Under construction	Charged to Public Bank Berhad	641	1,010[3]
4	TCS Construction/ H-11-03, Block H Setia Ecohill Walk 43500 Semenyih Selangor[1]	1 unit shop office at Level 3/ Under construction/ Freehold	2,088	Under construction	Charged to Public Bank Berhad	465	673[3]

6. BUSINESS OVERVIEW *(CONT'D)*

No.	Registered owner/ Postal address	Description/ Existing use/ Tenure	Built-up area (Square feet)	Date of issuance of CCC	Major encumbrances	Audited NBV as at 31 December 2019 (RM'000)	Total cost of property (RM'000)
5	TCS Construction/ 12-G & 12-1, Jalan Aman Sinaria 7 Bandar Tropicana Aman 42500 Telok Panglima Garang Selangor	2-storey shop office/ Site office/ 91 years expiring on 9 November 2110 with a remaining lease period of about 90 years	5,274	21 December 2018	Charged to CIMB Bank Berhad	2,980	3,041(3)
6	TCS Construction/ 23-G & 23-1, Jalan Aman Sinaria 1 Bandar Tropicana Aman 42500 Telok Panglima Garang Selangor	2-storey shop office/ Site office/ 91 years expiring on 9 November 2110 with a remaining lease period of about 90 years	3,121	21 December 2018	Charged to CIMB Bank Berhad	1,607	1,640(3)
7	TCS Construction/ 11-G & 11-1, Jalan Aman Sinaria 2 Bandar Tropicana Aman 42500 Telok Panglima Garang Selangor	2-storey shop office/ For rental/ 91 years expiring on 9 November 2110 with a remaining lease period of about 90 years	4,262	21 December 2018	Charged to CIMB Bank Berhad	2,240	2,285(3)

Notes:

(1) Acquired in December 2016 and is expected to complete in December 2020.

(2) Inclusive of incidental costs.

(3) Net of discounts which were generally available to other customers.

6. BUSINESS OVERVIEW *(CONT'D)*

The following table details the material properties rented by our Group as at the LPD:

No.	Tenant	Landlord	Address	Description/ Existing use	Date of issuance of CCC	Approximate rented area (Square feet)	Period of tenancy/ Rental per annum
1.	TCS Construction	Asia Frozen Food KT Enterprise	3rd Floor 134E Jalan Sultan Zainal Abidin 20000 Kuala Terengganu Terengganu	3-storey shop office/ Site office	Note(1)	1,300	1 November 2018 to 31 October 2020/ RM9,000
2.	TCS Construction	Asia Frozen Food KT Enterprise	2nd Floor 134E Jalan Sultan Zainal Abidin 20000 Kuala Terengganu Terengganu	3-storey shop office/ Site office	Note(1)	1,300	21 September 2018 to 30 September 2020/ RM10,200
3.	TCS Construction	CDB Realty	1st Floor No. 1 & 3, Bangunan TCS Jalan SP 1/1 Bandar Saujana Putra 42610 Jenjarom Selangor	4-storey shop office/ Head office	3 April 2015	4,322	1 October 2019 to 30 September 2021/ RM105,600
4.	TCS Construction	CDB Realty	2nd Floor No. 1 & 3, Bangunan TCS Jalan SP 1/1 Bandar Saujana Putra 42610 Jenjarom Selangor	4-storey shop office / Head office	3 April 2015	4,322	1 October 2019 to 30 September 2021/ RM75,600

6. BUSINESS OVERVIEW *(CONT'D)*

No.	Tenant	Landlord	Address	Description/ Existing use	Date of issuance of CCC	Approximate rented area (Square feet)	Period of tenancy/ Rental per annum
5.	TCS Bina	CDB Realty	3rd Floor No. 1 & 3, Bangunan TCS Jalan SP 1/1 Bandar Saujana Putra 42610 Jenjarom Selangor	4-storey shop office / Head office	3 April 2015	4,322	1 October 2019 to 30 September 2021/ RM52,800

Note:

(1) TCS Construction had, on 5 April 2019 written to Majlis Bandaraya Kuala Terengganu to ask whether a certificate of fitness and occupation and/ or CCC had been issued for the property and received a reply from Majlis Bandaraya Kuala Terengganu on 9 May 2019 that there is a certificate of fitness and occupation and/ or certificate of completion and compliance for this rented property.

6. BUSINESS OVERVIEW *(CONT'D)*

6.15 TECHNOLOGY USED OR TO BE USED

Over the course of our operations, we utilise the following computer software to facilitate our business processes, which is detailed below:

Technology	Description
Gstar computer-aided design software ("**CAD**")	A type of CAD and drafting software which can be used to create two or three-dimensional engineering and architectural drawings
Building Information Modelling ("**BIM**")	BIM is a modelling software that incorporates key building elements into building designs and can be used to simulate scheduling, material estimation and fabrication process. We currently utilise Cubicost BIM by Glodon which is used to estimate measurement of materials and resources

6.16 KEY CONSTRUCTION MACHINERY AND EQUIPMENT

Over the course of our operations, our Group utilises the following construction machinery and equipment:

No.	Key construction machinery and equipment	Age range (year(s))	Unit(s)	Audited NBV as at 31 December 2019 (RM'000)
1.	Backhoe – transport, load and unload construction materials, site clearance and excavation activities	4 to 11	4	61
2.	Excavator – site clearance and excavation activities	6 to 10	3	-
3.	Mobile crane – transport construction materials and equipment	5 to 8	2	192
4.	Static pump – pump ready-mixed concrete to work areas	1 to 2	3	876
5.	Concrete mixer – mixes cement, sand and aggregates to form cement mortar and concrete	Less than 1 to 21	46	57
6.	Air compressor – provides high pressure compressed air for cleaning of debris	Less than 1 to 11	5	18
7.	Passenger hoists – carry personnel between floors	1 to 2	2	788
8.	Aluminium formwork system – a temporary mould to cast permanent concrete building structure	Less than 1 to 2	4	6,045

No.	Key construction machinery and equipment	Age range (year(s))	Unit(s)	Audited NBV as at 31 December 2019 (RM'000)
9.	Mortar pump – transport cement mortar	6 to 7	2	30
10.	Lorry crane – crane mounted on a lorry used to transport construction materials and equipment	1 to 2	1	127
11.	Scaffolding system - temporary platform that is used during construction to support workers and materials	Less than 1 to 20	N/A*	2,926
	Total			**11,120**

Note:

* The scaffolding system is not quantified in units.

6.17 OPERATING CAPACITY AND OUTPUT

Due to the nature of our Group's business, operating capacity and output is not applicable to us.

6.18 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURE

Save as disclosed below, our Group has not incurred any other material capital expenditure for the FYE Under Review and from 1 January 2020 up to the LPD:

Capital expenditure	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FYE 2018 (RM'000)	FYE 2019 (RM'000)	From 1 January 2020 up to the LPD (RM'000)
Machinery	28	129	1,747	1,272	1
Construction equipment	10	32	11,141	1,917	5,079
Capital work-in-progress	-	-	7,722(1)	1,892(1)	359
Motor vehicles	690	399	359	1,058	47
Total expenditure	**728**	**560**	**20,960**	**6,139**	**5,486**

Note:

(1) Following the completion of three of the six properties acquired by our Group from our customers' property development projects, the three completed properties were reclassified from capital work-in-progress to shoplots in FYE 2019.

6. BUSINESS OVERVIEW *(CONT'D)*

Our Group had no material divestment during the FYE Under Review and from 1 January 2020 up to the LPD. The material capital expenditure above was mainly financed by bank borrowings and internally generated funds.

Our capital expenditure increased significantly in FYE 2018 mainly due to purchase of new construction equipment and machinery (consisting mainly of three aluminium formwork systems) for our construction projects. The additional construction equipment and machinery has strengthened our capacity and flexibility in meeting the needs of our on-going projects and future projects. This, in turn, has allowed us to better manage our time and cost more efficiently, and at the same time enable our Group to be more competitive in our pricing when bidding for contracts.

The substantial capital expenditure in FYE 2018 was also attributable to progress payments for capital work-in-progress (consisting of six properties acquired by our Group in FYE 2018 from our customers' property development projects where three are still currently under construction as disclosed in Section 6.14 of this Prospectus). The total costs of the properties is RM10.33 million, and the remaining capital commitment related to such purchases as at the LPD is RM0.36 million. Further details of our Group's material capital commitments are available in Section 12.6 of this Prospectus.

6.19 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

As at the LPD, save as disclosed in Sections 4.1.9, 6.1, 6.11 and 6.12 of this Prospectus, there are no other requirements and/or major environmental issues which may materially affect our operations and the utilisation of our property, plant and equipment.

6.20 SEASONALITY OF OUR BUSINESS

Our Group's operations and sales are not subject to any material seasonality factors. However, the demands for properties and construction services may be affected by factors such as global and local economic conditions, and government policies, which may affect construction activities.

6.21 BUSINESS INTERRUPTIONS

Save as disclosed in Sections 4.1.9 and 6.1 of this Prospectus, our Group has not experienced any interruptions that had a significant effect on our operations during the past 12 months preceding the LPD.

6.22 MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES

As at the LPD, save for the proposed utilisation of proceeds from our IPO as set out in Section 3.7 of this Prospectus for working capital, purchase of new construction machinery and equipment as well as listing expenses, amounting to RM20.70 million, we do not have any other immediate material plans to construct, expand or improve our facilities.

6.23 DEPENDENCY ON PATENTS, LICENSES, CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

As at the LPD, save for the major approvals, licenses, permits and registrations as disclosed in Section 6.12 of this Prospectus, we are not dependent on any of our patents, licenses, contracts, agreements or other arrangements that could materially affect our business or profitability.

6. BUSINESS OVERVIEW *(CONT'D)*

6.24 EMPLOYEES

Our Group's employees are all based in Malaysia. As at 31 December 2019, we employed a total of 252 employees, of which 155 are permanent staff and the remaining 97 are contract staff.

As at the LPD, we employed a total of 246 employees, of which 151 are permanent staff and the remaining 95 are contract staff.

Category	As at 31 December 2019	As at the LPD
Managerial[1]	9	9
Accounts and finance	7	7
Human resource and administration	16	12
Mechanical and electrical	8	9
Tender and contracts	14	15
Purchasing and procurement	3	3
QESH	11	10
Business development	5	4
Construction[2]		
- Malaysian	98	96
- Foreigner	81	81
Total	**252**	**246**

Notes:

(1) Includes our Managing Director and Executive Director.

(2) Includes project managers, site engineers, site supervisors, quantity surveyors, machine operators and general construction workers.

As at the LPD, our employees do not belong to any union and are not parties to any collective agreements. Further, we have not experienced any major industrial disputes in the past.

During the MCO and conditional MCO period, 27 of our foreign workers' work permits and CIDB Green Cards had expired, and as at the date of this Prospectus, three of them have returned to their home country. We have not been able to renew their work permits and CIDB Green Cards in a timely matter due to the imposition of the MCO and conditional MCO that restricted our ability to renew them. We have been making attempts to make an appointment with the Immigration Department of Malaysia to renew their work permits on the earliest available date and as at the LPD, we have not been able to obtain an appointment date yet. We would be able to apply online for the CIDB Green Card for these foreign workers after the successful renewal of the work permits. Pending renewal of their work permits and CIDB Green Cards, they have not been and will not be working at our construction sites. We do not expect any material impact on the progress of our on-going projects with a reduced number of foreign workers as the foreign workers' whose work permits and CIDB Green Cards had expired are mainly general workers who are not integral to the progress of our projects.

6. BUSINESS OVERVIEW *(CONT'D)*

6.25 MANAGEMENT SUCCESSION PLANNING

Succession planning plays an important role in ensuring business and leadership continuity in our Group. It is a continuous process where we develop our pool of internal employees for further job responsibilities and supervisory roles in our Group. Our Executive Directors play instrumental role in selecting and identifying key competencies and requirements for our management and more senior positions.

We take a continuous approach in addressing succession planning to ensure that our Group has available talent to undertake leadership positions should the need arises. Our middle management is exposed to various aspects of our business activities in order to gain knowledge and at the same time, have a better understanding of the necessary responsibilities required of them in key management positions.

7. THE INDEPENDENT MARKET RESEARCH REPORT

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Protégé ASSOCIATES
BRAND | FINANCE | MARKET

The information in this Section 7 is based on market research conducted by Protégé Associates commissioned by TCS for the purpose of the IPO.

15 JUN 2020

The Board of Directors
TCS Group Holdings Berhad,
No. 1 & 3, Bangunan TCS,
Jalan SP 1/1,
Bandar Saujana Putra,
42610 Jenjarom,
Selangor.

Dear Sirs,

Strategic Analysis of the Construction Industry in Malaysia

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this 'Strategic Analysis of the Construction Industry in Malaysia' for inclusion in the prospectus of TCS Group Holdings Berhad ("**TCS**") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 20 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Construction, Electronics, Healthcare, Energy, IT, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

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

Thank you.

Yours sincerely,

SEOW CHEOW SENG
Managing Director

1.0 Introduction to the Construction Industry

Construction refers to the conversion of raw materials through the use of labour into various forms of buildings and infrastructures. The construction industry in Malaysia can generally be segmented into 2, namely, the real estate construction market and the civil engineering and special trade work market. Real estate construction refers to the construction of buildings for residential and non-residential purposes. Civil engineering mainly refers to the construction of infrastructures. Special trade work is specialised construction work in building or non-building related project without responsibility for the entire project.

TCS is involved in the provision of construction services for buildings, infrastructure, civil and structural works. The provision of construction services for buildings belongs to the real estate construction market while the provision of construction services for infrastructure, civil and structural works can be grouped under the civil engineering and special trade work market.

2.0 Overview of the Construction Industry in Malaysia

The construction industry in Malaysia is considered to be largely domestic-oriented that can bring positive effect on other industries. The construction industry further supports social development of the country through the provision of basic infrastructures and employment opportunities. The Malaysian construction industry registered a very marginal growth in 2019. The civil engineering market continued expanding in tandem with the continued progress of the Pengerang Integrated Petroleum Complex and other transportation related projects such as the Mass Rapid Transit ("**MRT**") 2, the Light Rail Transit ("**LRT**") 3 and the Pan Borneo Highway. The special trade work market also registered a steady progress on the back of sustained activity from projects in the early stages of construction such as land clearing and piling works. In the real estate construction market, the high number of unsold residential properties has led to the contraction in the residential buildings segment. The non-residential buildings segment also experienced contraction as the commercial sentiment remained weak against the backdrop of oversupply of office space and shopping complexes.

In the past, the Malaysian Government's policies have been accommodative and supportive of the growth in the local construction industry which typically included proposed government projects as part of its development expenditure. In order to consolidate its fiscal position, the Malaysian Government has rationalised the ceiling for the development expenditure in 2018 from the original allocation of RM260 billion to RM220 billion for the overall Eleventh Malaysia Plan ("**11MP**") which covers the period from 2016 to 2020. 11MP represents the latest government policy on development expenditure for the remaining 2 years (2019 and 2020). Out of the RM220 billion allocation, there is a remaining allocation of RM133.12 billion being earmarked for 2018, 2019 and 2020 based on the Mid-term Review of the 11MP by the Economic Planning Unit. During the period from 2019 to 2020, the local construction industry is expected to grow moderately at an annual average rate of 1.7% while it is expected to grow at an annual average rate of 4.2% during the period from 2021 to 2024. In 2020, the local construction industry has been affected by the coronavirus disease ("**COVID-19**") pandemic and lockdown measures namely the movement control order, conditional movement control order and recovery movement control order. The Malaysian Government had already announced various economic stimulus and assistance packages to preserve rakyat's welfare, support businesses and strengthen the economy such as the allocation of an additional RM2 billion for the immediate implementation of small infrastructure repair and upgrading projects across the country particularly in rural areas, the continuation of the implementation of all projects allocated in Budget 2020 including the East Coast Rail Link ("**ECRL**") and MRT2, the provision of several incentives to stimulate the property market as well as financing via SME Bank through the SME-GO Scheme for 16,000 qualified G2 and G3 contractors who have received projects under PRIHATIN (PRIHATIN Rakyat Economic Stimulus Package) with no collateral or deposit required.

The overall state of the property and infrastructure markets in Malaysia, which can provide a basic indicator to the level of local construction activities, is also provided by Protégé in the following sub-chapters for the purpose of this report.

2.1 Overview of the Property Market in Malaysia

Real estate construction activities are generally positively correlated with the growth in the property market. A higher demand for properties can lead to higher level of construction activities for real estate.

In terms of project ownership, the construction of new buildings in Malaysia is dominated by the private sector. In 2019, private sector accounted for 82.9% of the value of real estate construction works done with the remaining belonging to the public sector (government and public corporation). Public corporation consists of statutory and non-statutory bodies that are set up under the laws passed by the Parliament Act or the State Legislative Assembly that can operate and manage the government programmes more independently.

In Budget 2020, 'access to housing' has received close attention from the Malaysian Government with efforts to ensure that the 'rakyat' can own a house. Measures related to 'access to housing' announced in Budget 2020 include but are not limited to the following:

- introducing Rent To Own ("RTO") financing scheme involving the provision of financing of up to RM10 billion by the financial institutions with the support from the Malaysian Government via a 30% or RM3 billion bank guarantee for the purchase of first home with a price of up to RM500,000;
- exempting stamp duty on the instruments of transfer between the developer and financial institution, and between financial institutions and the buyer under the RTO financing scheme;
- extending the Youth Housing Scheme (that offers a 10% loan guarantee through Cagamas Berhad to enable full financing to borrowers and RM200 monthly instalment assistance for the first 2 years limited to 10,000 home units) administered by Bank Simpanan Nasional from 1 January 2020 until 31 December 2021;
- allocating RM100 million in 2020 for the repair and refurbishment of low and medium cost strata housing; and
- allocating RM15 million for providing outdoor lighting, parking with security features for motorcycles, anti-climb fences and safety advocacy programmes under the Safe City Initiative.

In order to address the property overhang problem and/or stimulate growth in the property market, the Malaysian Government has also announced a lower threshold on high rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 in 2020. In addition, the real property gain tax treatment has also been enhanced with the revision of the base year for asset acquisition at 1 January 2013 for asset acquired before 1 January 2013 as compared to the previous base year of 1 January 2000. Besides that, the Malaysian Government has allowed the continuation of the 486-acre Bandar Malaysia Project in Sungai Besi, Kuala Lumpur with the inclusion of a People's Park with an additional 5,000 units of affordable homes.

Meanwhile, the non-residential segment stands to benefit from the various ongoing major development projects. Besides the Bandar Malaysia Project, the development of the non-residential buildings such as office and retail units in mixed development Bukit Bintang City Centre project on the 19.4-acre former Pudu Jail site and mixed development Bandar Kwasa Damansara project on 2,330 acres of prime land located in the Klang Valley can drive more construction activities. Besides that, the growth in the non-residential segment in Malaysia is expected to be boosted by the announcement made during Budget 2019 and Budget 2020 on, amongst others, the following:

- the development of an 80-acre site (the former headquarters of Malaysia Airlines Berhad) in Subang, Selangor into a world class aerospace industry hub;
- the development of the Kota Perdana Special Border Economic Zone in Bukit Kayu Hitam, Kedah;
- the conversion of 380 acres of land in Pulau Indah, Selangor into a Free Trade Zone;
- the development of Chuping Valley Industrial Area in Perlis by the Northern Corridor Implementation Authority; and
- the development of the Sabah Agro-Industrial Precinct by the Sabah Economic Development and Investment Authority.

The Malaysian property market (that covers both primary and secondary markets) performed well in 2019 with better growth recorded in total transaction volume and total transaction value. Total transaction volume increased from 313,710 in 2018 to 328,647 in 2019. The residential segment topped market activity in terms of total transaction volume in 2019, accounting for 63.7% of total transaction volume, followed by agriculture (20.9%), commercial (7.8%), development land and others (5.7%) and industrial (1.9%) segment. In the first quarter of 2020 ("2020Q1"), total transaction volume stood at 72,908 as compared to 84,388 registered in the same period last year.

Total transaction value increased from RM140.33 billion in 2018 to RM141.40 billion in 2019. The residential segment also topped market activity in terms of total transaction value in 2019, accounting for 51.2% of total transaction value, followed by commercial (20.5%), industrial (10.5%), development land and others (9.0%) and agriculture (8.8%) segment. In 2020Q1, total transaction value stood at RM28.64 billion as compared to RM37.16 billion registered in the same period last year.

Residential properties with prices of below RM300,001 per unit accounted for 129,161 or 61.7% of total transaction volume in the residential segment in 2019. This also represented 39.3% of the total transaction volume in the Malaysian property market for the year. In 2020Q1, residential properties with prices of below RM300,001 per unit accounted for 29,409 or 62.5% of total transaction volume in the residential segment. Residential properties at this price range are expected to remain dominant in the near future particularly with the efforts from the Malaysian Government to push for more availability of affordable housing. On a recent note, the local property market has received a boost following the unveiling of several incentives by the Malaysian Government to stimulate the property market under the Short-Term Economic Recovery Plan.

2.2 Overview of the Infrastructure Market in Malaysia

The development of infrastructures spurs the demand for more civil engineering and special trade work activities. Infrastructure development is viewed by the Malaysian Government as vital towards supporting economic growth and enhancing the wellbeing of the population. It had been given emphasis in past 5-Year Malaysia Plans including the latest 11MP (2016-2020) with focus on key areas such as:

- the building of an integrated need-based transport system;
- improving coverage, quality and affordability of digital infrastructure;
- transitioning to a new water services industry framework; and
- encouraging sustainable energy use.

The first two years under 11MP ("**Review Period**") saw the completion of the MRT 1, the LRT 2 and the Duta-Ulu Kelang Expressway Phase 2 consisting of the Tun Razak Link and the Sri Damansara Link. The Central Spine Road from Bentong, Pahang to Kuala Krai, Kelantan, the Kota Bahru-Kuala Krai Highway, the Setiawangsa-Pantai Expressway in Klang Valley and the Pan Borneo Highway in Sabah and Sarawak along with 4 expressways in Klang Valley were under construction during the Review Period. Other notable developments related to the transport system during the Review Period included the upgrading of the Langkawi International Airport as well as the channel deepening and capacity expansion works at Northport and Westports in Selangor and the Pelabuhan Tanjung Pelepas in Johor.

During the Review Period, the local digital infrastructure was augmented with the deployment of 480,084 High Speed Broadband 2 ports and 366,294 Suburban Broadband ports as well as the completion of digital terrestrial television infrastructure in 15 new areas. Besides that, 181 public sewerage treatment plants were completed leading to improved urban sewerage coverage. The Refinery and Petrochemical Integrated Development in Pengerang, Johor was also undergoing construction during the Review Period. There are more infrastructure developments in the pipeline for the remaining period under 11MP according to the Mid-term Review of the 11MP by the Economic Planning Unit released on 18 October 2018.

Figure 1: Selected High-Impact Projects being Planned or Implemented, 2018-2020

Area	Project(s)
Johor	Pengerang Integrated Petroleum Complex, Rapid Transit System Johor Bahru-Singapore, Pasir Gudang Hospital and Sekolah Menengah Kebangsaan Bandar Putra 2, Kulai
Kedah	Pendang Hospital and Sekolah Berasrama Penuh Pendang
Kelantan	Sungai Golok and Sungai Kelantan Integrated River Basin Development and Tanah Merah Hospital (additional block)
Klang Valley	MRT 2, LRT 3, Sungai Besi-Ulu Klang Highway, Putrajaya Kuala Lumpur International Airport Highway and Digital Free Trade Zone
Melaka	Sekolah Kebangsaan Krubung 2
Pahang	Central Spine Road: Bentong Bypass
Perak	Sekolah Kebangsaan Seri Serdang, Manjong and Sekolah Menengah Kebangsaan Pelangi Perdana, Parit Buntar
Perlis	Padang Besar Health Clinic (Type 3) with quarters
Pulau Pinang	Lembangan Sungai Pinang Flood Mitigation Project
Sabah	Rural Water Supply, Rural Electricity, Universiti Malaysia Sabah Teaching Hospital, Sekolah Menengah Sains Keningau and Sekolah Menengah Kebangsaan Kipouvo, Penampang
Sarawak	Rural Water Supply, Rural Electricity, Petra Jaya Hospital, Sekolah Menengah Kebangsaan Selangau, Sibu and Sekolah Kebangsaan Sri Sadong, Serian
Terengganu	Universiti Sultan Zainal Abidin Teaching Hospital and Sekolah Menengah Kebangsaan Permai, Kemaman

Source: Economic Planning Unit

In terms of project ownership, infrastructure projects in Malaysia are led by the Malaysian Government and public corporations. In 2019, the combined Malaysian Government's and public corporation's participation accounted for 76.1% of the total value of civil engineering works done with the remaining belonging to the private sector.

In Budget 2020, the Malaysian Government remained committed towards fiscal consolidation. Development expenditure allocation announced under Budget 2020 is channelled towards bridging urban-rural infrastructure gap, enhancing the living standards of the people and promoting economic development. A total of RM12.20 billion has been allocated for transport related projects which include the expansion of airports in Sandakan, Sabah and Kota Bahru, Kelantan, public transportation, rails and highways such as the ECRL, LRT 3, MRT 2, Klang Valley Double Track and Pan Borneo Highway as well as the maintenance and upgrading of bridges, ports, railways and roads. We can expect to see the development of more rural roads throughout Malaysia particularly in Sabah and Sarawak, following an allocation of RM1 billion announced under Budget

2020 for this purpose. All state governments are also allowed to utilise up to 15% or RM20 million, whichever is lower, from the Malaysian Road Records Information System funds allocated to each state from the federal government to upgrade roads, slopes, bridges and drains. The Malaysian Government also announced its intention to proceed with the Rail Transit System between Johor Bahru and Singapore and commence feasibility studies on 2 potential projects namely, the Serendah-Port Klang Bypass and a dedicated privatised highway connecting Northport and Westport for commercial vehicles. The Malaysian Government also intends to invite proposals on a public private partnership basis to upgrade the Sultan Azlan Shah Airport in Ipoh including an extension of its runway.

It can be seen that the Malaysian Government has continued to give higher priority to projects which have higher economic and social effects. Infrastructure development has been viewed by the Malaysian Government as the foundation to economic and social development. A sum of RM735 million has been allocated for school maintenance and upgrading works while a sum of RM783 million has been set aside to repair dilapidated schools. The Malaysian Government is building new schools in Hulu Langat, Johor Bahru, Kulai, Langkawi, Marang, Pasir Gudang, Putrajaya and Tumpat. The Malaysian Government has allocated RM587 million for rural water projects in order to increase accessibility to clean water particularly in Sabah and Sarawak. A sum of RM85 million has also been provided to support the development and repair of basic infrastructure in new villages.

There were also infrastructure developments related to healthcare announced in Budget 2020 namely, the allocation of RM1.6 billion for the construction of new hospitals as well as upgrading and expansion of existing ones, RM319 million for the construction and upgrading of health and dental clinics, as well as quarters facility, and RM95 million for the renovation of medical infrastructure and facilities. Other notable infrastructure developments highlighted in Budget 2020 included the allocation of RM42 million for the construction of Sungai Segget Centralised Sewerage Treatment Plant in Johor by the Iskandar Regional Development Authority and RM55 million for infrastructure in the Samalaju Industrial Park in Sarawak by the Regional Corridor Development Authority.

The budget allocated for the above construction projects is part of the total development expenditure of RM56.00 billion provided in Budget 2020. The economic sector encompassing agriculture and rural development, energy and public utilities, environment, trade and industry, and transport received the higher allocation of RM31.02 billion while the social sector, security sector and general administration accounted for the balance of the allocation. Moving forward, the Malaysian Government and public corporations are expected to continue being the main contributors to growth in the local infrastructure market.

3.0 Historical Market Performance and Growth Forecast

Protégé Associates has provided the historical performance and growth forecast of the construction industry in Malaysia based on a combination of resources, including the data from the Department of Statistics Malaysia ("DOSM"), Ministry of Finance Malaysia, Bank Negara Malaysia ("BNM") and the annual reports of public listed construction companies. Data is also gathered from further secondary and primary research works conducted. Searches on private construction companies are also conducted with the Companies Commission of Malaysia to gather more disclosures on their business performance. Primary research works are conducted with stakeholders in the local construction industry such as contractors, suppliers and customers to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the construction industry in Malaysia.

Figure 2: Historical Size (Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2019-2024

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2019	66.25	-
2020[f]	64.13	-3.2
2021[f]	66.76	4.1
2022[f]	70.10	5.0
2023[f]	73.61	5.0
2024[f]	77.29	5.0

CAGR (2020-2024) (base year of 2019): 3.1%
Notes: At constant 2015 prices; [f] denotes forecast

Sources: DOSM and Protégé Associates

The local construction industry expanded from RM66.22 billion in 2018 to RM66.25 billion in 2019 as growth in the civil engineering and special trade work market helped to cushion the weaker performance in the real estate construction market. The real estate construction market was affected by the continuing property overhang situation. The local construction industry is expected to contract by 3.2% in 2020 due to lower property demand and disruption in construction activities following the COVID-19 pandemic and the lockdown measures. The Malaysian Government has continued to give higher priority to projects which have higher

economic and social effects. Infrastructure development has been viewed by the Malaysian Government as the foundation to economic and social development. Accordingly, the local construction industry is expected to rebound in 2021 on the back of infrastructure activities with the Malaysian Government reiterating its position to continue implementing large scale infrastructure projects which have high multiplier effects including, but not limited to, ECRL and MRT2.

The annual growth in the local construction industry is expected to be at 5.0% during the period from 2022 to 2024. During this period, the growth in the construction industry in Malaysia is expected to be supported by buildings and infrastructures construction activities led by ongoing or upcoming mega projects such as the ECRL, Bandar Malaysia, Johor Bahru-Singapore Rail Transit System, Kuala Lumpur-Singapore High-Speed Rail, Klang Valley Double Track and Pan Borneo Highway. The implementation of various infrastructure projects and affordable housing schemes are expected to continue providing the foundation for growth in construction activities in Malaysia from 2022 to 2024. The size (revenue) of the construction industry in Malaysia is projected to reach RM77.29 billion in 2024. In 2019, the share of the real estate construction market as well as the civil engineering and special trade work market in the local construction industry stood at 44.7% and 55.3% respectively.

Figure 3: Historical Size (Revenue) and Growth Forecast for the Real Estate Construction Market as well as the Civil Engineering and Special Trade Work Market in Malaysia, 2019-2024

Year	Real Estate Construction		Civil Engineering and Special Trade Work	
	Size (Revenue) (RM billion)	Growth Rate (%)	Size (Revenue) (RM billion)	Growth Rate (%)
2019	29.59	-	36.66	-
2020[f]	28.02	-5.3	36.11	-1.5
2021[f]	28.57	2.0	38.19	5.8
2022[f]	30.14	5.5	39.96	4.6
2023[f]	31.65	5.0	41.96	5.0
2024[f]	33.23	5.0	44.06	5.0

Notes: At constant 2015 prices; [f] denotes forecast

Sources: DOSM and Protégé Associates

4.0 Competitive Landscape of the Construction Industry

The construction industry in Malaysia is regulated by the government, and it is mandatory for all contractors whether local or foreign to register with the Construction Industry Development Board Malaysia ("**CIDB**") before they participate in any construction works in Malaysia. The construction industry is highly competitive and fragmented with different grades of contractors capable of bidding for varying project according to their capabilities and levels of services. There are 3 main registration categories for registered contractors in Malaysia, namely the building construction category, the civil engineering construction category and the mechanical and electrical category. Contractors can register under one or more specialisation in each category depending on the intended construction activities that they are undertaking. As at 31 May 2020, there were 105,586 registered local contractors in Malaysia, each categorised by a grade ranging from G1 to G7.

Figure 4: Number of Local Contractors in the Malaysian Construction Industry as at 31 May 2020

Grade	Bidding Limit	Number of Contractors
G1	Not exceeding RM200,000	45,071
G2	Not exceeding RM500,000	23,082
G3	Not exceeding RM1,000,000	15,870
G4	Not exceeding RM3,000,000	4,955
G5	Not exceeding RM5,000,000	5,969
G6	Not exceeding RM10,000,000	2,056
G7	Unlimited	8,583

Source: CIDB

Figure 5: G7-Registered Local Contractors by State as at 31 May 2020

State	Number of G7-Registered Local Contractors
Johor	697
Kedah	219
Kelantan	156
Kuala Lumpur	2,378
Labuan	13
Melaka	181
Negeri Sembilan	168
Pahang	160

State	Number of G7-Registered Local Contractors
Perak	258
Perlis	29
Pulau Pinang	523
Putrajaya	7
Sabah	656
Sarawak	672
Selangor	2,264
Terengganu	202

Source: CIDB

G7 contractors mainly comprise established contractors who are able to compete for and undertake projects of unlimited size as they have the required financial strength, track record, reputation and technical expertise to undertake larger scale projects. G7 contractors are able to undertake and manage the entire project on their own and may work with or sub-contract certain portion/process to smaller contractors to benefit from cost and time saving. They typically have existing work relationships and track record with many customers that they are able to leverage upon to attain new projects. Some would have been pre-qualified with certain of their customers, allowing them to participate in closed tenders, giving them an edge in winning the bid.

Contractors that participate in the local real estate construction market are typically registered under the B04 specialisation with CIDB. B04 specialisation refers to construction work on building. Among the registered local contractors, 105,049 local contractors or 99.5% of total local contractors in Malaysia are registered under the B04 specialisation as at 31 May 2020. Hence, the level of competition in the local real estate construction market is high.

Figure 6: Local Contractors Registered under the B04 Specialisation by Grade in Malaysia as at 31 May 2020

Grade	Number of Contractors	% of Total
G1	44,982	42.8
G2	22,892	21.8
G3	15,778	15.0
G4	4,905	4.7
G5	5,927	5.6
G6	2,038	1.9
G7	8,527	8.1

Source: CIDB

4.1 Industry Players Analysis

Industry players involved in the construction of buildings in Malaysia are typically registered with CIDB under the B04 specialisation. TCS Construction Sdn Bhd and TCS Bina Sdn Bhd, two wholly-owned subsidiaries of TCS, are registered contractors under various specialisations but most of their projects are categorised under the B04 specialisation.

As at 31 May 2020, there were 8,583 registered G7 contractors in Malaysia. For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with TCS:

- have an existing order book of within RM100 million from TCS' order book as at 31 December 2018;
- is on the Official List of Bursa Malaysia Securities Berhad;
- registered as a G7 contractor or have at least a subsidiary that is a G7 contractor with CIDB with the B04 specialisation; and
- derived more than 50% of its revenue from construction activities.

The criteria is used to further narrow down the list of industry players (from the total 8,583 registered local G7 contractors in Malaysia as at 31 May 2020) that can be selected for comparison with TCS. The criteria are used in order to select industry players that are deemed to be more similar to TCS in terms of upcoming revenue, type of company and principal activities of business entity. Given that TCS has an order book of RM657.1 million for its financial year ended ("**FYE**") 31 December 2018, the size of order book generated by comparable industry players is between RM557.1 million and RM757.1 million to allow for comparison with its counterparts that stand to generate upcoming revenue in the near and middle term which is closer to the one generated by TCS. We have selected existing public listed industry players for comparison purpose. Besides that, the use of the criteria for the inclusion of G7 contractor (or with at least a subsidiary that is a G7 contractor) with specialisation in B04 category enables the selection of its competing peers for the same type and value of construction jobs. In addition, the selected industry players must also be principally involved in the provision of construction services with more than 50% of their revenue derived from construction activities to be more comparable with TCS.

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After taking into consideration the above criteria, Protégé Associates has selected 3 industry players namely Gagasan Nadi Cergas Berhad ("**Gagasan**"), GDB Holdings Berhad ("**GDB**") and Inta Bina Group Berhad ("**Inta Bina**") for comparison purpose. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. The list of industry players only serves as a reference for readers.

Gagasan Nadi Cergas Berhad

Gagasan is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company, and through its subsidiaries is involved in business activities such as construction of buildings, infrastructures and related facilities, property development, a concessionaire for building construction and provision of facility management services for student hostels and operation of a district cooling system including thermal energy storage tank and related facilities for the supply of chilled water. The order book of Gagasan stood at RM737.3 million as at 18 February 2019. For the financial year ended ("**FYE**") 31 December 2018, the construction segment of Gagasan recorded revenue of RM270.3 million or 90.1% of its total revenue of RM300.1 million.

GDB Holdings Berhad

GDB is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiary, Grand Dynamic Builders Sdn Bhd is the provision of construction services. On 1 October 2019, GDB and its subsidiary, Grand Dynamic Builders Sdn Bhd completed the acquisition of 70% equity interest in Eco Geotechnics Sdn Bhd, a company that is principally involved in providing services as a construction contractor specialising in geotechnical and foundation engineering works. The order book of GDB stood at RM579.4 million as at 31 December 2018. As at 31 December 2019, the order book of GDB stood at RM1.15 billion. For FYE 31 December 2019, all of GDB's revenue amounting to RM322.8 million was derived from its construction activities.

Inta Bina Group Berhad

Inta Bina is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activities of its subsidiary, Inta Bina Sdn Bhd are securing and carrying out construction contracts. The unbilled order book of Inta Bina stood at approximately RM650 million as at 31 December 2018. As at 31 December 2019, the unbilled order book of Inta Bina stood at approximately RM600 million. For FYE 31 December 2019, all of Inta Bina's revenue amounting to RM411.6 million was derived from its construction activities.

Figure 7: Comparison between TCS and Selected Industry Players in the Construction Industry in Malaysia

Indicator	TCS	Gagasan	GDB	Inta Bina
Information from FYE	31-12-2019	31-12-2018	31-12-2019	31-12-2019
Revenue (RM'000)	358,424	300,092	322,767	411,613
Profit/(Loss) before Tax (RM'000)	21,912	45,635	37,723	29,832
Profit/(Loss) after Tax (RM'000)	15,657	32,792	28,814	22,448
Non-current Assets (RM'000)	26,608	696,126	29,108	51,877
Current Assets (RM'000)	134,762	213,110	201,617	340,559
Non-current Liabilities (RM'000)	14,716	395,512	1,879	9,216
Current Liabilities (RM'000)	104,768	130,659	105,506	246,400
Working Capital[1] (RM'000)	29,994	82,451	96,111	94,159
Profit/(Loss) before Tax Margin[2] (%)	6.1	15.2	11.7	7.2
Current Ratio[3] (times)	1.29	1.63	1.91	1.38
Asset Turnover[4] (times)	2.22	0.33	1.40	1.05

Notes:

The above figures (which are based on the latest available audited financial information) only provide an indication and are not considered directly comparable as not all companies carry out activities which are completely similar to each other or in the same geographical area

[1] Working Capital = Current Assets – Current Liabilities

[2] Profit before Tax Margin = Profit before Tax / Revenue

[3] Current Ratio = Current Assets / Current Liabilities

[4] Asset Turnover = Revenue / (Non-Current Assets + Current Assets)

Sources: TCS, Bursa Malaysia Securities Berhad and Protégé Associates

4.2 TCS' Market Share Analysis

For FYE 31 December 2019, TCS generated revenue of RM358.4 million, equivalent to 0.5% share of the total size (revenue) of the construction industry in Malaysia of RM66.25 billion in 2019. TCS' revenue of RM358.4 million generated from building construction activities for FYE 31 December 2019 was equivalent to 1.2% share of the real estate construction market in Malaysia of RM29.59 billion in 2019.

5.0 Demand Conditions

Figure 8: Demand Conditions Affecting the Construction Industry in Malaysia, 2020-2024

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2020-2021	2022-2023	2024
+	Government-Led Initiatives and Spending	High	High	High
+	A Favourable Interest Rate Environment	High	High	Medium
+	Increasing Push for Private Sector Participation via Funding and Investment Structures	Low	Medium	Medium
+	Steady Population Growth	Low	Low	Low
-	Subdued Property Demand and Slower or Lesser Construction Activities Due to the COVID-19 Pandemic and Lockdown Measures	High	Low	Low
-	Persistent Property Overhang Situation	Medium	Medium	Low
-	Stringent Policies Dampening Growth in the Property Market	Low	Medium	Medium

Source: Protégé Associates

Around half of the revised RM220 billion development allocation earmarked under the 11MP is for developing infrastructure that can spur more construction activities. The Construction Industry Transformation Programme introduced by the Malaysian Government is also providing a clear policy direction in driving the local construction industry forward. The private sector is also expected to play a more active role, both directly and indirectly, in the future development of the construction industry in Malaysia by participating in crowdfunding platforms to provide housing schemes and the formation of infrastructure related real estate investment trusts.

The overnight policy rate in Malaysia has been relatively low and trending downward. It had been revised downward 3 times thus far in 2020 from 3.00% to 2.75% on 22 January 2020, from 2.75% to 2.50% on 3 March 2020 and from 2.50% to 2.00% on 5 May 2020. This can help to keep borrowing cost at a relatively low level to spur more demand for properties. Besides that, total population of Malaysia which stood at 28.6 million in 2010 is projected to grow steadily to reach 41.5 million in 2040 leading to higher demand for housing which is one of life's basic necessities. These 2 demand conditions can drive the demand for properties leading to higher building construction activities.

On the flip side, the COVID-19 pandemic and lockdown measures have dampened consumer demand for property with the prohibition on close contact due to social distancing measures further limiting property marketing and sales activities. Besides that, there are disruptions in construction supply chain and activities during the lockdown measures period leading to slower recognition of revenue and the possible postponement of some new construction projects. Furthermore, a worksite needs to be closed if just one worker is tested positive for COVID-19. Moreover, restrictive measures such as increase in the real property gain tax ("**RPGT**") for disposal of properties or shares in a real property company in the sixth and subsequent years from 5% to 10% for companies, non-citizens and non-permanent residents, as well as from 0% to 5% for Malaysian citizens and permanent residents (with exemption provided on low cost, low-medium and affordable houses with prices below RM200,000) are expected to continue and reduce the rate of growth in the property market with potentially lesser number of property transactions expected to be registered moving forward. Nonetheless, the property market has received a temporary breather following the recent decision from the Malaysian Government to re-introduce the Home Ownership Campaign ("**HOC**") with stamp duty exemption on instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 and RM2.5 million subject to at least 10% discounts provided by the developer (exemption on the instrument of transfer is limited to the 1st RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 and 31 May 2021). The current 70% margin financing limit applicable for the 3rd housing loan onwards for property valued at RM600,000 and above is uplifted during the period of the HOC subject to internal risk management practices of financial institutions. In addition, there is also an RPGT exemption for Malaysians for the disposal of up to 3 units of residential home per individual between 1 June 2020 and 31 December 2021. Meanwhile, the property overhang situation in Malaysia continued to persist although the combined overhang residential, shop and industrial units decreased from 38,551 units in 2018 to 37,968 units in 2019. In 2020Q1, the

combined overhang residential, shop and industrial units stood at 37,078 units. This development may place property developers in a more difficult position in launching new property projects in the future, leading to lesser demand for construction services.

6.0 Supply Conditions

Figure 9: Supply Conditions Affecting the Construction Industry in Malaysia, 2020-2024

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2020-2021	2022-2023	2024
+	CIDB Providing the Necessary Leadership in Spearheading the Development of the Local Construction Industry	High	High	High
+	Activism by Master Builders Association Malaysia ("MBAM") Raising Profile and Pushing for the Betterment of the Construction Industry in Malaysia	High	High	High
+	Strengthened Mechanism to Address Payment Disputes and Facilitate Adjudication	Medium	Medium	Medium
-	Labour Shortage and High Dependency on Foreign Workers	High	High	High
-	Challenging Operating Environment Due to the COVID-19 Pandemic and Lockdown Measures	Medium	Low	Low
-	Lack of Traction in the Adoption of Industrialised Building System ("IBS") Construction	Medium	Medium	Low

Source: Protégé Associates

On the supply side, both CIDB and MBAM have been working hard to increase the profile and growth of the local construction industry. CIDB has already developed the industry blueprint, Construction Industry Transformation Programme that outlines strategic goals and milestones to bring the local construction industry to the next level as highlighted in the 11MP covering the period from 2016 to 2020. MBAM can count on a relatively large pool of industry stakeholders such as contractors and building material suppliers as its members and it is widely considered as the voice of the construction industry in Malaysia. It helps to promote, enhance, protect and safeguard the interests of its members. More importantly, MBAM acts as a single collective voice for the local construction industry when engaging with policy makers and relevant government bodies – leading to an increase in bargaining power. It has been actively conducting dialogues with the Malaysian Government to find ways to resolve various issues faced by the local construction industry. The introduction of the Construction Industry Payment and Adjudication Act 2012 ("**CIPAA**") and the establishment of specialised construction courts in Malaysia have also helped to alleviate the prevalent and pervasive practice of delayed, underpayment and/or non-payment for works carried out under a construction contract in Malaysia.

On the other hand, the labour-intensive local construction industry has continued to grapple with labour shortage. Most locals shun these jobs as they view them as dangerous, dirty and difficult, and they expect higher wages. Therefore, the construction industry has been relying heavily on foreign workers. It does not help that policies on foreign workers have been constantly under close scrutiny and are vulnerable to frequent changes particularly on levy rates and number of foreign workers allowed to work in Malaysia. Due to the COVID-19 pandemic and lockdown measures, local construction industry players already incurred holding cost, loss and expenses for not being able to proceed with construction works. For those that are allowed to operate, they incur additional costs for executing strict health and safety regulations, enhanced sanitisation at the workplace and/or urgent COVID-19 testing for their foreign workers. Nonetheless, construction industry players stand to get temporary relief from certain contractual obligation(s) for a certain period as the COVID-19 (Temporary Measures) Bill is expected to be tabled at the July 2020 Parliament session by the Malaysian Government. There is also a lack of mass adoption of IBS by the local construction industry. It is hard for construction industry players to obtain meaningful economies of scale that can lead to economic viability. There is also a lack of standardisation of IBS in Malaysia as customised components for one project may not necessarily fit into another project leading to higher costs incurred for new mould and design. Besides that, design consultants are not adequately trained or fully equipped to undertake IBS design related tasks. Furthermore, there is limited number of construction industry players that are ready to fully prepare themselves for an IBS-driven environment.

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7.0 Prospect and Outlook of the Construction Industry in Malaysia

Factors boosting growth within the construction industry is likely to come from the government-led initiatives and spending particularly those relating to infrastructure and housing development, a favourable interest rate environment, more participation from the private sector via funding and investment structures and steady population growth. However, stringent policies imposed on the property market by the Malaysian Government and deteriorating property overhang situation are expected to reduce growth in the property market, a key source of demand for construction activities although this is expected to be cushioned by ongoing efforts by the Malaysian Government in providing housing for all.

On the supply side, the industry is expected to be boosted by efforts from industry bodies such as CIDB and MBAM by providing necessary leadership in spearheading the development of the local construction industry as well as raising profile and pushing for the betterment of the construction industry in Malaysia. In addition, the introduction of the CIPAA has also served as a strengthened mechanism to address payment disputes and facilitate adjudication within the industry. However, the Malaysian construction industry is expected to be hampered by labour shortage and high dependency on foreign workers, challenging operating environment due to the COVID-19 pandemic and lockdown measures as well as the lack of traction in the adoption of IBS construction.

Overall, the construction industry in Malaysia is expected to contract in 2020 before making a positive recovery in 2021. Protégé Associates projects the size (revenue) of the construction industry in Malaysia to increase from RM66.25 billion in 2019 to RM77.29 billion in 2024, registering a CAGR of 3.1%.

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

8.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings of our Promoters and substantial shareholders

Details of our Promoters' and substantial shareholders' shareholdings in our Company before and after our IPO are as follows:

	As at date of incorporation[1]				As at the LPD and before our IPO[2]				After our IPO[4]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Promoters and substantial shareholders[5]												
Dato' Ir Tee Chai Seng	-	-	-	-	227,938,377	84.42	40,224,419[3]	14.90	212,638,377	59.07	37,524,419[3]	10.42
Datin Koh Ah Nee	-	-	-	-	40,224,419	14.90	227,938,377[3]	84.42	37,524,419	10.42	212,638,377[3]	59.07
Substantial shareholders[5][6]												
Shaari bin Hashim	1	50.00	-	-	-	-	-	-	-	-	-	-
Lee Han Woon	1	50.00	-	-	-	-	-	-	-	-	-	-

Notes:

(1) Based on the total number of two Shares.

(2) Based on the total number of 270,000,000 Shares before our IPO.

(3) Deemed interested in shares held by spouse pursuant to Section 8 of the Act.

(4) Based on the enlarged total number of 360,000,000 Shares after our IPO.

(5) All of our Promoters and substantial shareholders are Malaysian.

(6) Shaari bin Hashim and Lee Han Woon each transferred their Shares to Dato' Ir Tee Chai Seng on 30 October 2019.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

The Shares held by our Promoters and substantial shareholders do not have and will not have different voting rights from the other shareholders of our Company.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and our Promoters, with any third parties, which may at a subsequent date result in the change in control of our Company.

8.1.2 Profiles of Promoters and substantial shareholders

(i) Dato' Ir Tee Chai Seng, a Malaysian, is our Promoter, Managing Director and substantial shareholder.

For the details of Dato' Ir Tee Chai Seng's profile, see Section 8.2.2(ii) of this Prospectus.

(ii) Datin Koh Ah Nee, a Malaysian, is our Promoter, Executive Director and substantial shareholder.

For the details of Datin Koh Ah Nee's profile, see Section 8.2.2(iii) of this Prospectus.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2 BOARD OF DIRECTORS

8.2.1 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

	As at the LPD and before our IPO [1]				After our IPO[3][4]			
	Direct		Indirect		Direct		Indirect	
Directors	**No. of shares**	**(%)**	**No. of shares**	**(%)**	**No. of shares**	**(%)**	**No. of shares**	**(%)**
Tan Sri Dato' Sri Izzuddin bin Dali	-	-	-	-	500,000	0.14	-	-
Dato' Ir Tee Chai Seng	227,938,377	84.42	40,224,419[2]	14.90	212,638,377	59.07	37,524,419 [2]	10.42
Datin Koh Ah Nee	40,224,419	14.90	227,938,377[2]	84.42	37,524,419	10.42	212,638,377[2]	59.07
Dato' Seri Ir Mohamad Othman bin Zainal Azim	-	-	-	-	500,000	0.14	-	-
Ooi Guan Hoe	-	-	-	-	500,000	0.14	-	-

Notes:

(1) Based on the total number of 270,000,000 Shares before our IPO.

(2) Deemed interested in shares held by spouse pursuant to Section 8 of the Act.

(3) Based on the enlarged total number of 360,000,000 Shares after our IPO.

(4) Assuming full subscription of the Pink Form Shares reserved for our eligible Directors.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) Tan Sri Dato' Sri Izzuddin bin Dali

Tan Sri Dato' Sri Izzuddin bin Dali, a Malaysian male aged 71, was appointed as our Independent Non-Executive Chairman on 30 May 2019. He is also the Chairman of our Risk Management Committee, and a member of our Audit Committee, Remuneration Committee and Nomination Committee.

Tan Sri Dato' Sri Izzuddin bin Dali graduated with a Bachelor of Economics (Hons) in Public Administration from Universiti Malaya in March 1972. He later obtained a Master of Arts in Economics from the Western Michigan University, USA in August 1983.

Tan Sri Dato' Sri Izzuddin bin Dali served in the public sector for 35 years in various departments in a number of ministries in the government. He began his career in March 1972 in the Administration Division of the Ministry of Finance as an Assistant Secretary where he worked on matters relating to the Government's financial control and procedures. He was then transferred to the Budget Division in 1975 where he assisted in budget matters followed by the Finance and Loans Division in 1981 where he was responsible for coordinating loans for the Federal Government from bilateral sources. In 1982, he was sent to further his studies under a Government training program where he obtained his Master's degree. Upon completing his course, he joined the Economics and International Division in September 1983 as a Principal Assistant Secretary where he was responsible for monitoring and analysing the Federal Government's financial position. He subsequently returned to the Budget Division in 1987, where he served as a Senior Assistant Director, responsible for the preparation of the budgets for the Ministry of Works and Ministry of Transport.

In 1993, he was seconded by the Ministry of Finance to serve as the General Manager of KLIA Berhad (currently known as KLIA Premier Sdn Bhd) where he oversaw the Administration Division, and he also served as the company secretary. He returned to the Ministry of Finance in June 1999 as the Director of Budget Division, where he was responsible for the preparation and formulation of the Federal Government's budget. He was later appointed as the Secretary General of the Ministry of Works in 2003 where he was responsible for the formulation of policies in respect of Ministry of Works. He was subsequently reassigned to the Ministry of Finance in August 2004 to serve as the Secretary General where he coordinated the overall formulation of policies under the Ministry of Finance until his retirement in March 2007.

During his tenure in government service, he sat on the board of a number of government-linked companies and organisations, which include Chairman of Lembaga Hasil Dalam Negeri from 2004 to 2007 and a director of UDA Holdings Berhad from 1999 to 2003, a board member of Bank Negara Malaysia from 2004 to 2007, a Non-Independent Non-Executive Director of Malaysian Airline System Berhad from 2004 to 2007. After his retirement from government service in March 2007, he served on the board of a number of public and private limited companies in Malaysia including as a Group Chairman of Syarikat Prasarana Negara Berhad from 2009 to 2011, Independent Non-Executive Chairman of Luster Industries Bhd from 2007 to 2008, director of the International Islamic Trade Finance Corporation, a subsidiary of The Islamic Development Bank in Jeddah, Saudi Arabia from 2007 to 2010, and Independent Non-Executive Director of Naim Holdings Berhad from 2013 to 2016.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(ii) Dato' Ir Tee Chai Seng

Dato' Ir Tee Chai Seng, a Malaysian male aged 60, was appointed as our Managing Director on 30 May 2019. He is also a member of our Risk Management Committee.

Dato' Ir Tee Chai Seng is responsible for charting our business direction and managing our strategic development. He is also key to our business development activities. Dato' Ir Tee Chai Seng graduated from the University of Texas, Arlington, USA in May 1984 with a Bachelor of Science in Civil Engineering (High Honours). He has more than 35 years of working experience in the construction industry.

He began his career with Amoy Construction & LGB Joint Venture Sdn Bhd in June 1984 as a Site Engineer where he was responsible for site planning, monitoring and reviewing of performance to ensure quality of work performed was in accordance with the construction drawings and specifications.

He left in July 1986 and joined Wang Haron Sdn Bhd in August 1986 as a Resident Engineer based in Sapi, Sabah where he was responsible for the supervision of the construction of a palm oil mill for Sabah Land Development Board. He left and then joined Takada Construction Sdn Bhd as a Project Manager in November 1987 where he was involved in managing and coordinating the company's construction projects in various locations in Sabah. He returned to Kuala Lumpur in September 1990 and joined Zaidun-Leeng Sdn Bhd as a Structural Engineer where he was involved in the structural design of residential, commercial and industrial buildings.

He left Zaidun-Leeng Sdn Bhd in March 1991. In April 1991, he joined Minconsult Sdn Bhd as an Infrastructure Engineer, where he was exposed to designing of major infrastructure works such as water treatment plants, waste water treatment plants and civil work for mixed development projects. As part of his role, he was involved in carrying out conceptual and detailed engineering design works as well as feasibility and preliminary studies. He left Minconsult Sdn Bhd and joined H.S. Liao Sdn Bhd in May 1992 as an Executive Engineer where he was responsible for the design and supervision of infrastructure work for several major mixed developments in Klang Valley, which required him to coordinate closely with project contractors and contract administrations. He left H.S. Liao in May 1993 and joined Abletask Construction Sdn Bhd in June 1993 as General Manager for the construction division before leaving in May 1995. He was involved in the planning and managing of residential and commercial projects.

In June 1995, he started a civil and structural consulting practice, Jurutera Perunding Prima as a sole proprietor which was subsequently incorporated in June 1997 as a private limited company, Jurutera Perunding Primareka Sdn Bhd and served as its Managing Director. Jurutera Perunding Primareka Sdn Bhd was principally involved in the provision of civil and structural engineering consultancy services. During his tenure as its Managing Director, he was involved in overseeing the company's projects which include the design of townships and buildings (ranging from residential to commercial to institutional buildings), infrastructure (such as bridges and highways), as well as civil and structural works. In November 1998, he acquired Projek Bumi Bina Sdn Bhd and was involved in providing civil and structural construction services which include construction of sewerage treatment plants, reservoirs, roads, drainage systems and other civil works. Projek Bumi Bina Sdn Bhd subsequently changed its name to TCS Construction on 23 January 2013.

In September 2005, he incorporated Pembinaan Tuju Setia Sdn Bhd with another two partners where he served as its Executive Director and was responsible for business development and project financing activities. The company was principally involved in the provision of construction services for buildings and civil works.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

He left Pembinaan Tuju Setia Sdn Bhd in February 2014 to focus on TCS Construction. Since then, he has successfully completed several residential buildings, commercial buildings and an international school in our Group.

He is a registered Professional Engineer with the Board of Engineers Malaysia, a corporate member of the Institute of Engineers, Malaysia and a member of the Association of Consulting Engineers in Malaysia. He is also a member of the Institution of Engineers, Australia.

(iii) Datin Koh Ah Nee

Datin Koh Ah Nee, a Malaysian female aged 58, was appointed as our Executive Director on 30 May 2019. She is primarily responsible for overseeing the corporate affairs, administrative and human resource functions of our Group. She graduated from Universiti Malaya with a Bachelor of Arts (Hons) in English Literature in August 1984. She subsequently obtained a Diploma in Education (Hons) in August 1985 from the same institution.

Upon graduation, she joined the Ministry of Education as an English teacher in January 1986 where she was based in Sekolah Menengah Kebangsaan Kuala Krai, Kelantan. She was then transferred to Sekolah Menengah Kebangsaan Jalan Loop, Negeri Sembilan in June 1987. She then transferred to Sekolah Menengah Kebangsaan Bangsar, Kuala Lumpur in January 1992. She retired from teaching in December 1999.

She joined TCS Construction in January 2000 as a Human Resource and Administration Manager where she was responsible for managing the human resource and administrative functions of the company.

In September 2005, she was appointed as a Director of TCS Construction where her role expanded to include overseeing the corporate and social affairs of our Group.

She left the company in October 2011 to assist and support Dato' Ir Tee Chai Seng in his other businesses before returning to the company in April 2014 as a Director of TCS Construction where she assumes her current responsibilities.

(iv) Dato' Seri Ir Mohamad Othman bin Zainal Azim

Dato' Seri Ir Mohamad Othman bin Zainal Azim, a Malaysian aged 66, was appointed as our Independent Non-Executive Director on 30 May 2019. He is also the chairman of our Remuneration Committee and Nomination Committee, and a member of our Audit Committee.

Dato' Seri Ir Mohamad Othman bin Zainal Azim graduated with a Bachelor of Science (Hons) in Civil Engineering from the University of Southampton, United Kingdom in July 1977. He later received a Master of Science (Engineering) in Highway and Traffic Engineering from the University of Birmingham, United Kingdom, in July 1988.

He spent more than 20 years serving in the Public Works Department, beginning his career as a District Engineer with the Negeri Sembilan Public Works Department in August 1977 where he was responsible for the development and maintenance of all federal and state buildings works in Negeri Sembilan. He then transitioned as a Senior Executive Engineer for the Road Design Unit (Standards and Specifications) and Highway Planning Unit in 1980 where he conducted regional development studies and infrastructure network development of the National Highway Network Plan. He left the position in 1986 to pursue his Master's degree and subsequently returned to Malaysia and resumed his role as a Senior Executive Engineer in the Road Design Unit (Rural Roads) in August 1987.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

He was later promoted as Deputy Director of Perak Public Works Department in November 1992 where he was responsible for the development and maintenance of the federal and state buildings as well as roads. He left the position in 1998 and was subsequently appointed as a Superintending Engineer for the Road Design Unit at Kuala Lumpur headquarters where he was in charge of the design of the federal roads throughout Malaysia and was also involved in advisory works to the directors. He left the Public Works Department in July 2000 and subsequently joined Putrajaya Corporation in the same month as a Director of City Development Department where he was responsible for developing public utilities and infrastructure in Putrajaya.

He left in August 2002 and was appointed as the Chief Executive Officer of Putrajaya Holdings Sdn Bhd where he was responsible for the planning, budgeting and strategic implementation of public utilities, infrastructure as well as the residential and commercial development of Putrajaya. He was instrumental in ensuring the successful implementation of the above projects including the necessary fund raising exercises via bank lending and capital markets.

He left Putrajaya Holdings Sdn Bhd in July 2006 and subsequently formed Straits Consulting Engineers Sdn Bhd and has served as a Director where the business of the company includes civil and structural consulting works. He also joined the Northern Corridor Implementation Authority ("**NCIA**") in January 2008 and took on the role of Senior Vice President for the Infrastructure Department where he was involved in strategising, planning and facilitating the development of the northern region states of Perak, Penang, Kedah and Perlis. He left NCIA in February 2009 and subsequently joined the Project Management Unit under the Ministry of Finance, Malaysia as a Chief Operating Officer where he implemented the government's Economic Stimulus Package.

After completing his role in the Project Management Unit, he joined A.T.E.S. Sdn Bhd, a traffic system management company in January 2013 as its Chief Executive Officer where he was responsible for the overall strategic direction of the company. He left A.T.E.S. Sdn Bhd in May 2016.

Dato' Seri Ir Mohamad Othman bin Zainal Azim currently sits on the board of a number of private companies and public listed company which include KYM Holdings Bhd (as a Non-Independent Non-Executive Director) and a director of Universiti Sultan Azlan Shah.

He is a registered Professional Engineer with the Board of Engineers Malaysia since 20 August 1988.

(v) Ooi Guan Hoe

Ooi Guan Hoe, a Malaysian male aged 45, was appointed as our Independent Non-Executive Director on 30 May 2019. He is also the chairman of our Audit Committee, and a member of our Remuneration Committee, Nomination Committee and Risk Management Committee.

Guan Hoe graduated from University Putra Malaysia in August 1999 with a Bachelor's (Hons) degree in Accountancy. He has also attended the Harvard Business School Executive Education program on Private Equity and Venture Capital in 2011.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

He began his career in May 1999 when he joined Arthur Andersen Malaysia as an Audit Assistant where he was responsible for conducting statutory audit works on public listed companies and matters pertaining to merger and acquisition exercises. He was promoted several times while with Arthur Andersen Malaysia, namely as Experienced Staff Assistant in September 2000, Senior in September 2001 and Senior Associate 1 in September 2002.

He left to join CIMB Investment Bank Berhad in November 2002 as an Executive in the corporate finance department. He was promoted several times while with CIMB Investment Bank, namely as an Assistant Manager in July 2004, Manager in July 2006 and Senior Manager in July 2008. During his tenure with the bank, he was responsible for marketing, originating and implementing corporate proposals for various corporate exercises which included initial public offerings, merger and acquisition exercises, joint-ventures, fund-raising exercises and privatisation exercises.

He left CIMB Investment Bank Berhad in October 2009 and has since been involved in providing financial advisory work to listed companies and companies preparing for listing in the Asian region in his own personal capacity. He was appointed as an Independent Non-Executive Director of K-Star Sports Limited in March 2010 until August 2010. He was later appointed as the Non-Independent Non-Executive Director of Xingquan International Sports Holdings Limited from December 2011 to June 2015. He was the Chief Financial Officer and a member of the management board of DeCheng Technology AG; a company listed on the Frankfurt Stock Exchange, in January 2015 and May 2016, respectively. He left the company in July 2017.

He was appointed to the board of directors of Only World Group Holdings Berhad in June 2013 as an Independent Non-Executive Director and is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. In January 2019, Guan Hoe was appointed as the Chief Financial Officer of Metro Eyewear Holdings Sdn Bhd, an indirect wholly-owned subsidiary of MOG Holdings Limited, which is currently listed on The Stock Exchange of Hong Kong Limited. Guan Hoe also sits on the board of directors of Revenue Group Berhad as an Independent Non-Executive Director and serves as the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee. He is also an Independent Non-Executive Director of Techbond Group Berhad and is the Chairman of Audit and Risk Management Committees, and a member of both the Remuneration Committee and Nominating Committee.

He is a member of the Malaysian Institute of Accountants since July 2002.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2.3 Principal Business Activities and Principal Directorships Outside Our Group

The following table sets out other principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at the LPD ("**Present Involvement**") and those other principal directorships of our Directors outside our Group that were held within the past five years up to the LPD ("**Past Involvement**"):

(i) Tan Sri Dato' Sri Izzuddin bin Dali

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
CTOS Data Systems Sdn Bhd	Credit information bureau, provide provision of data entry and other computer related services and engaged in email hosting and internet services	Director	15 August 2014	-	-
CTOS Holdings Sdn Bhd	Investment holding company holding shares in a company principally operating as a credit reporting agency	Director	15 August 2014	-	-
Prima Gading Corporation Sdn Bhd	Provision and management of education and training services	Director/ Shareholder	29 February 2012	-	31.50
Smart Scholars Sdn Bhd	Education and learning centre	Director/ Shareholder	29 April 2011	-	*
Past Involvement					
Bina Masyhur Sdn Bhd	Pavement works and road construction	-	1 August 2009	1 May 2019	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Ecoled Technology Sdn Bhd	Dormant	-	20 January 2010	Struck-off on 21 February 2018	15.00
Magnaquest Solutions Sdn Bhd	Provide IT solutions in the area of enterprise security management and customer management and billing	-	1 March 2008	Struck-off on 18 January 2019	-
MMSB Projects Sdn Bhd (formerly known as MSZ Projects Sdn Bhd)	Project management and consulting	-	1 October 2015	12 April 2019	-
Naim Holdings Berhad	Investment holding while its subsidiaries are involved in the oil and gas, property development, property investment and management, engineering, construction, trading and quarry operations industries	-	27 February 2013	26 May 2016	-
Sinohydro Corporation (M) Sdn Bhd	Civil works, contractor on civil engineering design, consultant for hydropower, dredging and reclamation	-	1 November 2013	1 November 2016	-

Note:

* Negligible.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(ii) Dato' Ir Tee Chai Seng

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Alam Bina Development Sdn Bhd	Provision of professional advisory and engineering consultancy services for surveying, geotechnical and engineering, property development and investment holding of properties	Director/ Shareholder	10 October 1997	-	2.00
Amazing Centennial Sdn Bhd	Property development	Director/ Shareholder	19 April 2017	-	35.00
CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd)	Investment holding of properties	Director/ Shareholder	9 March 2004	-	2.00
CDB Realty	Property development	Director/ Shareholder	2 August 2012	-	59.36
Eco Sanctuary Development (PNG) Ltd (incorporated in Papua New Guinea)	Property development	Shareholder	15 May 2018	16 August 2019	51.00
Ecoville Management Sdn Bhd	Investment holding of properties	Director/ Shareholder	4 November 2010	-	33.33
Ganda Ideal Sdn Bhd	Property development	Shareholder	30 July 2011	14 May 2019	10.00

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Istilah Makmur Sdn Bhd	Investment holding of non-listed shares of its subsidiaries, i.e. Trident Treasure Sdn Bhd, which is principally involved in property development	Shareholder	24 October 2007	3 May 2019	41.67
JPP Consulting Engineers Sdn Bhd	Provision of civil and structural engineering consultancy services	Shareholder	16 November 2016	26 April 2019	70.00
Jurutera Perunding Primareka Sdn Bhd	Provision of professional advisory and consultancy services for civil engineering, structural, geotechnical and other engineering industries	Director/ Shareholder	4 June 1997	-	99.00
Kirby Development Sdn Bhd	Investment holding of properties, property development and provision of professional advisory and consultancy services for civil engineering and environmental works	Director/ Shareholder	24 April 2012	-	50.00
Perunding Aziz, Azali & Tee Sdn Bhd	Provision of professional advisory and consultancy services for civil engineering, structural geotechnical and other engineering industries	Director/ Shareholder	1 August 2011	-	10.00
Putaran Warna Sdn Bhd	Investment holding of properties	Director	19 October 2009	-	-
Saujana Lakeview Development Sdn Bhd	Property development	Director/ Shareholder	4 March 2014	-	75.00

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Saujana Permai Development Sdn Bhd	Property development	Director	3 September 2010	-	-
Saujana Prima Development Sdn Bhd	Property development	Shareholder	26 August 2011	26 April 2019	30.00
Symphony Surplus Sdn Bhd	Investment holding of properties	Shareholder	16 January 2014	24 April 2019	50.00
Temasya Mayang Sdn Bhd	Property development	Shareholder	23 February 2012	24 April 2019	25.00
United Properties & Management Sdn Bhd	Provisions of project management and marketing services and property investment	Director/ Shareholder	13 October 1997	-	2.00
VE Design Consultants Sdn Bhd	Provision of professional, advisory and consultancy services for civil works, engineering structural, geotechnical, water supply, environmental engineering, hydraulic and hydrology works	Shareholder	9 December 2006	5 April 2019	95.00
Past Involvement					
Austmal (WA) Pty Ltd (incorporated in Australia)	Dormant	-	18 April 2006	19 February 2019	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Bina Hartabumi Sdn Bhd	Inspection, verification and stamping of weights and measures of instruments for weighing and measuring	-	11 August 2014	15 May 2019	-
Blue Valley Eco Garden Sdn Bhd	Property development	-	8 October 2013	24 April 2019	-
BSP Builders Sdn Bhd	Civil engineering and general construction works and provision of professional advisory and engineering consultancy services for surveying, geotechnical and engineering industries	-	25 November 2004	27 April 2019	-
BSP M&E Engineering Sdn Bhd	Mechanical and electrical engineering consultancy services	-	24 October 2017	27 April 2019	-
CDB Aquaculture Sdn Bhd (formerly known as CDB IT & Communication Sdn Bhd)	To carry on the business to raise fish, shellfish, fish farming, shrimp farming, oyster farming, algaculture and the cultivation of ornamental fish, other aquatic animals, or aquatic plants, farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants	-	8 August 2018	26 April 2019	-
CDB Development Sdn Bhd (formerly known as WCE TCS Consortium Sdn Bhd)	Property development	-	13 March 2014	26 April 2019	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
CDB Land Sdn Bhd (formerly known as TCS Land Sdn Bhd)	Property development	-	24 March 2014	26 April 2019	-
Global Cocoa Industries Sdn Bhd	Business of manufacturing, trading, importing, exporting, whole selling, retailing, distributing, supplying, preparing, preserving, canning, refining, grading, sorting, bottling and deal in coffee, tea, chicory, cocoa	-	11 October 2018	15 May 2019	-
Harbour View Development Sdn Bhd	Dormant	-	21 August 2014	26 April 2019	-
JPP Design and Drafting Services Sdn Bhd	Provision of professional, advisory and consultancy services for civil engineering, structural, geotechnical, water supply, environmental engineering, hydraulic and hydrology works	-	25 June 2012	5 April 2019	-
Magnificent Milestone Sdn Bhd	Provide management	-	23 October 2017	26 April 2019	-
Quest Project Management Consultancy Ltd (incorporated in Papua New Guinea)	Dormant	-	18 May 2018	17 June 2019	-
Semenyih Uptown Development Sdn Bhd	Dormant	-	21 October 2015	20 April 2018	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Simpang Renggam Development Sdn Bhd	Construction contracts	-	19 December 2005	4 August 2015	-
Splendid Villa Development Sdn Bhd	Investment holding of a land for development	-	5 April 2016	13 July 2016	-
Stratmont Development Sdn Bhd	Property development	-	5 April 2016	26 May 2016	-
Tanjong Sakti Sdn Bhd	Construction of buildings	-	1 March 2006	4 August 2015	-
Trident Treasure Sdn Bhd (a subsidiary of Istilah Makmur Sdn Bhd)	Property development	-	20 August 2015	7 May 2019	-

(iii) Datin Koh Ah Nee

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Alam Bina Development Sdn Bhd	Provision of professional advisory and engineering consultancy services for surveying, geotechnical and engineering, property development and investment holding of properties	Director/ Shareholder	1 March 2004	-	98.00
CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd)	Investment holding of properties	Director/ Shareholder	9 March 2004	-	98.00

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
CDB Realty	Property development	Director/ Shareholder	2 August 2012	-	40.64
Pioneer Cosmos Sdn Bhd	Investment of swiftlet house and property investment	Director/ Shareholder	22 June 2010	-	50.00
Putaran Warna Sdn Bhd	Investment holding of properties	Shareholder	-	-	50.00
Saujana Permai Development Sdn Bhd	Property development	Director	3 September 2010	-	-
United Properties & Management Sdn Bhd	Provision of project management and marketing services and property investment	Director/ Shareholder	22 January 2002	-	98.00
Past Involvement					
BSP Builders Sdn Bhd	Civil engineering and general construction works and provision of professional advisory and engineering consultancy services for surveying, geotechnical and engineering industries	-	8 January 2013	27 April 2019	-
CDB Land Sdn Bhd (formerly known as TCS Land Sdn Bhd)	Property development	-	24 March 2014	26 April 2019	-
CDB Development Sdn Bhd (formerly known as WCE TCS Consortium Sdn Bhd)	Property development	-	13 March 2014	26 April 2019	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(iv) Dato' Seri Ir Mohamad Othman bin Zainal Azim

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
KYM Holdings Bhd	Investment holding of non-listed shares in its subsidiaries principally involved in manufacturing and sale of industrial paper bags and property investment	Director	12 February 2007	-	-
KYM Leisure Sdn Bhd	Dormant	Director	18 December 2007	-	-
Macroworks Sdn Bhd	Dormant	Director	29 August 2014	-	-
Straits Consulting Engineers Sdn Bhd	To undertake, implement and execute all kinds and description or engineering consultancy services in all fields engineering, to provide professional advice and services for all engineering works, surveying geotechnical and computer services in all other allied works and to act as consultant	Director/ Shareholder	26 September 2006	-	10.00

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Past Involvement					
Cendana Daiman Sdn Bhd	General trading, land and property investment and investment holding of non-listed shares in its subsidiaries principally involved in property development	-	18 February 2008	Struck-off on 6 September 2019	50.00
IFarm Sdn Bhd	Facilities assets and resources management, investment holding and property management	-	3 May 2007	Struck-off on 16 June 2017	50.00
MyHSR Corporation Sdn Bhd	Business as a project delivery vehicle for a high-speed rail project connecting from Kuala Lumpur to Singapore and other related work/ activities	-	10 July 2015	9 July 2019	-
KYM Mineral Sdn Bhd	Dormant	-	18 December 2007	Struck-off on 12 October 2018	-
UM Properties Sdn Bhd	Dormant	-	31 March 2017	31 July 2018	-
UM Specialist Centre Sdn Bhd	Operating a medical specialist centre and the provision of related healthcare services	-	9 November 2015	6 December 2016	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(v) Ooi Guan Hoe

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Only World Group Holdings Berhad	Investment holding of non-listed shares of its subsidiaries principally involved in provision of leisure and hospitality services incorporating the operation of food service outlets, water amusement parks, family attractions and other services and provision of management services	Director	14 June 2013	-	-
Techbond Group Berhad	Investment holding company providing management services to its subsidiaries principally involved in developing and manufacturing industrial adhesives and sealants as well as providing supporting products and services	Director	2 January 2018	-	-
Teo Capital Partners Sdn Bhd	Property investment	Director/ Shareholder	16 August 2012	-	25.00
Revenue Group Berhad	Investment holding of non-listed shares of its subsidiaries principally involved in cashless payment solutions provider	Director/ Shareholder	1 December 2017	-	0.03

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Past Involvement					
DeCheng Technology AG	Management of companies and interests in companies involved in development, production and distribution of polyutherene products	-	2 May 2016	20 July 2017	-
Xingquan International Sports Holdings Limited	Investment holding of non-listed shares of its subsidiaries principally involved in manufacturing of shoes, apparels and accessories	-	2 December 2011	5 June 2015	-

The involvement of our Directors as disclosed above excludes shares in public listed companies held by our Directors as minority shareholders (less than 5.00% of the total number of issued shares of a public listed company) and in which they do not hold any directorship, and is only for trading and personal investment purposes.

The involvement of our Directors in those businesses outside our Group will not affect their contributions to our Group. The involvement of our Managing Director and Executive Director in other businesses set out above does not preclude them from allocating most of their time to our Group because the daily operations in those businesses are managed by the respective companies' personnel or the companies are investment holding companies which generate passive income. They only attend meetings of the boards on which they serve and accordingly discharge their principal areas of responsibility as directors of those companies. They have been and will continue to ensure that they would be able to fulfil and discharge their duties and responsibilities effectively as our Managing Director and Executive Director.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2.4 Promoters and/ or substantial shareholders' remuneration and benefits in-kind

Save for the dividends paid to our Promoters as disclosed below and the aggregate remuneration and benefits in-kind paid or to be paid to our Promoters as disclosed in Section 8.2.5 below for the FYE 2019 and FYE 2020, there are no other amounts or benefits paid and intended to be paid or given to our Promoters and/ or substantial shareholders within the two years preceding the date of this Prospectus.

Dividend in respect of FYE 2017[1]	**RM'000**
Dato' Ir Tee Chai Seng	1,625
Datin Koh Ah Nee	875

Note:

(1) Paid on 16 July 2018.

Our Board intends to declare a dividend for the FYE 2019 after our Listing. However, the quantum has yet to be determined. Please refer to Section 12.10 of this Prospectus for details of our dividend policy.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.2.5 Directors' remuneration and material benefits in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 2019 and the FYE 2020 are set out below:

FYE 2019 (Paid)	Salaries[1] RM'000	Director Fees RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors					
Dato' Ir Tee Chai Seng	545	-	275	58	878
Datin Koh Ah Nee	351	-	-	17	368
Non-Executive Directors					
Tan Sri Dato' Sri Izzuddin bin Dali	-	44[2]	-	-	44[2]
Dato' Seri Ir Mohamad Othman bin Zainal Azim	-	37[2]	-	-	37[2]
Ooi Guan Hoe	-	37[2]	-	-	37[2]

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

FYE 2020 (Proposed)	Salaries [1] RM'000	Director Fees RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total[3] RM'000	Actual amounts paid up to and including the LPD[1] RM'000
Executive Directors						
Dato' Ir Tee Chai Seng	646	-	300	58	1,004	418
Datin Koh Ah Nee	350	-	-	17	367	153
Non- Executive Directors						
Tan Sri Dato' Sri Izzuddin bin Dali	-	72	3	-	75	31
Dato' Seri Ir Mohamad Othman bin Zainal Azim	-	60	3	-	63	26
Ooi Guan Hoe	-	60	3	-	63	26

Notes:

(1) Inclusive of contribution to EPF and SOCSO.

(2) Effective from 1 June 2019.

(3) Excludes bonuses which will be paid to our Managing Director and Executive Director on a discretionary basis.

Our Directors' remuneration must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.3 BOARD PRACTICES

8.3.1 Board

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group.

According to our Constitution, all our Directors (including our Managing Director) have retired from office at the first annual general meeting of our Company, which was held on 5 March 2020. Pursuant to Clause 105(1) of our Constitution, one-third of our Directors are subject to retirement by rotation such that each Director shall retire once in every three years or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at each annual general meeting.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Directors to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next annual general meeting of our Company and shall then be eligible for re-election.

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

Directors	Date of appointment	Date of expiration of current term of office[1]	No. of year in office as at the LPD
Tan Sri Dato' Sri Izzuddin bin Dali	30 May 2019	At the annual general meeting of our Company in year 2022	1
Dato' Ir Tee Chai Seng	30 May 2019	At the annual general meeting of our Company in year 2023	1
Datin Koh Ah Nee	30 May 2019	At the annual general meeting of our Company in year 2021	1
Dato' Seri Ir Mohamad Othman bin Zainal Azim	30 May 2019	At the annual general meeting of our Company in year 2022	1
Ooi Guan Hoe	30 May 2019	At the annual general meeting of our Company in year 2021	1

Note:

(1) Subject to retirement by rotation pursuant to Clause 105(1) of our Constitution at the annual general meeting of our Company in the years subsequent to 2020.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.3.2 Audit Committee

Our Audit Committee has been established by our Board on 30 May 2019. Our Audit Committee currently comprises the following members, of which all are Independent Non-Executive Directors:

Name	Designation	Directorship
Ooi Guan Hoe	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin bin Dali	Member	Independent Non-Executive Chairman
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Member	Independent Non-Executive Director

The terms of reference of our Audit Committee, amongst others, include the following:

(i) reviews with the external auditors, the audit plan and their evaluation of the internal control systems and the external audit report;

(ii) reviews the financial statements of our Group prior to submission to our Board;

(iii) reviews the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out their work;

(iv) reviews the audit work programme and results of internal audit processes including recommendations and actions taken;

(v) review the propriety of any related party transaction and conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(vi) recommends to our Board regarding the appointment of the external auditors; and

(vii) obtain advice from independent parties and other professionals, where necessary, in discharging their duties.

Our Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.3.3 Remuneration Committee

Our Remuneration Committee has been established by our Board on 30 May 2019. Our Remuneration Committee currently comprises the following members, of which all are Independent Non-Executive Directors:

Name	Designation	Directorship
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin Bin Dali	Member	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, amongst others, include the following:

(i) review, assess and recommend to our Board the remuneration package and policy of our Managing Director, Executive Directors and Key Management;

(ii) conduct continued assessment of our individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance, and to ensure that the base salary element is competitive and fair;

(iii) obtain advice and information from external source, if necessary, to compare the remuneration currently earned by our Executive Directors and those paid to executive directors of other companies of a similar size in a comparable industry sector; and

(iv) advise on and monitor, a suitable performance related formula for our Executive Directors.

8.3.4 Nomination Committee

Our Nomination Committee has been established by our Board on 30 May 2019. Our Nomination Committee currently comprises the following members, of which all are Independent Non-Executive Directors:

Name	Designation	Directorship
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Chairman	Independent Non-Executive Director
Tan Sri Dato' Sri Izzuddin bin Dali	Member	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee, amongst others, include the following:

(i) to determine the core competencies and skills required of our Directors to best serve the business and operations of our Company and our Group as a whole and the optimum size of our Board to reflect the desired skills and competencies;

(ii) to review the size of our Non-Executive Directors, our Board's balance and determine if additional directors are required and also to ensure that at least one-third (1/3) of our Board is independent;

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(iii) to recommend to our Board on the appropriate number of directors to comprise our Board which should fairly reflect the investments of the minority shareholders in our Company, and whether our current Board representation satisfies this requirement;

(iv) to consider, in making its recommendation, candidates for directorship and senior executive proposed by our Chairman and within the bounds of practicability, by any other senior executive or any of our Director or shareholder;

(v) to assess and review the criteria to be used in the recruitment process of our Board members;

(vi) to undertake a review of the required mix of skills, experience and other qualities of directors, including core competencies which our Non-Executive Directors should bring to our Board as well as independence and diversity (including gender diversity) of the board composition which is required to meet the needs of our Company, and to disclose this in the annual report of our Company;

(vii) to assist our Board to implement procedures to be carried out by our Board Committees for assessing the effectiveness of our Board as a whole and our Board Committees, as well as for assessing the contributions and performance of our individual directors and our Board Committees members;

(viii) to recommend to our Board the membership of our Board Committees;

(ix) to establish and/or review the succession plans of our Board and key management and make recommendations to our Board on succession planning policies; and

(x) to execute other related functions to achieve the objective of the establishment of our Nomination Committee.

8.3.5 Risk Management Committee

Our Risk Management Committee has been established by our Board on 30 May 2019. Our Risk Management Committee currently comprises the following members:

Name	Designation	Directorship
Tan Sri Dato' Sri Izzuddin bin Dali	Chairman	Independent Non-Executive Chairman
Dato' Ir Tee Chai Seng	Member	Managing Director
Ooi Guan Hoe	Member	Independent Non-Executive Director

The principal role of our Risk Management Committee is to assist our Board in fulfilling their oversight responsibilities with regard to the risk appetite of our Company and the risk management and compliance framework, and the governance structure that supports it. The key duties and responsibilities of our Risk Management Committee are, amongst others, the following:

(i) establishing and recommending risk management framework, strategies, policies and risk tolerance/ appetite for our Audit Committee for recommendation to our Board for approval;

(ii) reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(iii) ensuring adequate infrastructure, resources and systems are in place for an effective risk management framework;

(iv) reviewing the Risk Profile Reports on risk exposure, risk portfolio composition and activities;

(v) to discuss problems and reservations arising from the risk review, and any matter as requested by any of our Director in consultation with the Chairman of our Risk Management Committee;

(vi) discuss the problems and reservations arising from their reviews and any matter the external auditors and internal auditors may wish to discuss; and

(vii) monitor key business risks to safeguard shareholders' investments and our Company's assets.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.4 KEY MANAGEMENT

8.4.1 Particulars and shareholdings

Save as disclosed in Section 8.1.1 of this Prospectus, the following table sets out the direct and indirect shareholdings of our Key Management before and after our IPO:

	As at date of incorporation[1]				As at the LPD and before our IPO[2]				After our IPO[3][4]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Key Management	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Ooi Kee An	-	-	-	-	1,837,204	0.68	-	-	2,037,204	0.57	-	-
Yap Choo Cheng	-	-	-	-	-	-	-	-	200,000	0.05	-	-
Liew Kok Yoong	-	-	-	-	-	-	-	-	200,000	0.05	-	-
Ho Chee Woei	-	-	-	-	-	-	-	-	200,000	0.05	-	-
Koo Yoke Ping	-	-	-	-	-	-	-	-	200,000	0.05	-	-
Ng Lee Foong	-	-	-	-	-	-	-	-	200,000	0.05	-	-

Notes:

(1) Based on the total number of two Shares.

(2) Based on the total number of 270,000,000 Shares before our IPO.

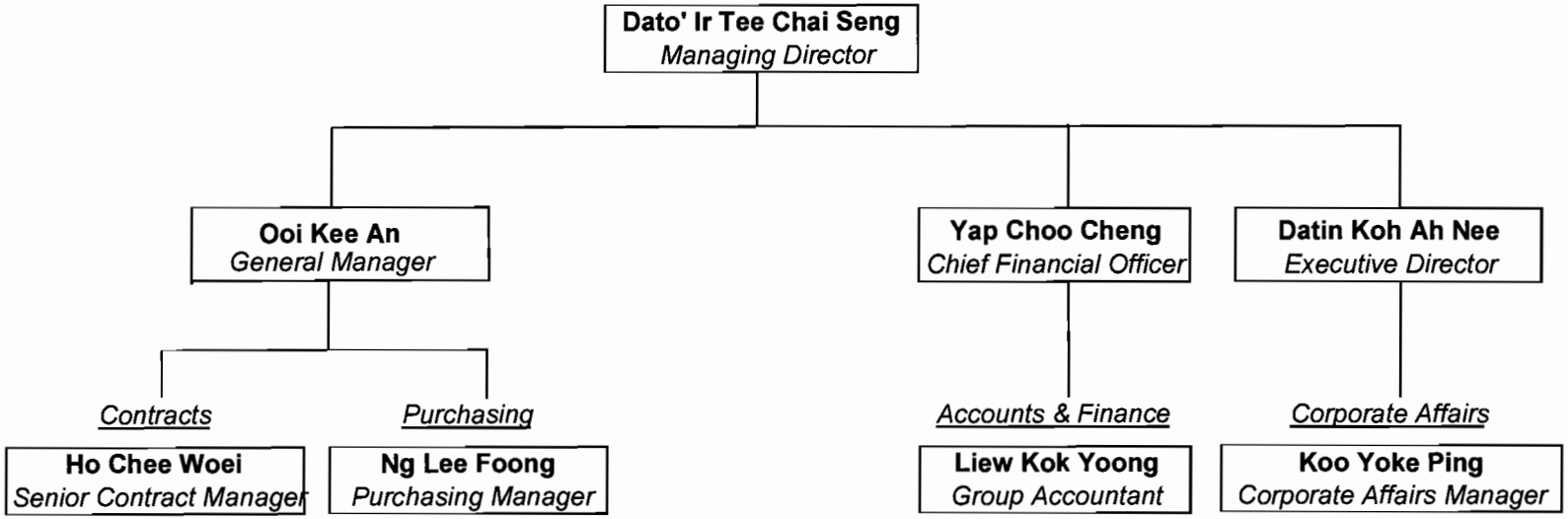
(3) Based on the enlarged total number of 360,000,000 Shares after our IPO.

(4) Assuming full subscription of the Pink Form Shares reserved for the Eligible Persons.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.4.2 Management reporting structure

The management reporting structure of our Group is as follows:



8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.4.3 Profiles of our Key Management

The profiles of Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are set out in Sections 8.2.2 (ii) and (iii) of this Prospectus, and profiles of our other Key Management are as follows:

(i) Ooi Kee An

Ooi Kee An, a Malaysian male aged 35, is our General Manager. He is primarily responsible for managing the day-to-day operations of our Group's construction projects. He graduated with a Bachelor of Engineering (Civil) (Hons) from Universiti Putra Malaysia in June 2010. He has more than nine years of experience in project and submissions planning, construction designs and marketing activities in various industries.

He began his career in June 2010 as a Civil and Structural Engineer with Jurutera Perunding Primareka Sdn Bhd, a civil and structural engineering consultancy firm where Dato' Ir Tee Chai Seng is a major shareholder and a director. As a Civil and Structural Engineer, he was involved in civil and structural design activities and civil engineering projects which include project planning, plan submissions and construction designs.

He left Jurutera Perunding Primareka Sdn Bhd in February 2012 and subsequently joined Saujana Permai Development Sdn Bhd, a property development company where Dato' Ir Tee Chai Seng is a shareholder and a director, as a Project Manager in March 2012. He was involved in overseeing development of multiple projects that include residential and commercial buildings where his responsibilities include project financing, appointment of contractors, overseeing construction processes, sales and marketing activities, and a liaison with local authorities and project consultants before leaving in March 2015.

He joined TCS Construction in April 2015 where he assumed his current position.

(ii) Yap Choo Cheng

Yap Choo Cheng, a Malaysian female aged 46, is our Chief Financial Officer. She is responsible for overseeing our Group's financial functions which include financial planning and review, cash flow management and financial reporting. She graduated with a Bachelor of Science with Honours in Accountancy from the Queen's University of Belfast in Northern Ireland, United Kingdom in July 1996. Choo Cheng has more than 20 years of working experience in accounting, finance, corporate finance, strategic planning, treasury and auditing across a variety of industries covering oil and gas, trading, manufacturing, construction and hospitality.

She began her career with KPMG Desa Megat & Co in September 1996 as an Audit Assistant where she was involved in statutory audit as well as transaction services for listing exercises and mergers and acquisitions. She left KPMG Peat Desa Megat & Co in December 2000 as an Audit Senior and subsequently joined Petra Resources Sdn Bhd, a subsidiary of Petra Perdana Berhad (now known as Perdana Petroleum Berhad) ("**Perdana Petroleum**"), a company then listed on the Main Board of Kuala Lumpur Securities Exchange (now known as Main Market of Bursa Securities) as an Assistant Accounts Manager where she was responsible for the financial reporting and taxation matters of the company. She was promoted to Group Accountant in March 2005 where she was in charge of the group's financial reporting, tax planning and corporate treasury management. In April 2012, she was promoted to Financial Controller of Perdana Petroleum. During her tenure with Perdana Petroleum, she was involved in a number of the company's corporate exercises which include transfer listing, initial public offering, mergers and acquisitions and fund-raising activities. She left Perdana Petroleum in December 2015 to pursue her personal interests.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

She returned to the corporate sector in June 2017 when she joined Only World Group Berhad, a company listed on the Main Market of Bursa Securities as its Chief Financial Officer. She was responsible for managing the finance department where she oversees the financial planning, budgeting, implementation of accounting policies and procedures of the company and its subsidiaries. She left Only World Group Berhad in October 2018 and subsequently joined TCS Construction and assumed her current position.

She is a member of the Association of Chartered Certified Accountants since May 2000 and the Malaysian Institute of Accountants since June 2001. In May 2005, she was admitted as a Fellow Member of the Association of Chartered Certified Accountant.

(iii) Liew Kok Yoong

Liew Kok Yoong, a Malaysian aged 31, is our Group Accountant. He oversees the accounting and taxation functions of our Group, ensures timely filing of our Group's tax submissions and statutory accounts to the authorities, and tax planning. He graduated with a Bachelor of Science with Honours in Applied Accounting from Oxford Brookes University, London, United Kingdom in September 2010.

He began his career with Allan Ong & Co in March 2011 as an Audit and Tax Assistant where he was responsible for performing statutory audit and tax filings for companies in various industries. He left in April 2013 and joined Jurutera Perunding Primareka Sdn Bhd, a civil and structural engineering consultancy firm where Dato' Ir Tee Chai Seng is a major shareholder and a director, as an Accounts Executive in May 2013. He subsequently left and joined Saujana Permai Development Sdn Bhd, a property development company where Dato' Ir Tee Chai Seng is a shareholder and a director, as a Finance and Accounts Manager in November 2013 where he was mainly responsible for financial planning and conducting feasibility studies for prospective projects.

He joined TCS Construction in April 2015 where he assumed his current position.

He is a member of the Association of Chartered Certified Accountants since March 2014 and the Malaysian Institute of Accountants since July 2014. In March 2019, he was admitted as a Fellow Member of the Association of Chartered Certified Accountant.

(iv) Ho Chee Woei

Ho Chee Woei, a Malaysian aged 33, is our Senior Contract Manager. He is responsible for overseeing our Group's pre and post contract works. Pre contract work includes review of potential tenders and preparation of tender submissions while post contract works include awarding of sub-contracts, monitoring materials delivery schedule and preparing progress claims to clients. He graduated with a Diploma in Quantity Surveying from INTI International University, Malaysia in February 2009.

He began his career with Ehsan Bina Sdn Bhd in November 2008 as a Junior Contract Executive where he was responsible for planning and coordinating materials procurement for construction projects.

Chee Woei left in May 2010 to join Conlay Construction Sdn Bhd as a Contract Executive where he assisted the Contract Manager on all post contract works of the company. He was promoted to Senior Contract Executive in February 2012.

In May 2014, he left Conlay Construction Sdn Bhd to join Hj Said Binaan Sdn Bhd as an Assistant Contract Manager where he was responsible for overseeing both pre and post contract works of the company. He left in May 2015 and joined TCS Construction as a Contract Manager. He was promoted to his current position in February 2018.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

(v) Koo Yoke Ping

Koo Yoke Ping, a Malaysian female aged 52, is our Corporate Affairs Manager. She is responsible for managing our Group's corporate affairs, administrative and human resource functions. She completed her secondary education in December 1985 and subsequently attended a secretarial course which she later withdrew from in 1987. After withdrawing from the secretarial course, in the period between 1987 and 1989, she was working part time as a retail assistant and an administrative assistant for various companies. She has close to 30 years of working experience undertaking roles pertaining to secretarial, human resource and administration functions.

She began her full-time career with The General Electric Company of Malaysia Sdn Bhd in August 1989 as a Purchasing Clerk, where she was responsible for processing the company's import purchases, tender submissions, invoicing as well as logistics matters and left the company in May 1995 to pursue her personal interests. She subsequently joined Techdos Systems Sdn Bhd as an Administration Executive in August 1997, where she was responsible to handle administrative duties in the sales and marketing department and accounts department before leaving in October 2007 for a career break.

She then joined Jurutera Perunding Primareka Sdn Bhd, a civil and structural engineering consultancy firm where Dato' Ir Tee Chai Seng is a major shareholder and a director in May 2008, as an Executive Secretary to the Managing Director, where she supported the Managing Director in secretarial and administrative functions. In addition, she was also responsible for managing the company's corporate affair matters and human resource function.

She left Jurutera Perunding Primareka Sdn Bhd in May 2015 and joined TCS Construction in January 2016 where she assumed her current position.

(vi) Ng Lee Foong

Ng Lee Foong, a Malaysian female aged 41, is our Purchasing Manager. She is responsible for overseeing our Group's purchasing department and procurement activities. She graduated from Universiti Utara Malaysia with a Bachelor of Business Administration (Hons) in September 2003.

Lee Foong began her career in April 2003 when she joined Jurutera Perunding Primareka Sdn Bhd, a civil and structural engineering consultancy firm where Dato' Ir Tee Chai Seng is a major shareholder and a director, as a Management Executive, where she was responsible for administrative and human resource duties. She then left and joined Project Bumi Bina Sdn Bhd (currently TCS Construction) as an Administrator in April 2005 where she was involved in managing the company's administrative duties.

In April 2007, she joined Interocean Freight Services Sdn Bhd as a Shipping and Administrative Coordinator, where her responsibilities include coordinating shipping arrangements and managing related documentations. She then left and joined VE Design Consultants Sdn Bhd, a civil and structural engineering consultancy firm where Dato' Ir Tee Chai Seng is a major shareholder, as an Administrative Executive in June 2008 where she was responsible for amongst others, overseeing the company's administrative, human resources and other clerical tasks. She left the company to join TCS Construction in July 2013 as a Purchasing Executive. She was promoted to her current position in June 2016.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.4.4 Involvement of our Key Management in other businesses/ corporations

Save for the involvement of Dato' Ir Tee Chai Seng and Datin Koh Ah Nee which are disclosed in Sections 8.2.3(ii) and (iii) of this Prospectus, none of our Key Management holds other principal directorships outside our Group and performs principal business activities outside our Group as at the LPD and holds other principal directorships outside of our Group within the past five years up to the LPD.

8.4.5 Key Management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Key Management for their services rendered in all capacities within our Group for the FYE 2019 and the FYE 2020 are as follows:

	Remuneration band		
Key Management	**FYE 2019 (Paid)** **RM'000**	**FYE 2020 (Proposed)[1]** **RM'000**	**FYE 2020 (Actual amounts paid up to and including the LPD)** **RM'000**
Ooi Kee An	300 - 350	200 – 250	50 – 100
Yap Choo Cheng	100 – 150	200 – 250	50 – 100
Liew Kok Yoong	100 – 150	100 – 150	0 – 50
Ho Chee Woei	200 – 250	150 – 200	50 – 100
Koo Yoke Ping	100 – 150	50 – 100	0 – 50
Ng Lee Foong	100 – 150	50 – 100	0 – 50

Note:

(1) Excludes bonuses which will be paid to our Key Management on a discretionary basis.

The remuneration for our Key Management includes salaries, allowances, contribution to EPF and Social Security Organisation, and other benefits.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(CONT'D)*

8.5 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

As at the LPD, none of our Promoters, Directors and Key Management are or have been involved in any of the following events (whether within or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgment was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, being subject to any civil proceeding involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

(vii) being subject to any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or

(viii) any unsatisfied judgment against him.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or associations between our Promoters, substantial shareholders, Directors and Key Management:

Name	Relationship/Association
Dato' Ir Tee Chai Seng	Spouse of Datin Koh Ah Nee
Datin Koh Ah Nee	Spouse of Dato' Ir Tee Chai Seng
Ng Lee Foong	Niece of Dato' Ir Tee Chai Seng and Datin Koh Ah Nee

8.7 EXISTING OR PROPOSED SERVICE AGREEMENT

As at the LPD, there are no existing or proposed service agreement(s) between the companies within our Group and our Directors or our Key Management that provide for benefits upon termination of employment.

9. APPROVALS AND CONDITIONS

9.1 BURSA SECURITIES

Bursa Securities had, via its letter dated 25 October 2019, approved:

(i) our admission to the Official List; and

(ii) the listing and quotation of our enlarged total number of 360,000,000 Shares on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Conditions	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of our Promoters to Bursa Depository: (i) name of shareholders; (ii) number of shares; and (iii) date of expiry of the moratorium of each block of shares.	To be complied.
2.	Obtain the approvals from other relevant authorities for the implementation of our Listing.	Complied.
3.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements.	To be complied.
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of our Company on the first day of Listing.	To be complied.
5.	All of our Directors to attend the Mandatory Accreditation Programme.	Complied.
6.	Make the announcement, in relation to our IPO, at least two Market Days prior to the Listing date, the result of the offering including the following: (i) level of subscription of the Public Issue; (ii) basis of allotment/allocation; (iii) a table showing the distribution for the Institutional Offering tranche, in the format attached in Appendix I of the approval letter of Bursa Securities; and (iv) disclosure of placees who become substantial shareholders of our Company arising from our IPO, if any.	To be complied.

9. APPROVALS AND CONDITIONS *(CONT'D)*

No.	Conditions	Status of compliance
7.	Furnish Bursa Securities with a written confirmation of our Company's compliance with the terms and conditions of Bursa Securities' approval upon our admission to the Official List.	To be complied.

Further to the approval obtained above, Bursa Securities had on 9 March 2020 resolved to grant us an extension of time until 31 July 2020 to complete the implementation of our Listing.

9.2 SC

Our IPO is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated 11 February 2020, granted its approval-in-principle for registration of this Prospectus, and approved our Company's resultant equity structure under the equity requirement for public listed companies pursuant to our Listing, subject to the following:

No.	Conditions	Status of compliance
1.	Allocate shares equivalent to at least 12.50% of the enlarged share capital of our Company at the point of our Listing to Bumiputera investors. This includes shares offered under the balloted public offer portion, of which at least 50.00% are to be offered to Bumiputera public investors.	Complied.

In the same letter, the SC has also noted that the effects of our Listing on our Company's equity structure are as follows:

	As at 15 May 2019		After our Pre-IPO Reorganisation		After our Listing	
Category of shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Bumiputera	**1**	**50.00**	**-**	**-**	**45,000,000[1]**	**12.50**
Non-Bumiputera	1	50.00	270,000,000	100.00	315,000,000	87.50
Malaysians	**2**	**100.00**	**270,000,000**	**100.00**	**360,000,000**	**100.00**
Foreigners	-	-	-	-	-	-
Total	**2**	**100.00**	**270,000,000**	**100.00**	**360,000,000**	**100.00**

Note:

(1) Based on the assumption that our Shares allocated to Bumiputera investors shall be fully subscribed as follow:

Category		No. of Shares
(i)	Bumiputera public investors via balloting	5,400,000
(ii)	Identified Bumiputera investors approved by the MITI via private placement	39,600,000
Total		**45,000,000**

9. APPROVALS AND CONDITIONS *(CONT'D)*

9.3 MITI

The MITI has, via its letter dated 16 August 2019, granted its approval for our Company to implement our IPO.

9.4 MORATORIUM ON SALE OF SHARES

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters as follows:

(i) the moratorium applies to our Promoters' entire shareholdings for a period of six months from the date of our admission to the ACE Market ("**First Six Months Moratorium**");

(ii) upon expiry of the First Six Months Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45.00% of our issued share capital remain under moratorium for a further six months ("**Second Six Months Moratorium**"); and

(iii) upon the expiry of the Second Six Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one third per annum (on a straight-line basis) of their Shares held under moratorium.

Details of our Shares held by our Promoters which will be subject to moratorium are as follows:

	Shares under moratorium (First Six Months Moratorium)		**Shares under moratorium (Second Six Months Moratorium)**	
Promoter	**No. of Shares**	**(%)[1]**	**No. of Shares**	**(%)[1]**
Dato' Ir Tee Chai Seng	212,638,377	59.07	137,700,000	38.25
Datin Koh Ah Nee	37,524,419	10.42	24,300,000	6.75
Total	**250,162,796**	**69.49**	**162,000,000**	**45.00**

Note:

(1) Computed based on our enlarged total number of 360,000,000 Shares after our IPO.

The moratorium restrictions, which are fully acknowledged by our Promoters, are specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes the moratorium restrictions. In addition, our Promoters have also provided their respective undertaking that they will comply with the said moratorium restrictions relating to the sale of their Shares as mentioned above.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

We have undertaken the following related party transactions pursuant to our Pre-IPO Reorganisation:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016	FYE 2017	FYE 2018	FYE 2019	From 1 January 2020 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
(i)	TCS and CDB Realty	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and shareholders of CDB Realty.	Assignment of trademarks by CDB Realty to our Company[1]	-	-	-	*[1]	-
(ii)	TCS, Dato' Ir Tee Chai Seng and Datin Koh Ah Nee	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company.	Pre-IPO Reorganisation[2]	-	-	-	26,065	-
(iii)	TCS, TCS Construction and Ooi Kee An	• Ooi Kee An is a director of TCS Bina, a wholly-owned subsidiary of TCS Construction.	Pre-IPO Reorganisation[2]	-	-	-	179	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Notes:

* Negligible

(1) On 13 March 2019, CDB Realty and our Company entered into a deed of assignment for the assignment of trademarks from CDB Realty to our Company. This assignment was transacted at a nominal fee of RM10 as our trademarks were assigned to our Company pursuant to our Pre-IPO Reorganisation. For further details of our trademarks, please refer to Section 6.13 of the Prospectus.

(2) Please refer to Sections 5.3 and 15.4 for further details on the Pre-IPO Reorganisation.

Save as disclosed above and below, there are no existing or proposed material related party transactions which involved the interest, direct or indirect, of our Directors, major shareholders and/ or persons connected with them for the FYE Under Review and from 1 January 2020 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
(i)	TCS Construction and CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd)	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and shareholders of CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd).	• Rental of property from CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd) to TCS Construction which was used as our Group's head office.(1) • This transaction is recurrent in nature.	72 (1.41% of our Group's PAT)	72 (1.16% of our Group's PAT)	70 (0.73% of our Group's PAT)	44 (0.28% of our Group's PAT)	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
(ii)	TCS Bina and CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd)	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd).	• Rental of property from CDB Properties Sdn Bhd (formerly known as TCS Properties Sdn Bhd) to TCS Bina which was used as TCS Bina's office.(2) • This transaction is recurrent in nature.	-	-	2 (0.02% of our Group's PAT)	22 (0.14% of our Group's PAT)	-
(iii)	TCS Construction and United Properties & Management Sdn Bhd	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and shareholders of United Properties & Management Sdn Bhd.	• Rental of property from United Properties & Management Sdn Bhd to TCS Construction which is used as workers' accommodation.(3) • This transaction is recurrent in nature.	24 (0.47% of our Group's PAT)	24 (0.39% of our Group's PAT)	24 (0.24% of our Group's PAT)	24 (0.15% of our Group's PAT)	10

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
(iv)	TCS Construction and Saujana Permai Development Sdn Bhd	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and indirect shareholders of Saujana Permai Development Sdn Bhd (deemed interested via their equity interest in CDB Realty).	• Rental of property from Saujana Permai Development Sdn Bhd to TCS Construction which is used as staff's accommodation.(4) • This transaction is recurrent in nature.	24 (0.47% of our Group's PAT)	24 (0.39% of our Group's PAT)	24 (0.24% of our Group's PAT)	24 (0.15% of our Group's PAT)	10
(v)	TCS Construction and Saujana Permai Development Sdn Bhd	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company.	• Rental of property from Saujana Permai Development Sdn Bhd to TCS Construction which was used as a storage for construction materials.(5) • This transaction is recurrent in nature.	-	-	-	55 (0.35% of our Group's PAT)	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
		• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and indirect shareholders of Saujana Permai Development Sdn Bhd (deemed interested via their equity interest in CDB Realty).						
(vi)	TCS Construction and CDB Realty	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company.	• Rental of property from CDB Realty to TCS Construction which is used as our Group's head office.[6]	-	-	-	45 (0.29% of our Group's PAT)	76
		• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and shareholders of CDB Realty.	• This transaction is recurrent in nature.					
(vii)	TCS Bina and CDB Realty	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company.	• Rental of property from CDB Realty to TCS Bina which is used as TCS Bina's office.[7]	-	-	-	13 (0.08% of our Group's PAT)	22

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
		• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and shareholders of CDB Realty.	• This transaction is recurrent in nature.					
(viii)	TCS Construction and Saujana Permai Development Sdn Bhd	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and indirect shareholders of Saujana Permai Development Sdn Bhd (deemed interested via their equity interest in CDB Realty).	Provision of construction work by TCS Construction to Saujana Permai Development Sdn Bhd.(8)	352 (0.34% of our Group's revenue)	251 (0.35% of our Group's revenue)	54 (0.04% of our Group's revenue)	2 (negligible percentage of our Group's revenue)	-
(ix)	TCS Construction and Saujana Prima Development Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company.	Provision of construction work by TCS Construction to Saujana Prima Development Sdn Bhd.(9)	303 (0.29% of our Group's revenue)	388 (0.54% of our Group's revenue)	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
		• Dato' Ir Tee Chai Seng was a director and is a shareholder of Saujana Prima Development Sdn Bhd.						
(x)	TCS Construction and Saujana Lakeview Development Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Saujana Lakeview Development Sdn Bhd.	Provision of construction work by TCS Construction to Saujana Lakeview Development Sdn Bhd.(10)	324 (0.31% of our Group's revenue)	4 (0.01% of our Group's revenue)	-	-	-
(xi)	TCS Construction and Amazing Centennial Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Amazing Centennial Sdn Bhd.	Provision of construction work by TCS Construction to Amazing Centennial Sdn Bhd.(11)	-	109 (0.15% of our Group's revenue)	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
(xii)	TCS Construction and Temasya Mayang Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng was a director and is a shareholder of Temasya Mayang Sdn Bhd.	Provision of construction work by TCS Construction to Temasya Mayang Sdn Bhd.(12)	335 (0.32% of our Group's revenue)	325 (0.45% of our Group's revenue)	216 (0.15% of our Group's revenue)	161 (0.04% of our Group's revenue)	-
(xiii)	TCS Construction and Perunding Aziz, Azali & Tee Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Perunding Aziz, Azali & Tee Sdn Bhd.	Advance given by TCS Construction to Perunding Aziz, Azali & Tee Sdn Bhd.	-	40 (0.21% of our Group's NA)	-	-	-
(xiv)	TCS Construction and Saujana Lakeview Development Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company.	Advance given by TCS Construction to Saujana Lakeview Development Sdn Bhd.	-	30 (0.16% of our Group's NA)	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
		• Dato' Ir Tee Chai Seng is a director and shareholder of Saujana Lakeview Development Sdn Bhd.						
(xv)	TCS Construction and Saujana Permai Development Sdn Bhd	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and indirect shareholders of Saujana Permai Development Sdn Bhd (deemed interested via their equity interest in CDB Realty).	Advance given by TCS Construction to Saujana Permai Development Sdn Bhd.	-	360 (1.91% of our Group's NA)	-	-	-
(xvi)	TCS Construction and Jurutera Perunding Primareka Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company.	Advance given by TCS Construction to Jurutera Perunding Primareka Sdn Bhd.	-	73 (0.39% of our Group's NA)	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	From 1 January 2020 up to the LPD RM'000
		• Dato' Ir Tee Chai Seng is a director and shareholder of Jurutera Perunding Primareka Sdn Bhd.						
(xvii)	TCS Construction and BSP M&E Engineering Sdn Bhd (formerly known as TCS M&E Engineering Sdn Bhd)	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng was a director and shareholder of BSP M&E Engineering Sdn Bhd (formerly known as TCS M&E Engineering Sdn Bhd).	Advance given by TCS Construction to BSP M&E Engineering Sdn Bhd (formerly known as TCS M&E Engineering Sdn Bhd).	-	3 (0.02% of our Group's NA)	-	-	-
(xviii)	TCS Construction and Kirby Development Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Kirby Development Sdn Bhd.	Advance given by TCS Construction to Kirby Development Sdn Bhd.	-	4 (0.02% of our Group's NA)	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2016	FYE 2017	FYE 2018	FYE 2019	From 1 January 2020 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
(xix)	TCS Construction and Perunding Aziz, Azali & Tee Sdn Bhd	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Perunding Aziz, Azali & Tee Sdn Bhd.	Payment to Perunding Aziz, Azali & Tee Sdn Bhd for clerk of works services rendered to TCS Construction.(13)	-	19 (1.37% of our Group's PAT)	85 (0.87% of our Group's PAT)	59 (0.38% of our Group's PAT)	11
(xx)	TCS Construction and Ooi Kee An	Ooi Kee An is a director of TCS Bina, a wholly-owned subsidiary of TCS Construction.	Advance given by TCS Construction to Ooi Kee An.	-	15 (0.08% of our Group's NA)	30 (0.11% of our Group's NA)	-	-

Notes:

(1) TCS Properties Sdn Bhd and TCS Construction entered into a tenancy agreement on 1 June 2015 for the rental of premise known as 1st Floor, 78A, Jalan SPU 1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor which was subsequently renewed by the tenancy agreement dated 1 June 2017. On 26 December 2018, TCS Properties Sdn Bhd and TCS Construction entered into a new tenancy agreement on even date to supersede the tenancy agreement dated 1 June 2017. The tenure of the tenancy is for the period commencing on 1 December 2018 to 30 November 2020 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM4,000. The parties have agreed to terminate this tenancy agreement on 30 November 2019; and

TCS Properties Sdn Bhd and TCS Construction entered into a tenancy agreement on 1 August 2015 for the rental of premise known as 2nd Floor, 78B, Jalan SPU 1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor, which was subsequently renewed by the tenancy agreement dated 1 August 2017 with a monthly rental rate of RM2,000. The parties have agreed to terminate this tenancy agreement on 30 November 2018.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

(2) TCS Properties Sdn Bhd and TCS Bina entered into a tenancy agreement on 26 December 2018 for the rental of premise known as 2nd Floor, 78B, Jalan SPU 1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor. The tenure of the tenancy is for the period commencing on 1 December 2018 to 30 November 2020 with an option to renew for another two years at a rental rate to be agreed upon by both parties. The monthly rental rate is RM2,000. The parties have agreed to terminate this tenancy agreement on 30 November 2019.

(3) United Properties & Management Sdn Bhd and TCS Construction entered into a tenancy agreement on 15 April 2015 for the rental of premise known as No. 2, Jalan SP 3/10, Bandar Saujana Putra, 42610 Jenjarom, Selangor, which was subsequently renewed by the tenancy agreement dated 15 April 2017. On 26 December 2018, United Properties & Management Sdn Bhd and TCS Construction entered into a new tenancy agreement on even date to supersede the tenancy agreement dated 15 April 2017. The current tenure of the tenancy is for the period commencing on 1 December 2018 to 1 November 2020 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM2,000. There are no provisions for termination in this agreement.

(4) Saujana Permai Development Sdn Bhd and TCS Construction entered into a tenancy agreement on 1 January 2015 for the rental of premise known as No.6, Jalan SP 3/19, Bandar Saujana Putra, 42610 Jenjarom, Selangor, which was subsequently renewed by the tenancy agreement dated 3 January 2017. On 26 December 2018, Saujana Permai Development Sdn Bhd and TCS Construction entered into a new tenancy agreement on even date to supersede the tenancy agreement dated 3 January 2017. The current tenure of the tenancy is for the period commencing on 1 December 2018 to 30 November 2020 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM2,000. There are no provisions for termination in this agreement.

(5) Saujana Permai Development Sdn Bhd and TCS Construction entered into a tenancy agreement on 18 February 2019 for the rental of premise known as Lot PT 43052, Persiaran Bandar Saujana Putra, Mukim Tanjong Dua Belas, 42610 Jenjarom, Kuala Langat, Selangor. The tenure of the tenancy is for the period commencing on 1 January 2019 to 31 December 2020 with an option to renew for another two years at a rental rate to be agreed upon by both parties. The monthly rental rate is RM5,000. The parties have agreed to terminate this tenancy agreement on 30 November 2019.

(6) CDB Realty and TCS Construction entered into a tenancy agreement on 5 October 2019 and a supplemental tenancy agreement dated 28 February 2020 for the rental of premise known as No.1 & 3, 1st Floor, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor. The current tenure of the tenancy is for the period commencing on 1 October 2019 to 30 September 2021 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM8,800. In the event TCS Construction wishes to terminate the tenancy agreement before the expiry of the tenancy period, TCS Construction shall give two months written notice to CDB Realty or in lieu thereof a sum equivalent to the two months' rental prevailing at the material time. For the avoidance of doubt, the tenancy agreement shall be capable of being terminated at any time by TCS Construction without any penalty or compensation and CDB Realty shall refund the deposit sum to TCS Construction within seven days from the expiry of the date of termination.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

CDB Realty and TCS Construction entered into a tenancy agreement on 5 October 2019 and a supplemental tenancy agreement dated 28 February 2020 for the rental of premise known as No.1 & 3, 2nd Floor, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor. The current tenure of the tenancy is for the period commencing on 1 October 2019 to 30 September 2021 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM6,300. In the event TCS Construction wishes to terminate the tenancy agreement before the expiry of the tenancy period, TCS Construction shall give two months written notice to CDB Realty or in lieu thereof a sum equivalent to the two months' rental prevailing at the material time. For the avoidance of doubt, the tenancy agreement shall be capable of being terminated at any time by TCS Construction without any penalty or compensation and CDB Realty shall refund the deposit sum to TCS Construction within seven days from the expiry of the date of termination.

(7) CDB Realty and TCS Bina entered into a tenancy agreement on 5 October 2019 and a supplemental tenancy agreement dated 28 February 2020 for the rental of premise known as No.1 & 3, 3rd Floor, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Kuala Langat, Selangor. The current tenure of the tenancy is for the period commencing on 1 October 2019 to 30 September 2021 with an option to renew for another one year at a rental rate to be agreed upon by both parties. The monthly rental rate is RM4,400. In the event TCS Bina wishes to terminate the tenancy agreement before the expiry of the tenancy period, TCS Bina shall give two months written notice to CDB Realty or in lieu thereof a sum equivalent to the two months' rental prevailing at the material time. For the avoidance of doubt, the tenancy agreement shall be capable of being terminated at any time by TCS Bina without any penalty or compensation and CDB Realty shall refund the deposit sum to TCS Bina within seven days from the expiry of the date of termination.

(8) In respect of the letter of award dated 1 October 2016 issued by Saujana Permai Development Sdn Bhd to TCS Construction for the construction of residential homes on part of a piece of land known as PT 43025, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor Darul Ehsan, for the consideration of RM675,786. This transaction was completed on 31 January 2017. The revenue recognised subsequent to the completion date was mainly due to rectification works performed.

(9) In respect of the letter of award dated 19 September 2013 issued by Saujana Prima Development Sdn Bhd to TCS Construction for the construction of condominiums on a piece of land known as Lot 20407, PN 11211, Bandar Saujana Putra, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor Darul Ehsan including all variations subsequent to the letter of award for a total consideration of RM39,307,116. This transaction was completed on 31 December 2014. The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates upon finalisation of the final accounts.

(10) In respect of the work order date 1 April 2015 issued by Saujana Lakeview Development Sdn Bhd to TCS Construction for the construction and completion of a single storey musolla at Bandar Saujana Putra for the consideration of RM605,302. This transaction was completed on 20 May 2016. The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates after completion of the project.

(11) In respect of the letter of award dated 15 November 2014 issued by Amazing Centennial Sdn Bhd to TCS Construction for the construction of shop office on a piece of land known as Plots PT 4743 – PT 4780, Lot 5094, CT 14498, Ladang Lenggeng, Mukim Lenggeng, Daerah Seremban, Negeri Sembilan for the consideration of RM10,768,000. This transaction was terminated on 31 January 2018.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

(12) In respect of the letter of award dated 1 October 2013 issued by Temasya Mayang Sdn Bhd to TCS Construction for the construction of shophouses on part of a piece of land known as Lot 20407, PN 11211, Plot G, Bandar Saujana Putra, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor Darul Ehsan including all variation orders subsequent to the letter of award for a total consideration of RM44,602,324. This transaction was completed on 12 February 2015. The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates in finalising of the final accounts.

(13) In respect of services rendered by Perunding Aziz, Azali & Tee for clerk of works services (site and quality inspection services) for our Suria Pantai Project.

The above advances by our Group were unsecured, interest-free and without fixed repayment terms, and were therefore not on normal commercial terms and not on arm's length basis. Nevertheless, as at the LPD, the above advances have been fully repaid and our Group does not intend to provide any further advances to our related parties moving forward.

Our Directors are of the opinion that save for the advances as disclosed above, all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and not to the detriment of our minority shareholders.

Our Audit Committee is of the opinion that the subsisting recurrent related party transactions (for transactions (iii), (iv), (vi), (vii) and (xix) above) were carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and not to the detriment of our minority shareholders.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

10.1.2 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or any of our Subsidiaries was a party in the FYE Under Review and from 1 January 2020 up to the LPD.

10.1.3 Outstanding loans and/ or financial assistance to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans and/ or financial assistance that have been granted by our Company and/ or any of our Subsidiaries to or for the benefit of our related parties for the FYE Under Review and from 1 January 2020 up to the LPD:

(i) provision of corporate guarantee of RM4.88 million by TCS Construction in favour of Public Bank Berhad for the banking facilities granted to CDB Realty, a company which Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and major shareholders, in March 2017. On 19 October 2018, we had obtained an undertaking from Public Bank Berhad to discharge TCS Construction as a corporate guarantor, conditional upon our successful Listing; and

(ii) provision of corporate guarantee of RM11.20 million by TCS Construction in favour of CIMB Bank Berhad for the banking facilities granted to Saujana Lakeview Development Sdn Bhd, a company which Dato' Ir Tee Chai Seng is a director and major shareholder, in March 2018. On 8 November 2018, we had obtained an undertaking from CIMB Bank Berhad to discharge TCS Construction as a corporate guarantor, conditional upon our successful Listing.

Dato' Ir Tee Chai Seng and Datin Koh Ah Nee, being our Promoters, substantial shareholders, Executive Directors and Key Management, have extended personal guarantees for banking facilities, lease liabilities, trade supplies and/ or projects to our Group. As at the LPD, our Promoters have obtained consents from most of the parties for discharge of the personal guarantees provided, mainly subject to our successful Listing and replacement of the personal guarantees with corporate guarantees. As at the LPD, our Promoters have yet to obtain consents for discharge of the personal guarantees extended for a lease liability and some of our projects. Our Promoters will obtain consents from the remaining parties to discharge the personal guarantees and complete the discharge of the personal guarantees within six months from our Listing, save for the personal guarantee dated 23 May 2019 to MPM Project Management for our KTCC Mall Project.

Please refer to Section 15.6 of this Prospectus for further details in respect of the irrevocable and unconditional undertaking given by our Managing Director, Dato' Ir Tee Chai Seng and bank guarantee procured by our Managing Director in respect of the dispute with MPM Project Management.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon our Listing, our Audit Committee will review the terms of all related party transactions (including recurrent related party transactions), and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the direct or indirect interest of our Directors, our interested Directors shall disclose to our Board the nature and extent of their interest including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. Our interested Directors shall also abstain from any of our Board's deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Further, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions. The interested persons shall abstain from voting on the relevant resolutions in respect of such proposed related party transactions at our general meetings. Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the related party transactions occurred within a 12-month period, are entered with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/ asset or of various parcels of land contiguous to each other.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESSES OF OUR GROUP, OUR CUSTOMERS AND/ OR OUR SUPPLIERS

Our Managing Director, Dato' Ir Tee Chai Seng was/ has been a director and/ or shareholder in numerous companies outside our Group, of which their principal activities include provision of engineering consultancy services, property development, construction and investment holding. In this respect, Dato' Ir Tee Chai Seng has relinquished his directorships and equity interests (to parties who are related and not related to him), to the extent possible, and ceased his involvement in the day-to-day operations in those companies, to ensure that his involvement in those companies will not affect his contribution to our Group and will not give rise to conflict of interest situations. Please refer to Section 8.2.3(ii) of this Prospectus for details of Dato' Ir Tee Chai Seng's other principal directorships outside our Group and the principal business activities performed by Dato' Ir Tee Chai Seng outside our Group as at the LPD and those other principal business directorships of Dato' Ir Tee Chai Seng outside our Group that were held within the past five years up to the LPD.

As at the LPD, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

Save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses and corporations which are customers or suppliers of our Group for the FYE Under Review and from 1 January 2020 up to the LPD.

Name of customer	Principal activities	Nature of interest
Amazing Centennial Sdn Bhd	Property development	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Amazing Centennial Sdn Bhd.
Saujana Lakeview Development Sdn Bhd	Property development	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Saujana Lakeview Development Sdn Bhd.
Saujana Permai Development Sdn Bhd	Property development	• Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are Directors and major shareholders of our Company. • Dato' Ir Tee Chai Seng and Datin Koh Ah Nee are directors and indirect shareholders of Saujana Permai Development Sdn Bhd (deemed interested via their equity interest in CDB Realty).

11. CONFLICT OF INTEREST *(CONT'D)*

Name of customer	Principal activities	Nature of interest
Saujana Prima Development Sdn Bhd	Property development	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng was a director and is a shareholder of Saujana Prima Development Sdn Bhd.
Temasya Mayang Sdn Bhd	Property development	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng was a director and is a shareholder of Temasya Mayang Sdn Bhd

Name of supplier	Principal activities	Nature of interest
Perunding Aziz, Azali & Tee Sdn Bhd	Provision of professional advisory and consultancy services for civil engineering, structural geotechnical and other engineering industries	• Dato' Ir Tee Chai Seng is a Director and major shareholder of our Company. • Dato' Ir Tee Chai Seng is a director and shareholder of Perunding Aziz, Azali & Tee Sdn Bhd.

Our Board is of the view that the interests of our Directors and substantial shareholders, direct or indirect, in other businesses or corporations which are our customers or suppliers do not give rise to a conflict of interest situation on the following basis:

(a) our Directors and substantial shareholders are not involved in the day-to-day operations of the above businesses or corporations as the daily operations in those businesses or corporations are managed by the respective companies' personnel, and they only attend meetings of the boards on which they serve and accordingly discharge their principal areas of responsibility as directors of those companies;

(b) all the transactions carried out with the companies above were and will be on an arm's length basis, on normal commercial terms which are not more favorable to our related parties than those generally available to the public, and not to the detriment of our minority shareholders; and

(c) the above customers and suppliers are not major customers and major suppliers of our Group, and we are not dependent on them for our business operations.

In addition, our Group may have future dealings with the companies in which Dato' Ir Tee Chai Seng, Datin Koh Ah Nee and Dato' Seri Ir Mohamad Othman bin Zainal Azim have interest in as stated in Sections 8.2.3(ii), 8.2.3(iii) and 8.2.3(iv) of this Prospectus. However, we have established procedures for such related party transactions as disclosed in Section 10.2 of this Prospectus to ensure that these transactions are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and not to the detriment of our minority shareholders.

11. CONFLICT OF INTEREST *(CONT'D)*

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTERESTS

(i) RHB Investment Bank

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") forms a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer or provide its services to or engage in any transaction (whether on its own account or otherwise) with any member of our Group, our directors, and/ or our shareholders, hold long or short positions in securities issued by our Company, make investment recommendations and/ or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in our Shares and/ or other securities, which we may issue in the future.

As at the LPD, RHB Banking Group has subsisting overdraft, overdraft against progressive claim and bank guarantee facilities with a combined limit of RM34.00 million with our Group. The extension of the said facilities is in the ordinary course of business of the RHB Banking Group.

Notwithstanding the above, RHB Investment Bank is of the opinion that the abovementioned do not give rise to a conflict of interest situation in its capacity as Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO due to the following:

(a) the credit facilities were provided by RHB Banking Group on an arms' length basis and in its ordinary course of business;

(b) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;

(c) RHB Investment Bank is a licensed investment bank and its appointment as the Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent is in the ordinary course of business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO;

(d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the CMSA and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and

11. CONFLICT OF INTEREST *(CONT'D)*

(e) the total outstanding amount owed by our Group to RHB Banking Group of RM7.08 million (being bank guarantees) as at the LPD is not material when compared to the audited NA of RHB Banking Group of RM25.78 billion as at 31 December 2019 (representing about 0.03% of RHB Banking Group's audited NA).

RHB Investment Bank confirms that there is no conflict of interest situation in its capacity as the Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of RHB Investment Bank as the Sole Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO.

(ii) Wong Beh & Toh

Wong Beh & Toh has given its confirmation that there is no existing or potential conflict of interests in its capacity as Solicitors for our IPO.

(iii) Grant Thornton Malaysia

Grant Thornton Malaysia has given its confirmation that there is no existing or potential conflict of interests in its capacity as the auditors and the Reporting Accountants for our IPO.

(iv) Protégé Associates Sdn Bhd

Protégé Associates Sdn Bhd has given its confirmation that there is no existing or potential conflict of interests in its capacity as the Independent Market Researcher for our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 11 February 2019. The formation of our Group was undertaken through the Pre-IPO Reorganisation which was completed on 30 October 2019.

The consolidated financial statements of our Group for FYE 2016, FYE 2017 and FYE 2018 do not include TCS as it was only incorporated on 11 February 2019.

Our Group's historical financial information for the FYE Under Review comprise the following entities:

FYE	Entity(ies)
2016	TCS Construction
2017	TCS Construction
	TCS Bina (from date of incorporation of 20 April 2017 to 31 December 2017)
2018	TCS Construction
	TCS Bina
2019	TCS (from date of incorporation of 11 February 2019 to 31 December 2019)
	TCS Construction
	TCS Bina

The audited financial statements of TCS Construction for FYE 2016 which is made available for inspection was prepared in accordance with Malaysian Private Entities Reporting Standards whereas the historical consolidated financial information included in this Prospectus and presented below have been prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and should be read in conjunction with:

(i) the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 12.3 of this Prospectus; and

(ii) the Accountants' Report, together with its accompanying notes as set out in Section 14 of this Prospectus.

	Audited			
	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	103,628	71,718	146,266	358,424
Cost of sales	(89,330)	(56,741)	(125,731)	(320,696)
Gross profit	**14,298**	**14,977**	**20,535**	**37,728**
Other income	14	296	1,586	125
Administrative expenses	(7,509)	(6,310)	(8,978)	(15,238)
Other expenses	-	(213)	-	(8)
Net loss on impairment of financial assets	(104)	(581)	(179)	(209)
Profit from operations	6,699	8,169	12,964	22,398
Finance income	246	442	441	439
Finance costs	(104)	(87)	(343)	(925)
Net finance income/ (costs)	142	355	98	(486)
PBT	**6,841**	**8,524**	**13,062**	**21,912**
Tax expense	(1,750)	(2,335)	(3,250)	(6,255)
PAT	**5,091**	**6,189**	**9,812**	**15,657**

12. FINANCIAL INFORMATION *(CONT'D)*

	Audited			
	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit attributable to:				
Owners of our Company	5,091	6,179	9,688	15,657
Non-controlling interest	-	10	124	-
Profit for the financial year	**5,091**	**6,189**	**9,812**	**15,657**
EBITDA[1]	7,386	8,902	15,019	27,194
Depreciation and amortisation	687	733	2,055	4,796
GP margin (%)[2]	13.80	20.88	14.04	10.53
PBT margin (%)[3]	6.60	11.89	8.93	6.11
PAT margin (%)[4]	4.91	8.63	6.71	4.37
Basic/Diluted EPS (sen)[5]	1.41	1.72	2.69	4.35
Effective tax rate (%)	25.58	27.39	24.88	28.55

Notes:

(1) The table below sets out the computation in arriving at our EBITDA:

	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PBT	**6,841**	**8,524**	**13,062**	**21,912**
Finance costs	104	87	343	925
Finance income	(246)	(442)	(441)	(439)
Depreciation and amortisation	687	733	2,055	4,796
EBITDA	**7,386**	**8,902**	**15,019**	**27,194**

(2) GP margin is computed based on our GP over revenue.

(3) PBT margin is computed based on our PBT over revenue.

(4) PAT margin is computed based on our PAT over revenue.

(5) Calculated based on PAT attributable to the owners of our Company over the enlarged total number of 360,000,000 Shares immediately after our IPO.

Other selected financial information

	Audited			
	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets	3,914	4,098	24,004	26,608
Current assets	49,962	56,493	110,669	134,762
Total assets	**53,876**	**60,591**	**134,673**	**161,370**
Non-current liabilities	1,516	1,527	14,258	14,716
Current liabilities	40,577	40,177	94,186	104,768
Total liabilities	**42,093**	**41,704**	**108,444**	**119,484**
Share capital	1,100	2,000	2,000	26,244
Merger deficit	-	-	-	(24,065)
Retained earnings	10,683	16,862	24,050	39,707
Equity attributable to owners of our Company	11,783	18,862	26,050	41,886
Non-controlling interest	-	25	179	-
Total equity / Net assets	**11,783**	**18,887**	**26,229**	**41,886**

Commentaries on other selected financial information

31 December 2017 compared to 31 December 2016

Non-current assets

There was no significant fluctuation in our non-current assets as at 31 December 2017 as compared to 31 December 2016.

Current assets

As at 31 December 2017, our current assets increased by RM6.53 million or 13.07% to RM56.49 million (31 December 2016: RM49.96 million). The increase was mainly attributed to:

(i) increase in cash and bank balances of RM10.58 million or 152.45% to RM17.52 million (31 December 2016: RM6.94 million), mainly due to net cash generated from our operating activities as detailed in Section 12.4.2 of this Prospectus; and

(ii) increase in contract assets of RM4.42 million or 552.50% to RM5.22 million (31 December 2016: RM0.80 million), due to the timing difference with higher revenue recognised (based on stage of completion) compared to the progress billings raised by us for our projects. The increase in our contract assets was mainly attributed to our Riana South Project which commenced in November 2017 and recorded RM3.03 million of contract assets as at 31 December 2017, as our progress billings for most of the construction works performed in FYE 2017 were only issued to our customer after we obtained the relevant architect certification in FYE 2018.

The increase in our current assets as at 31 December 2017 was partially offset by the decrease in our trade receivables of RM10.65 million or 34.17% to RM20.52 million (31 December 2016: RM31.17 million). The decrease in our trade receivables was in line with the decrease in the revenue recognised during FYE 2017, where we completed three of our projects in the beginning of FYE 2017, namely Bandar Seri Coalfields Project, Jati 4 Project and GEMS International School Project whilst we only commenced our Riana South Project, Suria Pantai Project and Setia City Residences Project near the end of FYE 2017.

Non-current liabilities

There was no significant fluctuation in our non-current liabilities as at 31 December 2017 as compared to 31 December 2016.

Current liabilities

As at 31 December 2017, our current liabilities decreased by RM0.40 or 0.99% to RM40.18 million (31 December 2016: RM40.58 million. The decrease was mainly attributed to:

(i) decrease in trade payables balance by RM2.20 million or 13.29% to RM14.36 million (31 December 2016: RM16.56 million) due to lower construction activities carried out, which was in line with the decrease in cost of sales recognised during the financial year as detailed in Section 12.3.3(b) of this Prospectus; and

(ii) decrease in other payables balance by RM2.87 million or 62.39% to RM1.73 million as at 31 December 2017 (31 December 2016: RM4.60 million). This was mainly due to lower accruals provided in FYE 2017 in respect of directors' fees and performance bonus, which was in line with lower revenue recognised in FYE 2017 and our intention to conserve funds to finance our newly secured construction projects in FYE 2017.

The decrease in our current liabilities was offset by an increase in our contract liabilities by RM4.47 million or 29.04% to RM19.86 million as at 31 December 2017 (31 December 2016: RM15.39 million). The increase was due to the timing difference where progress billings raised by us for our projects were higher than the revenue recognised (based on stage of completion). The increase in contract liabilities was mainly due to our Albury 2 Project by RM8.89 million or 265.37% to RM12.24 million (31 December 2016: RM3.35 million) due to progress billings issued in FYE 2017 whilst the revenue was subsequently recognised in FYE 2018 as the architect certification for most of the works performed by the subcontractors in FYE 2017 was only issued during FYE 2018.

Total equity

As at 31 December 2017, our total equity increased by RM7.11 million or 60.36% to RM18.89 million (31 December 2016: RM11.78 million) mainly due to:

(i) increase in our retained earnings by RM6.18 million; and

(ii) increase in our share capital by RM0.90 million from issuance of TCS Construction's shares to our Promoters for our general working capital purposes.

31 December 2018 compared to 31 December 2017

Non-current assets

As at 31 December 2018, our non-current assets increased by RM19.90 million or 485.37% to RM24.00 million (31 December 2017: RM4.10 million). This was mainly due to acquisition of construction equipment and machinery (consisting mainly of three aluminium formwork systems), and progress payments for six properties purchased from our customers' property development projects as detailed in Section 6.18 of this Prospectus. The net book value of the six properties of RM7.72 million represented 32.17% of our total non-current assets as at 31 December 2018.

Current assets

As at 31 December 2018, our current assets increased by RM54.18 million or 95.91% to RM110.67 million (31 December 2017: RM56.49 million), mainly attributed to increase in trade receivables of RM70.46 million or 343.37% to RM90.98 million (31 December 2017: RM20.52 million). This was mainly due to the substantial progress billings raised for our on-going projects in the last quarter of FYE 2018 of which RM68.17 million remained outstanding as at the financial year end as detailed in Section 12.7.1 of this Prospectus.

The increase in our current assets was partially offset by:

(i) decrease in cash and bank balances of RM13.81 million or 78.82% to RM3.71 million (31 December 2017: RM17.52 million), mainly due to net cash used in our operating activities and investing activities as detailed in Section 12.4.2 of this Prospectus; and

(ii) decrease in contract assets of RM4.07 million or 77.97% to RM1.15 million (31 December 2017: RM5.22 million), mainly due to the timing difference where progress billings raised by us for our projects were higher than the revenue recognised (based on stage of completion). This was mainly due to our Riana South Project where we raised progress billings after obtaining the relevant architect certification in FYE 2018 for construction works which were performed in FYE 2017.

Non-current liabilities

As at 31 December 2018, our non-current liabilities increased by RM12.73 million or 832.03% to RM14.26 million (31 December 2017: RM1.53 million). The increase was mainly attributed to:

(i) increase in non-current lease liabilities of RM5.57 million or 511.01% to RM6.66 million (31 December 2017: RM1.09 million), which was used to finance the acquisition of construction machinery and equipment, and motor vehicles; and

(ii) increase in non-current term loans of RM7.15 million or 1,662.79% to RM7.58 million (31 December 2017: RM0.43 million), which was drawn down to finance the purchase of six properties which we purchased from our customers' property development projects.

Current liabilities

As at 31 December 2018, our current liabilities increased by RM54.01 million or 134.42% to RM94.19 million (31 December 2017: RM40.18 million). The increase was mainly attributed to:

(i) increase in trade payables of RM33.28 million or 231.75% to RM47.64 million (31 December 2017: RM14.36 million). This was mainly due to higher construction activities carried out during the financial year for our on-going projects, which was in line with the increase in our cost of sales recorded as detailed in Section 12.3.3(b) of this Prospectus;

(ii) increase in contract liabilities of RM14.50 million or 73.01% to RM34.36 million (31 December 2017: RM19.86 million). The increase was due to the timing difference where progress billings raised by us for our projects was higher than the revenue recognised (based on stage of completion). The increase in contract liabilities were mainly relating to our Suria Pantai Project, Riana South Project and Tropicana Urban Homes Project due to progress billings issued in FYE 2018 whilst the revenue was subsequently recognised in FYE 2019 as the architect certifications for most of the works performed by the subcontractors in FYE 2018 was only issued during FYE 2019; and

(iii) increase in usage of bank overdraft facilities and domestic bills of exchange totalling RM6.18 million (31 December 2017: nil) to finance our working capital requirements for our on-going projects.

Total equity

As at 31 December 2018, our total equity increased by RM7.34 million or 38.86% to RM26.23 million (31 December 2017: RM18.89 million) mainly due to increase in our retained earnings by RM7.19 million after offsetting dividends declared amounting to RM2.50 million during the financial year.

31 December 2019 compared to 31 December 2018

Non-current assets

As at 31 December 2019, our non-current assets increased by RM2.61 million or 10.88% to RM26.61 million (31 December 2018: RM24.00 million). This was mainly due to acquisition of an aluminium formwork system and progress payments for three properties purchased from our customers' property development projects as detailed in Section 6.18 of this Prospectus.

Current assets

As at 31 December 2019, our current assets increased by RM24.09 million or 21.77% to RM134.76 million (31 December 2018: RM110.67 million). The increase was mainly attributed to:

(i) increase in cash and bank balances of RM11.50 million or 309.97% to RM15.21 million (31 December 2018: RM3.71 million), mainly due to net cash generated from our operating activities as detailed in Section 12.4.2 of this Prospectus; and

(ii) increase in contract assets of RM15.51 million or 1,348.70% to RM16.66 million (31 December 2018: RM1.15 million) due to the timing difference with higher revenue recognised (based on stage of completion) compared to the progress billings raised by us for our projects. The increase in contract assets was mainly attributed to our Hermington Project which commenced in January 2019 and recorded RM13.42 million of contract assets as at 31 December 2019, as our progress billings for most of the construction works performed in FYE 2019 were only issued to our customer after we obtained the relevant architect certification in FYE 2020.

Non-current liabilities

There was no significant fluctuation in our non-current liabilities as at 31 December 2019 as compared to 31 December 2018.

Current liabilities

As at 31 December 2019, our current liabilities increased by RM10.58 million or 11.23% to RM104.77 million (31 December 2018: RM94.19 million) mainly attributed to:

(i) increase in accruals of RM13.38 million or 1,379.38% to RM14.35 million (31 December 2018: RM0.97 million). This was mainly due to higher construction activities carried out during the financial year for our on-going projects which costs were accrued based on certified work done but invoices had not yet been received from our subcontractors. This was in line with the increase in our cost of sales recorded as detailed in Section 12.3.3(b) of this Prospectus; and

(ii) increase in contract liabilities by RM9.32 million or 27.12% to RM43.68 million (31 December 2018: RM34.36 million). The increase was mainly due to the timing difference where progress billings raised by us for our projects was higher than the revenue recognised (based on stage of completion). The increase in contract liabilities were mainly relating to our Suria Pantai Project and Tropicana Urban Homes Project due to progress billings issued in FYE 2019 whilst the revenue was subsequently recognised in FYE 2020 as the architect certification for most of the works performed by the subcontractors in FYE 2019 was only issued during FYE 2020.

Total equity

As at 31 December 2019, our total equity increased by RM15.66 million or 59.70% to RM41.89 million (31 December 2018: RM26.23 million) mainly due to increase in our retained earnings by RM15.66 million and share capital by RM24.24 million, which was partially offset by the increase in merger deficit by RM24.07 million arising from our Pre-IPO Reorganisation.

12. FINANCIAL INFORMATION *(CONT'D)*

12.2 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 April 2020 and after adjusting for the effects of the Public Issue and utilisation of proceeds from the Public Issue.

	Unaudited	I	II
	As at 30 April 2020	After Public Issue	After I and utilisation of our IPO proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	48,020	68,720	65,220
Total capitalisation	**48,020**	**68,720**	**65,220**
Indebtedness[1]			
Current			
Term loans	275	275	275
Lease liabilities	4,844	4,844	4,844
Non-current			
Term loans	9,600	9,600	9,600
Lease liabilities	5,978	5,978	5,978
Total indebtedness	**20,697**	**20,697**	**20,697**
Total capitalisation and indebtedness	**68,717**	**89,417**	**85,917**
Gearing ratio (times)[2]	**0,43**	**0.30**	**0.32**

Notes:

(1) All of our indebtedness are secured and guaranteed.

(2) Computed based on total borrowings over total equity.

The contingent liabilities of our Group are set out in Section 12.5 of this Prospectus.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial performance and results of operations for the FYE Under Review should be read in conjunction with the Accountants' Report as set out in Section 14 of this Prospectus.

12.3.1 Overview of our operations

Our Group is principally involved in the provision of construction services for buildings, infrastructure, civil and structural works in Malaysia on a project-to-project basis. Please refer to Section 6 of this Prospectus for our Group's detailed business overview.

We set out below our selected contracts (representing contract sum of RM20.0 million and above) for the FYE Under Review:

No.	Contract description	Segment	Contract period	Contract sum	Revenue recognised			
					FYE 2016	FYE 2017	FYE 2018	FYE 2019
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Bandar Seri Coalfields Project	Commercial	May 2015 to April 2017 (Completed in April 2017)	26,209	14,057	385	1,111[1]	-
2.	Jati 4 Project	Commercial	June 2015 to February 2017 (Completed in January 2017)	19,697	11,350	1,079	930[2]	422[1]
3.	Albury 1 Project	Residential	June 2015 to July 2017 (Completed in July 2017)	46,228	24,335	6,848	3,697[1]	1,249[3]
4.	GEMS International School Project	Commercial	July 2015 to February 2017 (Completed in February 2017)	46,042	23,072	16,691	66[1]	-
5.	Albury 2 Project	Residential	October 2015 to July 2018 (Completed in July 2018)	82,674	25,454	34,655	13,816	4,854[1]
6.	Setia City Residences Project	Residential	September 2017 to June 2020	40,680	-	3,474	16,514	19,484
7.	Suria Pantai Project	Residential	October 2017 to December 2020	141,733	-	1,898	32,919	66,421

12. FINANCIAL INFORMATION *(CONT'D)*

No.	Contract description	Segment	Contract period	Contract sum	Revenue recognised			
					FYE 2016	FYE 2017	FYE 2018	FYE 2019
				RM'000	RM'000	RM'000	RM'000	RM'000
8.	Riana South Project	Residential	November 2017 to July 2020	119,722	-	3,646	35,805	47,782
9.	Tropicana Urban Homes Project	Residential	January 2018 to September 2020	151,000	-	-	23,643	71,496
10.	KTCC Mall Project	Commercial	October 2018 to August 2019	101,000[4]	-	-	16,320	78,399
11.	Woodbury Project	Residential	October 2018 to January 2021	71,995	-	-	929	22,961
12.	Hermington Project	Residential	January 2019 to May 2021	168,000	-	-	-	43,642
13.	Putrajaya Sentral Project	Residential	September 2020 to June 2023	223,888	-	-	-	305

Notes:

(1) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates upon finalisation of the final accounts.

(2) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates nearing the end of the defects liability period.

(3) The revenue recognised subsequent to the completion date was mainly due to revision in our cost estimates upon issuance of CMGD.

(4) Contract sum of our KTCC Mall Project is subject to change mainly due to changes in design and specifications. We expect the contract sum to be revised when the final accounts are finalised and the dispute with MPM Project Management is resolved. As such, we are not able to reasonably estimate the final contract sum as at the LPD. For further details, please refer to Section 12.3.2(e) and Section 15.6 of this Prospectus.

12. FINANCIAL INFORMATION *(CONT'D)*

12.3.2 Significant factors affecting our business and results of operations

The following factors may have an impact to our financial position and results of operations:

(a) Business expansion and growth

Our financial results are dependent on our business growth and expansion in Malaysia, which is the principal market in which we operate. For the FYE Under Review, all our revenue was derived from customers located in Malaysia. We are awarded with contracts on a project basis with an average of two to three years implementation period for each contract. In the construction industry, contracts are typically awarded based on competitive bidding by the contractors as well as the contractor's track record.

Our long term sustainability and business growth as well as the financial performance of our Group may be adversely affected as a result of low order book and inability to secure new contracts, and the intense competition within the construction industry may result in highly competitive pricing in order to secure a contract.

Our Group's business expansion and growth would also be subject to the risk of a slowdown in the local economy and/ or any adverse developments or uncertainties in the political, economic or regulatory conditions in Malaysia which could unfavourably affect our financial and business prospects.

(b) External factors which may result in a delay in the completion of projects

Our Group may be subject to external factors that are beyond our control (such as renewal of our certificates of registration issued by CIDB on a timely basis, satisfactory performance of our subcontractors, continuous supply of foreign labour, and occurrence of force majeure events such as terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic and natural disasters), and these may affect the timely completion of our projects.

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. During the MCO period, all government and private premises except those involved in essential services are required to be closed and to cease operations during the period that the MCO takes effect unless exempted. This was followed by a conditional MCO on 4 May 2020 which allowed selected business sectors to resume operations and a recovery MCO from 10 June 2020 to 31 August 2020. During the MCO period, we had to temporarily suspend our construction works and was only allowed to resume operations upon obtaining from MITI. As a result, our progress in completing our projects has been affected. Please refer to Section 6.1 of this Prospectus for details on the measures we have implemented in order to commence and continue our business operations, and the impact of COVID-19 on our supply chain and our projects.

In the occurrence of this force majeure event, we have submitted applications for extension of time to all our existing customers for our on-going projects. As at the LPD, we have received approvals from our customers for our Riana South Project, Setia City Residences Project and Suria Pantai Project. If we are unable to complete our work by the contracted period, we may face the risk of non-performance of our contracts.

This may result in claims for liquidated ascertained damages by our customers resulting in an increase in our overall project costs. In such event, we will be liable to pay liquidated ascertained damages for a period commencing from the due date of completion of the project until the actual completion of the project at the rates ranging from RM500 to RM108,000 per day depending on the contracts with our customers, which could adversely affect our financial performance.

Further details of our exposure to project delays and termination risks, and risks in relation to COVID-19 are set out in Section 4.1.8 and Section 4.1.9 of this Prospectus.

(c) Fluctuations in prices and availability of construction materials

Construction materials such as concrete, steel bar, reinforced wire, quarry products, cement, tiles and accessories, plywood and premix are common materials used in our construction projects. The unavailability of certain construction materials may require us to source for replacements. If we are unable to obtain the replacements in a timely manner, it may lead to delay in our construction works and eventually our business operations may be affected.

Any price fluctuations in construction materials caused by shortages or global price volatility, which are beyond our control, could result in increased costs and may adversely impact our financial performance. Further details are set out in Section 4.1.10 of this Prospectus.

(d) Delay in collections or non-recoverability of trade receivables

Our customers may experience a decline in their business performance due to the current property overhang situation, dampened property market and the outbreak of COVID-19. As a result, we are exposed to risk of delays in collection or non-recoverability of trade receivables. This may result in a material adverse impact on our financial condition, our ability to pay our suppliers, and potentially delaying the progress of our projects as well as our ability to service our bank borrowings which include term loans we have taken to finance the purchase of six properties from our customers' property development projects. Please refer to Section 4.1.3 of this Prospectus for further details.

We have faced an increase in receivables turnover period from FYE 2016 to FYE 2018 and recorded a negative operating cash flow for FYE 2018. Please refer to Section 12.7.1 of this Prospectus for further details on our trade receivables turnover period and Section 12.4.2 of this Prospectus for further details on our cash flows. As at the LPD, our trade receivables include retention sum in relation to our KTCC Mall Project. The release of the first 50.00% of our retention sum is pending the issuance of CPC, and the issuance of CPC is dependent upon the resolution of the dispute with our customer. As such, we may not be able to recover our retention sum in relation to our KTCC Mall Project until the dispute with our customer is resolved. Please refer to Section 15.6 of this Prospectus details on the dispute and the opinion of our solicitors.

(e) Potential reduction in our KTCC Mall Project contract sum and potential claim made by MPM Project Management

On 19 September 2018, we were awarded a contract from MPM Project Management to construct and complete our KTCC Mall Project, which comprised one block shopping complex of four levels of retail space and three levels of podium car park for a contract sum of RM101.00 million ("**Initial Contract Sum**").

Following various changes in design and specifications by MPM Project Management during the construction period, our KTCC Mall Project now comprises one block of five storeys shopping complex comprising four levels of retail space and one level of car parking podium and one basement car park.

As at the LPD, notwithstanding that we have completed our KTCC Mall Project on 15 August 2019, we expect the contract sum to be revised when the final accounts are finalised and the dispute with our customer is resolved.

During the FYE Under Review, we recognised revenue from our KTCC Mall Project to the extent of total contract costs incurred only due to uncertainty in estimating the final contract sum. Therefore, we do not expect material adverse impact on our financial performance if the final contract sum is less than the Initial Contract Sum. However, in the event the final contract sum is less than the total contract costs incurred, we will recognise a loss from the project and our financial performance may be adversely affected. We face the risk that we may not recognise any GP from the project in our upcoming financial years if the dispute with our customer is not resolved. In the event we are not able to recover any further amounts in relation to our KTCC Mall Project, the estimated loss to be recognised in relation to this project is RM1.71 million.

Our Subsidiary, TCS Construction had on 15 August 2019 issued a letter to MPM Project Management confirming substantial and practical completion of the scope of work stipulated in the contract for our KTCC Mall Project (which mainly entails reinforced concrete structural works, brickwall and plastering works, and construction of electrical substations) and requested for joint inspection to facilitate issuance of the CPC by the architect. Subsequent to 15 August 2019, However, on 16 April 2020 TCS Construction received a certificate of non-completion dated 1 December 2019 from MPM Project Management in relation to an alleged non-completion of our scope of work specified in the contract for our KTCC Mall Project by the alleged extended completion date of 30 November 2019 and claim for liquidated ascertained damages of RM100,000.00 per day for the period during which the works are alleged to be incomplete. The solicitors of TCS Construction are of the opinion that if there is any liability, the sum will be RM5.40 million being the liquidated ascertained damages payable from 1 December 2019 until 23 January 2020, being the date of issuance of the CCC and legal costs.

To ensure that there is no financial impact to TCS Construction in respect of the dispute, our Managing Director, Dato' Ir Tee Chai Seng has procured the issuance of a bank guarantee by CDB Realty, a company owned by Dato' Ir Tee Chai Seng and Datin Koh Ah Nee, payable to TCS Construction to cover the estimated amount of liquidated ascertained damages of RM5.40 million for an initial period of two years from 23 June 2020 to 22 June 2022, and is renewable upon its expiry up to 22 June 2023 or such longer period subject to terms and conditions in the offer letter from CIMB Bank Berhad and as may be stipulated by the bank. In addition, he has also given an irrevocable and unconditional undertaking to:

(i) make payment on behalf of TCS Construction if required by law to be made by TCS Construction; and

(ii) to procure renewal of the said bank guarantee on an annual basis (or for whatsoever reason, a replacement of equivalent amount), to ensure such bank guarantee will be subsisting until the dispute between TCS Construction and MPM Project Management is resolved.

Dato' Ir Tee Chai Seng and/ or persons connected with him will not seek to recover any compensation from TCS Group for any amounts paid under the bank guarantee, and any amounts which are required to be paid on behalf of TCS Construction if required by law to be made by TCS Construction. Please refer to Section 15.6 of this Prospectus for details on the dispute and the opinion of our solicitors.

(f) Impact of foreign exchange

Our transactions are solely denominated in RM.

Our business operations, customers and suppliers are all within Malaysia. As such, there is no direct impact of foreign exchange fluctuations on the operating profits of our Group for the FYE Under Review.

(g) Impact of inflation

Our financial performance for the FYE Under Review was not materially affected by the impact of inflation.

(h) Impact of interest rates

For the FYE Under Review, our financial performance was not materially affected by the fluctuations of interest rates. Please refer to Section 29(c) in the Accountants' Report set out in Section 14 of this Prospectus for sensitivity analysis on our PAT to changes in interest rates.

(i) Impact of Government, economic, fiscal and monetary policies

Our financial and business prospects, and the prospects of the industry in which we operate, will depend to some degree on the development on the political, economic and regulatory front in Malaysia. Risks relating to changes in political, economic and regulatory policies in Malaysia which may materially affect our operations are set out in Section 4.2.5 of this Prospectus.

During the FYE Under Review, we have not experienced any adverse political, economic and regulatory changes that have had a direct impact on our business operations.

12.3.3 Results of operations

The components of the results of operations of our Group are as follows:

(a) Revenue

We derived our revenue for the FYE Under Review from the provision of construction services in mainly residential and commercial segments. Please refer to Section 6.3 of this Prospectus for our on-going and completed projects.

Our contract sum, which represents the expected total revenue from our construction contract, is measured at its expected value, i.e. initial fixed contract price agreed with our customers and its subsequent adjustments, if any, for variation orders and liquidated ascertained damages payment.

We recognise our revenue over the period of our construction projects by reference to their stage of completion, which is estimated based on the total contract costs we incurred up to the end of our reporting period as a percentage of the total estimated costs for our construction contract.

However, in the event that we cannot estimate the outcome of our construction contract reliably, we will recognise our revenue only to the extent of the total contract costs we incurred and when it is probable that the total contract costs will exceed our contract sum, we will recognise the expected loss as an expense immediately.

In FYE 2018 and FYE 2019, due to uncertainty in estimating the final contract sum of our KTCC Mall Project, we recognised revenue to the extent of total contract costs incurred only.

Analysis of revenue by segment

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Segment								
Residential	52,100	50.28	51,772	72.19	127,467	87.15	279,362	77.94
Commercial	50,077	48.32	19,233	26.82	18,624	12.73	79,062	22.06
Others[1]	1,451	1.40	713	0.99	175	0.12	-	-
Total revenue	**103,628**	**100.00**	**71,718**	**100.00**	**146,266**	**100.00**	**358,424**	**100.00**

Note:

(1) Mainly include revenue from construction of elevated water tanks and electrical substations.

FYE 2017 compared to FYE 2016

In the FYE 2017, we recorded a decrease in revenue of RM31.91 million or 30.79% to RM71.72 million (FYE 2016: RM103.63 million) mainly due to lower revenue from our commercial segment.

The decrease in revenue from our commercial segment was mainly attributed to the completion of our projects in the beginning of FYE 2017 that led to lower levels of construction activities for the following projects:

(i) our Bandar Seri Coalfields Project which recorded a decrease of RM13.67 million or 97.23% in revenue to RM0.39 million (FYE 2016: RM14.06 million) as the construction was completed in April 2017;

(ii) our Jati 4 Project which recorded a decrease of RM10.27 million or 90.48% in revenue to RM1.08 million (FYE 2016: RM11.35 million) as the construction was completed in January 2017; and

(iii) our GEMS International school Project which recorded a decrease of RM6.38 million or 27.66% to RM16.69 million (FYE 2016: RM23.07 million) as the construction was completed in February 2017.

Near the end of FYE 2017, we commenced our Riana South Project, Suria Pantai Project and Setia City Residences Project performing mainly foundation works and pilling works. As these projects were at their initial stages of construction, the level of construction activities performed was low and hence did not contribute significantly to our revenue.

FYE 2018 compared to FYE 2017

In the FYE 2018, we recorded an increase in revenue of RM74.55 million or 103.95% to RM146.27 million (FYE 2017: RM71.72 million), mainly from our projects under the residential segment.

Upon completion of the foundation works and pilling works, we then commenced the main building and structural works (such as concrete flooring and beams) for our Riana South Project, Suria Pantai Project and Setia City Residences Project in the last quarter of 2018. The higher level of construction activities had contributed to higher revenue during the FYE 2018 from these projects:

(i) our Riana South Project which revenue increased by RM32.16 million or 881.10% to RM35.81 million (FYE 2017: RM3.65 million);

(ii) our Suria Pantai Project which revenue increased by RM31.02 million or 1,632.63% to RM32.92 million (FYE 2017: RM1.90 million); and

(iii) our Setia City Residences Project which revenue increased by RM13.04 million or 375.79% to RM16.51 million (2017: RM3.47 million).

In addition, we had also commenced our Tropicana Urban Homes Project in January 2018 which also contributed to the increase in our revenue of RM23.64 million (FYE 2017: nil) for construction works performed such as foundation works, pilling works, and main building and structural works.

Nevertheless, the increase in revenue from our residential segment was partially offset by the decrease in revenue recognised by RM20.84 million or 60.13% to RM13.82 million (FYE 2017: RM34.66 million) from our Albury 2 Project as it was completed in July 2018.

FYE 2019 compared to FYE 2018

In the FYE 2019, we recorded an increase in revenue of RM212.16 million or 145.05% to RM358.42 million (FYE 2018: RM146.27 million), from both our residential and commercial segments. The increase in revenue was attributed to higher level of construction activities as we continued to perform the main building and structural works for most of our on-going projects.

The higher level of construction activities from our residential segment which had contributed to higher revenue during the FYE 2019 was mainly from these projects:

(i) our Tropicana Urban Homes Project which revenue increased by RM47.86 million or 202.45% to RM71.50 million (FYE 2018: RM23.64 million);
(ii) our Suria Pantai Project which revenue increased by RM33.50 million or 101.76% to RM66.42 million (FYE 2018: RM32.92 million);

(iii) our Woodbury Project which revenue increased by RM22.03 million or 2,368.82% to RM22.96 million (FYE 2018: RM0.93 million); and

(iv) our Riana South Project which revenue increased by RM11.97 million or 33.43% to RM47.78 million (FYE 2018: RM35.81 million).

In addition, we had also commenced our Hermington Project in January 2019 which also contributed to the increase in our revenue of RM43.64 million (FYE 2018: nil) for construction works performed such as preliminaries, and main building and structural works.

The increase in revenue from our commercial segment was mainly attributed to our KTCC Mall Project, which revenue increased by RM62.08 million or 380.39% to RM78.40 million (FYE 2018: RM16.32 million) for performing mainly the main building and structural works. We had completed our KTCC Mall Project in August 2019.

(b) Cost of sales

Our Group's cost of sales comprises subcontractors' costs, construction materials, preliminaries and direct labour costs. The major components of our construction project costs are subcontractors' costs and construction materials that collectively constitute 88.43%, 88.20%, 84.89% and 85.45% of our total cost of sales for the respective FYE Under Review. Please refer to Section 6.6 of this Prospectus for further details of our cost of sales.

Analysis of cost of sales by segment

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Segment								
Residential	45,555	51.00	41,493	73.13	108,862	86.58	242,297	75.55
Commercial	42,727	47.83	14,724	25.95	16,762	13.33	78,399	24.45
Others	1,048	1.17	524	0.92	107	0.09	-	-
Total cost of sales	**89,330**	**100.00**	**56,741**	**100.00**	**125,731**	**100.00**	**320,696**	**100.00**

12. FINANCIAL INFORMATION *(CONT'D)*

Analysis of cost of sales by cost items

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractors' costs	43,650	48.87	37,271	65.69	47,094	37.46	154,462	48.17
Construction materials	35,341	39.56	12,775	22.51	59,631	47.43	119,561	37.28
Preliminaries	6,575	7.36	4,070	7.17	13,785	10.96	32,551	10.15
Direct labour cost	3,764	4.21	2,625	4.63	5,221	4.15	14,122	4.40
Total cost of sales	**89,330**	**100.00**	**56,741**	**100.00**	**125,731**	**100.00**	**320,696**	**100.00**

FYE 2017 compared to FYE 2016

In the FYE 2017, we recorded a decrease in cost of sales of RM32.59 million or 36.48% to RM56.74 million (FYE 2016: RM89.33 million) mainly due to lower cost of sales from our commercial segment. The decrease in cost items was mainly due to:

(i) decrease in subcontractors' costs by RM6.38 million or 14.62% to RM37.27 million (FYE 2016: RM43.65 million); and

(ii) decrease in cost of materials by RM22.56 million or 63.84% to RM12.78 million (FYE 2016: RM35.34 million).

The decrease was mainly due to completion of our Bandar Seri Coalfields Project, Jati 4 Project and GEMS International School Project during the FYE 2017 in line with lower revenue recognised from these projects.

FYE 2018 compared to FYE 2017

In the FYE 2018, we recorded an increase in cost of sales of RM68.99 million or 121.59% to RM125.73 million (FYE 2017: RM56.74 million) mainly due to higher cost of sales from our residential segment. The increase in cost items was mainly due to:

(i) increase in subcontractors' costs by RM9.82 million or 26.35% to RM47.09 million (FYE 2017: RM37.27 million);

(ii) increase in cost of materials by RM46.85 million or 366.59% to RM59.63 million (FYE 2017: RM12.78 million); and

(iii) increase in cost of preliminaries by RM9.72 million or 238.82% to RM13.79 million (FYE 2017: RM4.07 million).

The increase was mainly due to higher level of construction activities in our Riana South Project, Suria Pantai Project and Setia City Residences Project which commenced near the end of FYE 2017 and commencement of construction works for our Tropicana Urban Homes Project in January 2018. The construction activities performed in FYE 2018 were mainly for foundation works, pilling works, and main building and structural works. The increase was in line with the increase in revenue recognised from these projects.

The construction activities performed in FYE 2018 required a substantial amount of construction materials. Therefore, the increase in costs of construction materials and preliminaries (in terms of percentage) outweighed the increase in subcontractors' costs in FYE 2018.

FYE 2019 compared to FYE 2018

In the FYE 2019, we recorded an increase in cost of sales of RM194.97 million or 155.07% to RM320.70 million (FYE 2018: RM125.73 million) mainly due to higher cost of sales from our residential and commercial segments. The increase in cost items was mainly due to:

(i) increase in subcontractors' costs by RM107.37 million or 228.01% to RM154.46 million (FYE 2018: RM47.09 million);

(ii) increase in cost of materials by RM59.93 million or 100.50% to RM119.56 million (FYE 2018: RM59.63 million); and

(iii) increase in cost of preliminaries by RM18.76 million or 136.04% to RM32.55 million (FYE 2018: RM13.79 million).

The increase was mainly due to higher level of construction activities for our Tropicana Urban Homes Project, Suria Pantai Project , Woodbury Project, Riana South Project and KTCC Mall Project during the FYE 2019, and commencement of construction works for our Hermington Project in January 2019. The construction activities performed in FYE 2019 for most of our on-going projects were mainly for the main building and structural works. The increase in cost of sales was in line with the increase in revenue recognised from these projects.

The construction activities performed in FYE 2019 (which includes main building and structural works, architectural works, and mechanical and electrical works) required more subcontractors' services as compared to FYE 2018. Therefore, the increase in subcontractors' costs (in terms of percentage) outweighed the increase in cost of construction materials in FYE 2019.

(c) GP and GP Margin

We price our construction projects based on cost estimates taking into consideration the complexity and scale of our construction project. As such, our GP and GP margin are dependent on the accuracy of our cost estimates.

Typically, we will allocate higher cost estimates during the initial stage of our projects as they involve higher uncertainties. As a result, our GP margin recognised at the initial stage of our projects is lower.

Further, our GP and GP Margin may fluctuate throughout our project period when we revise our cost estimates taking into consideration our progress and the remaining costs to be incurred up to completion. Such fluctuations are typically more significant nearing completion of our projects when we can estimate our costs more accurately.

Prior to FYE 2019, we generally reviewed our project's cost estimates on a yearly basis, which resulted in volatility in our GP margin. However, during FYE 2019, we adopted and implemented new standard operating procedures which require us to review and adjust (if required) our project's cost estimates on a quarterly basis.

Analysis of GP and GP margin by segment

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Segment								
Residential	6,545	45.78	10,279	68.63	18,605	90.60	37,065	98.24
Commercial	7,350	51.40	4,509	30.11	1,862	9.07	663	1.76
Others	403	2.82	189	1.26	68	0.33	-	-
Total GP	**14,298**	**100.00**	**14,977**	**100.00**	**20,535**	**100.00**	**37,728**	**100.00**

	FYE 2016	FYE 2017	FYE 2018	FYE 2019
	%	%	%	%
GP margin (%)				
Residential	12.56	19.85	14.60	13.27
Commercial	14.68	23.44	10.00	0.84
Others	27.77	26.51	38.86	-
Overall GP margin	**13.80**	**20.88**	**14.04**	**10.53**

FYE 2017 compared to FYE 2016

In the FYE 2017, we recorded a slightly higher GP of RM14.98 million (FYE 2016: RM14.30 million), representing an increase of RM0.68 million or 4.75% amidst a decrease in our revenue to RM71.72 million (FYE 2016: RM103.63 million). The increase in our GP has resulted in an overall higher GP margin of 20.88% (FYE 2016: 13.80%).

The increase in our GP margin in FYE 2017 was mainly contributed by:

(i) our residential segment, which recorded a higher GP margin of 19.85% (FYE 2016: 12.56%), representing an increase of 7.29% mainly due to cost savings achieved from bulk purchase of construction materials for our Albury 1 Project and Albury 2 Project in FYE 2016 as these projects were located in close proximity to each other. In FYE 2017, we revised our cost estimates for these two projects to reflect the said cost savings; and

(ii) our commercial segment, which recorded a higher GP margin of 23.44% (FYE 2016: 14.68%), representing an increase of 8.76% mainly due to a revision in cost estimates for our GEMS International School Project after its completion in February 2017 as we incurred lower costs for the project than previously estimated, which included the amount allocated for contingencies which were not utilised.

FYE 2018 compared to FYE 2017

In the FYE 2018, our GP increased by RM5.56 million or 37.12% to RM20.54 million (FYE 2017: RM14.98 million), while our overall GP margin has decreased 6.84% to 14.04% (FYE 2017: 20.88%).

The decrease in our GP margin in FYE 2018 was mainly attributed to:

(i) our residential segment, which recorded a lower GP margin of 14.60% (FYE 2017: 19.85%), representing a decrease of 5.25% as our GP during the financial year included contribution from our Suria Pantai Project, Riana South Project and Tropicana Urban Homes Project which had lower GP margins on the back of larger contract sums; and

(ii) our commercial segment, which recorded a lower GP margin of 10.00% (FYE 2017: 23.44%), representing a decrease of 13.44% mainly because we did not recognise any GP from our KTCC Mall Project as highlighted in Section 12.3.2(e).

FYE 2019 compared to FYE 2018

In the FYE 2019, our GP increased by RM17.19 million or 83.69% to RM37.73 million (FYE 2018: RM20.54 million), while our overall GP margin has decreased 3.51% to 10.53% (FYE 2018: 14.04%).

The decrease in our GP margin in FYE 2019 was mainly attributed to:

(i) our residential segment, which recorded a lower GP margin of 13.27% (FYE 2018: 14.60%), representing a decrease of 1.33% as our GP during the financial year included contribution from our Tropicana Urban Homes Project, Suria Pantai Project, Riana South Project and Hermington Project which had lower GP margins on the back of larger contract sums; and

(ii) our commercial segment, which recorded a lower GP margin of 0.84% (FYE 2018: 10.00%), representing a decrease of 9.16% as we did not recognise any GP from our KTCC Mall Project as highlighted in Section 12.3.2(e).

(d) Other income

Other income consists of mainly expenses over accrued in prior years and late payment interest charges received.

The breakdown of our other income for the FYE Under Review is as follows:

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Expenses over accrued in prior years	-	-	294	99.32	819	51.65	-	-
Late payment interest charges received	-	-	-	-	529	33.35	-	-
Others[1]	14	100.00	2	0.68	238	15.00	125	100.00
Total other income	**14**	**100.00**	**296**	**100.00**	**1,586**	**100.00**	**125**	**100.00**

Note:

(1) Others mainly consist of miscellaneous works and gain on disposal of property, plant and equipment.

FYE 2017 compared to FYE 2016

For the FYE 2017, other income increased by RM0.29 million or 2,900.00% to RM0.30 million (FYE 2016: RM0.01 million). This increase was mainly attributable to expenses over accrued in prior years of RM0.29 million as actual costs incurred were lower than previously budgeted.

FYE 2018 compared to FYE 2017

For the FYE 2018, other income increased by RM1.29 million or 430.00% to RM1.59 million (FYE 2017: RM0.30 million) mainly attributable to:

(i) expenses over accrued in prior years of RM0.82 million as actual costs incurred were lower than previously budgeted; and

(ii) interest charged and received for late payment from a customer of RM0.53 million. The total outstanding balance due from the customer has been fully collected in FYE 2018.

FYE 2019 compared to FYE 2018

For the FYE 2019, other income decreased by RM1.46 million or 91.82% to RM0.13 million (FYE 2018: RM1.59 million) mainly due to recognition in FYE 2018 of expenses over accrued in prior years and late payment interest charge received.

(e) Administrative expenses, other expenses and net loss on impairment of financial assets

Administrative expenses are costs incurred to maintain our business operations such as staff cost and wages, directors' remuneration, depreciation of property, plant and equipment, rental expenses, and upkeep and maintenance expenses.

Other expenses relate to expenses incurred which are not directly related to our projects such as bad debts written off.

Net loss on impairment of financial assets is in respect of allowance for expected credit loss.

The breakdown of our administrative, other expenses and net loss on impairment of financial assets for the FYE Under Review is as follows:

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative expenses								
Auditors' remuneration	20	0.26	55	0.77	95	1.04	130	0.84
Bank commission	-	-	-	-	345	3.77	215	1.39
Directors' remuneration	3,694	48.52	1,824	25.68	1,044	11.40	1,287	8.33
Depreciation of property, plant and equipment	697	9.16	733	10.32	2,055	22.44	4,796	31.04
Insurance and road tax	73	0.96	85	1.20	129	1.41	110	0.71
Penalty	-	-	428	6.02	125	1.36	-	-
Permit	-	-	-	-	217	2.37	168	1.09
Rental of premises	72	0.95	72	1.01	74	0.81	178	1.15
Rental of hostel	48	0.63	49	0.69	50	0.55	49	0.31
Staff cost and wages	2,119	27.83	2,154	30.32	3,373	36.83	5,381	34.82
Upkeep and maintenance	113	1.48	111	1.56	184	2.01	1,285	8.31
Utilities	75	0.99	77	1.08	83	0.91	105	0.68

12. FINANCIAL INFORMATION *(CONT'D)*

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Miscellaneous expenses[1]	598	7.85	722	10.17	1,204	13.15	1,534	9.93
	7,509	**98.63**	**6,310**	**88.82**	**8,978**	**98.05**	**15,238**	**98.60**
Other expenses								
Bad debts written off	-	-	213	3.00	-	-	8	0.05
	-	**-**	**213**	**3.00**	**-**	**-**	**8**	**0.05**
Net loss on impairment of financial assets								
Allowance for expected credit loss	104	1.37	581	8.18	179	1.95	209	1.35
	104	**1.37**	**581**	**8.18**	**179**	**1.95**	**209**	**1.35**
Total expenses	**7,613**	**100.00**	**7,104**	**100.00**	**9,157**	**100.00**	**15,455**	**100.00**

Note:

(1) Miscellaneous expenses consist mainly of expenses such as printing and stationery fees, transport expenses, legal and professional fees, entertainment expenses and tender documentation fees.

FYE 2017 compared to FYE 2016

For the FYE 2017, our Group recorded a decrease in total expenses by RM0.51 million or 6.70% to RM7.10 million (FYE 2016: RM7.61 million). The decrease was mainly attributable to lower directors' remuneration of RM1.82 million for FYE 2017 as compared to RM3.69 million for FYE 2016 and commensurate with the decrease in our revenue as well as our intention to conserve funds to finance our newly secured construction projects during the financial year.

The decrease was partially offset by the following:

(i) bad debts written off of RM0.21 million which mainly relates to a customer which had wound up;

(ii) increase in allowance for expected credit loss of RM0.48 million on outstanding receivables mainly due to non-recoverability of long outstanding receivables; and

(iii) tax penalty payments of RM0.43 million due to underestimation of income tax expenses for previous years of assessment mainly attributed to non-deductible expenses previously recognised as deductible expenses. The expenses mainly refer to building material costs incurred and borne by TCS Construction for renovation of our Directors' houses. In FYE 2017, Lembaga Hasil Dalam Negeri ("**LHDN**") conducted a tax investigation on TCS Construction for its tax return for YA 2010 to YA 2015. TCS Construction and LHDN have subsequently agreed on additional tax plus penalty sum amounting to RM0.37 million, which was settled and accepted by LHDN in FYE 2018.

Upon our Listing, any related party transactions will be subject to monitoring and oversight of our Audit Committee to ensure that these transactions are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and not to the detriment to our minority shareholders. Please refer to Section 10.2 of this Prospectus for further details on our Audit Committee's monitoring and oversight of related party transactions.

FYE 2018 compared to FYE 2017

For the FYE 2018, our Group recorded an increase in total expenses by RM2.06 million or 29.01% to RM9.16 million (FYE 2017: RM7.10 million). The increase was mainly attributable to the following:

(i) increase in depreciation of property, plant and equipment by RM1.32 million due to addition of property, plant and equipment;

(ii) increase in staff cost and wages by RM1.22 million due to increase in the number of our employees by 21; and

(iii) increase in bank commission costs by RM0.35 million due to increase in our financing facilities.

The increase was partially offset by lower directors' remuneration of RM1.04 million for FYE 2018 as compared to RM1.82 million for FYE 2017. The lower directors' remuneration was in line with our Group's intention to conserve funds to finance our newly secured construction projects.

FYE 2019 compared to FYE 2018

For the FYE 2019, our Group recorded an increase in total expenses by RM6.30 million or 68.78% to RM15.46 million (FYE 2018: RM9.16 million). The increase was mainly attributable to the following:

(i) increase in depreciation of property, plant and equipment by RM2.74 million due to depreciation expenses charged on property, plant and equipment acquired in the second half of FYE 2018;

(ii) increase in staff cost and wages by RM2.01 million due to increase in the number of our employees by 18; and

(iii) increase in upkeep and maintenance by RM1.10 million due to renovation cost for our new office and repair cost for motor vehicles.

12. FINANCIAL INFORMATION *(CONT'D)*

(f) Net finance income/ (costs)

Our net finance income comprises mainly of interest income from licensed banks net of interest expense incurred for our borrowings.

The breakdown of our net finance income for the FYE Under Review is as follows:

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Finance income								
Interest income from licensed banks	246	173.24	442	124.51	441	450.00	439	90.33
Finance costs								
Lease liabilities interest	(63)	(44.37)	(64)	(18.03)	(212)	(216.33)	(504)	(103.70)
Domestic bills of exchange interest	-	-	-	-	(12)	(12.24)	-	-
Term loan interest	(2)	(1.41)	(20)	(5.63)	(119)	(121.43)	(418)	(86.01)
Others[1]	(39)	(27.46)	(3)	(0.85)	-	-	(3)	(0.62)
Net finance income/ (costs)	**142**	**100.00**	**355**	**100.00**	**98**	**100.00**	**(486)**	**(100.00)**

Note:

(1) Others mainly consist of bank overdraft interest and trust receipt interest.

FYE 2017 compared to FYE 2016

For the FYE 2017, our net finance income increased by RM0.22 million or 157.14% to RM0.36 million (FYE 2016: RM0.14 million), mainly due to increase in our interest income from licensed banks of RM0.20 million or 80.00% to RM0.44 million (FYE 2016: RM0.25 million) in line with our higher cash and bank balances.

FYE 2018 compared to FYE 2017

For the FYE 2018, our net finance income decreased by RM0.26 million or 72.22% to RM0.10 million (FYE 2017: RM0.36 million), mainly due to:

(i) increase in lease liabilities interest of RM0.15 million as we procured additional lease facilities during the financial year to part finance the purchase of construction machinery and equipment; and

(ii) increase in term loan interest of RM0.10 million to finance the acquisition of six properties from our customers' property development projects.

FYE 2019 compared to FYE 2018

For the FYE 2019, our net finance income decreased by RM0.59 million or 590.00% to a net finance cost of RM0.49 million (FYE 2018: net finance income of RM0.10 million), mainly due to:

(i) increase in lease liabilities interest of RM0.29 million due to interest arising from lease facilities acquired in the second half of FYE 2018 to part finance the purchase of construction machinery and equipment; and

(ii) increase in term loan interest of RM0.30 million to finance the acquisition of six properties from our customers' property development projects.

(g) Tax expense

The breakdown of our tax expense for the FYE Under Review is as follows:

	FYE 2016	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	1,754	2,645	2,988	6,020
- Prior year	4	-	3	190
	1,758	2,645	2,991	6,210
Deferred tax				
- Current year	-	(395)	388	(43)
- Prior year	(8)	85	(129)	88
	(8)	(310)	259	45
Total tax expense	**1,750**	**2,335**	**3,250**	**6,255**
Effective tax rate (%)	25.58	27.39	24.88	28.55
Statutory tax rate[1]:				
First RM0.5 million of chargeable income (%)	19.00	18.00	18.00	18.00
Balance of chargeable income (%)	24.00	24.00	24.00	24.00

Note:

(1) The corporate tax rate for a company with paid-up share capital of not more than RM2.50 million.

FYE 2016

For the FYE 2016, our effective tax rate was 25.58%, higher than the statutory tax rate mainly due to the tax impact of the following:

(i) non-deductible expenses of RM0.40 million that include allowance for expected credit losses, bank facility fees, tender and documentation fees, legal fees, professional fees and entertainment expenses; and

(ii) depreciation of non-qualifying assets which amounted to RM0.09 million.

FYE 2017

For the FYE 2017, our effective tax rate was 27.39%, higher than the statutory tax rate mainly due to the tax impact of the following:

(i) non-deductible expenses of RM0.89 million that include allowance for expected credit losses, tax penalty due to underestimation of income tax expenses for YA 2014, YA 2015 and YA 2016, bank facility fees, tender and documentation fees, legal fees and entertainment expenses;

(ii) depreciation of non-qualifying assets which amounted to RM0.13 million; and

(iii) under provision of prior financial year's deferred tax of RM0.09 million.

FYE 2018

For the FYE 2018, our effective tax rate was 24.88%, higher than the statutory tax rate mainly due to the tax impact of the following:

(i) non-deductible expenses of RM0.78 million that include allowance for expected credit losses, bank facility fees, tender and documentation fees, legal fees, professional fees and entertainment expenses; and

(ii) depreciation of non-qualifying assets which amounted to RM0.18 million.

FYE 2019

For the FYE 2019, our effective tax rate was 28.55%, higher than the statutory tax rate mainly due to the tax impact of the following:

(i) non-deductible expenses of RM0.66 million that include allowance for expected credit losses, bank facility fees, tender and documentation fees, legal fees, entertainment expenses and term loan interests;

(ii) under provision of prior financial year's tax expense of RM0.28 million; and

(iii) depreciation of non-qualifying assets which amounted to RM0.13 million.

12.3.4 Exceptional and extraordinary items

There were no exceptional and extraordinary items for the FYE Under Review.

12.3.5 Significant changes

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. During the MCO period, all government and private premises except those involved in essential services are required to be closed and to cease operations during the period that the MCO takes effect unless exempted. This was followed by a conditional MCO on 4 May 2020 which allowed selected business sectors to resume operations and recovery MCO from 10 June 2020 to 31 August 2020. During the MCO period, we had to temporarily suspend our construction works and was only allowed to resume operations upon obtaining from MITI. As a result, our progress in completing our projects has been affected. However, the temporary suspension did not have a material impact on our business operations and financial conditions. Please refer to Section 6.1 of this Prospectus for the measures we have implemented to commence and continue our business operations, and the impact of COVID-19 on our supply chain and our projects.

Other than the above and as disclosed in Sections 4.1.9, 6.1, 12.3.2(e) and 15.6 of this Prospectus, there are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to our audited consolidated financial statements for FYE 2019.

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our operations are funded by a combination of internal and external source of funds. Our Group's internal sources of funds comprise share capital, cash generated from our operating activities, and cash and bank balances, while our external funds are mainly from facilities granted by financial institutions. As at 31 December 2019, our Group had cash and cash equivalents of RM15.02 million and financing facilities with a combined limit of RM136.99 million, out of which RM84.94 million had not been utilised.

Our Board is of the opinion that after taking into consideration the outbreak of COVID-19 and the period we were temporarily required to suspend our construction activities for approximately two and a half months as detailed in Section 6.1 of this Prospectus, the existing level of cash and cash equivalents, the expected cash flows to be generated from our operations, the remaining amount that is available under our existing financing facilities and new financing facilities that may be granted to us, as well as the estimated proceeds from the Public Issue, our Group will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

12.4.2 Cash flows summary

The table below sets out the summary of our audited consolidated statements of cash flows for the FYE Under Review:

	Audited			
	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from/(used in) operating activities	8,215	12,653	(6,171)	25,270
Net cash used in investing activities	(5,112)	(1,842)	(12,043)	(9,862)
Net cash from/(used in) financing activities	2,488	(224)	5,314	(5,006)
Net increase/(decrease) in cash and cash equivalents	5,591	10,587	(12,900)	10,402
Cash and cash equivalents at beginning of the financial year	1,340	6,931	17,518	4,618
Cash and cash equivalents at end of the financial year	**6,931**	**17,518**	**4,618**	**15,020**

Note:

(1) Components of cash and cash equivalents are set out below:

	Audited			
	FYE 2016	**FYE 2017**	**FYE 2018**	**FYE 2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks	7,053	8,535	11,262	12,938
Cash and bank balances	6,936	17,518	3,709	15,214
Less: Bank overdraft	(5)	-	(2,486)	-
	13,984	26,053	12,485	28,152
Less: Fixed deposits pledged	(7,053)	(8,535)	(7,376)	(12,409)
Less: Sinking fund pledged	-	-	(491)	(723)
	6,931	**17,518**	**4,618**	**15,020**

12. FINANCIAL INFORMATION *(CONT'D)*

FYE 31 December 2016

Net cash from operating activities

For the FYE 2016, our Group recorded net cash from operating activities of RM8.22 million due to cash receipts from our customers which were mainly offset by cash paid to suppliers and subcontractors, directors and employees, and tax authorities.

(i) Cash receipts from customers amounted to RM106.17 million. Some of our major cash receipts were for the following projects:

  (a) RM46.64 million from our Albury 1 Project and Albury 2 Project;

  (b) RM25.02 million from our GEMS International School Project;

  (c) RM16.25 million from our Jati 4 Project; and

  (d) RM15.95 million from our Bandar Seri Coalfields Project.

(ii) Cash paid amounted to RM97.96 million was mainly for the following:

  (a) RM88.30 million for suppliers and subcontractors costs;

  (b) RM7.18 million for directors' remuneration and staff salaries;

  (c) RM1.34 million for administrative expenses; and

  (d) RM1.04 million for income tax expense.

Net cash used in investing activities

For the FYE 2016, we recorded a net cash outflow of RM5.11 million for our investing activities mainly due to:

(i) additional placement of fixed deposit pledged with our licensed banks of RM3.97 million; and

(ii) outflows of RM1.14 million mainly for the purchase of a townhouse used as staff accommodation, construction machinery and equipment, and motor vehicles.

Net cash from financing activities

For the FYE 2016, our financing activities recorded a net cash inflow of RM2.49 million mainly due to:

(i) advance received from our Director amounting to RM2.01 million for our working capital purposes;

(ii) drawdown of term loan of RM0.46 million to finance the acquisition of a townhouse used as staff accommodation; and

(ii) drawdown of trust receipts of RM0.45 million to be used as working capital for our Albury 2 Project.

Such cash inflow was partially offset by payment of lease liabilities of RM0.43 million relating to construction machinery and equipment, and motor vehicles.

12. FINANCIAL INFORMATION *(CONT'D)*

FYE 2017

Net cash from operating activities

For the FYE 2017, our Group recorded net cash from operating activities of RM12.65 million due to cash receipts from our customers which were mainly offset by cash paid to suppliers and subcontractors, directors and employees, and tax authorities.

(i) Cash receipts from customers amounted to RM81.58 million. Some of our major cash receipts were for the following projects:

  (a) RM59.50 million from our Albury 1 Project and Albury 2 Project, of which RM10.94 million was in respect of billings issued in FYE 2016;

  (b) RM18.90 million from our GEMS International School Project; and

  (c) RM2.78 million from our Jati 4 Project.

(ii) Cash paid amounted to RM68.93 million was mainly for the following:

  (a) RM60.37 million for suppliers and subcontractors costs;

  (b) RM4.98 million for directors' remuneration and staff salaries;

  (c) RM1.84 million for administrative expenses; and

  (d) RM1.65 million for income tax expense.

Net cash used in investing activities

For the FYE 2017, we recorded a net cash outflow of RM1.84 million for our investing activities mainly due to:

(i) additional placement of fixed deposit pledged with our licensed banks of RM1.48 million; and

(ii) outflows of RM0.36 million mainly for the purchase of construction machinery and equipment, and motor vehicles.

Net cash used in financing activities

For the FYE 2017, our financing activities recorded a net cash outflow of RM0.22 million mainly due to:

(i) repayment of lease liabilities of RM0.48 million which was used to finance the purchase of construction machinery and equipment, and motor vehicles,

(ii) repayment of trust receipts of RM0.45 million which was used for our working capital purposes; and

(iii) repayment of our Director's advance of RM0.20 million which was used for our working capital purposes.

Such cash outflow was offset by cash inflow of RM0.90 million relating to proceeds from issuance of TCS Construction's shares to our Promoters for our general working capital purposes.

FYE 2018

Net cash used in operating activities

For the FYE 2018, our Group recorded net cash outflow for operating activities of RM6.17 million due to cash paid to suppliers and subcontractors, directors and employees, and tax authorities which was offset by cash receipts from our customers.

(i) Cash paid amounted to RM104.11 million were mainly for the following:

  (a) RM88.88 million for suppliers and subcontractors costs;

  (b) RM8.36 million for directors' remuneration and staff salaries;

  (c) RM3.55 million for income tax expense; and

  (d) RM2.98 million for administrative expenses.

(ii) Cash receipts from customers amounted to RM97.94 million. Some of our major cash receipts were for the following projects:

  (a) RM24.75 million from our Suria Pantai Project;

  (b) RM24.24 million from our Riana South Project;

  (c) RM15.54 million from our Albury 1 Project and Albury 2 Project;

  (d) RM13.38 million from our Setia City Residence Project;

  (e) RM10.07 million from our Tropicana Urban Homes Project; and

  (f) RM5.38 million from our KTCC Mall Project.

We recorded net cash outflow for operating activities of RM6.17 million mainly due to delayed payments by our customers for our Suria Pantai Project, Tropicana Urban Homes Project and Riana South Project amounting to RM11.93 million as at 31 December 2018, which exceeded our normal credit terms.

As at the LPD, we have recovered the above outstanding trade receivables balance (excluding retention sum) in full. Please refer to Section 12.7.1 for details of our trade receivables ageing and subsequent collections.

Net cash used in investing activities

For the FYE 2018, we recorded a net cash outflow of RM12.04 million from our investing activities mainly due to outflows of RM3.43 million for the purchase of construction machinery and equipment, RM6.59 million for the purchase of three shop offices from our customers' property development projects which were completed as at the LPD, and RM1.13 million for the purchase of three shop offices from our customers' property development projects which are still under construction as at the LPD.

Net cash used in financing activities

For the FYE 2018, our financing activities recorded a net cash inflow of RM5.31 million, mainly due to:

(i) drawdown of term loans of RM7.19 million to finance the purchase of six shop offices from our customers' property development projects; and

(ii) drawdown of domestic bills of exchange of RM3.69 million to finance the working capital requirements of our on-going projects.

Such inflow was mainly offset by:

(i) payment of dividends in respect of FYE 2017 amounting to RM2.50 million;

(ii) repayment of our Director's advance of RM1.85 million which was previously used for our working capital purposes; and

(iii) repayment of lease liabilities of RM1.24 million which was used to finance the purchase of construction machinery and equipment, and motor vehicles.

FYE 2019

Net cash used in operating activities

For the FYE 2019, our Group recorded net cash from operating activities of RM25.27 million due to cash receipts from our customers which were mainly offset by cash paid to suppliers and subcontractors, directors and employees, and tax authorities.

(i) Cash receipts from customers amounted to RM358.09 million. Some of our major cash receipts were for the following projects:

(a) RM84.49 million from our Suria Pantai Project;

(b) RM83.85 million from our KTCC Mall Project;

(c) RM74.32 million from our Tropicana Urban Homes Project;

(d) RM48.93 million from our Riana South Project;

(e) RM25.67 million from our Hermington Project;

(f) RM20.90 million from our Setia City Residences Project; and

(g) RM17.07 million from our Woodbury Project.

(ii) Cash paid amounted to RM332.82 million was mainly for the following:

(a) RM308.88 million for suppliers and subcontractors costs;

(b) RM14.30 million for directors' remuneration and staff salaries;

(c) RM4.20 million for administrative expenses; and

(d) RM4.39 million for income tax expense.

Net cash used in investing activities

For the FYE 2019, we recorded a net cash outflow of RM9.86 million from our investing activities mainly due to:

(i) additional placement of fixed deposit pledged with our licensed banks of RM5.03 million; and

(ii) outflows of RM1.71 million for the purchase of construction machinery and equipment, and motor vehicles, RM1.51 million for the purchase of three shop offices from our customers' property development projects which are still under construction as at the LPD, and RM0.38 million for the purchase of three shop offices from our customers' property development projects which were completed as at the LPD. In FYE 2019, we have fully paid off the three completed properties using our internally generated funds and term loans.

Net cash used in financing activities

For the FYE 2019, our financing activities recorded a net cash outflow of RM5.01 million, mainly due to:

(i) repayment of domestic bills of exchange of RM3.69 million which was used to finance the working capital requirements of our on-going projects; and

(ii) repayment of lease liabilities of RM3.32 million which was used to finance the purchase of construction machinery and equipment, and motor vehicles.

Such cash outflow was mainly offset by drawdown of term loans of RM2.31 million to finance the purchase of three shop offices from our customers' property development projects

12.4.3 Borrowings

As at 31 December 2019, our Group's total outstanding borrowings of approximately RM18.57 million, all of which are interest-bearing and denominated in RM, are as follows:

	As at 31 December 2019		
	Short term (due within 12 months)	**Long term (due after 12 months)**	**Total**
	RM'000	**RM'000**	**RM'000**
Secured			
Term loans	281	9,367	9,648
Lease liabilities	3,822	5,102	8,924
Total interest-bearing borrowings	**4,103**	**14,469**	**18,572**

Type of borrowings	**Purpose of borrowings**	**Tenure**	**Interest rate per annum**	**As at 31 December 2019**
			%	**RM'000**
Bank overdrafts	For our working capital	Payable on demand	7.70 – 7.95	-
Domestic bills of exchange	For our working capital	Payable on demand	7.60 – 7.75	-
Term loans	Mainly to finance purchase of our properties	20 years	4.47 – 8.82	9,648
Lease liabilities	Finance purchase of our construction machinery and equipment, and motor vehicles	3 to 7 years	4.53 – 8.98	8,924
			Total	**18,572**
			Gearing ratio[1] (times)	**0.44**

12. FINANCIAL INFORMATION *(CONT'D)*

Note:

(1) Calculated based on total borrowings over total equity as at 31 December 2019.

The maturity profile of our borrowings as at 31 December 2019 is set out below:

	As at 31 December 2019 RM'000
Payable on demand or within one year	4,103
More than one year and less than five years	6,553
More than five years	7,916
Total borrowings	**18,572**

Our borrowings are secured by legal charges and deeds of assignment over our properties and our construction contract proceeds, deposits pledged with licensed banks, sinking funds pledged, and guarantees by our Directors.

Our Group has not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2019 and from 1 January 2020 up to the LPD.

As at the LPD, our Company and our Subsidiaries are not in breach of any terms and conditions or covenants associated with our borrowings which can materially affect our financial position and results, our business operations or the investments by holders of our securities.

Over the FYE Under Review, we have not experienced any clawback or reduction in the facilities limit granted to us by our lenders. We do not encounter any seasonality in our borrowings.

Our Promoters have extended personal guarantees for our Group's banking facilities above.

As at the LPD, our Promoters have obtained consents from most of the financial institutions for discharge of the personal guarantees provided, subject mainly to our successful Listing and replacement of the personal guarantees with corporate guarantees, save for a lease liability. Our Promoters will obtain the consent from the remaining financial institution to discharge the personal guarantees and complete the discharge of all the personal guarantees within six months from our Listing, save for those disclosed in Section 10.1.3 of this Prospectus.

12. FINANCIAL INFORMATION *(CONT'D)*

12.4.4 Financial instruments for hedging purpose

As at the LPD, we do not utilise any financial instrument for hedging purposes.

12.4.5 Treasury policies and objectives

We have been financing our operations mainly through internally generated funds and external source of funds. External source of funds mainly comprises borrowings, including term loans, lease liabilities, domestic bills of exchange and bank overdrafts.

The interest rates of our borrowings (save for our lease liabilities) are based on the financial institutions' prevailing cost of funds and base lending rate, including any additional margin added to or deducted from the prevailing cost of funds/base lending rate which were agreed upon with our bankers when the respective financing facilities were granted.

Our lease liabilities are based on fixed rates.

The principal usage of these financing facilities is for working capital, and to finance purchase of our properties, construction machinery and equipment, and motor vehicles.

Our funding policy is to obtain the most suitable type of financing at the most favourable cost of funding as and when our financing needs arise.

12.5 CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD we do not have any other contingent liabilities which upon becoming enforceable may materially and adversely affect our results of operations or financial position:

	As at the LPD
	RM'000
Performance bond guarantees for our construction projects	25,595
Corporate guarantees given to financial institutions for credit facilities granted to companies which our Directors have interests[1]	14,343
Total contingent liabilities	39,938

In addition, we will be providing performance bond of 5.00% of the contract sum for our Putrajaya Sentral Project in due course.

Note:

(1) We have obtained the relevant undertakings from the financial institutions to discharge TCS Construction as a corporate guarantor, conditional upon our successful Listing. Please refer to Section 10.1.3 for further details.

12. FINANCIAL INFORMATION *(CONT'D)*

12.6 MATERIAL CAPITAL COMMITMENTS

Save as disclosed below, as at the LPD we do not have any other material capital commitments incurred or known to be incurred by us that may have a material and adverse impact on our results of operations or financial position:

	As at the LPD RM'000
Approved and contracted for:	
Purchase of properties	359

The purchase of properties relates to the remaining capital commitments for three shop offices which we intend to use as site office for our future projects in Negeri Sembilan, if required.

We expect to meet our material capital commitments through borrowings.

12.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the FYE Under Review are as follows:

	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Trade receivable turnover (days)[1]	49	72	99	60
Trade payables turnover (days)[2]	53	79	76	37
Current ratio (times)[3]	1.23	1.41	1.18	1.29
Gearing ratio (times) [4]	0.20	0.10	0.89	0.44

Notes:

(1) Computed based on average of the opening and closing trade receivables (excluding retention sum) over the revenue of the respective financial years, multiplied by 365 days.

(2) Computed based on average of the opening and closing trade payables (excluding retention sum) over the cost of sales of the respective financial years, multiplied by 365 days.

(3) Computed based on current assets over current liabilities as at 31 December of the respective financial years.

(4) Computed based on the total borrowings over total equity as at 31 December of the respective financial years.

12.7.1 Trade receivables

The normal credit term given to our customers generally range from 30 to 60 days from the date of invoice.

Our trade receivables turnover period was computed excluding retention sums. Due to the nature of the construction industry, our customers are entitled to retain 10.00% of each progress billing as retention sum up to a maximum of 5.00% of the total contract sum awarded, which is set out in the contracts with our customers. Our customers will retain the entire retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to us, whilst the remaining half will be released to us at the end of the contracted defects liability period and upon issuance of the CMGD. As such, the exclusion of the retention sums in the computation of trade receivables turnover period represents a more accurate measure of the average number of days that our Group requires for the collection of debts that are due to us.

12. FINANCIAL INFORMATION *(CONT'D)*

Our trade receivables turnover period for the FYE Under Review were 49 days, 72 days, 99 days and 60 days respectively.

Our trade receivables turnover period increased from 49 days for FYE 2016 to 72 days for FYE 2017, mainly due to slower collections from our customers for our Albury 1 Project, Albury 2 Project and Setia City Residences Project amounting to RM3.59 million which exceeded normal credit terms. The amounts due from our customer for our Albury 1 Project and Albury 2 Project were fully collected in February 2018 and the late payment interests were fully collected in July 2018, while the amounts due from our customer for our Setia City Residences Project was fully collected in January 2018. Further, we have also issued total progress billings of RM4.42 million during the last quarter of FYE 2017 for our Suria Pantai Project and Riana South Project which were not due as at 31 December 2017. This resulted in a high trade receivables balance as at the financial year end and contributed to the increase in trade receivables turnover period.

Our trade receivables turnover period increased from 72 days for FYE 2017 to 99 days for FYE 2018. Most of our projects entered into the phase of constructing the main building and structural works in the last quarter of FYE 2018 and as such the higher level of activities resulted in substantial progress billings issued near the end of the financial year as detailed below:

				Outstanding balance as at 31 December 2018		
Project	**Contract period**	**Credit terms**	**Progress billings during last quarter of FYE 2018**	**Within credit period**	**Exceeding credit period**	**Total**
		days	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Suria Pantai Project	October 2017 to December 2020	60	23,124	18,899	1,906	20,805
Tropicana Urban Homes Project	January 2018 to September 2020	30	21,185	14,036	4,394	18,430
Riana South Project	November 2017 to July 2020	50	20,512	11,251	5,637	16,888
KTCC Mall Project	October 2018 to August 2019	30	12,919	7,549	-	7,549
Setia City Residences Project	September 2017 to June 2020	30	6,897	3,722	85	3,807
Woodbury Project	October 2018 to January 2021	30	689	689	-	689
Total			**85,326**	**56,146**	**12,022**	**68,168**

During the last quarter of FYE 2018, we have issued progress billings of RM85.33 million for the projects detailed above, of which RM56.15 million remained outstanding and was within the credit period as at the financial year end. This resulted in a high trade receivables balance as at the financial year end and contributed to the increase in trade receivables turnover period.

12. FINANCIAL INFORMATION *(CONT'D)*

Further, we encountered delayed payments by our customers for the projects above amounting to RM12.02 million as at 31 December 2018, which exceeded our normal credit terms. Due to the substantial progress billings issued in the last quarter of FYE 2018 and slow repayment from our customers, our trade receivables turnover period increased for FYE 2018.

Our trade receivables turnover period decreased from 99 days for FYE 2018 to 60 days for FYE 2019, mainly due to collections of RM12.02 million from our customers which were overdue as at 31 December 2018 in FYE 2019, and continuous efforts by our management to monitor and manage the collections from our customers. Nevertheless, we encountered delayed payments from our customers mainly for our Tropicana Urban Homes Project and Riana South Project amounting to RM11.53 million as at 31 December 2019, which exceeded our normal credit terms.

Our Directors are of the view that the trade receivables turnover period is manageable and we will continuously monitor our collections from customers.

The ageing analysis of our trade receivables as at 31 December 2019 is as follows:

	Within credit terms	Exceeding credit terms			
		1 - 30 day(s)	31 - 60 days	> 60 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross trade receivables[1]	32,267	16,345	76	244	48,932
Less: Allowance for expected credit loss	(40)	(114)	(1)	(244)	(399)
Net trade receivables	32,227	16,231	75	-	48,533
Subsequent collections up to the LPD	(32,227)	(16,231)	(75)	-	(48,533)
Trade receivables net of subsequent collections as at the LPD	-	-	-	-	-

Note:

(1) Excluding retention sum of RM35.02 million as at 31 December 2019.

As at the LPD, we have fully collected the trade receivables due from our customers as at 31 December 2019.

Our management also closely monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. Our Group also provides for allowance for expected credit losses.

As at the LPD, our trade receivables include retention sum amounting to RM5.17 million in relation to our KTCC Mall Project. The release of the first 50.00% of our retention sum is pending the issuance of CPC, and the issuance of CPC is dependent upon the resolution of the dispute with our customer. As such, we may not be able to recover our retention sum in relation to our KTCC Mall Project until the dispute with our customer is resolved. Please refer to Section 15.6 of this Prospectus for further details.

12.7.2 Trade payables

The normal credit term granted to us by most of our suppliers and subcontractors range from 30 to 60 days, while a few of our suppliers and subcontractors grant to us a credit term of up to 90 days. We have not experienced any disruptions in supplies from our suppliers for construction materials, and subcontractors for services. Retention sums are excluded in arriving at our trade payables turnover period.

Our trade payables turnover period for FYE 2016 was 53 days, which was within the normal credit term provided by most of our suppliers and subcontractors.

12. FINANCIAL INFORMATION *(CONT'D)*

For FYE 2017 and FYE 2018, we recorded higher trade payables turnover periods of 79 days and 76 days respectively, as we had to improve our cash flow management by conserving cash to meet the working capital requirements of our Riana South Project, Suria Pantai Project, Setia City Residences Project, and Tropicana Urban Homes Project which were newly secured, as well as to accommodate the delayed payments from some of our customers as detailed in Section 12.7.1 of this Prospectus.

Our trade payables turnover period for FYE 2019 was 55 days, which was within the normal credit term provided by most of our suppliers and subcontractors.

The ageing analysis of our trade payables as at 31 December 2019 is as follows:

	Within credit terms	Exceeding credit terms			
		1 - 30 day(s)	31 - 60 days	> 60 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross trade payables[1]	7,499	5,732	6,671	3,514	23,416
Subsequent payments up to the LPD	(7,499)	(5,732)	(6,671)	(3,514)	(23,416)
Trade payables net of subsequent payments as at the LPD	-	-	-	-	-

Note:

(1) Excluding retention sum of RM14.06 million as at 31 December 2019.

As at the LPD, we have fully settled the trade payables due to our suppliers and subcontractors as at 31 December 2019. There were no disputes in respect of our trade payables and no legal action has been initiated by our suppliers and subcontractors to demand for payment from us for the FYE Under Review.

12.7.3 Current ratio

	Audited			
	As at 31 December			
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Current assets	49,962	56,493	110,669	134,762
Current liabilities	40,577	40,177	94,186	104,768
Current ratio (times)	**1.23**	**1.41**	**1.18**	**1.29**

As at 31 December 2017, our current ratio was 1.41 times, which was higher than 1.23 times as at 31 December 2016. This was mainly due to higher fixed deposits and cash and bank balances, and decrease in trade payables and other payables.

As at 31 December 2018, our current ratio was 1.18 times, which was lower than 1.41 times as at 31 December 2017. This was mainly due to increase in borrowings attributed to purchase of additional property, plant and equipment, and increase in trade payables.

As at 31 December 2019, our current ratio was 1.29 times, which was higher than 1.18 times as at 31 December 2018. This was mainly due to higher cash and bank balances and contract assets, and decrease in trade payables.

12. FINANCIAL INFORMATION *(CONT'D)*

12.7.4 Gearing ratio

	Audited			
	As at 31 December			
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Total borrowings	2,383	1,847	23,453	18,572
Total equity	11,783	18,887	26,229	41,886
Gearing ratio (times)	**0.20**	**0.10**	**0.89**	**0.44**

As at 31 December 2018, our gearing ratio was 0.89 times, which was higher than 0.10 times in the previous year. This was mainly due to higher borrowings in FYE 2018 as compared to the previous financial year. The higher borrowings were to purchase additional property, plant and equipment, and to finance our working capital requirements during the financial year.

As at 31 December 2019, our gearing ratio was 0.44 times, which was lower than 0.89 times in 31 December 2018. This was mainly due to:

(i) increase in our total equity by RM15.66 million to RM41.89 million (31 December 2018: RM26.23 million) due to increase in our retained earnings by RM15.66 million and share capital by RM24.24 million, which was partially offset by the increase in merger deficit by RM24.07 million arising from our Pre-IPO Reorganisation; and

(ii) decrease in our total borrowings by RM4.88 million to RM18.57 million (31 December 2018: RM23.45 million) mainly due to repayments made during the financial year.

12.8 TREND INFORMATION

Save as disclosed below and in Sections 4, 6.1, 12.3.2, 12.3.3(f), 12.3.5, 12.4.1, 12.4.2, 12.6 and 15.6 of this Prospectus, and to the best of our Board's knowledge and belief, there are no other known factors, trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, income from continuing operations, profitability, liquidity, capital resources, financial condition, results of operations or likely to make our historical financial statements not indicative of future financial performance.

Our material capital expenditure increased significantly in FYE 2018 as detailed in Section 6.18 of this Prospectus. This has strengthened our capacity and flexibility in meeting the needs of our on-going projects and future projects. This, in turn, has allowed us to better manage our time and cost more efficiently, and at the same time enable our Group to be more competitive in our pricing when bidding for contracts. Our depreciation expenses have also increased in line with the increase in our capital expenditure. Further, our depreciation expenses following our IPO may increase substantially as we intend to utilise part of our IPO proceeds to purchase new construction machinery and equipment as detailed in Section 3.7 of this Prospectus.

Besides that, we have also purchased six properties from our customers' property development projects which were mainly financed by term loans. If we experience a delay in collections or non-recoverability of trade receivables, our cash flows will be adversely affected and this may impair our ability to service our bank borrowings, including these term loans, which in turn could have an adverse effect on our liquidity and capital resources.

Our GP margin may fluctuate for each financial year, and if there is a decline in our overall GP margin, we may not be able to achieve or maintain our profitability in the future. Our KTCC Mall Project have not and may not contribute any GP to our commercial segment until we are able to reasonably estimate the final contract sum in the future when the final accounts are finalised and the dispute with MPM Project Management is resolved. Please refer to Sections 4.1.1, 12.3.2(e) and 12.3.3(c) of this Prospectus for further discussion on the impact of fluctuation of our GP margin and Section 15.6 for further details on the dispute with MPM Project Management.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 6.2 of this Prospectus and our Group's future plans and prospects as set out in Section 6.4 of this Prospectus.

12.9 ORDER BOOK

As the revenue from our construction projects are recognised based on the stage of completion method, our order book excludes the value of completed works in respect of on-going projects which have already been recognised as revenue.

Our order book as at 30 April 2020 is contributed by the following projects:

	Expected completion date	**As at 30 April 2020**
		RM'000
Putrajaya Sentral Project	June 2023	223,574
Hermington Project	May 2021	108,067
Tropicana Urban Homes Project	September 2020	41,739
Woodbury Project	January 2021	40,050
Suria Pantai Project	December 2020	27,703
Riana South Project	July 2020	22,661
Setia City Residences Project	June 2020	11
Total order book		**463,805**

There may be variations from the amount awarded as compared to the final works to be performed resulting from, amongst others, changes in project requirements, which may take place during the implementation of the project.

12. FINANCIAL INFORMATION *(CONT'D)*

12.10 DIVIDEND POLICY

We do not have a fixed dividend policy. However, it is the intention of our Board to maintain a stable stream of dividends, and at the same time preserve adequate reserves for our future growth.

As we are an investment holding company, our ability to pay dividends is dependent on our Subsidiaries, which in turn will depend on:

(i) their financial performance and condition;

(ii) their working capital needs and availability of cash;

(iii) their capital expenditure and business expansion plans;

(iv) the covenants in our Subsidiaries existing loan agreements; and

(v) the general economic and business conditions, and such other relevant factors.

In addition, we may only make a distribution to our shareholders if we comply with the requirements as set out in Sections 131 and 132 of the Act, which require:

(i) our distribution to be made out of profits available; and

(ii) our Group is solvent and able to pay our debts as and when they become due within 12 months immediately after our distribution.

Save for certain banking restrictive covenants which our Subsidiaries are subject to, there are no legal, financial, or economic restriction on the ability of our Subsidiaries to transfer funds to us in the form of cash dividends, loans or advances as at the LPD.

Our future dividends are at our Board's discretion. You should note that the foregoing statement on the payment of dividends merely describes our Company's present intention. This shall not constitute a legally binding obligation or statement on our Company and a guarantee by our Board.

TCS GROUP HOLDINGS BERHAD
(Registration No.: 201901004613 (1313940-W))
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

Grant Thornton

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
(Prepared for inclusion in the Prospectus)

Date: 9 June 2020

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
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The Board of Directors
TCS Group Holdings Berhad
No. 1 & 3, Bangunan TCS
Jalan SP 1/1
Bandar Saujana Putra
42610 Jenjarom
Selangor Darul Ehsan

Dear Sirs,

TCS GROUP HOLDINGS BERHAD
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of TCS Group Holdings Berhad ("TCS" or "the Company") and its subsidiaries ("TCS Group" or "the Group") as at 31 December 2019, together with the notes and assumptions thereto (which we have stamped for the purpose of identification), have been compiled and prepared by the Directors of the Company for inclusion in the prospectus of the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2019 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the Listing on the Consolidated Statements of Financial Position presented had the Listing been effected at the date stated. As part of this process, information about the Group's Consolidated Financial Position has been extracted by the Directors of the Company from the TCS audited consolidated financial statements as at 31 December 2019, on which was reported by us to the Directors of TCS on 5 March 2020 without any modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

Chartered Accountants
Grant Thornton Malaysia PLT (201906003682 & AF 0737) is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a limited liability partnership.

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Our Independence and Quality Control

We are independent 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 of 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.

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

Our Responsibility

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respect, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

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Our Responsibility (cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with requirements of Prospectus Guidelines.

Other Matter

This letter has been prepared at your request for inclusion in the Prospectus in connection with the IPO. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF: 0737)
CHARTERED ACCOUNTANTS

LUI LEE PING
(NO: 03334/11/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur

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09 JUN 2020
GRANT THORNTON MALAYSIA PLT

TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

The Pro Forma Consolidated Statements of Financial Position of TCS Group Holdings Berhad ("TCS" or "the Company") and its subsidiaries ("TCS Group" or "the Group") as at 31 December 2019 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2019, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

	Note	Statement of Financial Position as at 31 December 2019	Adjustments for Proposed Public Issues	Pro Forma I After Proposed Public Issues	Adjustments for Proposed Utilisation of Proceeds from the Listing	Pro Forma II After Proposed Utilisation of Proceeds from the Listing
		RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.01	24,156,864	-	24,156,864	13,000,000	37,156,864
Investment property	3.02	2,239,770	-	2,239,770	-	2,239,770
Deferred tax assets	3.03	211,000	-	211,000	-	211,000
Total non-current assets		26,607,634	-	26,607,634	13,000,000	39,607,634
Current assets						
Trade receivables	3.04	83,489,467	-	83,489,467	-	83,489,467
Other receivables	3.05	6,461,152	-	6,461,152	-	6,461,152
Contract assets	3.06	16,660,023	-	16,660,023	-	16,660,023
Fixed deposits with licensed banks	3.07	12,937,888	-	12,937,888	-	12,937,888
Cash and bank balances	3.08	15,213,949	20,700,000	35,913,949	(16,500,000)	19,413,949
Total current assets		134,762,479	20,700,000	155,462,479	(16,500,000)	138,962,479
Total assets		161,370,113	20,700,000	182,070,113	(3,500,000)	178,570,113

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of TCS Group Holdings Berhad ("TCS" or "the Company") and its subsidiaries ("TCS Group" or "the Group") as at 31 December 2019 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2019, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

	Note	Statement of Financial Position as at 31 December 2019	Adjustments for Proposed Public Issues	Pro Forma I After Proposed Public Issues	Adjustments for Proposed Utilisation of Proceeds from the Listing	Pro Forma II After Proposed Utilisation of Proceeds from the Listing
		RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company:						
Share capital	3.09	26,244,002	20,700,000	46,944,002	(1,253,750)	45,690,252
Merger deficit	3.10	(24,065,424)	-	(24,065,424)	-	(24,065,424)
Retained earnings	3.11	39,707,189	-	39,707,189	(2,246,250)	37,460,939
Total equity		41,885,767	20,700,000	62,585,767	(3,500,000)	59,085,767
LIABILITIES						
Non-current liabilities						
Lease liabilities	3.12	5,101,521	-	5,101,521	-	5,101,521
Borrowings	3.13	9,366,885	-	9,366,885	-	9,366,885
Deferred tax liabilities	3.14	248,000	-	248,000	-	248,000
Total non-current liabilities		14,716,406	-	14,716,406	-	14,716,406

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of TCS Group Holdings Berhad ("TCS" or "the Company") and its subsidiaries ("TCS Group" or "the Group") as at 31 December 2019 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2019, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

	Note	Statement of Financial Position as at 31 December 2019	Adjustments for Proposed Public Issues	Pro Forma I After Proposed Public Issues	Adjustments for Proposed Utilisation of Proceeds from the Listing	Pro Forma II After Proposed Utilisation of Proceeds from the Listing
		RM	RM	RM	RM	RM
Current liabilities						
Trade payables	3.15	37,476,962	-	37,476,962	-	37,476,962
Other payables	3.16	16,196,369	-	16,196,369	-	16,196,369
Contract liabilities	3.17	43,682,670	-	43,682,670	-	43,682,670
Amount due to Directors	3.18	1,737	-	1,737	-	1,737
Lease liabilities	3.12	3,821,569	-	3,821,569	-	3,821,569
Borrowings	3.13	280,911	-	280,911	-	280,911
Tax payable	3.19	3,307,722	-	3,307,722	-	3,307,722
Total current liabilities		104,767,940	-	104,767,940	-	104,767,940
Total liabilities		119,484,346	-	119,484,346	-	119,484,346
Total equity and liabilities		161,370,113	20,700,000	182,070,113	(3,500,000)	178,570,113
Issued ordinary share capital (Unit)	3.09	270,000,000	90,000,000	360,000,000	-	360,000,000
Net assets per share (RM)		0.16		0.17		0.16
Borrowings (RM)		18,570,886		18,570,886		18,570,886
Gearing (Times)		0.44		0.30		0.31

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of TCS have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were effected on that date by the Listing as per Note 2 to the Pro Forma Consolidated Statements of Financial Position assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position had taken place on 31 December 2019.

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited Consolidated Financial Statements of TCS Group Holdings Berhad, for the financial year ended 31 December 2019 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:-

Merger method of accounting

The Pro Forma Consolidated Statements of Financial Position are consolidated using the merger method as these companies are under the common control by the same party both before and after the acquisition of the Group. When the merger method is used, the difference between the cost of investment recorded by TCS and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2019 are adjusted for the impact of the Listing Scheme as set out in Note 2 of this Pro Forma Consolidated Statements of Financial Position.

2. LISTING SCHEME

(i) Pro Forma I: Proposed Public Issue

The Listing involves a public issue of up to 90,000,000 new ordinary shares in TCS at an indicative issue/offer price of RM0.23 per share.

In conjunction with the Listing, the Company would seek the listing of and quotation for its entire enlarged issued share capital comprising 360,000,000 ordinary shares in TCS on the ACE Market of Bursa Securities.

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

2. LISTING SCHEME (CONT'D)

(ii) **Pro Forma II: Proposed Utilisation of Proceeds from the Listing**

Gross proceeds from the Listing of RM20,700,000 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon listing	RM
Capital expenditure	Within 36 months	13,000,000
Working capital	Within 24 months	4,200,000
Estimated listing expenses	Within 3 months	3,500,000
Total estimated proceeds		20,700,000

3. NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment are as follows:

	Amount RM
As at 31 December 2019/As per Pro Forma I	24,156,864
Pursuant to Proposed Utilisation of Proceeds from the Listing	13,000,000
As per Pro Forma II	37,156,864

3.02 INVESTMENT PROPERTY

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	2,239,770

3.03 DEFERRED TAX ASSETS

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	211,000

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

3. NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.04 TRADE RECEIVABLES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	83,489,467

3.05 OTHER RECEIVABLES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	6,461,152

3.06 CONTRACT ASSETS

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	16,660,023

3.07 FIXED DEPOSITS WITH LICENSED BANKS

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	12,937,888

3.08 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	Amount RM
As at 31 December 2019	15,213,949
Pursuant to Proposed Public Issues	20,700,000
As per Pro Forma I	35,913,949
Pursuant to Proposed Utilisation of Proceeds from the Listing	(16,500,000)
As per Pro Forma II	19,413,949

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TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

3. NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.09 SHARE CAPITAL

The movements of the issued share capital are as follows:

	No. of Shares Unit	Amount RM
As at 31 December 2019	270,000,000	26,244,002
Pursuant to Proposed Public Issues	90,000,000	20,700,000
As per Pro Forma I	360,000,000	46,944,002
Pursuant to Proposed Utilisation of Proceeds from the Listing	-	(1,253,750)
As per Pro Forma II	360,000,000	45,690,252

3.10 MERGER DEFICIT

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	(24,065,424)

3.11 RETAINED EARNINGS

The movements of the retained earnings are as follows:

	Amount RM
As at 31 December 2019/As per Pro Forma I	39,707,189
Pursuant to Proposed Utilisation of Proceeds from the Listing	(2,246,250)
As per Pro Forma II	37,460,939

3.12 LEASE LIABILITIES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	8,923,090

3.13 BORROWINGS

	Amount RM
A at 31 December 2019/As per Pro Forma I to II	9,647,796

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09 JUN 2020
GRANT THORNTON MALAYSIA PLT

TCS GROUP HOLDINGS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

3. NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.14 DEFERRED TAX LIABILITIES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	248,000

3.15 TRADE PAYABLES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	37,476,962

3.16 OTHER PAYABLES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	16,196,369

3.17 CONTRACT LIABILITIES

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	43,682,670

3.18 AMOUNT DUE TO DIRECTORS

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	1,737

3.19 TAX PAYABLE

	Amount RM
As at 31 December 2019/As per Pro Forma I to II	3,307,722

TCS GROUP HOLDINGS BERHAD
(Registration No.: 201901004613 (1313940-W))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 2017, 2018 AND 2019

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

Grant Thornton

Date: 9 June 2020

The Board of Directors
TCS Group Holdings Berhad
No. 1&3, Bangunan TCS
Jalan SP 1/1
Bandar Saujana Putra
42610 Jenjarom
Selangor Darul Ehsan

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
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Dear Sirs,

Reporting Accountants' Opinion On The Financial Information (as defined herein) Contained In The Accountants' Report Of TCS Group Holdings Berhad ("the Company" or "TCS")

Opinion

We have audited the accompanying consolidated financial statements ("Financial Information") of TCS Group Holdings Berhad and its subsidiaries (collectively known as "the Group" or "TCS Group") which comprises the consolidated statements of financial position of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 72.

In our opinion, the accompanying Financial Information give a true and fair view of the consolidated statements financial position of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, and of their consolidated financial performance and consolidated cash flows for the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Chartered Accountants
Grant Thornton Malaysia PLT [201906003682 & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia [AF 0737], a conventional partnership was converted to a limited liability partnership.

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Responsibilities of the Directors for the Financial Information

The Directors of the Group are responsible for the preparation of the Financial Information of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the Group, the Directors are responsible for assessing the Group's ability 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 cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' 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 International Standards on Auditing 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 Information.

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

- Identify and assess the risks of material misstatement of the Financial Information of the Group, 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 the Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Reporting Accountants' Responsibility for the Audit of the Financial Information (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group 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 and opinion on the Financial Information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

Other Matters

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of TCS in connection with the listing of and quotation for the entire enlarged issued share capital of TCS on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF: 0737)
CHARTERED ACCOUNTANTS

LUI LEE PING
(NO: 03334/11/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Note	2019 RM	2018 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,156,864	23,982,021	3,058,254	3,023,921
Investment property	5	2,239,770	-	770,000	890,728
Deferred tax assets	6	211,000	22,000	270,000	-
Total non-current assets		26,607,634	24,004,021	4,098,254	3,914,649
Current assets					
Trade receivables	7	83,489,467	90,980,930	20,521,029	31,169,710
Other receivables	8	6,461,152	3,566,746	4,697,446	4,000,916
Contract assets	9	16,660,023	1,150,449	5,220,676	801,939
Fixed deposits with licensed banks	10	12,937,888	11,261,880	8,535,212	7,052,869
Cash and bank balances	11	15,213,949	3,709,422	17,518,455	6,936,330
Total current assets		134,762,479	110,669,427	56,492,818	49,961,764
TOTAL ASSETS		161,370,113	134,673,448	60,591,072	53,876,413
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners to the Company					
Share capital	12	26,244,002	2,000,000	2,000,000	1,100,000
Merger deficit	13	(24,065,424)	-	-	-
Retained earnings		39,707,189	24,050,508	16,862,167	10,683,031
		41,885,767	26,050,508	18,862,167	11,783,031
Non-controlling interest		-	178,474	24,862	-
Total equity		41,885,767	26,228,982	18,887,029	11,783,031

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019 (CONT'D)

	Note	2019 RM	2018 RM	2017 RM	2016 RM
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Lease liabilities	14	5,101,521	6,660,011	1,091,585	1,027,536
Borrowings	15	9,366,885	7,584,462	432,897	445,689
Deferred tax liabilities	6	248,000	14,000	3,000	42,500
Total non-current liabilities		14,716,406	14,258,473	1,527,482	1,515,725
Current liabilities					
Trade payables	16	37,476,962	47,642,274	14,356,098	16,563,678
Other payables	17	16,196,369	1,472,107	1,725,256	4,595,124
Contract liabilities	9	43,682,670	34,362,972	19,862,609	15,391,673
Amount due to Directors	18	1,737	11,087	1,860,477	2,063,284
Lease liabilities	14	3,821,569	2,986,367	307,008	441,370
Borrowings	15	280,911	6,222,662	15,239	468,128
Tax payable		3,307,722	1,488,524	2,049,874	1,054,400
Total current liabilities		104,767,940	94,185,993	40,176,561	40,577,657
Total liabilities		119,484,346	108,444,466	41,704,043	42,093,382
TOTAL EQUITY AND LIABILITIES		161,370,113	134,673,448	60,591,072	53,876,413

The accompanying notes form an integral part of the consolidated financial statements.

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Revenue	19	358,423,861	146,266,318	71,718,226	103,628,655
Cost of sales		(320,696,436)	(125,731,196)	(56,741,400)	(89,330,301)
Gross profit		37,727,425	20,535,122	14,976,826	14,298,354
Other income		125,160	1,585,719	296,818	14,360
Administrative expenses		(15,237,676)	(8,977,591)	(6,310,150)	(7,509,528)
Other expenses		(7,884)	-	(213,047)	-
Net loss on impairment of financial assets		(208,827)	(178,478)	(580,968)	(103,904)
Profit from operations		22,398,198	12,964,772	8,169,479	6,699,282
Finance income	20	439,352	440,747	442,283	246,366
Finance costs	21	(925,205)	(343,240)	(87,394)	(104,556)
Profit before tax	22	21,912,345	13,062,279	8,524,368	6,841,092
Tax expense	23	(6,255,562)	(3,250,326)	(2,335,370)	(1,750,094)
Profit/Total comprehensive income for the financial year		15,656,783	9,811,953	6,188,998	5,090,998
Profit/Total comprehensive income for the financial year attributable to:-					
Owner of the Company		15,656,783	9,688,341	6,179,136	5,090,998
Non-controlling interest		-	123,612	9,862	-
		15,656,783	9,811,953	6,188,998	5,090,998

The accompanying notes form an integral part of the consolidated financial statements.

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Non-Distributable		Distributable			
	Share capital RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Balance as of 1 January 2016	1,100,000	-	5,592,033	6,692,033	-	6,692,033
Total comprehensive income for the financial year	-	-	5,090,998	5,090,998	-	5,090,998
Balance as of 31 December 2016	1,100,000	-	10,683,031	11,783,031	-	11,783,031
Transactions with owners:-						
Acquisition of a subsidiary	-	-	-	-	15	15
Issuance of shares	900,000	-	-	900,000	-	900,000
Subscription of additional shares by non-controlling interest in a subsidiary	-	-	-	-	14,985	14,985
Total transactions with owners	900,000	-	-	900,000	15,000	915,000
Total comprehensive income for the financial year	-	-	6,179,136	6,179,136	9,862	6,188,998
Balance as of 31 December 2017	2,000,000	-	16,862,167	18,862,167	24,862	18,887,029
Transactions with owners:-						
Dividends paid	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Subscription of additional shares by non-controlling interest in a subsidiary	-	-	-	-	30,000	30,000
Total transactions with owners	-	-	(2,500,000)	(2,500,000)	30,000	(2,470,000)
Total comprehensive income for the financial year	-	-	9,688,341	9,688,341	123,612	9,811,953
Balance as of 31 December 2018	2,000,000	-	24,050,508	26,050,508	178,474	26,228,982

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019 (CONT'D)

	Non-Distributable		Distributable			
	Share capital RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Balance as of 31 December 2018 (cont'd)	2,000,000	-	24,050,508	26,050,508	178,474	26,228,982
Transactions with owners:-						
At date of incorporation	2	-	-	2	-	2
Share issued pursuant to acquisition of subsidiaries under common control	26,065,424	(24,065,424)	-	2,000,000	-	2,000,000
Share issued pursuant to acquisition interest in subsidiary from non-controlling interest	178,576	-	(102)	178,474	(178,474)	-
Deemed distribution to the shareholders pursuant to the acquisition	(2,000,000)	-	-	(2,000,000)	-	(2,000,000)
Total transactions with owners	24,244,002	(24,065,424)	(102)	178,476	(178,474)	2
Total comprehensive income for the financial year	-	-	15,656,783	15,656,783	-	15,656,783
Balance as of December 2019	26,244,002	(24,065,424)	39,707,189	41,885,767	-	41,885,767

The accompanying notes form an integral part of the consolidated financial statements.

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Note	2019 RM	2018 RM	2017 RM	2016 RM
OPERATING ACTIVITIES					
Profit before tax		21,912,345	13,062,279	8,524,368	6,841,092
Adjustments for:-					
Allowance for expected credit loss		208,827	178,478	604,502	103,904
Reversal of allowance for expected credit loss		-	-	(23,534)	-
Depreciation of property, plant and equipment		4,796,016	2,054,667	733,031	687,409
Fair value loss on investment property		-	-	120,728	9,376
(Gain)/Loss on disposal of property, plant and equipment		(13,818)	(9,804)	(2,120)	4,667
Bad debts written off		7,884	-	213,047	-
Interest expense		925,205	343,240	87,394	104,556
Interest income		(439,352)	(440,747)	(442,283)	(246,366)
Expenses over accrued in prior years		-	(818,844)	(293,784)	-
Operating profit before working capital changes		27,397,107	14,369,269	9,521,349	7,504,638
Changes in working capital:-					
Receivables		4,380,346	(69,507,679)	9,158,136	(14,400,883)
Contract assets/liabilities		(6,189,876)	18,570,590	52,199	16,800,644
Payables		4,558,950	33,851,871	(4,783,664)	(936,242)
Directors		-	-	-	145,332
Cash generated from/(used in) operations		30,146,527	(2,715,949)	13,948,020	9,113,489
Interest received		439,352	440,747	442,283	246,366
Interest paid		(925,205)	(343,240)	(87,394)	(104,556)
Tax paid		(4,391,364)	(3,552,676)	(1,649,396)	(1,040,394)
Net cash from/(used in) operating activities		25,269,310	(6,171,118)	12,653,513	8,214,905

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019 (CONT'D)

	Note	2019 RM	2018 RM	2017 RM	2016 RM
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(4,656,795)	(12,734,533)	(361,864)	(243,897)
Purchase of investment property		-	-	-	(900,104)
Proceeds from disposal of property, plant and equipment		59,851	24,004	2,120	3,000
(Placement)/Withdrawal of fixed deposits pledged		(5,033,233)	1,159,249	(1,482,343)	(3,970,653)
Placement of sinking fund pledged		(231,523)	(491,471)	-	-
Net cash used in investing activities		(9,861,700)	(12,042,751)	(1,842,087)	(5,111,654)
FINANCING ACTIVITIES					
Repayment of lease liabilities		(3,323,155)	(1,240,316)	(475,813)	(434,543)
(Repayment)/Drawdown of domestic bills of exchange		(3,689,481)	3,689,481	-	-
Drawdown of term loans		2,305,695	7,188,620	-	460,200
Repayment of term loans		(289,733)	(4,922)	(12,064)	-
(Repayment)/Drawdown of trust receipts		-	-	(448,136)	448,136
Proceeds from issuance of shares		2	-	900,000	-
Proceeds from subscription of subsidiary's share from non-controlling interest		-	30,000	15,000	-
(Repayments)/Advances from Directors		(9,350)	(1,849,390)	(202,807)	2,014,634
Dividend paid		-	(2,500,000)	-	-
Net cash (used in)/from financing activities		(5,006,022)	5,313,473	(223,820)	2,488,427
CASH AND CASH EQUIVALENTS					
Net changes		10,401,588	(12,900,396)	10,587,606	5,591,678
Brought forward		4,618,059	17,518,455	6,930,849	1,339,171
Carried forward	B	15,019,647	4,618,059	17,518,455	6,930,849

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019 (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2019 RM	2018 RM	2017 RM	2016 RM
Total additions	7,256,662	22,222,634	767,364	789,897
Purchase through lease arrangements	(2,599,867)	(9,488,101)	(405,500)	(546,000)
Cash payment	4,656,795	12,734,533	361,864	243,897

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	2019 RM	2018 RM	2017 RM	2016 RM
Fixed deposits with licensed banks	12,937,888	11,261,880	8,535,212	7,052,869
Cash and bank balances	15,213,949	3,709,422	17,518,455	6,936,330
Bank overdraft	-	(2,485,809)	-	(5,481)
	28,151,837	12,485,493	26,053,667	13,983,718
Less: Fixed deposits pledged	(12,409,196)	(7,375,963)	(8,535,212)	(7,052,869)
Less: Sinking fund pledged	(722,994)	(491,471)	-	-
Total cash and cash equivalents	15,019,647	4,618,059	17,518,455	6,930,849

Reconciliation of Liabilities Arising from Financing Activities

	1 January 2019 RM	Additions RM	Cash flows RM	31 December 2019 RM
Amount due to Directors	11,087	-	(9,350)	1,737
Amount due to companies in which certain Directors have interests	15,508	-	(13,508)	2,000
Lease liabilities	9,646,378	2,599,867	(3,323,155)	8,923,090
Term loans	7,631,834	2,305,695	(289,733)	9,647,796
Domestic bills of exchange	3,689,481	-	(3,689,481)	-
	20,994,288	4,905,562	(7,325,227)	18,574,623

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019 (CONT'D)

Reconciliation of Liabilities Arising from Financing Activities (cont'd)

	1 January 2018 RM	Additions RM	Cash flows RM	31 December 2018 RM
Amount due to Directors	1,860,477	-	(1,849,390)	11,087
Amount due to companies in which Directors have interests	704,670	-	(689,162)	15,508
Lease liabilities	1,398,593	9,488,101	(1,240,316)	9,646,378
Term loans	448,136	7,188,620	(4,922)	7,631,834
Domestic bills of exchange	-	3,689,481	-	3,689,481
	4,411,876	20,366,202	(3,783,790)	20,994,288

	1 January 2017 RM	Additions RM	Cash flows RM	31 December 2017 RM
Amount due to Directors	2,063,284	-	(202,807)	1,860,477
Amount due to companies in which Directors have interests	689,715	-	14,955	704,670
Lease liabilities	1,468,906	405,500	(475,813)	1,398,593
Trust receipts	448,136	-	(448,136)	-
Term loans	460,200	-	(12,064)	448,136
	5,130,241	405,500	(1,123,865)	4,411,876

No comparative information for financial year ended 31 December 2016 due to the amendment to MFRS 107 Statement of Cash Flows: Disclosure Initiative only take effect on 1 January 2017.

The accompanying notes form an integral part of the consolidated financial statements.

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016, 31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of TCS Group Holdings Berhad ("the Company" or "TCS") in connection with the listing of and quotation for the entire enlarged issued share capital of TCS on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

1.2 Background

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 1&3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan.

1.3 Principal Activities

The Company's principal activities are investment holding and provision of management services to its subsidiaries.

The subsidiaries of TCS as of the date of this report are as follows:-

	Principal place of business/ Country of incorporation	Principal activities	Date of incorporation	Effective interest 2019 %	2018 %	2017 %	2016 %
Held by the Company							
TCS Construction Sdn Bhd	Malaysia	^	4 August 1998	100	-	-	-
Held by TCS Construction Sdn. Bhd.							
TCS Bina Sdn Bhd	Malaysia	^	20 April 2017	100	85	85	-

^ The principal activities are provision of construction services for buildings, infrastructure, civil and structural works

1. GENERAL INFORMATION (CONT'D)

1.4 Auditors

The consolidated financial statements for financial year ended 31 December 2016, 31 December 2017 and 31 December 2018 do not include TCS Group Holdings Berhad. as it was only incorporated on 11 February 2019.

The consolidated financial statements for financial year ended 31 December 2016 does not include TCS Bina Sdn. Bhd. as it was only incorporated on 20 April 2017.

The relevant financial years of the audited financial statements used for the purpose of preparation the financial statements ("Relevant Financial Years") and the statutory auditors are as follows:-

Company	Relevant Financial Years	Statutory Auditors
TCS Group	FYE 31 December 2019	Grant Thornton Malaysia PLT
TCS Construction Sdn. Bhd.	FYE 31 December 2016	Tan Che & Associates
	FYE 31 December 2017	Grant Thornton Malaysia
	FYE 31 December 2018	Grant Thornton Malaysia

The audited consolidated financial statements of TCS Group and TCS Construction Sdn. Bhd. for the Relevant Financial Years reported above were not subject to any audit qualification or modification.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The consolidated financial statements of the Group for the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia.

2.2 Basis of Measurement

The consolidated financial statements of the Group are prepared under the historical cost convention, except for properties that are measured at fair value at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group has established control framework in respect of measurement of fair values of financial instruments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group adopted new standards/amendments/ improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group.

2.4.2 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments effective for financial year beginning on or after 1 January 2020

Amendment to MFRS 3	Definition of a Business
Amendment to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendment to MFRS 101 and MFRS 108	Definition of Material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

MFRS effective for financial year beginning on or after 1 January 2021

MFRS 17*	Insurance Contracts

Amendments effective for a date yet to be confirmed

Amendment to MFRS 10 and MFRS 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's operation

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact to the financial statements.

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Useful Lives of Depreciable Assets

The management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amount is analysed in the Note 4 to the consolidated financial statements. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's assets.

Impairment of Property, Plant and Equipment

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair Value Measurement and Valuation Processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 5 to the consolidated financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below (cont'd):-

Construction Contract

The Group recognises contract revenue based on stage of completion method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated cost for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractor and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts.

In making this judgement, the Directors took into consideration the current circumstances and replied on input from the Group's project managers, external consultants, where appropriate and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractor.

The carrying amount of the Group's contracts as at the end of the reporting date is disclosed in Note 9 to the consolidated financial statements.

Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for Expected Credit Losses of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate Expected Credit Losses ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Key Sources of Estimation Uncertainty (cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below (cont'd):-

Provision for Expected Credit Losses of Trade Receivables and Contract Assets (cont'd)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Income Taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on the management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that chanz in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.2 Significant Management Judgement

The following is significant management judgement in applying the accounting policies of the Group that has the most significant effect on the financial statements:-

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of Consolidation

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of TCS Construction Sdn. Bhd. and TCS Bina Sdn. Bhd. resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Acquisition method

The Group applies the acquisition method for those entities controlled by the Group. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.1 **Consolidation (cont'd)**

3.1.3 **Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition.

Goodwill arising on the acquisition of a subsidiary is presented separately in the statements of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill shall not be reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in these circumstances is measured based on the relative values of the operations disposed of and portion of the cash-generating unit retained.

3.1.4 **Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the part of the asset being replaced is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they incurred.

Depreciation of property, plant and equipment, is computed on the straight-line method based on the estimated useful lives of the various assets. The annual rates of depreciation based on the estimated useful lives of the various classes of depreciable assets are as follows:-

Leasehold land and building	Amortised over 50 years
Shoplots	2%
Machinery	10%- 33%
Tools and equipment	10%
Construction equipment	10% - 33%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	10%
Renovation and cabin	10%

No depreciation is provided on capital work-in-progress until it is completed and ready for their intended used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (cont'd)

Where major parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values and useful lives of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively as a change in accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the financial year in which the asset is derecognised.

Capital work-in-progress consist of building under construction is stated at cost and depreciation will only be provided upon completion.

3.3 Investment Property

Investment property is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are treated as long-term investment and are measured at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The principal annual amortisation rate used are as follows:

Leasehold land and buildings	2%
Shoplots	2%

Investment property is derecognised when either they is disposed of or when they is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of the change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life of the assets, as follows:

Leasehold land and building	Amortised over 50 years
Construction equipment	10% - 33%
Motor vehicles	20%
Office equipment	10% - 20%

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of construction equipment in which the Group is lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.8.1 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

Lease Liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of office, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office, machinery and equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5 Financial Instruments

3.5.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.2 Financial Assets - Classification and Subsequent Measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost ("AC")
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

In the periods presented the Group does not has any financial assets categorised as FVTPL and FVOCI. The Group carries only financial assets at amortised cost on its statement of financial position.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables, fixed deposits with licensed banks and cash and bank balances fall into this category of financial instruments.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has either transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.3 Financial Assets – Impairment

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. This replaces MFRS 9's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and trade receivables that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade Receivables And Contract Assets Using Simplified Approach

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

The Group makes use of a simplified approach in accounting for trade receivables and contracts assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables and contract assets on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 7 to the consolidated financial statements for a detailed analysis of how the impairment requirements of MFRS 9 are applied.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 **Financial Instruments (cont'd)**

3.5.3 **Financial Assets – Impairment (cont'd)**

Other Receivables and Intercompany Balances Using General 3-Stage Approach

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

3.5.4 **Financial Liabilities – Classification and Subsequent Measurement**

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 9, the Group's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables, amount due to a Director, lease liabilities and borrowings. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

At reporting date, the Group has not designated any financial liabilities as at fair value through profit or loss. The Group carries only other financial liabilities on its statement of financial position.

3.5.5 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and fixed deposits with licensed financial institutions which are readily available to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft is shown in current liabilities in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft, pledged deposits and pledged sinking fund.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Contract Assets and Contract Liabilities

For each contract, contract asset is where the net amount of costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the net amount is presented as contract liability. Contract liability includes downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

Refer to accounting policy Note 3.5.3 to the consolidated financial statements on impairment on contract assets.

3.8 Impairment of Assets

3.8.1 Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiary or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare that part of its intended use or sale are completed.

3.10 Revenue Recognition

Revenue arises mainly from the construction contracts. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue Recognition (cont'd)

3.10.1 Revenue from Construction Contracts

The Group's revenue from construction contracts is measured at fixed contract prices under the respective agreements with the project owners. The revenue from construction contracts is measured at the fixed transaction price agreed net of expected LAD payment, based on the expected value method.

Revenue from construction contract is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group. The Group has an enforceable right to payment for performance completed to-date. The Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Group recognises revenue over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from the contract costs in determining the stage of completion. Such costs are presented as contract assets. Refer to accounting policy Note 3.7 to the consolidated financial statements on contract assets and contract liabilities.

3.10.2 Interest Income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

3.11 Tax Expense

Tax expense comprises current and deferred taxes. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.11.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax Expense (cont'd)

3.11.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised business losses, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.11.3 Goods and Services Tax and Sales and Service Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- Where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

GST was reset to a standard rate of 0% on 1 June 2018 and Sales and Service Tax ("SST") was enacted with effective on 1 September 2018 to replace GST. SST is recognised as part of the cost of acquisition of the asset or as part of the expense item when incurred. The Group principal business activity is exempted from SST.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee Benefits Expense

Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees which increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

Defined Contribution Plan

The Group is required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees, based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as expenses as and when incurred.

3.13 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior years' retained earnings.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Group grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as a dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial period, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Group are recorded separately within equity.

3.14 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.15 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will occur, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.16 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the ultimate holding company or the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) The entity and the Company are members of the same group.
- (ii) The entity is an associate or joint venture of the Group.
- (iii) Both the Group and the entity are joint ventures of the same third party.
- (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Related Parties (cont'd)

(b) An entity is related to the Group if any of the following conditions applies (cont'd):-

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3.17 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. **PROPERTY, PLANT AND EQUIPMENT**

Cost	Leasehold land and building RM	Shoplots RM	Machinery RM	Tools and equipment RM	Construction equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation and cabin RM	Capital work-in-progress RM	Total RM
At 1 January 2016	-	-	380,114	343,885	1,087,572	3,198,251	418,375	96,427	119,171	-	5,643,795
Additions	-	-	28,350	12,058	9,650	689,596	41,079	4,664	4,500	-	789,897
Disposals	-	-	-	-	-	(20,000)	-	-	-	-	(20,000)
At 31 December 2016	-	-	408,464	355,943	1,097,222	3,867,847	459,454	101,091	123,671	-	6,413,692
Additions	-	-	129,252	32,668	31,630	398,736	62,658	9,820	102,600	-	767,364
Disposals	-	-	-	-	-	(51,715)	-	-	-	-	(51,715)
At 31 December 2017	-	-	537,716	388,611	1,128,852	4,214,868	522,112	110,911	226,271	-	7,129,341
Additions	-	-	1,747,022	514,280	11,140,739	358,667	214,914	21,806	503,050	7,722,156	22,222,634
Transfer from investment property	770,000	-	-	-	-	-	-	-	-	-	770,000
Disposals	-	-	-	-	-	(42,600)	-	-	-	-	(42,600)
At 31 December 2018	770,000	-	2,284,738	902,891	12,269,591	4,530,935	737,026	132,717	729,321	7,722,156	30,079,375
Additions	-	-	1,272,339	482,688	1,917,294	1,057,770	415,560	140,759	77,980	1,892,272	7,256,662
Reclassification	-	6,966,976	-	-	-	-	-	-	-	(6,966,976)	-
Disposals	-	-	-	-	-	(51,148)	-	-	-	-	(51,148)
Transfer to investment property	-	(2,285,480)	-	-	-	-	-	-	-	-	(2,285,480)
At 31 December 2019	770,000	4,681,496	3,557,077	1,385,579	14,186,885	5,537,557	1,152,586	273,476	807,301	2,647,452	34,999,409
Accumulated depreciation											
At 1 January 2016	-	-	90,762	171,338	362,109	1,839,316	160,715	51,120	39,335	-	2,714,695
Charge for the financial year	-	-	33,354	27,300	96,880	472,252	40,774	6,401	10,448	-	687,409
Disposals	-	-	-	-	-	(12,333)	-	-	-	-	(12,333)
At 31 December 2016	-	-	124,116	198,638	458,989	2,299,235	201,489	57,521	49,783	-	3,389,771
Charge for the financial year	-	-	36,376	27,119	95,831	511,713	42,589	6,795	12,608	-	733,031
Disposals	-	-	-	-	-	(51,715)	-	-	-	-	(51,715)
At 31 December 2017	-	-	160,492	225,757	554,820	2,759,233	244,078	64,316	62,391	-	4,071,087
Charge for the financial year	-	-	96,545	49,162	1,234,914	556,021	68,117	8,385	41,523	-	2,054,667
Disposals	-	-	-	-	-	(28,400)	-	-	-	-	(28,400)
At 31 December 2018	-	-	257,037	274,919	1,789,734	3,286,854	312,195	72,701	103,914	-	6,097,354
Charge for the financial year	15,400	139,340	306,963	106,699	3,449,134	565,529	125,087	13,225	74,639	-	4,796,016
Disposals	-	-	-	-	-	(5,115)	-	-	-	-	(5,115)
Transfer to investment property	-	(45,710)	-	-	-	-	-	-	-	-	(45,710)
At 31 December 2019	15,400	93,630	564,000	381,618	5,238,868	3,847,268	437,282	85,926	178,553	-	10,842,545

14. ACCOUNTANTS' REPORT *(CONT'D)*

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and building RM	Shoplots RM	Machinery RM	Tools and equipment RM	Construction equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation and cabin RM	Capital work-in-progress RM	Total RM
Net carrying amount											
At 31 December 2019	754,600	4,587,866	2,993,077	1,003,961	8,948,017	1,690,289	715,304	187,550	628,748	2,647,452	24,156,864
At 31 December 2018	770,000	-	2,027,701	627,972	10,479,857	1,244,081	424,831	60,016	625,407	7,722,156	23,982,021
At 31 December 2017	-	-	377,224	162,854	574,032	1,455,635	278,034	46,595	163,880	-	3,058,254
At 31 December 2016	-	-	284,348	157,305	638,233	1,568,612	257,965	43,570	73,888	-	3,023,921

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net carrying amount of property, plant and equipment which are acquired under lease arrangements are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Office equipment	59,448	-	-	-
Motor vehicles	1,436,715	1,025,012	1,583,129	1,762,377
Construction equipment	7,708,496	9,105,341	-	-
	9,204,659	10,130,353	1,583,129	1,762,377

The net carrying amount of property, plant and equipment which right-of use assets are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Leasehold land and building	754,600	770,000	-	-
Office equipment	59,448	-	-	-
Motor vehicles	1,436,715	1,025,012	1,583,129	1,762,377
Construction equipment	7,708,496	9,105,341	-	-
	9,959,259	10,900,353	1,583,129	1,762,377

Addition to the right-of-use assets of the Group during the financial year amounted to RM2,722,240 (2018: RM7,354,047, 2017: RM398,735, 2016: RM627,963).

The following are the amounts recognised in profit or loss which related to right-of-use assets:-

	2019 RM	2018 RM	2017 RM	2016 RM
Depreciation of right-of -use assets	3,589,132	1,483,880	453,434	472,926
Interest expenses on lease liabilities	504,031	212,177	63,743	63,133
	4,093,163	1,696,057	517,177	536,059

The leasehold land and building, shoplots and capital work-in-progress are pledged as securities for banking facilities granted to the Group as disclosed in Note 15 to the consolidated financial statements.

The strata title of the above shoplots of the Group is yet to be issued by relevant authorities.

The cost and the net carrying amount of the leasehold land are not segregated from the buildings as required details are not available.

Capital work-in-progress consist of shoplots under construction which are stated at cost and depreciation will only be provided upon completion.

5. **INVESTMENT PROPERTY**

	Leasehold land and building RM	Shoplot RM	Total RM
1 January 2016	-	-	-
Addition	900,104	-	900,104
Fair value adjustment	(9,376)	-	(9,376)
At 31 December 2016	890,728	-	890,728
Fair value adjustment	(120,728)	-	(120,728)
At 31 December 2017	770,000	-	770,000
Transfer to property, plant and equipment at fair value	(770,000)	-	(770,000)
At 31 December 2018	-	-	-
Transfer from property, plant and equipment at cost	-	2,285,480	2,285,480
At 31 December 2019	-	2,285,480	2,285,480
Accumulated depreciation			
At 1 January 2016/31 December 2017/31 December 2018	-	-	-
Transfer from property, plant and equipment	-	45,710	45,710
At 31 December 2019	-	45,710	45,710
Net carrying amount			
At 31 December 2019, at cost	-	2,239,770	2,239,770
At 31 December 2018, at fair value	-	-	-
At 31 December 2017, at fair value	770,000	-	770,000
At 31 December 2016, at fair value	890,728	-	890,728

The investment property is pledged as securities for banking facilities granted to the Group as disclosed in Note 15 to the financial statements.

Income and Expenses Recognised in Profit or Loss

	2019 RM	2018 RM	2017 RM	2016 RM
Direct operating expenses for investment property				
- non-revenue generating investment property	699	-	250	-

5. INVESTMENT PROPERTY (CONT'D)

Strata Title Yet To Issue

The strata title of the above investment property of the Group is yet to be issued by relevant authorities.

Fair Value Basis of Investment Property

Investment property is stated at fair value, which has been determined based on valuations at the end of the reporting period. As at financial year end, the fair values of the investment property are based on valuations performed by accredited independent valuers with recent experience in the location and category of property being valued. In estimating the fair value of the property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the financial year.

Fair value measurement of the investment property was categorised as follows:-

	Level 3	← Level 2 →		
	2019 RM	2018 RM	2017 RM	2016 RM
Recurring fair value measurement:-				
Leasehold land and building	-	-	770,000	890,728
Shoplot	2,400,000	-	-	-

Level 2 Fair Value

Level 2 fair value of building has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 Fair Value

Level 3 fair value of shoplot generally estimated by the Directors of the Group by reference to the published selling price for the property in vicinity location.

6. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred Tax Assets

The movement of deferred tax assets during the financial year are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Brought forward	22,000	270,000	(42,500)	-
Recognised in profit or loss	189,000	(248,000)	312,500	-
Carried forward	211,000	22,000	270,000	-

6. **DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Deferred Tax Assets (cont'd)

The components of recognised deferred tax assets are made up of temporary difference arising from:-

	2019 RM	2018 RM	2017 RM	2016 RM
Property, plant and equipment	186,000	22,000	(119,400)	-
Allowance for ECL	-	-	145,000	-
Contract assets	25,000	-	244,400	-
	211,000	22,000	270,000	-

Deferred Tax Liabilities

The movement of deferred tax liabilities during the financial year are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Brought forward	(14,000)	(3,000)	-	(50,400)
Recognised in profit or loss	(234,000)	(11,000)	(3,000)	7,900
Carried forward	(248,000)	(14,000)	(3,000)	(42,500)

The components of recognised deferred tax liabilities are made up of temporary difference arising from:-

	2019 RM	2018 RM	2017 RM	2016 RM
Property, plant and equipment	(487,000)	(444,000)	(3,000)	(42,500)
Allowance for ECL	112,000	62,000	-	-
Contract assets	127,000	368,000	-	-
	(248,000)	(14,000)	(3,000)	(42,500)

7. **TRADE RECEIVABLES**

	2019 RM	2018 RM	2017 RM	2016 RM
Trade receivables	48,932,153	69,227,669	10,538,306	18,059,636
Retention sum on contract	35,024,989	22,012,109	10,310,654	13,213,978
	83,957,142	91,239,778	20,848,960	31,273,614
Less: Allowance for ECL	(467,675)	(258,848)	(327,931)	(103,904)
	83,489,467	90,980,930	20,521,029	31,169,710

7. **TRADE RECEIVABLES (CONT'D)**

The Group's credit period granted to customers is ranging from 30 days to 60 days (2018 and 2017: 30 days to 60 days and 2016: 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In financial year 31 December 2017, included in trade receivables and retention sum, is an amount of RM159,000 and RM585,367 (2016: RM159,000 and RM1,566,718) respectively due from companies which certain Directors have interest. These balances are unsecured and interest-free.

The following table provides information about the exposure to credit risk and ECL for trade receivables which are grouped together as they are expected to have similar risk nature:-

	Gross carrying amount	Allowance for ECL	Net balance
2019	RM	RM	RM
Current (not past due)	64,707,919	(78,009)	64,629,910
1-30 days past due	15,712,694	(114,178)	15,598,516
31-60 days past due	2,056,311	(16,999)	2,039,312
Past due more than 120 days	1,480,218	(258,489)	1,221,729
	83,957,142	(467,675)	83,489,467
2018			
Current (not past due)	78,900,506	(158,192)	78,742,314
1-30 days past due	12,023,056	(97,494)	11,925,562
91-120 days past due	143,332	(1,433)	141,899
Past due more than 120 days	172,884	(1,729)	171,155
	91,239,778	(258,848)	90,980,930
2017			
Current (not past due)	13,735,529	(27,642)	13,707,887
1-30 days past due	5,375,454	(35,348)	5,340,106
91-120 days past due	172,884	(1,729)	171,155
Past due more than 120 days	1,565,093	(263,212)	1,301,881
	20,848,960	(327,931)	20,521,029
2016			
Current (not past due)	12,922,104	(27,998)	12,894,106
1-30 days past due	11,465,541	(26,308)	11,439,233
31-60 days past due	1,515,779	(11,368)	1,504,411
61-90 days past due	2,652,332	(15,634)	2,636,698
91-120 days past due	1,096,765	(9,734)	1,087,031
Past due more than 120 days	1,621,093	(12,862)	1,608,231
	31,273,614	(103,904)	31,169,710

7. TRADE RECEIVABLES (CONT'D)

The movements in the allowance for ECL in respect of trade receivables during the year were as follows:-

	Collective impairments RM	Individual impairment RM	Total RM
Balance at 1 January 2016	-	-	-
Additions	103,904	-	103,904
Balance as at 1 January 2017	103,904	-	103,904
(Reversal)/Additions	(23,534)	247,561	224,027
Balance as at 31 December 2017	80,370	247,561	327,931
Additions	178,478	-	178,478
Written off	-	(247,561)	(247,561)
Balance as at 31 December 2018	258,848	-	258,848
Additions	208,827	-	208,827
Balance as at 31 December 2019	467,675	-	467,675

8. OTHER RECEIVABLES

	2019 RM	2018 RM	2017 RM	2016 RM
Amount due from companies in which certain Directors have interest	-	-	2,327,131	2,391,833
Non-trade receivables	133,476	358,569	1,438,519	1,165,080
Deposits	4,183,779	2,001,691	1,204,475	329,872
Prepayment	1,990,827	1,066,216	30,056	114,131
GST recoverable	21,915	20,080	54,206	-
Accrued interest income	131,155	120,190	-	-
	6,461,152	3,566,746	5,054,387	4,000,916
Less: Allowance for ECL	-	-	(356,941)	-
	6,461,152	3,566,746	4,697,446	4,000,916

8. OTHER RECEIVABLES (CONT'D)

The movements in the allowance for ECL during the financial year is as follow:-

	2019 RM	2018 RM	2017 RM	2016 RM
Brought forward	-	356,941	-	-
Additions	-	-	356,941	-
Written off	-	(356,941)	-	-
Carried forward	-	-	356,941	-

The amount due from companies in which certain Directors have interest is unsecured and bears no interest.

Included in non-trade receivables as at 31.12.2017 is an amount RM15,000 owing by non-controlling interest which is unsecured and bears no interest.

9. CONTRACT ASSETS/(LIABILITIES)

	2019 RM	2018 RM	2017 RM	2016 RM
Contract assets	16,660,023	1,150,449	5,220,676	801,939
Contract liabilities	(43,682,670)	(34,362,972)	(19,862,609)	(15,391,673)
	(27,022,647)	(33,212,523)	(14,641,933)	(14,589,734)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed once the subcontractors' works have been inspected by client's quantity surveyor and payment is expected within 30 to 60 days (2018, 2017 and 2016: 30 to 60 days).

The contract liabilities primarily relate to the advance consideration received from customers for construction contract, which revenue is recognised overtime during the construction of residential, commercial and other civil works. The contract liabilities are expected to be recognised as revenue over a period of 90 days (2018, 2017 and 2016: 90 days).

	2019 RM	2018 RM	2017 RM	2016 RM
Contract liabilities at the beginning of the period recognised as revenue	34,263,561	19,590,656	14,441,799	814,475

10. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks amounting to RM12,409,196 (2018: RM7,375,963, 2017: RM8,535,212 and 2016: RM7,052,869) are pledged for banking facilities granted to the Group.

The effective interest rates per annum on fixed deposits with licensed banks were as follows:-

	2019 %	2018 %	2017 %	2016 %
Fixed deposits with licensed banks	2.70-3.35	2.55-4.15	2.55-3.15	2.55-3.45

11. CASH AND BANK BALANCES

Included in cash and bank balances is an amount of RM722,994 (2018: RM491,471, 2017 and 2016: Nil) sinking fund which is pledged as securities for banking facilities granted to the Group.

12. SHARE CAPITAL

	TCS Group Unit	TCS Construction Unit	Total Unit
Issued and fully paid up:-			
Number of ordinary shares:-			
At 31 December 2016	-	1,100,000	1,100,000
Issued during the financial year	-	900,000	900,000
At 31 December 2017/31 December 2018	-	2,000,000	2,000,000
At date of incorporation	2	-	2
Share issued pursuant to acquisition of subsidiaries	269,999,998	-	269,999,998
Deemed distribution to the shareholders pursuant to the acquisition of subsidiaries	-	(2,000,000)	(2,000,000)
At 31 December 2019	270,000,000	-	270,000,000

12. **SHARE CAPITAL (CONT'D)**

	TCS Group RM	TCS Construction RM	Total RM
Issued and fully paid up:-			
At 31 December 2016	-	1,100,000	1,100,000
Issued during the financial year	-	900,000	900,000
At 31 December 2017/31 December 2018	-	2,000,000	2,000,000
At date of incorporation	2	-	2
Share issued pursuant to acquisition of subsidiaries	26,244,000	-	26,244,000
Deemed distribution to the shareholders pursuant to the acquisition of subsidiaries	-	(2,000,000)	(2,000,000)
At 31 December 2019	26,244,002	-	26,244,002

13. **MERGER DEFICIT**

The merger deficit arises as and when the combination take place, it comprises the differences between the cost of merger and the nominal value of shares acquired in TCS Construction Sdn. Bhd. and TCS Bina Sdn. Bhd..

14. **LEASE LIABILITIES**

	2019 RM	2018 RM	2017 RM	2016 RM
Current	3,821,569	2,986,367	307,008	441,370
Non-current	5,101,521	6,660,011	1,091,585	1,027,536
	8,923,090	9,646,378	1,398,593	1,468,906

The Group's future minimum lease payments as at year end are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Within 1 year	4,216,323	3,449,991	371,691	506,146
After 1 year but not later than 5 years	5,278,232	6,994,744	989,415	955,426
More than 5 years	108,572	85,470	221,329	184,392
	9,603,127	10,530,205	1,582,435	1,645,964

Lease liabilities bear interest rates ranging from 4.53% to 8.98% (2018: 4.55% to 8.54%, 2017: 4.55% to 7.86% and 2016: 4.55% to 8.54%) per annum.

14. LEASE LIABILITIES (CONT'D)

The expenses relating to payments not included in the measurement of a lease liabilities is as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Short term leases	7,786,693	4,020,500	1,370,716	3,432,900

The total cash outflow for leases of the Group are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Total cash outflow for leases	11,613,879	5,472,993	1,910,272	3,930,576

15. BORROWINGS

	2019 RM	2018 RM	2017 RM	2016 RM
Current				
Secured:-				
Term loans	280,911	47,372	15,239	14,511
Trust receipts	-	-	-	448,136
Bank overdraft	-	2,485,809	-	5,481
Domestic bills of exchange	-	3,689,481	-	-
	280,911	6,222,662	15,239	468,128
Non-current				
Secured:-				
Term loans	9,366,885	7,584,462	432,897	445,689
	9,647,796	13,807,124	448,136	913,817
Analysed as:				
- within 1 year	280,911	6,222,662	15,239	468,128
- between 2 to 5 years	1,556,460	1,114,208	69,243	63,748
- more than 5 years	7,810,425	6,470,254	363,654	381,941
	9,647,796	13,807,124	448,136	913,817

The borrowings are secured in the following manner:-

(i) Charge and deeds of assignment over the leasehold land and building, shoplots and capital work-in-progress of the Group as disclosed in Note 4 and 5 to the consolidated financial statements;
(ii) Deed of assignment of contract proceeds;
(iii) Pledge of deposits with licensed banks of the Group;
(iv) Pledged of sinking fund of the Group;
(v) Jointly and several guarantees by certain Directors; and
(vi) Absolute assignment of life policy of a Director.

The repayment term for term loans is by monthly basis.

15. BORROWINGS (CONT'D)

The effective interest rates per annum on borrowings were as follows:-

	2019 %	2018 %	2017 %	2016 %
Term loans	4.47 - 8.82	4.47 - 5.61	4.47	4.47
Bank overdraft	7.70 - 7.95	7.07 - 7.70	-	7.95 - 8.10
Domestic bills of exchange	7.60 - 7.75	7.75	-	-
Trust receipts	-	-	-	7.91

16. TRADE PAYABLES

	2019 RM	2018 RM	2017 RM	2016 RM
Trade payables	23,416,227	40,896,418	11,359,744	13,217,471
Retention sum	14,060,735	6,745,856	2,996,354	3,346,207
	37,476,962	47,642,274	14,356,098	16,563,678

Trade payables comprise amounts outstanding for trade purchases. The average credit periods granted to the Group for trade purchases are 30 to 90 days (2018, 2017 and 2016: 30 days to 90 days).

17. OTHER PAYABLES

	2019 RM	2018 RM	2017 RM	2016 RM
Non-trade payables	1,845,511	484,269	62,871	235,825
Accruals	14,348,858	972,330	957,715	3,436,265
Amounts due to companies in which certain Directors have interests	2,000	15,508	704,670	689,715
GST payable	-	-	-	233,319
	16,196,369	1,472,107	1,725,256	4,595,124

The amounts due to companies in which certain Directors have interests are unsecured and bear no interest.

18. AMOUNT DUE TO DIRECTORS

The amount due to Directors is non-trade in nature, unsecured and bears no interest.

19. **REVENUE**

19.1 **Disaggregated revenue information**

	2019 RM	2018 RM	2017 RM	2016 RM
Revenue from contracts with customers in Malaysia				
- Construction	358,423,861	146,266,318	71,718,226	103,628,655
Timing and recognition				
- Over time	358,423,861	146,266,318	71,718,226	103,628,655

19.2 **Performance Obligation**

Information about the Group's performance obligation is summarised as below:

Construction

The performance obligation is satisfied over-time and using the cost incurred method. The payment is generally due for maximum of 60 days (2018, 2017 and 2016: 60 days) from the invoice date.

20. **FINANCE INCOME**

	2019 RM	2018 RM	2017 RM	2016 RM
Bank interest	61,294	199,253	243,918	80,024
Fixed deposits	378,058	241,494	198,365	166,342
	439,352	440,747	442,283	246,366

21. **FINANCE COSTS**

	2019 RM	2018 RM	2017 RM	2016 RM
Overdraft	2,541	792	-	28,975
Term loan	418,633	118,519	20,220	1,747
Lease liabilities	504,031	212,177	63,743	63,133
Trust receipts	-	-	-	10,691
Domestic bill of exchange	-	11,716	-	-
Overdue interest	-	36	3,431	10
	925,205	343,240	87,394	104,556

22. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	2019 RM	2018 RM	2017 RM	2016 RM
After charging:-				
Auditors' remuneration	130,000	95,000	55,000	20,000
Bad debts written off	7,884	-	213,047	-
Directors' fees and allowances	116,500	-	800,000	2,700,000
Loss on disposal of property, plant and equipment	-	-	-	4,667
After crediting:-				
Gain on disposal of property, plant and equipment	(13,818)	(9,804)	(2,120)	-
Expenses over accrued in prior years	-	(818,844)	(293,784)	-

23. TAX EXPENSE

	2019 RM	2018 RM	2017 RM	2016 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	6,019,810	2,988,524	2,644,874	1,754,400
- Under/(Over) Provision in prior year	190,752	2,802	(4)	3,594
	6,210,562	2,991,326	2,644,870	1,757,994
Deferred tax				
- Current year	(43,000)	388,000	(395,000)	-
- Under/(Over) provision in prior year	88,000	(129,000)	85,500	(7,900)
	45,000	259,000	(309,500)	(7,900)
	6,255,562	3,250,326	2,335,370	1,750,094

23. TAX EXPENSE (CONT'D)

A reconciliation of income tax applicable to profit before tax at the statutory income tax rate to income tax at the effective income tax rate is as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Profit before tax	21,912,345	13,062,279	8,524,368	6,841,092
Tax at Malaysian statutory tax rate of 24%	5,258,963	3,134,947	2,045,848	1,641,862
Tax effects in respects of :-				
Non-deductible expenses for tax purposes	787,847	301,577	239,361	137,538
Non-taxable income		-	(276)	-
Change in tax rate for the first tranche of chargeable income	(70,000)	(60,000)	(35,059)	(25,000)
Under/(Over) provision of tax expense in prior year	190,752	2,802	(4)	3,594
Deferred tax under/(over) recognised in prior year	88,000	(129,000)	85,500	(7,900)
Total tax expense	6,255,562	3,250,326	2,335,370	1,750,094

24. EMPLOYEE BENEFITS EXPENSES

	2019 RM	2018 RM	2017 RM	2016 RM
Salaries and other benefits	12,722,265	7,426,692	3,736,896	3,999,360
Defined contribution plan	1,218,910	687,923	330,293	376,376
Social security benefits	139,770	65,806	29,970	31,350
Other staff related expenses	262,915	177,073	83,449	76,780
	14,343,860	8,357,494	4,180,608	4,483,866

Included in the employees benefits expenses are Directors' emoluments as shown below:-

	2019 RM	2018 RM	2017 RM	2016 RM
Salaries and other benefits	1,073,000	962,119	942,000	912,000
Defined contribution plan	95,760	80,640	80,640	80,640
Social security benefit	1,752	1,657	1,657	1,448
	1,170,512	1,044,416	1,024,297	994,088

Included in Directors' other benefits are benefits-in-kind (based on estimated monetary value) for the Group that amounted to RM75,100 (2018: RM45,400, 2017: RM63,150 and 2016: Nil).

25. **DIVIDENDS**

	2019 RM	2018 RM	2017 RM	2016 RM
In respect of financial year ended 31 December 2017:				
- Final dividend of 1.25 sen per share declared and paid on 16 July 2018	-	2,500,000	-	-

26. **CAPITAL COMMITMENT**

	2019 RM	2018 RM	2017 RM	2016 RM
Authorised and contracted for:				
- Shoplots	718,126	3,006,158	-	-

27. **CONTINGENT LIABILITIES**

(a) Corporate guarantee

	2019 RM	2018 RM	2017 RM	2016 RM
Corporate guarantee given to financial institution for credit facilities granted to companies in which Directors have interests				
- Granted	16,077,487	16,077,487	4,877,487	-
- Utilised	14,713,380	15,670,853	4,839,074	-

(b) Performance bonds

	2019 RM	2018 RM	2017 RM	2016 RM
Performance bonds guarantee for construction projects	30,585,455	21,500,712	13,342,712	-

28. RELATED PARTY DISCLOSURES

The Group has related party relationship with its subsidiaries, Directors and key management personnel.

(a) Related party transactions

	2019 RM	2018 RM	2017 RM	2016 RM
Sales to the companies in which Directors have interests	162,749	268,459	1,076,638	1,312,914
Dividends paid to Directors	-	2,500,000	-	-
Advances to companies in which Director have interests	-	-	509,696	-
Rental expenses paid to the companies in which Directors have interests	227,500	120,000	120,000	120,000
Salary reimbursement paid to a company in which Directors have interests	59,267	85,094	18,871	-

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 7, 8, 17 and 18 to the consolidated financial statements.

(b) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes all the Directors and certain members of senior management of the Group. The remuneration of the Board of Directors are disclosed in Notes 22 and 24 to the consolidated financial statements.

28. **RELATED PARTY DISCLOSURES (CONT'D)**

The remuneration of key management personnel of the Group other than the Board of Directors are as follows:-

	2019 RM	2018 RM	2017 RM	2016 RM
Salaries and benefits	874,330	785,007	699,695	496,217
Defined contribution plan	76,188	62,316	53,680	44,861
Social security benefits	5,540	4,350	4,160	3,616
	956,058	851,673	757,535	544,694

Included in key management personnel's other benefits are benefits-in-kind (based on estimated monetary value) for the Group that amounted to RM25,425 (2018: RM25,425, 2017: RM14,754 and 2016: Nil)

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial Risks

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit Risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

The areas where the Group is exposed to credit risk are as follow:-

Receivables

The net carrying amount of receivables is considered a reasonable approximate of fair value.

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit Risk (cont'd)**

Receivables (cont'd)

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, the management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on their customers financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 3 years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7 to the consolidated financial statements.

In respect of trade receivables, the Group is not subject to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, except below mentioned.

Number of customer	Financial year	Trade receivables balances RM	% concentration
4	31.12.2019	68,611,909	82
4	31.12.2018	85,183,250	93
2	31.12.2017	13,656,821	66
2	31.12.2016	23,683,124	76

Corporate Guarantee

The maximum exposure to credit risk amounting to RM14,713,380 (2018: RM15,670,853, 2017: RM4,839,074 and 2016: Nil) representing the outstanding banking facilities of a company which certain Directors have interests as at the end of the reporting period.

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit Risk (cont'd)**

Corporate Guarantee (cont'd)

The Group provides unsecured corporate guarantees to bank in respect of banking facilities granted to a company which certain Directors have interests. The Group monitors on an ongoing basis the results of the company which certain Directors have interests and repayments made by the company which certain Directors have interests. As at the end of the reporting period, there was no indication that the company which certain Directors have interests would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring the Group's guarantees as a pre-condition for approving the banking facilities granted to a company which certain Directors have interests. The actual terms of the credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by a company which certain Directors have interest. As such, there is no value on the corporate guarantee to be recognised in the consolidated financial statements.

Performance Bonds

Performance bonds require the Group to makes payments to third parties in the event that the Group does not perform in according to the terms of any related contracts. The maximum exposure to credit risk is amounted to RM30,585,455 (2018: RM21,500,712, 2017: RM13,342,712 and 2016: Nil).

Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(b) **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due because of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity Risk (cont'd)**

The liquidity risk arises principally from its trade and other payables, amount due to Directors, lease liabilities and borrowings.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

			Current	← Non-current →	
	Carrying amount	Total contractual cash flows	On demand/ Less than 1 year	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM
2019					
Non-derivative financial liabilities					
Secured:-					
Borrowings	9,647,796	14,491,264	667,718	3,275,156	10,548,390
Lease liabilities	8,923,090	9,603,127	4,216,323	5,278,232	108,572
Unsecured:-					
Trade payables	37,476,962	37,476,962	37,476,962	-	-
Other payables	16,196,369	16,196,369	16,196,369	-	-
Amount due to a Director	1,737	1,737	1,737	-	-
Total undiscounted financial liabilities	72,245,954	77,769,459	58,559,109	8,553,388	10,656,962
Corporate guarantee*	14,713,380	14,713,380	-	-	-
Performance bonds*	30,585,455	30,585,455	-	-	-

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity Risk (cont'd)**

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

			Current	← Non-current →	
	Carrying amount	Total contractual cash flows	On demand/ Less than 1 year	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM
2018					
Non-derivative financial liabilities					
Secured:-					
Borrowings	13,807,124	17,053,979	6,241,082	1,555,266	9,257,631
Lease liabilities	9,646,378	10,530,205	3,449,991	6,994,744	85,470
Unsecured:-					
Trade payables	47,642,274	47,642,274	47,642,274	-	-
Other payables	1,472,107	1,472,107	1,472,107	-	-
Amount due to a Director	11,087	11,087	11,087	-	-
Total undiscounted financial liabilities	72,578,970	76,709,652	58,816,541	8,550,010	9,343,101
Corporate guarantee*	15,670,853	15,670,853	-	-	-
Performance bonds*	21,500,712	21,500,712	-	-	-

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity Risk (cont'd)**

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

			Current	← Non-current →	
	Carrying amount RM	Total contractual cash flows RM	On demand/ Less than 1 year RM	2 to 5 years RM	More than 5 years RM
2017					
Non-derivative financial liabilities					
Secured:-					
Borrowings	448,136	663,860	34,848	140,405	488,607
Lease liabilities	1,398,593	1,582,435	371,691	989,415	221,329
Unsecured:-					
Trade payables	14,356,098	14,356,098	14,356,098	-	-
Other payables	1,725,256	1,725,256	1,725,256	-	-
Amount due to Directors	1,860,477	1,860,477	1,860,477	-	-
Total undiscounted financial liabilities	19,788,560	20,188,126	18,348,370	1,129,820	709,936
Corporate guarantee*	4,839,074	4,839,074	-	-	-
Performance bonds*	13,342,712	13,342,712	-	-	-

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity Risk (cont'd)**

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

			Current	← Non-current →	
	Carrying amount	Total contractual cash flows	On demand/ Less than 1 year	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM
2016					
Non-derivative financial liabilities					
Secured:-					
Borrowings	913,817	1,150,578	488,403	137,887	524,288
Lease liabilities	1,468,906	1,645,964	506,146	955,426	184,392
Unsecured:-					
Trade payables	16,563,678	16,563,678	16,563,678	-	-
Other payables	4,361,805	4,361,805	4,361,805	-	-
Amount due to Directors	2,063,284	2,063,284	2,063,284	-	-
Total undiscounted financial liabilities	25,371,490	25,785,309	23,983,316	1,093,313	708,680

* This exposure to liquidity risk is included for illustration purpose only as the related corporate guarantee and performance bonds have not crystallised.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

(c) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the policies of the Group in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Interest Rate Risk (cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date are as below:-

	2019 RM	2018 RM	2017 RM	2016 RM
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	12,937,888	11,261,880	8,535,212	7,052,869
Financial liability				
Lease liabilities	(8,923,090)	(9,646,378)	(1,398,593)	(1,468,906)
	4,014,798	1,615,502	7,136,619	5,583,963
Floating rate instrument				
Financial liability				
Borrowings	(9,647,796)	(13,807,124)	(448,136)	(913,817)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rate of +/-25 (2018, 2017 and 2016: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to change in interest rates. All other variables are held constant.

	2019 RM	2018 RM	2017 RM	2016 RM
Effective on profit/equity for the year				
+25bp	(24,119)	(34,518)	(1,120)	(2,285)
- 25bp	24,119	34,518	1,120	2,285

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group as at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair Value Hierarchy

No fair value hierarchy disclosed as the Group does not have financial instrument measured at fair value.

30. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC"):-

	2019		2018		2017		2016	
	Carrying amount RM	AC RM	Carrying amount RM	AC RM	Carrying amount RM	AC RM	Carrying amount RM	AC RM
Financial assets								
Trade receivables	83,489,467	83,489,467	90,980,930	90,980,930	20,521,029	20,521,029	31,169,710	31,169,710
Other receivables	4,448,410	4,448,410	2,480,450	2,480,450	4,613,184	4,613,184	3,886,785	3,886,785
Fixed deposit with licensed banks	12,937,888	12,937,888	11,261,880	11,261,880	8,535,212	8,535,212	7,052,869	7,052,869
Cash and bank balances	15,213,949	15,213,949	3,709,422	3,709,422	17,518,455	17,518,455	6,936,330	6,936,330
	116,089,714	116,089,714	108,432,682	108,432,682	51,187,880	51,187,880	49,045,694	49,045,694
Financial liabilities								
Trade payables	37,476,962	37,476,962	47,642,274	47,642,274	14,356,098	14,356,098	16,563,678	16,563,678
Other payables	16,196,369	16,196,369	1,472,107	1,472,107	1,725,256	1,725,256	4,361,805	4,361,805
Amount due to Directors	1,737	1,737	11,087	11,087	1,860,477	1,860,477	2,063,284	2,063,284
Lease liabilities	8,923,090	8,923,090	9,646,378	9,646,378	1,398,593	1,398,593	1,468,906	1,468,906
Borrowings	9,647,796	9,647,796	13,807,124	13,807,124	448,136	448,136	913,817	913,817
	72,245,954	72,245,954	72,578,970	72,578,970	19,788,560	19,788,560	25,371,490	25,371,490

31. SEGMENTAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and managing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each Group's reportable segments.

- Residential	Residential type of condominiums
- Commercial	Commercial type included retail shoplots, shopping center, mixed of residential service suites
- Others	Included mechanical, electrical, plumbing, civil and general building contractor works

Performance is measured on segment revenue that is reviewed by the Group's Managing Director who is the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no disclosure is made on segment assets and liabilities.

31. **SEGMENTAL INFORMATION (CONT'D)**

	Note	Residential RM	Commercial RM	Eliminations RM	Total RM
2019					
Revenue:-					
External revenue		279,361,922	79,061,939	-	358,423,861
Total revenue		279,361,922	79,061,939	-	358,423,861
Segment results*					37,727,425
Depreciation of property, plant and equipment					(4,796,016)
Interest income					439,352
Interest expense					(925,205)
Unallocated income					125,160
Unallocated expenses					(10,658,371)
Tax expense					(6,255,562)
Segment profit					15,656,783
Assets:-					
Additions to non-current assets	(a)				7,256,662
Segment assets	(b)				161,159,113
Liabilities:-					
Segment liabilities	(c)				97,357,738

31. **SEGMENTAL INFORMATION (CONT'D)**

	Note	Residential RM	Commercial RM	Others RM	Eliminations RM	Total RM
2018						
Revenue:-						
External revenue		127,466,583	18,624,308	175,427	-	146,266,318
Total revenue		127,466,583	18,624,308	175,427	-	146,266,318
Segment results*						20,535,122
Depreciation of property, plant and equipment						(2,054,667)
Interest income						440,747
Interest expense						(343,240)
Unallocated income						1,585,719
Unallocated expenses						(7,101,402)
Tax expense						(3,250,326)
Segment profit						9,811,953
Assets:-						
Additions to non-current assets	(a)					22,222,634
Segment assets	(b)					134,651,448
Liabilities:-						
Segment liabilities	(c)					83,488,440

31. SEGMENTAL INFORMATION (CONT'D)

	Note	Residential RM	Commercial RM	Others RM	Eliminations RM	Total RM
2017						
Revenue:-						
External revenue		51,771,900	19,233,452	712,894	-	71,718,246
Total revenue		51,771,900	19,233,452	712,894	-	71,718,246
Segment results*						14,976,826
Depreciation of property, plant and equipment						(733,031)
Interest income						442,283
Interest expense						(87,394)
Unallocated income						296,818
Unallocated expenses						(6,371,134)
Tax expense						(2,335,370)
Segment profit						6,188,998
Assets:-						
Additions to non-current assets	(a)					767,364
Segment assets	(b)					60,321,072
Liabilities:-						
Segment liabilities	(c)					37,804,440

31. **SEGMENTAL INFORMATION (CONT'D)**

	Note	Residential RM	Commercial RM	Others RM	Eliminations RM	Total RM
2016						
Revenue:-						
External revenue		52,099,512	50,076,875	1,452,268	-	103,628,655
Total revenue		52,099,512	50,076,875	1,452,268	-	103,628,655
Segment results*						14,298,354
Depreciation of property, plant and equipment						(687,409)
Interest income						246,366
Interest expense						(104,556)
Unallocated income						14,360
Unallocated expenses						(6,926,023)
Tax expense						(1,750,094)
Segment profit						5,090,998
Assets:-						
Additions to non-current assets	(a)					1,690,001
Segment assets	(b)					53,876,413
Liabilities:-						
Segment liabilities	(c)					38,613,759

* The breakdown of segment results between residential, commercial and others are not available.

31. SEGMENTAL INFORMATION (CONT'D)

Note:-

(a) Additions to non-current assets consists of:-

	2019 RM	2018 RM	2017 RM	2016 RM
Investment property	-	-	-	900,104
Property, plant and equipment	7,256,662	22,222,634	767,364	789,897
	7,256,662	22,222,634	767,364	1,690,001

(b) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

	2019 RM	2018 RM	2017 RM	2016 RM
Segment assets	161,159,113	134,651,448	60,321,072	53,876,413
Deferred tax assets	211,000	22,000	270,000	-
Total assets	161,370,113	134,673,448	60,591,072	53,876,413

(c) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial positon:-

	2019 RM	2018 RM	2017 RM	2016 RM
Segment liabilities	97,357,738	83,488,440	37,804,440	38,613,759
Deferred tax liabilities	248,000	14,000	3,000	42,500
Lease liabilities	8,923,090	9,646,378	1,398,593	1,468,906
Borrowings	9,647,796	13,807,124	448,136	913,817
Tax payable	3,307,722	1,488,524	2,049,874	1,054,400
Total liabilities	119,484,346	108,444,466	41,704,043	42,093,382

Geographical Information

The Group's operation is predominantly carried out in Malaysia.

31. **SEGMENTAL INFORMATION (CONT'D)**

Information about Major Customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Segment
2019			
Customer A	78,399,176	22	Commercial
Customer B	71,495,561	20	Residential
Customer C	66,421,486	19	Residential
Customer D	48,627,143	14	Residential
Customer E	43,641,915	12	Residential
	308,585,281	87	
2018			
Customer A	35,900,851	25	Residential
Customer B	32,919,445	23	Residential
Customer C	23,643,436	16	Residential
Customer D	18,677,280	13	Residential
Customer E	16,513,532	11	Residential
Customer F	16,319,997	11	Commercial
	143,974,541	99	
2017			
Customer A	41,691,663	58	Commercial
Customer B	17,335,440	24	Residential
	59,027,103	82	
2016			
Customer A	49,788,965	48	Commercial
Customer B	24,005,898	23	Residential
Customer C	14,057,224	14	Residential
Customer D	13,936,886	13	Commercial
	101,788,973	98	

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes since the last financial year.

33. SIGNIFICANT EVENTS DURING THE REPORTING YEAR

FYE 2019

TCS has entered into the following agreements to facilitate the Listing:

(1) The first conditional share sale agreement with the Promoters was entered into on 15 May 2019 for the acquisition by TCS of the entire share capital of TCS Construction ("SSA 1") for a total consideration of RM26,065,424, which was fully satisfied by the issuance of 268,162,794 new ordinary shares ("TCS Shares") on 30 October 2019.

(2) The second conditional share sale agreement with Ooi Kee An and TCS Construction was entered into on 15 May 2019 for the acquisition by TCS Construction of 45,000 ordinary shares representing 5.63% equity interest in TCS Bina from Ooi Kee An ("SSA 2") for a consideration of RM178,576, which was fully satisfied by the issuance of 1,837,204 new TCS Shares on behalf of TCS Construction to Ooi Kee An on 30 October 2019.

34. SIGNIFICANT EVENT AFTER THE REPORTING YEAR

The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020. Consequently, these restrictions are expected to have material adverse effects on Malaysia's economy for 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in 2020.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operations and financial position, and it is concluded that there are no material effects on the consolidated financial statements for the financial year ended 31 December 2019. The management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the year ending 31 December 2020 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continually assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 December 2020.

TCS GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying consolidated financial statements set out on pages 4 to 72 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the consolidated financial position as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, and of their consolidated financial performance and cash flows for the financial years then ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019.

.....	.....
DATO' IR. TEE CHAI SENG	DATIN KOH AH NEE

Kuala Lumpur
9 June 2020

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.

(ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another.

(iii) Save for the new Shares issued and to be issued pursuant to our Pre-IPO Reorganisation and Public Issue as disclosed in Sections 5.3 and 3.3.1 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our Subsidiaries have been issued or are proposed to be issued, during the FYE Under Review, and from 1 January 2020 up to the date of this Prospectus.

(iv) Save for the Issue Shares reserved for Eligible Persons as disclosed in Section 3.3.1(ii) of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company.

(v) Our Company does not have any capital that is under option or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.

(vi) Save as disclosed in this Prospectus and save as provided under our Constitution and the Act, there are no other restrictions on the holding or voting or transfer of our Shares.

15.2 CONSTITUTION

The following provisions are reproduced from our Constitution which comply with the Listing Requirements, the Act and the Rules of Bursa Depository.

The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires:

Words	Meaning
Central Depository	means a central depository which has been approved by the minister for the time being charged with the responsibility for finance under Section 5(1) of the Securities Industry (Central Depositories) Act 1991
Listed	means admitted to the Official List and listing shall be construed accordingly
Record of Depositors	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules of Bursa Depository
Securities	means securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force

15. ADDITIONAL INFORMATION *(CONT'D)*

(i) Transfer of Securities

The provisions of our Constitution in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

Clause 49

The transfer of any listed Security or class of listed Security in the Company shall be by way of book entry by Bursa Depository in accordance with the Rules of Bursa Depository and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Security.

Clause 50

(1) Every instrument of transfer (for any share not being a deposited security) must be left for registration at the office of the Share Registrar accompanied by the certificate of the shares comprised therein (if any) and such evidence as the Directors may reasonably require to prove the right of the transferor to make the transfer and the due execution by him of the transfer, and subject to the power vested in the Directors by this Constitution or the provisions of any other written law and if required, to reasonable evidence of nationality, the Company shall register the transferee as shareholder.

(2) A fee not exceeding RM3.00 (excluding the stamp duty) or any amount as shall be determined from time to time by Bursa Securities may be charged for each transfer and shall if required by the Directors be paid before the registration thereof.

Clause 51

No share shall in any circumstances be transferred to any minor, bankrupt or person of unsound mind.

Clause 52

(1) Subject to Section 106 and any other relevant provisions of the Act, the Directors may refuse or delay to register the transfer of a share, not being a deposited security, to a person of whom they shall not approve.

(2) If the Directors passed a resolution to refuse or delay the registration of a transfer, they shall, within seven (7) days of the resolution being passed, give to the lodging broker, transferor and the transferee written notice of the resolution setting out the precise reasons thereof.

15. ADDITIONAL INFORMATION *(CONT'D)*

Clause 53

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Clause 54

Where:

(1) the securities of the Company are listed on another stock exchange; and

(2) the Company is exempted from compliance with Section 14 of the Central Depository Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of Bursa Depository in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the ROC in the jurisdiction of the other stock exchange, to the register of holder maintained by the Share Registrar in Malaysia, and vice versa, provided that there shall be no change in the ownership of such securities.

(ii) Changes to Share Capital

The provisions of our Constitution in relation to the changes to the share capital are set out below:

Clause 60

The Company may, from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

15. ADDITIONAL INFORMATION *(CONT'D)*

Clause 61

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this clause.

Clause 62

The Company may alter its share capital by passing a special resolution to:

(1) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;

(2) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(3) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 63

The Company may by special resolution, reduce its share capital in accordance with Section 84 of the Act.

(iii) Remuneration of Directors

The provisions of our Constitution in relation to the remuneration of our Directors are set out below:

Clause 114

The fees and any benefits payable to the Directors from time to time, be subject to annual shareholder approval at general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, provided always that:

(1) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(2) salaries payable to executive Directors shall not include a commission on or percentage of turnover.

(3) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(4) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of that Director.

Clause 115

(1) The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise, howsoever, in or about the business of the Company in the course of the performance of their duties as Directors.

(2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular, without limiting to the generality of the foregoing, if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

(iv) Voting and Borrowing Powers of Directors

The provisions of our Constitution in relation to the voting and borrowing powers of our Directors, including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:

Clause 119

(1) To the extent that the Act, the Listing Requirements and the Constitution allow, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party, provided always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(2) The Directors shall cause a proper register to be kept in accordance with Section 60 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.

15. ADDITIONAL INFORMATION *(CONT'D)*

(3) Subject to the Act, if the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or persons so becoming liable as aforesaid, from any loss in respect of such liability.

Clause 137

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested, either as an officer of that other company or as a holder of shares or other securities in that other company.

Clause 139

Subject to clause 137, a Director may vote in respect of:

(1) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(2) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

By an ordinary resolution of the Company, the provisions of this clause may at any time be suspended or relaxed to any extent and, either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this clause, may be ratified.

Clause 140

A Director may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in such corporation, unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed, a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid, provided always that he has complied with Section 221 and all other relevant provisions of the Act, the Listing Requirements and of this Constitution.

15. ADDITIONAL INFORMATION *(CONT'D)*

(v) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions of our Constitution in relation to the rights, preferences and restrictions attached to each class of securities are set out below:

Clause 13

(1) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference shares and subject to the Act, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.

(2) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months or on a proposal to wind up the Company or during the winding up of the Company, but shall have no other rights whatsoever.

(3) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Save as disclosed below which has been reproduced from our Constitution, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by the constituent documents of our Company:

Clause 69

The Company shall request Bursa Depository in accordance with the Rules of Bursa Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. The Company shall request Bursa Depository in accordance with the Rules of Bursa Depository, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as "**the General Meeting Record of Depositors**"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

15.4 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Company during the FYE Under Review, and from 1 January 2020 up to the date of this Prospectus:

15. ADDITIONAL INFORMATION *(CONT'D)*

(i) The share sale agreement dated 15 May 2019 between our Company and our Promoters for the acquisition by our Company of the entire share capital of TCS Construction from our Promoters for a consideration of RM26,065,424, which was fully satisfied by the issuance of 268,162,794 new Shares to our Promoters;

(ii) The share sale agreement dated 15 May 2019 between our Company, TCS Construction and Ooi Kee An for the acquisition by TCS Construction of 45,000 ordinary shares, representing 5.63% equity interest in TCS Bina from Ooi Kee An for a consideration of RM178,576, which was fully satisfied by the issuance of 1,837,204 new Shares by our Company on behalf of TCS Construction to Ooi Kee An;

(iii) Deed of assignment dated 13 March 2019 entered into between our Company and CDB Realty for the assignment of the two trademarks bearing registration numbers TM No. 2012059322 and TM No. 2013050171 (collectively, the "Trademarks") including all its rights, titles and interest under the Trademarks from CDB Realty to our Company for a cash consideration of RM10; and

(iv) Underwriting Agreement dated 12 June 2020 entered into between our Company and our Sole Underwriter to underwrite 18,000,000 IPO Shares at an underwriting commission of 3.00% of the total value of the underwritten shares.

15.5 EXCHANGE CONTROLS

Our Group has not established any other place of business outside Malaysia and is not subject to governmental laws, decrees, regulations and/ or other requirements which may affect repatriation of capital and remittance of profit by or to our Group.

15.6 MATERIAL LITIGATION AND ARBITRATION

As at the date of this Prospectus, save as disclosed below, our Group is not engaged in any governmental proceedings and/ or any material litigation, claim and/ or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial position or profitability of our Group. Our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

Our Subsidiary, TCS Construction had on 15 August 2019 issued a letter to MPM Project Management confirming substantial and practical completion of the scope of work stipulated in the contract for our KTCC Mall Project (which mainly entails reinforced concrete structural works, brickwall and plastering works, and construction of electrical substations) and requested for joint inspection to facilitate issuance of the CPC by the architect. Subsequent to 15 August 2019, TCS Construction has been performing variation works and/ or defect works for our KTCC Mall Project.

On 16 April 2020, TCS Construction received a certificate of non-completion dated 1 December 2019 from MPM Project Management ("**CNC**") in relation to an alleged non-completion of the scope of work specified in the contract for our KTCC Mall Project by the alleged extended completion date of 30 November 2019 and claim for liquidated ascertained damages ("**LAD**") of RM100,000.00 per day for the period during which the works are alleged to be incomplete.

We are disputing the issuance of the CNC as we have completed our scope of works for our KTCC Mall Project by the completion date, i.e. 15 August 2019. As at the LPD, MPM Project Management has not issued any formal response to us despite numerous requests by us for issuance of the CPC, and that the CCC for the KTCC Mall was issued on 23 January 2020.

15. ADDITIONAL INFORMATION *(CONT'D)*

We have engaged solicitors to advise us on our next course of action and had on 22 June 2020 filed a claim against MPM Project Management under the Construction Industry and Payment Adjudication Act 2012 ("**CIPAA 2012**") in respect of:

(i) the sum of RM7,422,769.91, being our interim progress claim no. 17-revision 1 dated 28 April 2020, for the works done for period ended 25 February 2020 and the first half of the retention sum ("**KTCC Outstanding Amount**");

(ii) the sum of RM2,028.07, being the outstanding interest as at 21 June 2020 computed based on an interest rate of 5.00% per annum on the KTCC Outstanding Amount from its payment due date of 19 June 2020 to 21 June 2020; and

(iii) any further interest at a rate of 5.00% on the KTCC Outstanding Amount from 22 June 2020 until full settlement of the KTCC Outstanding Amount and any interests thereof.

Under the CIPAA 2012, a decision in respect of the company's claim ought to be made within 45 days from the expiry of the adjudication response or reply to the adjudication response, whichever is later or such further time as agreed by the parties. If successful, TCS Construction may need to register the adjudication award in the High Court to enforce the payment.

The solicitors of TCS Construction have opined that TCS Construction has good prospects in defending any potential LAD claimed by our customer. The solicitors of TCS Construction are also of the opinion that if there is any liability, the sum will be RM5.40 million being the LAD payable from 1 December 2019 until 23 January 2020, being the date of issuance of the CCC and legal costs.

To ensure that there is no financial impact to TCS Construction, our Managing Director, Dato' Ir Tee Chai Seng has procured the issuance of a bank guarantee by CDB Realty, a company owned by Dato' Ir Tee Chai Seng and Datin Koh Ah Nee, payable to TCS Construction to cover the estimated amount of LAD of RM5.40 million for an initial period of two years from 23 June 2020 to 22 June 2022, and is renewable upon its expiry up to 22 June 2023 or such longer period subject to terms and conditions in the offer letter from CIMB Bank Berhad and as may be stipulated by the bank. In addition, he has also given an irrevocable and unconditional undertaking to:

(i) make payment on behalf of TCS Construction if required by law to be made by TCS Construction; and

(ii) to procure renewal of the said bank guarantee on an annual basis (or for whatsoever reason, a replacement of equivalent amount), to ensure such bank guarantee will be subsisting until the dispute between TCS Construction and MPM Project Management is resolved.

Dato' Ir Tee Chai Seng and/ or persons connected with him will not seek to recover any compensation from TCS Group for any amounts paid under the bank guarantee, and any amounts which are required to be paid on behalf of TCS Construction if required by law to be made by TCS Construction.

15.7 CONSENTS

The written consent of our Sole Principal Adviser, Sponsor, Sole Underwriter, Sole Placement Agent, Company Secretaries, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15. ADDITIONAL INFORMATION *(CONT'D)*

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letters on the Pro Forma Consolidated Statements of Financial Position of our Group and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours for a period of six months from the date of this Prospectus:

(i) our Constitution;

(ii) the IMR Report prepared by IMR as included in Section 7 of this Prospectus;

(iii) the material contracts referred to in Section 15.4 above;

(iv) the relevant cause paper referred to in Section 15.6 above;

(v) the letters of consent referred to in Section 15.7 above;

(vi) the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 December 2019 as included in Section 13 of this Prospectus;

(vii) the Accountants' Report as included in Section 14 of this Prospectus;

(viii) the audited financial statements of TCS Construction for the FYE 2016;

(ix) the audited consolidated financial statements of TCS Construction for the FYE 2017, FYE 2018 and FYE 2019;

(x) the audited financial statements of TCS Bina for the financial period beginning 20 April 2017 (date of incorporation) to 31 December 2017, FYE 2018 and FYE 2019; and

(xi) our audited consolidated financial statements for the FYE 2019.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD : 10.00 a.m., 29 June 2020

CLOSING OF THE APPLICATION PERIOD : 5.00 p.m., 10 July 2020

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATION

All Applications must be in accordance with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only
Applications by the Eligible Persons	Pink Application Form only
Institutional and selected investors	Our Sole Placement Agent will contact the selected investors directly. They should follow our Sole Placement Agent's instructions
Bumiputera investors approved by the MITI	The MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Applications by Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or

(b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, RHB Investment Bank, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 APPLICATIONS USING APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.23 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 600**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

OR

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor

(ii) DELIVERED BY HAND AND DEPOSITED in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, so as to arrive not later than 5.00 p.m. on 10 July 2020 or such other date and time specified in any changes to the date and time of closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Forms to the Issuing House.

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATIONS USING INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS – CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

16.8 OVER/ UNDERSUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website (www.mih.com.my) within one business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have at least 25.00% of our total number of Shares for which listing is sought to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our admission to the Official List and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of any undersubscription of the Retail Offering, subject to the clawback and reallocation provisions set out Section 3.3.4 of this Prospectus, any of the aforementioned Issue Shares not applied for will then be subscribed by our Sole Underwriter subject to the terms and conditions of the Underwriting Agreement.

16.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash, dividend/ distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the fifth Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our Issue Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) Pursuant to the conditions imposed by Bursa Securities as disclosed in Section 9.1 of this Prospectus, we will also make an announcement on the basis of allotment/ allocation of the Issue Shares on the website of Bursa Securities at least two Market Days prior to the Listing date.

(iv) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our Issue Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

16. SUMMARISED PROCEDURE FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

(v) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03 – 7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TCS GROUP HOLDINGS BERHAD ("TCS" OR "COMPANY") DATED 29 JUNE 2020 ("PROSPECTUS")

Unless otherwise defined, all words and expressions used herein shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 a.m., 29 June 2020

CLOSING OF THE APPLICATION PERIOD: 5.00 p.m., 10 July 2020

Applications for our Issue Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. The dates for the ballot of the applications for our Issue Shares, the allotment of our IPO Shares and our Listing would then be extended accordingly.

Late Applications will not be accepted.

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from the Issuing House and ADAs which are registered members of Bursa Securities

2 METHODS OF APPLICATION

All Applications must be in accordance with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

2.1 Retail Offering

Types of Application and category of investors		Application Method
Applications by the Malaysian Public:		
(a)	Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b)	Non-Individuals	White Application Form only
Applications by the Eligible Persons		Pink Application Form only

2.2 Institutional Offering

Types of Application	Application Method
Applications by:	
Institutional and selected investors	Our Sole Placement Agent will contact the selected investors directly. They should follow our Sole Placement Agent's instructions
Bumiputera investors approved by the MITI	The MITI will contact the Bumiputera investors directly. They should follow MITI's instructions

3 ELIGIBILITY

3.1 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

(i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 12 below.

(ii) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares with a Malaysian address; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(iii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iv) You must submit an Application by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

3.2 Application by the Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

The Eligible Persons must have a CDS account and a correspondence address in Malaysia.

Applicants provided with Pink Application Forms may also apply for our Issue Shares offered to the Malaysian Public.

You agree that any application which you make for our Issue Shares is irrevocable.

4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

Each application for our Issue Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

The Malaysian Public must follow the following procedures in making their applications through the **White** Application Form.

(i) Obtain the White Application Form together with the Official "A" and "B" envelopes and our Prospectus.

The White Application Form together with our Prospectus, can be obtained subject to availability from RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association, the Issuing House and our Company.

(ii) In accordance with Section 232(2) of the CMSA, the White Application Form is accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.

(iii) Complete the White Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:

(a) ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

(b) stating your CDS account number in the space provided in the White Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(c) stating the details of your payment in the appropriate boxes provided in the White Application Form.

(d) stating the number of shares applied. Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares.

(iv) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM 0.23 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 600"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (for applicants from Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the White Application Form.

(v) Insert the white Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the official "A" envelope and seal it. You must write your name and address on the outside of the official "A" and "B" envelopes.

Affix an RM 1.50 stamp on the official "A" envelope and insert the official "A" envelope into the official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

(vi) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No: 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor

(b) or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor,

so as to arrive not later than 5.00 p.m. on 10 July 2020 or such other time and date specified in any changes to the time and date for closing. We will not accept late Applications.

We, together with the Issuing House, will not issue any acknowledgement of receipt of your White Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Malaysian individuals may apply for our Issue Shares through the ATM of the following Participating Financial Institutions and their branches. The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
HSBC Bank Malaysia Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50
Standard Chartered Bank Malaysia Berhad (at selected branches only)	RM2.50

Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.

5.2 Procedures for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions.

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions;

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:

- Personal Identification Number ("**PIN**");
- MIH Share Issue Account No. 600;
- Your CDS account number;
- Number of Issue Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

5.3 Terms and Conditions for Electronic Share Application

You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

(i) The Electronic Share Application shall be made in relation to and subject to the terms of our Prospectus and our Constitution.

(ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our Issue Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;

(d) The Electronic Share Application is the only application that you are submitting for our Issue Shares offered to the Malaysian Public; and

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(e) You consent to the disclosure by the Participating Financial Institution and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant authorities.

(iii) You confirm that you are not applying for our Issue Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our Issue Shares offered to the Malaysian Public.

(iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

(v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated in the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.

(vi) The Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.

(vii) You request and authorise us:

(a) to credit our Issue Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such Issue Shares or jumbo certificates which represent, amongst others, such Issue Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:

(a) our Company or the Issuing House does not receive your Electronic Share Application; or

(b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, the Issuing House or the relevant Participating Financial Institution for our Issue Shares applied for or for any compensation, loss or damage.

(ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.

(x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.

(xi) By making and completing an Electronic Share Application, you agree that:

(a) in consideration of us agreeing to allow and accept the application for our Issue Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

(b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our Issue Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said Issue Shares;

(d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our Issue Shares allotted or allocated to you; and

(e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of our Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(xii) the Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

6.1 Internet Participating Financial Institutions

Applications for our Issue Shares by the Malaysian Public Individuals may be made through the internet financial services website of the respective Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution	Website address	Fees charged
Affin Bank Berhad	www.affinOnline.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB Securities Sdn. Bhd.	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad
CIMB Bank Berhad	www.cimbclicks.com.my	RM2.00 for applicants with CDS accounts held with CGS-CIMB Securities Sdn. Bhd. and RM2.50 for applicants with CDS accounts with other ADAs
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
Public Bank Berhad	www.pbebank.com	RM2.00
RHB Bank Berhad	www.rhbgroup.com	RM2.50

Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

6.2 Terms and Conditions for Internet Share Application

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and subject to the following terms and conditions:

(i) You can make an Internet Share Application if you fulfill all of the following:

(a) You are an individual with a CDS account and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name;

(b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your User Identification ("**User ID**") and PIN/password for the relevant Internet financial services facilities; and

(c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our Issue Shares at the Internet financial services websites of other Internet Participating Financial Institutions.

(ii) An Internet Share Application shall be made on and subject to the terms of our Prospectus and our Constitution.

(iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our Issue Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of our Prospectus, the contents of which you have fully read and understood;

(d) You agree to all the terms and conditions of the Internet Share Application as set out in our Prospectus and have carefully considered the risk factors as well as all other information and statements set out in our Prospectus, before making your Internet Share Application;

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(e) Your Internet Share Application is the only application that you are submitting for our Issue Shares offered to the Malaysian Public;

(f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

(g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Service Act, 2013 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

(h) You are not applying for our Issue Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in our Prospectus;

(i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

(iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our Issue Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of our Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in Section 6.2(iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or the Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in our Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.

(vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

(a) your acceptance of the number of Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and

(b) your agreement to be bound by our Constitution.

(vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our Issue Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA**. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.

(viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.

(ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company and irrevocably agree that if:

(a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and

(b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our Issue Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares. The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), by

(a) ordinary post through the self-addressed and stamped Official "A" envelope which you have provided to Bursa Depository (for fully unsuccessful applications);

(b) crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash, dividend/distribution); or

(c) bankers' draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository (for partially successful applications).

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website (www.mih.com.my) within one business day after the balloting event.

Pursuant to the Listing Requirements we are required to have at least 25.00% of our total number of Shares for which listing is sought to be held by a minimum of 200 public shareholders holding not less than 100 Shares each upon our admission to the Official List and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of an undersubscription of the Retail Offering, subject to the clawback and reallocation as set out in Section 3.3.4 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by our Sole Underwriter subject to the terms and conditions of the Underwriting Agreement.

9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per Section 9.1(i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash, dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per Section 9.1(ii) above (as the case may be).

9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the fifth Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our Issue Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) Pursuant to the conditions imposed by Bursa Securities as disclosed in Section 9.1 of our Prospectus, we will also make an announcement on the basis of allotment/ allocation of the Issue Shares on the website of Bursa Securities at least two Market Days prior to the Listing date.

(iv) In accordance with Section 14(1) of the SICDA, Bursa Securities will prescribe our Shares as prescribed securities. As such, our Issue Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(v) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as listed in Section 12 below.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
AFFIN HWANG INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	Level 17, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26043333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788 / 20362633	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887 / 26131600	024-001
CGS-CIMB SECURITIES SDN BHD	3rd Floor, Lot 1511 & 1512 Jalan Mutiara Timur Satu 56100 Taman Mutiara Cheras Kuala Lumpur Tel No : 03-9132 7424 / 7428 / 7429	065-001
FA SECURITIES SDN BHD	A-10-1 & A-10-17 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-22881676	021-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3 Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor Level 3A, Block B, Hp Towers No. 12, Jalan Gelenggang 60000 Kuala Lumpur Tel No : 03-20808777	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No.6 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No : 03 – 20831800	066-008
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921 / 90562922	054-007
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21710228	053-001
KENANGA INVESTMENT BANK BERHAD	Level 17, Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-21722888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 and 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004
MALACCA SECURITIES SDN BHD	No 76-1, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No: 03-4144 2565	012-001
MALACCA SECURITIES SDN BHD	B-M-10, Block B Plaza Arkadia Jalan Intisari Perdana Desa Park City 52200 Kuala Lumpur Tel No: 03-2733 9782	012-001
MALACCA SECURITIES SDN BHD	B01-A-13A Level 13A, Menara 2 No. 3, Jalan Bangsar KL ECO City 59200 Kuala Lumpur Tel No: 03-2201 2100	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MAYBANK INVESTMENT BANK BERHAD	27, 31 to 33 Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No : 03-20591888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-22683000	051-001
RHB INVESTMENT BANK BERHAD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-9280 2233/2354	087-001
RHB INVESTMENT BANK BERHAD	No. 62, 62-1, 64 & 64-1, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03 - 62575869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-21471888	078-010

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite B 3A1, East Wing 3Ath Floor, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
AFFIN HWANG INVESTMENT BANK BERHAD	4th Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77106613	086-001
CGS-CIMB SECURITIES SDN BHD	Level G & Level 1, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77173388	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 135 & 137 Jalan Sultan Abdul Samad 42700 Banting Selangor Darul Ehsan Tel No : 03-3181 1337 / 1346	065-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Empire Office Tower Empire Subang Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-5631 7934 / 7892	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor (No. 26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-3325 7105 / 7106	065-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A) Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-5891 6852	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 26A(F), 26A(M) & 26A(B) Jalan SJ6, Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel No : 03-6137 1680	065-001
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03 – 87361118	079-001
JF APEX SECURITIES BERHAD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 76201118	079-002
KENANGA INVESTMENT BANK BERHAD	No. 55C, 2nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03 – 8024 1773	073-001
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-001
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-001
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-001
MALACCA SECURITIES SDN BHD	No. 54M, Mezzanine Floor Jalan SS2/67, Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7876 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77188888	098-004
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4, Taman Intan 41300 Klang, Selangor Darul Ehsan Tel No : 03 – 3050 8888	098-003
PM SECURITIES SDN BHD	1st Floor, 157- A, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03 – 3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	First Floor, 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No :03 - 60928916	087-047

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03 – 3343 9180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B Jalan USJ 10/1J USJ 10, 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy, Lot 72, Persiaran Jubli Perak Section 22, 40000 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1, Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03 – 77295713	058-007
MELAKA		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06-3371533	012-001
KENANGA INVESTMENT	71 (Ground, A&B) & 73 (Ground, A&B)	073-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
BANK BERHAD	Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-001
MERCURY SECURITIES SDN BHD	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
PM SECURITIES SDN BHD	No 6-1, Jalan Lagenda 2, Taman 1 Lagenda, 75400 Melaka Tel No : 06-2880050	064-006
RHB INVESTMENT BANK BERHAD	579, 580 & 581, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2825211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
PERAK DARUL RIDZUAN		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen Ground Floor, 1, 2 & 3 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2nd & 3rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	5th, 6th Floor and Unit 8A, M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MALACCA SECURITIES SDN BHD	No 3, 1st Floor, Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No: 05-2541 533 / 2541577	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh, Perak Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	No 1&3, 1st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No : 05-2411290	078-002
PULAU PINANG		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuh Pantai 10300 Pulau Pinang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL, 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No : 04-2385900	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No. 6160 Jalan Ong Yi How Kawasan Perindustrian Teras Jaya 13400 Butterworth Pulau Pinang Tel No : 04-329 1112 / 8478	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 32A Jalan Mahsuri 11950 Bandar Bayan Baru Pulau Pinang Tel No : 04-642 2287	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & No. 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No : 04-641 2881	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Unit 1308 & 1309 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Pulau Pinang Tel No : 04-641 2881	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 (Unit 1) & Level 3 No 56. Cantontment Road 10250 Pulau Pinang Tel No : 04-2268288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
M & A SECURITIES SDN BHD	9-1-33, Taman Kheng Tian Jalan Van Praagh, 11600, Georgetown Pulau Pinang Tel No : 04 – 2888 788	057-008
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-001
MALACCA SECURITIES SDN BHD	No 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No : 04-6421533	012-001
MALACCA SECURITIES SDB BHD	28 Lorong Tangling Indah 3 Taman Tangling Indah 14100 Simpang Ampat Tel No: 04-5060967	012-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor, Bangunan KWSP No.38, Jalan Sultan Ahmad Shah 10050 Georgetown, Pulau Pinang Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04-6400822	093-006

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuh Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-001
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-001
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993 / 014 – 9215 992	012-001
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 09-4914913	087-041
KELANTAN DARUL NAIM		
CGS-CIMB SECURITIES SDN BHD	Level 4 Wisma TCH (formerly known as Wisma Square Point) Jalan Pengkalan Chepa 15400 Kota Bharu Kelantan Darul Naim Tel No : 09-741 9050 / 9051 / 9052 / 9053	065-001
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288 / 09 – 743 3388	058-004

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground &1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7473906	078-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
RHB INVESTMENT BANK BERHAD	1st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6224766	078-016
KEDAH DARUL AMAN		
AFFIN HWANG INVESTMENT BANK BERHAD	70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088 / 7318270	076-004
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No. 102 Kompleks Persiaran Sultan Abdul Hamid Jalan Pegawai 05050 Alor Setar Kedah Darul Aman Tel No : 04-777 4400 / 4401	065-001
MALACCA SECURITIES SDN BHD	No. 9 First Floor Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No : 04-7350888	012-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BERHAD	1st Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 21 Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-455 3155	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-651 5385	065-001
CGS-CIMB SECURITIES SDN BHD	Level 2 Wisma Dewan Perniagaan Melayu Negeri Sembilan Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-761 4651	065-001
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan Tel No : 06-7655998	073-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	1st-3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
JOHOR DARUL TAKZIM		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-001
AMINVESTMENT BANK BERHAD	18th Floor, Metropolis Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343699	086-001
CGS-CIMB SECURITIES SDN BHD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel No : 07-232 9673	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-931 1509 / 1523	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel No : 06-976 4559 / 4560	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor No. 8A Jalan Dedap 20 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-353 7669 / 7959	065-001
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-001
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07 – 4678 885	073-001
KENANGA INVESTMENT BANK BERHAD	916, Ground Floor Jalan Bakek 82000, Pontian Johor Darul Takzim Tel : 07 – 6861 121	073-001
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
MALACCA SECURITIES SDN BHD	No. 74, Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 3351 533	012-001
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel: 07-6638877	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel: 06-9536948	012-001
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435278	058-009

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81000 Johor Bahru Tel No: 07-3647388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6635651	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
SARAWAK		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082 – 341999	068-005
AMINVESTMENT BANK BERHAD	1st , 2nd, & 3rd Floor, No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001
CGS-CIMB SECURITIES SDN BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-001
CGS-CIMB SECURITIES SDN BHD	Level 1 (North), Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching, Sarawak Tel No : 082-358688	065-001

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No : 085-435577	073-001
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-001
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337588	073-001
KENANGA INVESTMENT BANK BERHAD	Suites 9 & 10, 3rd Floor Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak No Tel : 082 – 248877	073 - 001
MERCURY SECURITIES SDN BHD	1st Floor 16, Jalan Getah 96100 Sarikei, Sarawak Tel No : 084- 656281	093-001
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel : 082- 250888	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-008

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000, Miri Sarawak Tel: 085 - 324128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No 16, Lorong Intan 6 96000 Sibu Sarawak Tel: 084-252737	078-018
SABAH		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu, Sabah Tel No : 088-311688	068-008
CGS-CIMB SECURITIES SDN BHD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Lot 12 Block A3, Phase 2 Utama Place Mile 6, Northern Road Sandakan, Sabah Tel No : 089 – 215 578	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	1st Floor, Lot 40 (corner) Taman Nasalim, Phase 7A, Batu 5 Jalan Lintas Utara 90000 Sandakan Sabah Tel No : 089 – 464 801	073-001
KENANGA INVESTMENT BANK BERHAD	Lot 66-0 (TB 15611-0) Ground Floor, Kubota Road 91000 Tawau Sabah Tel No : 089 – 704 892	073 – 001
RHB INVESTMENT BANK BERHAD	2nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No : 089-218681	078-012