THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Exemption (as defined herein).

The Securities Commission Malaysia ("**SC**") had on 7 March 2024 notified that it has no further comments to the contents of this Circular and independent advice letter ("**IAL**") for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Circular and IAL. The SC is not responsible for the contents of this Circular and IAL, does not represent that this Circular and IAL is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular and IAL.

This Circular has been reviewed by RHB Investment Bank Berhad, being the Sole Principal Adviser for the Proposed Rights Issue with Warrants and Proposed Exemption (as defined herein).

TCS
Passion to Build

TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

(I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 243,600,000 NEW ORDINARY SHARES IN TCS GROUP HOLDINGS BERHAD ("TCS" OR THE "COMPANY") ("TCS SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY FIVE EXISTING TCS SHARES HELD BY OUR ORDINARY SHAREHOLDERS AS AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER BY OUR BOARD OF DIRECTORS, TOGETHER WITH UP TO 146,160,000 FREE DETACHABLE WARRANTS IN OUR COMPANY ("WARRANTS B") ON THE BASIS OF THREE WARRANTS B FOR EVERY FIVE RIGHTS SHARES SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE WITH WARRANTS"); AND

(II) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SC TO DATO' IR. TEE CHAI SENG AND PERSON ACTING IN CONCERT WITH HIM, FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR THE REMAINING TCS SHARES AND WARRANTS B NOT ALREADY OWNED BY THEM UNDER THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION").

PART B

INDEPENDENT ADVICE LETTER FROM DWA ADVISORY SDN BHD TO OUR NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

Sole Principal Adviser

RHB Investment

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

Independent Adviser

DWA advisory

DWA ADVISORY SDN BHD
(Registration No. 201301002419 (1032257-D))

Our Notice of EGM and the Proxy Form are enclosed in this Circular. Our forthcoming EGM will be held as a fully virtual meeting through live streaming and online voting via the Remote Participating and Voting ("**RPV**") facilities as follows:

Meeting platform of our forthcoming EGM	:	Vote2U at https://web.vote2u.my
Date and time of our forthcoming EGM	:	Monday, 1 April 2024, 10.00 a.m., or at any adjournment thereof
Broadcast venue of our forthcoming EGM	:	Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 4261(Jenjarom, Selangor Darul Ehsan, Malaysia
Last date and time for lodging the Proxy Form	:	Saturday, 30 March 2024, 10.00 a.m., or at any adjournment thereof

Your Proxy Form must be lodged at our Company's share registrar, Aldpro Corporate Services Sdn Bhd's office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P Kuala Lumpur. Alternatively, you may submit your electronic Proxy Form using the RPV facilities provided by Agmo Digital Solutions Sdn Bhd via its online website at https://web.vote2u.my no later than 48 hours before the time set for holding our forthcoming EGM or any adjournment thereof. Please refer to the procedures on submission of the Proxy Form in the Administrative Guide.

This Circular is dated 12 March 2024

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

Act	:	Companies Act 2016 of Malaysia
Board	:	Our Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular in relation to the Proposals
CMSA	:	Capital Markets and Services Act 2007
Datin Koh	:	Datin Koh Ah Nee
Dato' Frankie Ng	:	Dato' Ng Kwang Hua
Dato' Tee	:	Dato' Ir. Tee Chai Seng
Deed Poll A	:	Deed poll constituting the Warrants A dated 25 February 2021
Deed Poll B	:	Deed poll constituting the Warrants B to be executed by our Company under the Proposed Rights Issue with Warrants
Director(s)	:	Directors of our Company as at the LPD and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the CMSA, and shall be construed accordingly
DWA Advisory or Independent Adviser	:	DWA Advisory Sdn Bhd (Registration No. 201301002419 (1032257-D))
EGM	:	Our extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date to be entitled to the Proposed Rights Issue with Warrants
Entitlement Date	:	A date to be determined and announced later by our Board, on which the names of our shareholders must appear in our Record of Depositors as at 5.00 p.m. on that date to be entitled to the Proposed Rights Issue with Warrants
EPS	:	Earnings or loss per Share
FYE	:	Financial year ended / ending, as the case may be
Government	:	Government of Malaysia
Group	:	Collectively, our Company and our subsidiaries
IAL	:	Independent advice letter for the Proposed Exemption
Issue Price	:	Issue price of RM0.12 per Rights Share
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	13 February 2024, being the latest practicable date before the printing of this Circular
LPS	:	Loss per Share

Mandatory Offer	:	The obligation of Dato' Tee and his PAC under subparagraph 4.01(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to undertake a mandatory offer for the remaining TCS Shares and Warrants B not already owned by them pursuant to Dato' Tee's Undertaking under the Proposed Rights Issue with Warrants
Market Day	:	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Issuance of 243,600,000 Rights Shares and 146,160,000 Warrants B, assuming the following: (i) all Entitled Shareholders (including the Undertaking Shareholders) fully subscribe for their respective entitlements of Rights Shares under the Proposed Rights Issue with Warrants; and (ii) all of the outstanding Warrants A as at the LPD are exercised into new TCS Shares at the exercise price of RM0.38 per TCS Share before the Entitlement Date
Metro Eyewear Holdings	:	Metro Eyewear Holdings Sdn Bhd (Registration No. 199801003927 (460053-X))
Minimum Scenario	:	Issuance of 140,305,117 Rights Shares and 84,183,070 Warrants B, assuming the following: (i) only the Undertaking Shareholders subscribe for their respective entitlements of Rights Shares; (ii) Dato' Frankie Ng subscribes for all the Rights Shares not taken up by our Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications, subject always that the maximum number of Rights Shares to be subscribed by him under the Proposed Rights Issue with Warrants is 43,040,000 Rights Shares; and (iii) none of the outstanding Warrants A as at the LPD are exercised into new TCS Shares before the Entitlement Date
Minimum Subscription Level	:	Minimum subscription level under the Proposed Rights Issue with Warrants to raise a minimum of RM11.6 million
NA	:	Net assets
PAC	:	The person acting in concert with Dato' Tee under sections 216(2) and 216(3) of the CMSA as at the LPD, namely Datin Koh
Proposals	:	Collectively, the Proposed Rights Issue with Warrants and the Proposed Exemption
Proposed Exemption	:	Proposed exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to Dato' Tee and his PAC, from the obligation to undertake the Mandatory Offer
Proposed Rights Issue with Warrants	:	Proposed renounceable rights issue of up to 243,600,000 Rights Shares at an issue price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by our Entitled Shareholders on the Entitlement Date, together with up to 146,160,000 free detachable Warrants B on the basis of three Warrants B for every five Rights Shares subscribed for

Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
RHB Investment Bank or Sole Principal Adviser	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
Rights Shares	:	New TCS Shares to be issued pursuant to the Proposed Rights Issue with Warrants
RM and Sen	:	Ringgit Malaysia and Sen respectively
RPV	:	Remote Participating and Voting facilities
Rules of Bursa Depository	:	Rules of Bursa Depository as issued under the Securities Industry (Central Depositories) Act 1991
Rules on Take-overs, Mergers and Compulsory Acquisitions	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA
SC	:	Securities Commission Malaysia
TCS or Company	:	TCS Group Holdings Berhad (Registration No. 201901004613 (1313940-W))
TCS Group or Group	:	Collectively, our Company and our subsidiaries
TCS Shares or Shares	:	Ordinary share(s) of our Company
TEAP	:	Theoretical ex-all price
Undertaking Shareholders	:	Collectively, Dato' Tee, Datin Koh and Dato' Frankie Ng
Undertakings	:	Written and irrevocable undertakings dated 26 December 2023 provided by Dato' Tee and Datin Koh and dated 22 January 2024 provided by Dato' Frankie Ng to: (i) subscribe in full for their respective entitlements of Rights Shares based on their shareholdings as at the Entitlement Date; and (ii) (in the case of Dato' Frankie Ng only) (a) subscribe for all the Rights Shares not taken up by our Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications, subject always that the maximum number of Rights Shares to be subscribed by him under the Proposed Rights Issue with Warrants is 43,040,000 Rights Shares and, (b) ensure that the total number of Rights Shares to be subscribed by him and any of his associates (as defined under the Listing Requirements) under the Proposed Rights Issue with Warrants shall not exceed 47,600,000 Rights Shares. Further details of the Undertakings are set out in Section 2.5 of Part A of this Circular.
VWAP	:	Volume-weighted average market price
Warrants A	:	180,000,000 outstanding TCS warrants 2021/2024 issued by our Company under the Deed Poll A as at the LPD
Warrants B	:	Free detachable warrants in our Company to be allotted and issued pursuant to the Proposed Rights Issue with Warrants

PRESENTATION OF INFORMATION

References to “**our Company**”, “**we**”, “**us**” and “**our**” in this Circular are to our Company.

References to “**our Group**” in this Circular are to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, if applicable, include the plural and *vice versa* and words denoting the masculine gender shall, if applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any enactment, statute, rules, regulation or rules of stock exchange or guideline shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. Hence, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved.

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PART A

CIRCULAR TO THE SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSALS

TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

Registered office
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur

12 March 2024

Board of Directors

Tan Sri Dato' Sri Izzuddin Bin Dali	*Independent Non-Executive Chairman*
Dato' Ir. Tee Chai Seng	*Managing Director*
Wong Choo Leong	*Executive Director*
Dato' Seri Ir Mohamad Othman Bin Zainal Azim	*Independent Non-Executive Director*
Ooi Guan Hoe	*Independent Non-Executive Director*
Sharon Chew Mun Hoong	*Independent Non-Executive Director*

To: Our Shareholders

Dear Sir/Madam,

(I) PROPOSED RIGHTS ISSUE WITH WARRANTS; AND

(II) PROPOSED EXEMPTION

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1. INTRODUCTION

On 26 December 2023, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

On 22 January 2024, RHB Investment Bank had, on behalf of our Board, announced that our Company:

(i) intends to revise the tenure of the Warrants B to five years (previously, three years) commencing from and inclusive of the Issue Date; and

(ii) had procured a written and irrevocable undertaking dated 22 January 2024 from one of its shareholders, namely, Dato' Frankie Ng to:

(a) subscribe in full for his entitlement of Rights Shares based on his shareholding as at the Entitlement Date; and

(b) subscribe for all the Rights Shares not taken up by the Entitled Shareholders and/or their renouncee(s) under the Proposed Rights Issue with Warrants,

subject always that the maximum number of Rights Shares to be subscribed by Dato' Frankie Ng under the Proposed Rights Issue with Warrants is 43,040,000 Rights Shares.

On 6 March 2024, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 5 March 2024, approved the following, subject to the conditions as disclosed in Section 10 of Part A of this Circular:

(i) admission to the Official List and initial listing and quotation of up to 146,160,000 Warrants B; and

(ii) listing and quotation of:

(a) up to 243,600,000 Rights Shares; and

(b) up to 146,160,000 new TCS Shares to be issued arising from the exercise of the Warrants B.

The Board (save for Dato' Tee) had on 5 December 2023 appointed DWA Advisory as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of our Company in relation to the Proposed Exemption.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Proposed Rights Issue with Warrants entails a renounceable rights issue of up to 243,600,000 Rights Shares at the issue price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by our Entitled Shareholders, together with up to 146,160,000 free detachable Warrants B on the basis of three Warrants B for every five Rights Shares subscribed for.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level to fund our Group's proposed utilisation as set out in Section 2.6 of Part A of this Circular.

As at the LPD, we have:

(i) an issued share capital of RM66,163,865 comprising 429,000,000 TCS Shares; and

(ii) 180,000,000 outstanding existing Warrants A, which can be exercisable into 180,000,000 new TCS Shares at the exercise price of RM0.38 per TCS Share by the expiry date of 15 March 2024.

The number of Rights Shares and Warrants B to be issued, and the percentage of the total number of new TCS Shares to be issued upon the exercise of all Warrants B over the enlarged total number of issued TCS Shares under the Minimum Scenario and Maximum Scenario are set out below:

		Minimum Scenario	**Maximum Scenario**
Number of issued TCS Shares as at the LPD	[A]	429,000,000	429,000,000
Number of Rights Shares to be issued	[B]	140,305,117	243,600,000
Enlarged total number of issued TCS Shares (before exercise of Warrants B)	**[C] = [A] + [B]**	**569,305,117**	**672,600,000**
Number of outstanding existing Warrants A	[D]	180,000,000	180,000,000
Number of Warrants B to be issued	[E]	84,183,070	146,160,000
Number of convertible securities	**[F] = [D] + [E]**	**264,183,070**	**326,160,000**
% of total number of new TCS Shares to be issued upon the exercise of all outstanding Warrants A and Warrants B over the enlarged total number of issued TCS Shares	**[F] / [C]**	**46.40%**	**48.49%**

As shown above, we will be in compliance with Rule 6.51 of the Listing Requirements whereby we must ensure that the number of new TCS Shares which will arise from the exercise of outstanding Warrants A and Warrants B does not exceed 50% of our total number of issued Shares at all times.

The actual number of Rights Shares and Warrants B to be issued will depend on the total number of issued TCS Shares held by our Entitled Shareholders, as well as the eventual subscription level for the Proposed Rights Issue with Warrants. The Entitlement Date shall be determined by our Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

The Warrants B are attached to the Rights Shares and will be issued only to our Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares at no additional cost to them. Each Warrant B will entitle its holder to subscribe for one new TCS Share at an exercise price of RM0.18 per TCS Share. The Warrants B will be immediately detached from the Rights Shares upon issuance and will be traded separately on the ACE Market of Bursa Securities, and will be issued in registered form and constituted by the Deed Poll B.

The indicative salient terms of the Warrants B are set out in Appendix I of this Circular.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, our Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants. However, the Rights Shares and Warrants B cannot be renounced separately and only our Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants B. As such, our Entitled Shareholders who renounce all of their Rights Share entitlements for the Rights Share shall be deemed to have renounced all the accompanying entitlements to the Warrants B to be issued together with the Rights Shares. If our Entitled Shareholders accept only part of their entitlements for the Rights Share, they shall be entitled to the Warrants B in proportion to their acceptance of their entitlements for the Rights Share.

Any Rights Shares which are not validly taken up shall be offered to our other Entitled Shareholders and/or their renouncee(s) under excess shares applications. Further:

(i) it is the intention of our Board to firstly allocate any excess Rights Shares in a fair and equitable manner to all our Entitled Shareholders, and on such basis as it may deem fit or expedient and in the best interest of our Company, and any remaining excess Rights Shares not taken up shall then be allocated to Dato' Frankie Ng pursuant to his Undertaking as set out in Section 2.5 of Part A of this Circular. The basis of allocation of excess Rights Shares will be determined by our Board and announced on a later date;

(ii) any fractional entitlements under the Proposed Rights Issue with Warrants shall be disregarded and/or dealt with by our Board in such manner and on such terms and conditions as our Board in its absolute discretion may deem fit or expedient to minimise the incidence of odd lots and in the best interests of our Company; and

(iii) the Proposed Rights Issue with Warrants will not be implemented in stages.

The effects of the Proposed Rights Issue with Warrants in this Circular are illustrated based on the Minimum Scenario and Maximum Scenario.

2.1 Basis and justification for determining the Issue Price and the Exercise Price of Warrants B

2.1.1 Issue Price

Our Board has fixed the Issue Price at RM0.12 per Rights Share after taking into consideration, amongst others, the following:

(i) the funding requirements of our Group as set out in Section 2.6 of Part A of this Circular;

(ii) the five-day VWAP of TCS Shares up to and including 7 December 2023, being the latest practicable date before the announcement of the Proposals made on 26 December 2023 ("**Announcement LPD**") of RM0.166;

(iii) the TEAP of TCS Shares of RM0.152, calculated based on the closing price of TCS Shares of RM0.165 as at the Announcement LPD; and

(iv) the rationale and benefits for the Proposed Rights Issue with Warrants as set out in Section 5.1 of Part A of this Circular.

The Issue Price represents a **discount** of approximately:

(i) 27.7% to the five-day VWAP of TCS Shares up to and including the Announcement LPD; and

(ii) 21.1% to the TEAP of TCS Shares, calculated based on the closing price of TCS Shares of RM0.165 as at the Announcement LPD.

The Issue Price is set at a discounted price to encourage our Entitled Shareholders and/or their renouncee(s) to subscribe for their entitlements under the Proposed Rights Issue with Warrants.

Further, the basis of two Rights Shares for every five existing TCS Shares held by the Entitled Shareholders was determined after taking into consideration mainly the funding requirements of our Group as set out in Section 2.6 of Part A of this Circular and the level of discount of the Issue Price to the TEAP of TCS Shares.

2.1.2 Exercise price of Warrants B

The Warrants B will be issued at no additional cost to our Entitled Shareholders and/or their renouncee(s) who subscribe for their entitlements under the Proposed Rights Issue with Warrants.

Our Board has fixed the exercise price of the Warrants B at RM0.18 per TCS Share after taking into consideration, amongst others, the following:

(i) the five-day VWAP of TCS Shares up to and including the Announcement LPD of RM0.166;

(ii) the TEAP of TCS Shares of RM0.152, calculated based on the closing price of TCS Shares of RM0.165 as at the Announcement LPD; and

(iii) the rationale and benefits for the Proposed Rights Issue with Warrants as set out in Section 5.1 of Part A of this Circular.

The exercise price of the Warrants B represents a **premium** of approximately 18.4% to the TEAP of TCS Shares, calculated based on the closing price of TCS Shares of RM0.165 as at the Announcement LPD.

Our Board is of the view that the premium of the exercise price of the Warrants B to the TEAP may be able to encourage the holders of Warrants B to have a longer investment horizon and to make their investment decisions based on the long-term prospects of our Group rather than short-term market fluctuations.

Further, the basis of three Warrants B for every five Rights Shares subscribed for was determined after taking into consideration compliance with Rule 6.51 of the Listing Requirements (please refer to Section 2 of Part A of this Circular for further details), the potential dilutive effects arising from the exercise of the Warrants B and the amount of proceeds that could be raised from the exercise of the Warrants B.

2.2 Ranking of the Rights Shares and new TCS Shares to be issued under the exercise of the Warrants B

The Rights Shares shall rank equally in all respects with the then existing issued TCS Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new TCS Shares to be issued from the exercise of the Warrants B shall rank equally in all respects with the then existing issued TCS Shares, save and except that the holders of such new TCS Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new TCS Shares.

2.3 Listing and quotation of the relevant securities to be issued under the Proposed Rights Issue with Warrants

The Rights Shares, Warrants B and new Shares to be issued pursuant to the exercise of Warrants B will be listed and quoted on the ACE Market of Bursa Securities.

2.4 Indicative salient terms of the Warrants B

The indicative salient terms of the Warrants B are set out in Appendix I of this Circular.

2.5 Minimum Subscription Level and Undertakings

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level of RM11.6 million, which was determined after taking into consideration of Dato' Tee's and Datin Koh's respective entitlements of Rights Shares as at the date of their respective Undertakings and the funding requirements of our Group as set out in Section 2.6 of Part A of this Circular. The Company has obtained the Undertakings to meet the Minimum Subscription Level.

Pursuant to the Undertakings:

(i) the Undertaking Shareholders irrevocably and unconditionally undertake:

   (a) not to sell, or in any other way dispose of or transfer their respective existing interest in TCS Shares and Warrants A from the date of their respective undertakings up to the Entitlement Date;

   (b) not to acquire any new TCS Shares or Warrants A, nor exercise their Warrants A into new TCS Shares from the date of their respective undertakings up to the Entitlement Date; and

   (c) to subscribe in full for their respective entitlements of Rights Shares at the Issue Price of RM0.12 per Rights Share based on their respective shareholdings as at the Entitlement Date; and

(ii) in respect of Dato' Frankie Ng's Undertaking, he also irrevocably and unconditionally undertakes:

   (a) to subscribe for all the Rights Shares not taken up by our Entitled Shareholders and/or their renouncee(s) by way of excess Rights Shares applications, under the Proposed Rights Issue with Warrants, subject always that the maximum number of Rights Shares to be subscribed by him under the Proposed Rights Issue with Warrants is 43,040,000 Rights Shares; and

   (b) to ensure that the total number of Rights Shares to be subscribed by him and any of his associates (as defined under the Listing Requirements) under the Proposed Rights Issue with Warrants shall not exceed 47,600,000 Rights Shares.

The Undertaking Shareholders have also confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements of Rights Shares, and the aforementioned financial means and resources are not collateralised or charged for any credit facilities, and they intend to use them for the purpose of subscribing for their respective entitlements under the Proposed Rights Issue with Warrants.

Dato' Frankie Ng has also confirmed that he has sufficient financial means and resources to subscribe for all the Rights Shares not taken up by our other Entitled Shareholders and/or their renouncee(s) and the aforementioned financial means and resources are not collateralised or charged for any credit facilities, and he intends to use them for the purpose of subscribe for such additional Rights Shares.

The number of Rights Shares and Warrants B to be allotted to the Undertaking Shareholders (based on the Minimum Scenario) is as follows:

Shareholders	Shareholding as at LPD		Number of Rights Shares based on entitlement [A]		Additional Rights Shares to be subscribed [B]	
	No. of TCS Shares	% (1)	No. of Rights Shares	% of total Rights Shares (2)	No. of Rights Shares	% of total Rights Shares (2)
Dato' Tee	206,838,377	48.21	82,735,350	58.97	-	-
Datin Koh	36,324,419	8.47	14,529,767	10.35	-	-
Dato' Frankie Ng	7,600,000	1.77	3,040,000	2.17	40,000,000	28.51
Total	**250,762,796**	**58.45**	**100,305,117**	**71.49**	**40,000,000**	**28.51**

Shareholders	Total Right Shares to be subscribed [A] + [B]		Amount raised from the subscription of the Rights Shares (RM)	Warrants B to be issued	
	No. of Rights Shares	% of total Rights Shares (2)		No. of Warrants B	% of total Warrants B (3)
Dato' Tee	82,735,350	58.97	9,928,242	49,641,210	58.97
Datin Koh	14,529,767	10.35	1,743,572	8,717,860	10.35
Dato' Frankie Ng	43,040,000	30.68	5,164,800	25,824,000	30.68
Total	**140,305,117**	**100.00**	**16,836,614**	**84,183,070**	**100.00**

Notes:

(1) Computed based on the number of TCS Shares held over the total number of issued TCS Shares of 429,000,000 as at the LPD.

(2) Computed based on the number of Rights Shares to be issued over the total number of Rights Shares to be issued under the Minimum Scenario of 140,305,117 Rights Shares.

(3) Computed based on the number of Warrants B to be issued over the total number of Warrants B to be issued under the Minimum Scenario of 84,183,070 Warrants B.

RHB Investment Bank has verified that each of the Undertaking Shareholders has adequate and sufficient financial means and resources to fulfil their respective undertakings.

We will not enter into any underwriting arrangement for the remaining Rights Shares not subscribed for by our other Entitled Shareholders given that the Minimum Subscription Level will be fully satisfied only through the Undertakings.

For illustration purposes only, we set out below the pro forma shareholdings of our Entitled Shareholders based on the Minimum Scenario, and assuming that (i) Metro Eyewear Holdings subscribes in full for its entitlement of the Rights Shares and (ii) the Undertaking Shareholders and Metro Eyewear Holdings subsequently exercise their Warrants B:

			(I)		(II)	
	Shareholding as at LPD		**After the Proposed Rights Issue with Warrants**		**After (I) and assuming full exercise of Warrants B**	
	No. of TCS Shares	**(%)**	**No. of TCS Shares**	**(%)**	**No. of TCS Shares**	**(%)**
Undertaking Shareholders:						
- Dato' Tee	206,838,377	48.21	289,573,727	50.46	339,214,937	51.34
- Datin Koh	36,324,419	8.47	50,854,186	8.86	59,572,046	9.02
- Dato' Frankie Ng	7,600,000	1.77	50,640,000	8.82	76,464,000	11.57
Other Entitled Shareholders:						
- Non-public shareholders						
• Metro Eyewear Holdings [(1)]	11,400,000	2.66	15,960,000	2.78	18,696,000	2.83
• Other non-public shareholders	803,200	0.19	803,200	0.14	803,200	0.12
- Public shareholders	166,034,004	38.70	166,034,004	28.94	166,034,004	25.12
Total	**429,000,000**	**100.00**	**573,865,117**	**100.00**	**660,784,187**	**100.00**

Note:

(1) Metro Eyewear Holdings is an associate (as defined under the Listing Requirements) of Dato' Frankie Ng.

Pursuant to Rule 8.02(1) and Guidance Note 13 of the Listing Requirements, we must ensure that at least 25% of the total listed TCS Shares are in the hands of public shareholders. As shown above, the public shareholding spread of our Company is not expected to fall below 25% of the total listed TCS Shares after the completion of the Proposed Rights Issue with Warrants.

Pursuant to Dato Tee's Undertaking, Dato' Tee and his PAC, namely Datin Koh, are obligated to undertake the Mandatory Offer.

Based on Dato' Frankie Ng's Undertakings, he is not expected to trigger any mandatory offer obligations under the Rules on Take-overs, Mergers and Compulsory Acquisitions. Nevertheless, Dato' Frankie Ng has confirmed that he will at all times observe and ensure compliance with the Rules on Take-overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking a mandatory take-over offer if required.

2.6 USE OF PROCEEDS FROM THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The gross proceeds to be raised from the Proposed Rights Issue with Warrants are expected to be used in the following manner:

Use of proceeds	Note	Estimated timeframe for use of proceeds from completion of the Proposed Right Issue with Warrants	Minimum Scenario		Maximum Scenario	
			RM'000	%	RM'000	%
Working capital for our Group's existing construction projects	(i)	Within 24 months	15,500	92.06	27,895	95.43
Defray estimated expenses for the Proposals	(ii)	Immediately	1,337	7.94	1,337	4.57
Total			**16,837**	**100.00**	**29,232**	**100.00**

Notes:

(i) Working capital for our Group's construction projects

Our Board intends to use most of the gross proceeds to be raised form the Proposed Rights Issue with Warrants to fund the working capital requirements of our Group's existing construction projects. Details of such construction projects are set out below:

Project name and description	Commencement / completion date	Date of award	Project owner	Estimated remaining construction cost as at LPD[(1)] RM'000	Sources of funding for the remaining construction cost[(1)]	Contract sum as at the LPD RM'000	Remaining contract sum as at the LPD RM'000
Helix 2							
Main building works for a residential development comprising 500 units of service apartments and 12-storey car park situated at New Lot PT 6773 (formerly known as Lot PT 1880 and Lot PT 1983), Jalan PJS 5/27, PJS 5, Bandar Petaling Jaya Selatan, Daerah Petaling, 46150 Petaling Jaya, Selangor Darul Ehsan	February 2023/ April 2025	November 2022	Messrs. Eupe PJ South Development Sdn Bhd	97,138	Combination of proceeds from the Rights Issue, available project financing facilities and internally generated funds	119,607	98,201
J. Satine							
Main building works for a mixed-use development comprising 3,600 units of Residensi Wilayah apartments, 661 units of small office/ home office (SOHO) and 42 commercial units situated at PT 5701 (Lot 27211), Jalan Kilang Tiga, Mukim Setapak, Kuala Lumpur	November 2021/ July 2025	June 2021	Jayyid Land Sdn Bhd	367,699	Combination of proceeds from the Rights Issue, available project financing facilities and internally generated funds	555,000	408,650

Note:

(1) The remaining construction cost is to be funded via a combination of proceeds from the Rights Issue, available project financing facilities, and internally generated funds. The specific manner to fund the remaining construction cost cannot be determined at this juncture as it depends on the amount that could be raised from the Rights Issue, progress of these projects, and our Group's operating and financing requirements.

Such use of proceeds will 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 payment for our construction workers' salaries and wages.

The allocation of funding for the above projects will be determined over the progress of these projects based on their status and estimated costs required then, and our Group's operating and financing requirements at that point in time. If there are, amongst others, any termination of and/or delays in these projects, any surplus arising from such events will be adjusted to fund our Group's future construction projects.

For clarity, if any payment for the Helix 2 and J. Satine construction projects as stated above are due and payable before the completion of the Proposed Rights Issue with Warrants, our Company may advance the funds required from internally generated cash and/or borrowings. In this case, the proceeds received after completion of the Proposed Rights Issue with Warrants would be allocated instead to repay our Company for the advances and/or to repay the borrowings.

(ii) Defray estimated expenses for the Proposals

Our Board intends to use part of the proceeds to defray expenses relating to the Proposals. The breakdown of such expenses for the Proposals is illustrated below:

Estimated expenses	**RM'000**
Professional fees [(1)]	1,124
Fees to the relevant authorities	92
Printing, despatch, advertising and meeting expenses and other miscellaneous expenses	121
Total	**1,337**

Note:

(1) Include professional fees payable to the Sole Principal Adviser, Company Secretary, Share Registrar, Solicitors, Reporting Accountants and Independent Adviser for the Proposals.

If the actual expenses are lower or higher than estimated, any shortfall or surplus will be adjusted against the amount allocated to fund the working capital requirements of our Group's construction projects.

Any difference between the actual gross proceeds raised and the maximum amount of proceeds to be raised from the Proposed Rights Issue with Warrants would be adjusted from the gross proceeds allocated to fund the working capital requirements of our Group's construction projects.

Further, pending the full use of the gross proceeds received, we will place the proceeds raised from the Proposed Rights Issue with Warrants (including accrued interest, if any) or the balance thereof in deposits or short-term money-market instruments with licensed financial institutions or exempt finance companies under the Financial Services Act 2013 or placements in Islamic money-market unit trust funds and/or cash unit trust funds in Malaysia with bank-backed fund management companies licensed under the CMSA. The interest from the placement of the proceeds will be utilised to fund the working capital requirements of our Group's construction projects.

The gross proceeds to be raised from the exercise of the Warrants B is dependent on the total number of Warrants B issued and subsequently exercised during the tenure of the Warrants B. As such, the exact amount to be raised from the exercise of the Warrants B is not determinable at this juncture. *For illustration purposes only*, the gross proceeds to be raised upon the full exercise of the Warrants B based on the Exercise Price of RM0.18 per TCS Share is set out below:

	Minimum Scenario	**Maximum Scenario**
No. of Warrants B	84,183,070	146,160,000
Total gross proceeds to be raised (RM)	15,152,953	26,308,800

The gross proceeds to be raised from the exercise of Warrants B is expected to fund our Group's working capital comprising (i) working capital for our Group's construction projects (please refer to the 2nd paragraph of Section 2.6(i) of Part A of this Circular for further details) and (ii) working capital for our day to day operations including payment to our suppliers, funding our general administrative and our daily operational expenses such as staff-related costs (including salaries, allowances and bonus), statutory payments, and other overhead expenditures (including rental and utility expenses, and expenses for the upkeep of machineries). As at the LPD, we are unable to determine the allocation of proceeds from the exercise of Warrants B to each component of our working capital as it can only be determined as and when the Warrants B are exercised during its tenure, and based on the operating and funding requirements of our Group at that point in time.

3. DETAILS OF THE PROPOSED EXEMPTION

As at the LPD, Dato' Tee holds 206,838,377 TCS Shares representing approximately 48.21% equity interest in our Company.

Based on the Minimum Scenario as set out in Section 7.2 of Part A of this Circular:

(i) the shareholding of Dato' Tee in our Company is expected to increase from 48.21% to 50.87%; and

(ii) the shareholdings of Dato' Tee and Datin Koh, being the PAC and spouse of Dato' Tee, are expected to increase from 56.68% to 59.80%.

As shown above, the shareholding of Dato' Tee is expected to increase by more than 2% within a period of six months pursuant to his Undertaking. In this event, Dato' Tee will trigger the Mandatory Offer obligation, and Dato' Tee and his PAC, namely Datin Koh, will be obligated to undertake the Mandatory Offer pursuant to subparagraph 4.01(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions. Please refer to Section 7.2 of Part A of this Circular for further details on the changes to Dato' Tee's shareholding pursuant to the Proposed Rights Issue with Warrants.

However, it is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer as a result of us undertaking the Proposed Rights Issue with Warrants.

In this regard, an application for the Proposed Exemption shall be submitted to the SC for approval of the Proposed Exemption after obtaining the approval for the Proposed Exemption from our non-interested shareholders at our forthcoming EGM. If our non-interested shareholders or the SC do not approve the Proposed Exemption, the Proposed Rights Issue with Warrants will not be implemented as the Proposed Exemption and the Proposed Rights Issue with Warrants are inter-conditional upon each other.

4. OTHER FUND RAISING EXERCISE IN THE PAST 12 MONTHS

Save as disclosed below, we have not undertaken any fund raising exercises in the past 12 months before the announcement of the Proposals:

(i) On 17 August 2023, we had completed the first tranche of its private placement exercise involving the issuance of 20,000,000 TCS Shares at the issue price of RM0.1994 per TCS Share. The gross proceeds raised were RM3,988,000; and

(ii) On 1 September 2023, we had completed the second tranche of its private placement exercise involving the issuance of 19,000,000 TCS Shares at the issue price of RM0.1998 per TCS Share. The gross proceeds raised were RM3,796,200.

The private placement exercise:

(i) was undertaken under the general mandate approved by our shareholders pursuant to Sections 75 and 76 of the Act;

(ii) allowed for an issuance of up to 10% of our total issued Shares equivalent to 570,000,000 Shares (assuming all outstanding 180,000,000 Warrants A are exercised prior to the implementation of the private placement exercise); and

(iii) had lapsed on 7 February 2024.

As at the LPD, the total gross proceeds of RM7,784,200 raised from the private placement exercise had been used as follows:

Use of proceeds	Intended timeframe for use from 1 September 2023	Proposed use	Amount used as at the LPD	Balance unused
		RM'000	RM'000	RM'000
Working capital for our Group's construction projects (1)	Within 24 months	7,741	7,613	-
Expenses (2)	Upon completion of the private placement exercise	43	171	-
Total		**7,784**	**7,784**	**-**

Notes:

(1) Comprises payment to fund the working capital requirements of our Group's construction projects, namely Helix 2 and J. Satine. Please refer to Note (i) of Section 2.6 of Part A of this Circular for details of the construction projects.

(2) Comprises expenses for the private placement, such as professional fees, regulatory fees and other incidental expenses.

5. RATIONALE AND BENEFITS FOR THE PROPOSALS

5.1 Rationale and benefits for the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will enable our Group to raise funds and channel them towards the proposed use as set out in Section 2.6 of Part A of this Circular.

After due consideration of the various options available, our Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund-raising for us due to the following reasons:

(i) Opportunity for our Entitled Shareholders to participate in equity offering on a pro rata basis

It provides an opportunity for our Entitled Shareholders to increase their equity participation in our Company on a pro-rata basis through subscription of the Rights Shares and exercise of the Warrants B, and ultimately, participate in the prospects and future growth of our Group by subscribing for the Rights Shares.

(ii) Option which will not have a dilutive effect on our Entitled Shareholders' shareholdings

It will enable the issuance of new TCS Shares without diluting our Entitled Shareholders' shareholdings in our Company provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants B subsequently.

(iii) Opportunity to acquire TCS Shares at a discount and monetise their rights of allotment to the Rights Shares in the open market

The Proposed Rights Issue with Warrants provides our Entitled Shareholders with the opportunity to acquire additional TCS Shares at a discount allowing them to either increase (on the assumption that other Entitled Shareholders do not subscribe for the Rights Shares) / maintain their equity participation in our Company (on the assumption that all Entitled Shareholders subscribe for their entitlement of Rights Shares) or to monetise their rights of allotment to the Rights Shares in the open market.

(iv) Other alternative means of fund-raising such as private placements are smaller in scale and dilutive

Rights issues, which is implemented on a pro rata equity offering to all existing shareholders, can be implemented on a larger scale as compared to conventional private placements. For non-pro rata equity offering like a conventional private placement, the scale of the equity offering is being limited to reduce the dilutive impact to all existing shareholders.

Notwithstanding that our Company had in the past 12 months undertaken private placement exercises as set out in Section 4 of Part A of this Circular, given the quantum of our Group's funding requirements as set out in Section 2.6 of Part A of this Circular, the Proposed Rights Issue with Warrants is the most appropriate equity fund-raising avenue at this juncture.

(v) No additional interest expense to be incurred by our Group

The Proposed Rights Issue with Warrants will enable our Group to raise the requisite funds without incurring additional interest expense from other means of funding such as bank borrowings, thereby minimising any potential cash outflow.

If our Group were to undertake bank borrowings, our Group will be tied down with principal repayments as well as interest servicing and this may inhibit our Group's ability to preserve its cash flow for reinvestment and/or operational purposes.

As at 30 September 2023, the Group has borrowings (including lease liabilities and bank overdraft) of approximately RM48.5 million comprising approximately RM33.7 million non-current borrowings and approximately RM14.8 million current borrowings.

(vi) Opportunity for our Entitled Shareholders to further participate in equity of our Company through exercise of the Warrants B

The Warrants B attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares given that it is issued to the Entitled Shareholders who subscribe for the Rights Shares at no additional cost to them. It also provides our Entitled Shareholders with the option to further participate in the equity of our Company at a pre-determined price and enables them to benefit from the future growth of our Group and any potential capital appreciation arising thereof. Consequently, the inclusion of Warrants B enhances the overall value proposition of the Rights Shares, making the offering more appealing to our Entitled Shareholders.

The Warrants B will also provide our Company with additional funding if and when the Warrants B are exercised.

5.2 Rationale and benefits for the Proposed Exemption

It is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer or to privatise our Company via the Proposed Rights Issue with Warrants. Hence, the Proposed Exemption will relieve Dato' Tee and his PAC from the obligation to undertake the Mandatory Offer under the Rules on Take-overs, Mergers and Compulsory Acquisitions due to the increase in Dato' Tee's interests in the voting shares of our Company, as a result of his Undertaking which has been illustrated in Section 3 of Part A of this Circular.

We will seek the approval from our non-interested shareholders for the Proposed Exemption at our forthcoming EGM.

6. INDUSTRY OVERVIEW AND OUTLOOK, AND FUTURE PROSPECTS OF OUR GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 3.0% in the fourth quarter of 2023 compared to 3.3% in the third quarter of 2023, mainly driven by continued household spending, improvement in labour market conditions, further recovery in tourism activities and sustained investment activity. At 3.0%, the fourth quarter of 2023 growth was below the long-term average of 5.1% (for the period of first quarter 2011 to fourth quarter 2019). On a quarter-to-quarter seasonally adjusted basis, the economy contracted by 2.1% in the fourth quarter of 2023 (third quarter of 2023: growth of 1.5%).

During the fourth quarter of 2023, domestic demand grew by 5.2% (third quarter of 2023: 4.8%), mainly supported by public sector expenditure, which grew by 8.4% (third quarter of 2023: 6.2%). The increase in public sector expenditure is attributed to the increase in public investment of 11.3% (third quarter of 2023: 7.5%) from improved higher capital expenditures by Government and public corporations, and increase in public consumption of 7.3% (third quarter of 2023: 5.8%) from higher supplies and services spending by the Government. Private sector expenditure on the other hand expanded by 4.2% (third quarter of 2023: 4.5%) driven by an increase in private consumption of 4.2% (third quarter of 2023: 4.6%) contributed by continued household spending in both necessities and discretionary items, and increase in private investment of 4.0% (third quarter of 2023: 4.5%) from capacity expansion by firms and further progress in ongoing projects.

On the supply side, the services, construction, mining and agriculture sectors expanded in the fourth quarter of 2023, whereas the manufacturing sector experienced a decline in growth. The services sector expanded by 4.2% (third quarter of 2023: 5.0%) attributable to ongoing recovery of tourism activities weighed by contraction in finance and insurance subsector. The construction sector expanded by 3.6% (third quarter of 2023: 7.2%) attributable to further expansion in civil engineering subsector weighed by weak non-residential activities, whereas the mining sector expanded by 3.8% (third quarter of 2023: decline of 0.1%) attributable to improvement in natural gas and oil production. The agriculture sector expanded by 1.9% (third quarter of 2023: 0.9%) due to expansion in oil palm production amid improved labour supply. The manufacturing sector contracted marginally by 0.3% (third quarter of 2023: decline of 0.1%) due to continued weakness in electrical and electronics (E&E) cluster amid tech downcycle, offsetting resilient growth in domestic-oriented clusters.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index ("**CPI**") moderated to 1.6% during the fourth quarter of 2023 (first quarter of 2023: 2.0%). The lower headline inflation was mainly due to lower food inflation of 2.8% (third quarter of 2023: 4.1%) and partially offset by slight increase in fuel inflation of decline of 1.0% as compared to decline of 2.9% in third quarter of 2023. Core inflation moderated to its long-term average (2011 to 2019) at 2.0% during the fourth quarter of 2023 (third quarter of 2023: 2.5%). The moderation of both headline and core inflation in the fourth quarter of 2023 is mainly due to lower cost pressures amid stabilising demand conditions. The share of CPI items recording monthly price increases was 36.3% during the fourth quarter of 2023, which is below the historical average of 45.6% from 2011 to 2019.

Labour market conditions continued to improve during the fourth quarter of 2023, driven by the improvement in unemployment rate and private sector real wages. Unemployment rate continued its gradual decline to 3.3% of the labour force (third quarter of 2023: 3.4%) and private sector real wages grew by 1.5% (third quarter of 2023: 1.4%).

For the fourth quarter of 2023, the Malaysian economy is expected to expand driven largely by recovery in exports and resilient domestic expenditure. Household spending will be supported continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Additionally, investment activity would be supported by continued progress of multi-year infrastructure projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity. However, the growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger than expected tourism activity and faster implementation of both existing and new projects.

(Source: Bank Negara Malaysia, Quarterly Bulletin Fourth Quarter 2023)

Despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient. The GDP is forecast to expand by approximately 4% in 2023 and between 4% and 5% in 2024. The Government acknowledged the World Bank's forecast that Malaysia's growth will be 4.3% in 2024, which is slightly higher than its initial estimate. This is in line with Malaysia's 2024 growth projection, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap (NETR), New Industrial Master Plan 2030 ("**NIMP 2030**"), and the Mid-Term Review of the Twelfth Malaysia Plan, 2021-2025 ("**Twelfth Plan**").

(Source: Ministry of Finance, Economic Outlook 2024)

6.2 Overview and outlook of the construction industry

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities. The sector is forecast to expand by 5.9% in the second half of the year supported by growth in all subsectors. The residential buildings subsector is anticipated to remain encouraging on the back of Government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The continuous implementation of strategic infrastructure and utilities projects will further support the civil engineering subsector. For the year, performance of the sector is expected to remain steady and grow by 6.3%.

The construction sector is forecasted to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Plan. Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as the Twelfth Plan will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the Mid-Term Review of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launchings by the private sector.

(Source: Ministry of Finance, Economic Outlook 2024)

6.3 Overview and outlook of the property industry

The property market has gradually increased in 2023, higher after the downturn in 2020 due to COVID-19 pandemic. A total of 399,008 transactions worth RM196.83 billion were recorded, each showing an increase of 2.5% and 9.9% respectively compared to 2022, which recorded 389,107 transactions worth RM179.07 billion. Of the total transactions, 77.7% (309,861 transactions) and 18.6% (74,405 transactions) were transfers dated in 2023 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume.

All subsectors namely, residential, commercial, industrial, agriculture and development land and others, recorded an increase in value of transactions of 7.1%, 17.5%, 13.1%, 4.6% and 13.8% respectively.

The residential sub-sector led the overall property market, with 62.8% contribution in volume. This was followed by agriculture sub-sector (19.0%), commercial (10.1%), development land and others (6.1%) and industrial (2.0%). In terms of value, residential took the lead with 51.3% share, followed by commercial (19.5%), industrial (12.2%), agriculture (9.5%) and development land and others (7.5%).

According to the Ministry of Finance, Malaysia's economy is expected to grow moderately with the projected growth between 4.0% to 5.0% in 2024, driven by domestic demand, sustained and diversified economic structure and coupled with ongoing policy support including the National Energy Transition Roadmap and the NIMP 2030.

The property market performance is expected to remain cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, measures outlined in Budget 2024, and the implementation of strategies and initiatives under Twelfth Plan are expected to support the growth in the property sector.

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia – Property Market Report 2023)

6.3.1 Residential property

In respect of the residential property market, there were 250,586 transactions worth RM100.93 billion recorded in 2023, which represents an increase of 3.0% in volume and 7.1% in value as compared to 2022. The improvement was supported by the uptrend recorded in Johor (44.4%) WP Kuala Lumpur and Pulau Pinang (4.3%), Terengganu (2.0%), Negeri Sembilan (1.9%) and Kedah (1.6%). Combined, these states formed about 48.0% of the total national residential volume.

Selangor contributed the highest volume and value to the national market share, with 22.0% in volume (55,035 transactions) and 30.0% in value (RM30.26 billion). Johor ranked second highest in respect of market share with 16.2% in volume (40,561 transactions) and 18.0% in value (RM18.12 billion). By type, demand continued to focus on terraced houses, formed around 43.6% of the total residential transactions, followed by high-rise units (14.7%), vacant plots (14.2%) and low-cost houses/flats (10.7%).

Demand continued to focus on affordable houses. The affordable price range of RM300,000 and below accounted for 52.8% of the total residential transactions, followed by RM300,001 to RM500,000 (24.9%), RM500,001 to RM1 million (17.2%) and more than RM1 million (5.1%). Of the total residential property transactions, 21.5% was primary market transactions (purchases from developers) while the remaining 78.5% was secondary market transactions (sub-sales).

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia – Property Market Report 2023)

6.3.2 Commercial property

For the commercial property market, there were 40,463 transactions worth RM38.31 billion recorded in 2023, which represents an increase of 23.3% in volume and 17.5% in value as compared to 2022. The improved market condition was contributed by increased activities recorded in all states and major transactions involving shopping complex and purpose-built office recorded in the review period.

Selangor contributed the highest volume and value to the national market share of commercial property transactions, with 25.0% in volume (10,110 transactions) and 28.0% in value (RM10.73 billion). In terms of volume, Johor ranked second with 19.9% in volume (8,041 transactions) followed by WP Kuala Lumpur which recorded 15.5% in volume (6,254 transactions). In terms of value, WP Kuala Lumpur ranked second with RM8.06 billion in value of transactions, followed by Johor with RM6.15 billion in value of transactions.

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia – Property Market Report 2023)

6.4 Future prospects of our Group

As at the LPD, our Group has a total outstanding order book of RM842.83 million from the following construction projects:

Project	Expected completion date	Remaining contract sum
		RM million
M Arisa	5 June 2024	61.00
Tropicana Miyu	8 January 2024[(1)]	10.65
J. Satine	2 July 2025	408.65
IOI Moxy Hotel	20 January 2024[(2)]	0.40
Helix 2	25 April 2024	98.20
BRDB Sales Gallery	30 April 2024	8.93
AK2 Taman Desa	30 September 2024[(3)]	255.00
Total		**842.83**

Notes:

(1) Construction work has been substantially completed and the project is pending completion of interior design works which is expected to be completed by end March 2024.

(2) Construction work has been completed for this project and the architect is in the midst of verifying the final claim amount.

(3) Based on the letter of award dated 23 February 2022 from the project owner, the expected completion date is 30 September 2024. As at the LPD, we have not commenced any work for this project as the project owner has yet to obtain relevant approvals from the authorities. As such, we expect a delay on the expected completion date disclosed above.

Moving forward, our business operating conditions are expected to remain challenging as a result of uncertainties in the global economic landscape. This, coupled with elevated labour and raw material costs will be a challenge to our business. Our Group remains focused to ensure quality execution and timely delivery of all our projects as we manoeuvre through these challenges.

Our Group is actively pursuing tenders for new projects in residential and commercial buildings, infrastructure and institutional building construction. Given the expected improvement in the construction industry coupled with the expected new infrastructure and housing projects initiated by the Government as set out in Section 6.2 of Part A of this Circular, our management believes that our Group is well positioned to secure more projects and grow our order book moving forward.

(Source: Our Management)

7. EFFECTS OF THE PROPOSALS

Save for the relevant expenses to be incurred, the Proposed Exemption will not have any effect on our issued share capital, substantial shareholders' shareholdings, our consolidated NA, gearing, earnings or losses, NA per Share, and EPS or LPS. The pro forma effects of the Proposed Rights Issue with Warrants are shown below:

7.1 Issued share capital

For illustration purposes only, the pro forma effects of the Proposed Rights Issue with Warrants on our issued share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at the LPD	429,000,000	66,163,865	429,000,000	66,163,865
To be issued assuming full exercise of the Warrants A	-	-	180,000,000	68,400,000 (1)
	429,000,000	**66,163,865**	**609,000,000**	**134,563,865**
No. of Rights Shares to be issued	140,305,117	10,278,753 (2)	243,600,000	17,846,136 (3)
	569,305,117	**76,442,618**	**852,600,000**	**152,410,001**
To be issued assuming full exercise of the Warrants B	84,183,070	21,710,813 (4)	146,160,000	37,694,664 (4)
Enlarged issued share capital	**653,488,187**	**98,153,431**	**998,760,000**	**190,104,665**

Notes:

(1) Computed based on the exercise price of Warrants A of RM0.38 per TCS Share.

(2) After taking into consideration the Issue Price of RM0.12 per Rights Share and after deducting the fair value of Warrants B of RM6,557,861.

(3) After taking into consideration the Issue Price of RM0.12 per Rights Share and after deducting the fair value of Warrants B of RM11,385,864.

(4) After taking into consideration the exercise price of Warrants B of RM0.18 per TCS Share and reversal of warrant reserve.

7.2 Substantial shareholders' shareholdings

The issuance of Warrants B is not expected to have any immediate effect on the shareholdings of our substantial shareholders until such time as the Warrants B are converted into new TCS Shares.

For illustration purposes only, the pro forma effects of the Proposed Rights Issue with Warrants on the shareholdings of our substantial shareholders as at the LPD are as follows:

Minimum Scenario

	As at LPD				**(I) After the Proposed Rights Issue with Warrants**			
	Direct		**Indirect**		**Direct**		**Indirect**	
Substantial shareholders	**No. of TCS Shares**	**%**	**No. of TCS Shares**	**%**	**No. of TCS Shares**	**%**	**No. of TCS Shares**	**%**
Dato' Tee	206,838,377	48.21	36,324,419	8.47 (1)	289,573,727	50.87	50,854,186	8.93 (1)
Datin Koh	36,324,419	8.47	206,838,377	48.21 (1)	50,854,186	8.93	289,573,727	50.87 (1)
Dato' Frankie Ng	7,600,000	1.77	11,400,000	2.66 (2)	50,640,000	8.90	11,400,000	2.00 (2)

	(II) After (I) and assuming full exercise of Warrants B			
	Direct		**Indirect**	
Substantial shareholders	**No. of TCS Shares**	**%**	**No. of TCS Shares**	**%**
Dato' Tee	339,214,937	51.91	59,572,046	9.12 (1)
Datin Koh	59,572,046	9.12	339,214,937	51.91 (1)
Dato' Frankie Ng	76,464,000	11.70	11,400,000	1.74 (2)

Notes:

(1) Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.

(2) Deemed interest in TCS Shares held through Metro Eyewear Holdings pursuant to Section 8 of the Act.

Maximum Scenario

Substantial shareholders	As at LPD				(I) Assuming full exercise of Warrants A			
	Direct		Indirect		Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	206,838,377	48.21	36,324,419	8.47 (1)	213,657,566	35.08	55,086,628	9.05 (1)
Datin Koh	36,324,419	8.47	206,838,377	48.21 (1)	55,086,628	9.05	213,657,566	35.08 (1)
Dato' Frankie Ng	7,600,000	1.77	11,400,000	2.66 (2)	7,600,050	1.25	11,400,000	1.87 (2)

Substantial shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	299,120,592	35.08	77,121,279	9.05 (1)	350,398,407	35.08	90,342,069	9.05 (1)
Datin Koh	77,121,279	9.05	299,120,592	35.08 (1)	90,342,069	9.05	350,398,407	35.08 (1)
Dato' Frankie Ng	10,640,070	1.25	15,960,000	1.87 (2)	12,464,082	1.25	18,696,000	1.87 (2)

Notes:

(1) Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.

(2) Deemed interest in TCS Shares held through Metro Eyewear Holdings pursuant to Section 8 of the Act.

7.3 NA and gearing

For illustration purposes only, the pro-forma effects of the Proposed Rights Issue with Warrants on our consolidated NA and gearing, and NA per TCS Share based on the latest audited consolidated statement of financial position as at 31 December 2022 are as follows:

Minimum Scenario

		(I)	(II)	(III)
	Audited as at 31 December 2022	**After subsequent events (1)**	**After (I) and the Proposed Rights Issue with Warrants (2)**	**After (II) and assuming full exercise of Warrants B**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	58,476	66,164	76,443	98,153
Merger deficit (3)	(24,065)	(24,065)	(24,065)	(24,065)
Warrant reserve (4)	-	-	6,558	-
Retained earnings	47,788	47,713	46,376	46,376
Shareholders' fund / NA	**82,199**	**89,812**	**105,312**	**120,464**
Non-controlling interests	1,102	632	632	632
Total equity	**83,301**	**90,444**	**105,943 ***	**121,096**
No. of TCS Shares in issue ('000)	390,000	429,000	569,305	653,488
NA per TCS Share (RM) (5)	0.21	0.21	0.19	0.18
Total borrowings (RM'000)	43,547	43,547	43,547	43,547
Net gearing (times) (6)	0.52	0.48	0.41	0.36

Notes:

* Total does not add-up due to rounding

(1) After adjusting for:

(i) the private placement exercises completed on 17 August 2023 and 1 September 2023. Please refer to Section 4 of Part A of this Circular for further details on the private placement exercises; and

(ii) the disposal of our Company's entire 51% equity interest in Quest Energy Sdn. Bhd. for a cash consideration of RM0.49 million, completed on 26 July 2023.

(2) After taking into consideration the estimated expenses for the Proposals of RM1.34 million.

(3) Merger deficit is recognised following our Company's acquisition of TCS Construction Sdn Bhd and TCS Infra Sdn Bhd (previously known as TCS Bina Sdn Bhd) that was completed on 30 October 2019. It represents the difference between the merger cost and nominal value of the shares acquired in TCS Construction Sdn Bhd and TCS Infra Sdn Bhd.

(4) Computed based on the theoretical fair value of the Warrants B as at the LPD of RM0.0779 per Warrant B.

(5) NA per TCS Share is calculated as NA divided by the total number of TCS Shares in issue.

(6) Net gearing is computed as total borrowings (including lease liabilities) over total equity.

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 31 December 2022	**After subsequent events (1)**	**After (I) and assuming full exercise of Warrants A**	**After (II) and the Proposed Rights Issue with Warrants (2)**	**After (III) and assuming full exercise of Warrants B**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Share capital	58,476	66,164	134,564	152,410	190,105
Merger deficit (3)	(24,065)	(24,065)	(24,065)	(24,065)	(24,065)
Warrant Reserve (4)	-	-	-	11,386	-
Retained earnings	47,788	47,713	47,713	46,376	46,376
Shareholders' fund / NA	**82,199**	**89,812**	**158,212**	**186,107**	**212,416**
Non-controlling interests	1,102	632	632	632	632
Total equity	**83,301**	**90,444**	**158,844**	**186,739**	**213,048**
No. of TCS Shares in issue ('000)	390,000	429,000	609,000	852,600	998,760
NA per TCS Share (RM) (5)	0.21	0.21	0.26	0.22	0.21
Total borrowings (RM'000)	43,547	43,547	43,547	43,547	43,547
Net gearing (times) (6)	0.52	0.48	0.27	0.23	0.20

Notes:

(1) Please refer to Note (1) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

(2) Please refer to Note (2) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

(3) Please refer to Note (3) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

(4) Please refer to Note (4) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

(5) Please refer to Note (5) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

(6) Please refer to Note (6) of Section 7.3 of Part A of this Circular under the Minimum Scenario.

7.4 Earnings or Loss and EPS or LPS

The Proposed Rights Issue with Warrants is expected to be completed in the second quarter of 2024. Accordingly, the EPS or LPS of our Group for the FYE 31 December 2024 is expected to be diluted upon completion of the Proposed Rights Issue with Warrant as a result of the increase in the number of TCS Shares from the issuance of the Rights Shares and the exercise of the Warrants B.

Our Board expects the gross proceeds to be raised from the Proposed Rights Issue with Warrants will contribute positively to our consolidated future earnings via the use of proceeds.

7.5 Convertible securities

Save for the Warrants A, we do not have any other outstanding convertible securities as at the LPD.

As at the LPD, there are 180,000,000 outstanding Warrants A which can be exercisable into 180,000,000 new TCS Shares at the exercise price of RM0.38 per TCS Share by the expiry date of 15 March 2024. The Entitlement Date is expected to be on mid May 2024 which is after the expiry date of the Warrants A. Accordingly, there will be no adjustment to be made to the exercise price and number of outstanding Warrants A.

8. EXPECTED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the relevant approvals being obtained, the Proposals are expected to be completed in the second quarter of 2024. The tentative timetable for the Proposals is set out below:

Date	Events
Early April 2024	• Our forthcoming EGM to obtain your approval for the Proposals • Submission of application for the Proposed Exemption to the SC
Mid May 2024	• Entitlement Date for the Proposed Rights Issue with Warrants • Issuance of abridged prospectus for the Proposed Rights Issue with Warrants
Early June 2024	Closing date of acceptance and applications for the Rights Shares and Warrants B
Mid June 2024	Listing of and quotation for the Rights Shares and Warrants B on the ACE Market of Bursa Securities

9. APPROVALS REQUIRED

The Proposals are subject to, amongst others, the following approvals being obtained:

(i) Bursa Securities for the following:

(a) admission to the Official List and initial listing and quotation of up to 146,160,000 Warrants B;

(b) listing and quotation of:

(1) up to 243,600,000 Rights Shares; and

(2) up to 146,160,000 new TCS Shares to be issued from the exercise of the Warrants B,

which was obtained from Bursa Securities, via its letter dated 5 March 2024. The approval from Bursa Securities for the Proposed Rights Issue with Warrants is subject to, amongst others, the following conditions:

(a) our Company and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;

(b) our Company and RHB Investment Bank are required to inform Bursa Securities upon completion of the Proposed Rights Issue with Warrants;

(c) our Company and RHB Investment Bank are required to furnish Bursa Securities with a written confirmation of their compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and

(d) our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Warrants B as at the end of each quarter together with a detailed computation of the listing fees payable;

(ii) the SC for the Proposed Exemption;

(iii) the non-interested shareholders' approval for the Proposals at our forthcoming EGM; and

(iv) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional upon each other.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by our Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of our Directors and major shareholders and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposals, apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares under excess Rights Shares application), to which all of you are similarly entitled, save for the following:

(i) Dato' Tee, being our Managing Director and our major shareholder, as well as being the applicant seeking the Proposed Exemption; and

(ii) Datin Koh, being our substantial shareholder and the spouse of Dato' Tee, as well as the PAC with Dato' Tee to which the Proposed Exemption relates to,

(collectively, Dato' Tee and Datin Koh are referred to as the "**Interested Parties**").

Accordingly, the Interested Parties are deemed interested in the Proposed Exemption. As the Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional upon each other, the Interested Parties are therefore also deemed to be interested in the Proposed Rights Issue with Warrants. Please refer to Section 7.2 of Part A of this Circular for the direct and indirect shareholdings of the Interested Parties in our Company as at the LPD. As such:

(i) Dato' Tee has abstained and will continue to abstain from any deliberation and voting in our Board meetings in relation to the Proposals; and

(ii) the Interested Parties will also abstain from voting and undertake that they will ensure that the persons connected with them will abstain from voting on their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals which are the subject matter of this Circular and as disclosed below, there are no other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

On 14 July 2023, we announced that we intend to undertake a private placement exercise of up to 10% of the total issued TCS Shares equivalent to 570,000,000 Shares to third party investors to be identified later at an issue price to be determined later. As at the LPD, we have completed two tranches of the private placement exercise. The private placement exercise had lapsed on 7 February 2024. Please refer to Section 4 of Part A of this Circular for further details.

12. RECOMMENDATION BY OUR DIRECTORS

Our Board (save for Dato' Tee), having considered all aspects of the Proposals, including but not limited to the rationale for the Proposals, the effects of the Proposed Rights Issue with Warrants, the proposed use of proceeds to be raised from the Proposed Rights Issue with Warrants, as well as the Independent Adviser's view and evaluation on the Proposed Exemption, is of the opinion that the Proposals are in our best interests. Accordingly, our Board (save for Dato' Tee) recommends that you **vote in favour** of the resolutions for the Proposals to be tabled at our forthcoming EGM.

13. EGM

Our forthcoming EGM, will be held as a fully virtual meeting through live streaming and online voting via Remote Participating and Voting ("**RPV**") facilities provided by Agmo Digital Solutions Sdn Bhd via its website at https://web.vote2u.my from the broadcast venue at our Company's corporate office, Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610, Jenjarom, Selangor Darul Ehsan, on Monday, 1 April 2024 at 10.00 a.m. or at any adjournment thereof. Our Notice of EGM and the Proxy Form are enclosed in this Circular.

The Proxy Form must be lodged at our Company's share registrar, Aldpro Corporate Services Sdn Bhd's office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P Kuala Lumpur, or alternatively, submit your electronic Proxy Form using the RPV facilities provided by Agmo Digital Solutions Sdn Bhd via its online website at https://web.vote2u.my no later than 48 hours before the time set for holding our forthcoming EGM. Please refer to the procedures on submission of the Proxy Form in the Administrative Guide.

14. FURTHER INFORMATION

You are requested to refer to the appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
TCS GROUP HOLDINGS BERHAD

DATO' IR TEE CHAI SENG
Managing Director

PART B

INDEPENDENT ADVICE LETTER FROM DWA ADVISORY TO OUR NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

*All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the 'Definitions' section and Part A of the Circular except where the context otherwise requires or where otherwise defined in this independent advice letter ("**IAL**"). All references to "you" are references to the non-interested shareholders while references to "we", "us" or "our" are to DWA Advisory, being the Independent Adviser for the Proposed Exemption. Any discrepancies in the tables included in this IAL between the amounts listed, actual figures and the total thereof are due to rounding.*

This executive summary, highlighting the salient information of the Proposed Exemption, is intended to be a brief summary of this IAL prepared by DWA Advisory. The non-interested shareholders are advised to read this IAL carefully together with Part A of the Circular and the enclosed appendices, and to consider carefully the recommendation contained in this IAL before voting on the ordinary resolution to give effect to the Proposed Exemption at the forthcoming EGM of TCS.

1. INTRODUCTION

On 26 December 2023, RHB Investment Bank, on behalf of the Board, announced that the Company proposes to undertake the following:

(i) proposed renounceable rights issue of up to 243,600,000 new ordinary shares in TCS at an Issue Price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by the ordinary shareholders of the Company on the Entitlement Date, together with up to 146,160,000 free detachable Warrants B on the basis of three Warrants B for every five Rights Shares subscribed for; and

(ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to Dato' Tee and his PAC, from the obligation to undertake a mandatory offer for the remaining TCS Shares and Warrants B not already owned by them pursuant to the Proposed Rights Issue with Warrants,

and that the Company had procured the Undertakings provided by Dato' Tee and Datin Koh to subscribe in full for their respective entitlements of Rights Shares based on their shareholdings as at the Entitlement Date.

On 22 January 2024, RHB Investment Bank, on behalf of the Board, announced that the Company:

(i) intends to revise the tenure of the Warrants B to five years (previously, three years) commencing from and inclusive of the Issue Date; and

(ii) had procured a written and irrevocable undertaking dated 22 January 2024 from one of its shareholders, namely, Dato' Frankie Ng to:

    (a) subscribe in full for his entitlement under the Proposed Rights Issue with Warrants based on his shareholding as at the Entitlement Date; and

    (b) subscribe for all the Rights Shares not taken up by the Entitled Shareholders and/or their renouncee(s) under the Proposed Rights Issue with Warrants,

    subject always that the maximum number of Rights Shares to be subscribed by Dato' Frankie Ng is 43,040,000 Rights Shares. Kindly refer to Section 2.5 of Part A of the Circular for further details of the Undertakings.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level after taking into consideration the Undertakings provided by Dato' Tee, Datin Koh and Dato' Frankie Ng.

Based on the Minimum Scenario, the shareholding of Dato' Tee in the Company is expected to increase from 48.21% to 50.87% i.e. by more than 2.00% within a period of six months pursuant to his Undertaking. In this event, Dato' Tee will trigger the Mandatory Offer obligation, and Dato' Tee and his PAC, namely Datin Koh, will be obligated to undertake the Mandatory Offer pursuant to subparagraph 4.01(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions. Furthermore, based on the Minimum Scenario, the collective shareholdings of Dato' Tee and his PAC in the Company is expected to increase from 56.68% to 59.80% pursuant to the Undertakings.

However, it is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer as a result of the Company undertaking the Proposed Rights Issue with Warrants. As such, an application to seek the SC's approval for the Proposed Exemption will be submitted to the SC after obtaining approval for the Proposed Exemption from the non-interested shareholders at the forthcoming EGM.

In this respect, the Board (save for Dato' Tee) had on 5 December 2023, appointed DWA Advisory as the Independent Adviser to advise the non-interested Directors and non-interested shareholders in relation to the Proposed Exemption.

Pursuant to paragraph 3.07 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, we had on 8 December 2023 declared our independence from any conflict of interest or potential conflict of interest to the SC in relation to our appointment as Independent Adviser for the Proposed Exemption.

Dato' Tee is an interested Director in the Proposals, by virtue of him being the Managing Director and major shareholder of TCS, and has abstained and will continue to abstain from any deliberation and voting in the Board meeting in relation to the Proposals.

The purpose of this IAL is to provide you with our comments, opinions and information of the Proposed Exemption, together with our recommendation on whether you should vote in favour of the resolution pertaining to the Proposed Exemption, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Exemption before making decision on the course of action to be taken at TCS' forthcoming EGM in relation to the Proposals.

2. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis in accordance with Schedule 2: Part II of the Rules on Take-overs, Mergers and Compulsory Acquisitions and given due consideration to the Company's rationale for the Proposed Rights Issue with Warrants as both the said proposals are inter-conditional. In this regard, we have taken into consideration the following factors in forming our opinion:

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<table>
<tr><th>Area of Evaluation</th><th>Our Comments</th></tr>
<tr><td><u>Section 6.1 and 6.2</u>

Rationale of the Proposals</td><td>
(1) Proposed Rights Issue with Warrants

(i) <u>Reduce reliance on debt financing thereby reducing any financing burden</u>

The Proposed Rights Issue with Warrants will provide the Group with additional cash without a corresponding debt service burden for ease of its working capital. Alternatively, if the working capital were funded via debt, the Group would have to shoulder additional interest expenses, which would negatively impact the cash flows and earnings of the Group over the period when it needs to incur new capital expenditure to bolster its future prospects.

For illustrative purposes, if the Group relied entirely on further bank borrowings to raise up to RM29.23 million for its funding needs (equivalent to the amount of Proposed Rights Issue with Warrants under the Maximum Scenario) based on the cost of debt of approximately 6.98% per annum (being the average cost of current financing facilities utilised by the Group as at 31 December 2023), the Group would need to incur an additional RM2.04 million in annual interest expenses.

As at 31 December 2023, the Group had borrowings (including lease liabilities) of RM53.01 million comprising of non-current borrowings of RM19.63 million and current borrowings of RM33.38 million.

(ii) <u>Potential impact to the cost of capital and gearing level of the Group</u>

The Board is of the view that the Proposed Rights Issue with Warrants is the most suitable means of fund raising as it enables the Group to raise the intended funds without incurring interest costs, which will in turn enable the Group to manage its cash flows more efficiently.

After taking into consideration the possible resultant changes to the capital structure, we have compared the pro forma effect of the Group's WACC based on the following scenarios:

(a) the Group's existing capital structure as at 31 December 2023 ("Existing Scenario");

(b) with the implementation of the Proposed Rights Issue with Warrants ("Equity Scenario"); and

(c) without the implementation of the Proposed Rights Issue with Warrants and assuming that the funding for the construction projects and working capital of the Group (under Maximum Scenario) are financed via bank borrowings ("Debt Scenario").

For illustrative purposes, the WACC and gearing of the Group as at the LPD after taking into account the abovementioned pro forma changes are set out below:

<table>
<tr><th>Scenario</th><th>WACC (%)</th><th>Gearing (times)</th></tr>
<tr><td>Existing Scenario</td><td>7.64</td><td>0.868</td></tr>
<tr><td>Equity Scenario</td><td>7.54</td><td>0.463</td></tr>
<tr><td>Debt Scenario</td><td>7.73</td><td>1.347</td></tr>
</table>
</td></tr>
</table>

Area of Evaluation	**Our Comments**
	Premised on the above, we are of the view that the Proposed Rights Issue with Warrants is justifiable and appropriate to raise the necessary funds to the Group at this juncture due to the following (based on the Maximum Scenario): (a) under the Equity Scenario, the Group's gearing is expected to decrease from 0.868 times to 0.463 times whilst the Group's WACC is expected to decrease from 7.64% to 7.54%; and (b) under the Debt Scenario, the Group's gearing is expected to increase from 0.868 times to 1.347 times whilst the Group's WACC is expected to increase from 7.64% to 7.73%. A higher gearing ratio may limit the Group's accessibility to creditors' funds in the future. (iii) <u>Providing opportunity for all Entitled Shareholders to participate in an equity offering of TCS Shares on a pro-rata basis without diluting the Entitled Shareholders' percentage shareholding</u> The Proposed Rights Issue with Warrants is an equity offering by TCS to all Entitled Shareholders on a pro-rata basis at a pre-determined ratio and pre-determined Issue Price of the Rights Shares without diluting the shareholders' percentage of shareholdings in TCS (provided that all Entitled Shareholders subscribe in full for their respective entitlements). However, assuming that only the Undertaking Shareholders subscribe for the Proposed Rights Issue with Warrants on a Minimum Subscription Level, your collective shareholdings could potentially be diluted from **38.70% to 29.16%** after the Proposed Rights Issue with Warrants, and further diluted to 25.41% after the full exercise of Warrants B. The free Warrants B attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares while providing additional funds to the Group in the event it is exercised. **(2) Proposed Exemption** The Proposed Exemption will relieve Dato' Tee and his PAC from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue with Warrants as it is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer. Given that the Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional upon each other, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue with Warrants. Without the Proposed Exemption, TCS would not be able to implement the Proposed Rights Issue with Warrants.

Area of Evaluation	Our Comments
<u>Section 6.3 and 6.4</u> Evaluation of the Issue Price of the Rights Shares and exercise price of Warrants B	**(1) Evaluation of the Issue Price of the Rights Shares** We are of the view that the Issue Price of the Rights Share is justifiable in view of the following: (i) the entitlements for the Proposed Rights Issue with Warrants are proportionate to the respective shareholding of all Entitled Shareholders on the Entitlement Date; (ii) the Entitled Shareholders who choose not to subscribe for the Rights Shares can trade their rights' entitlements to the Rights Shares on the open market, and as such, those that choose to renounce their entitlements to the Rights Shares can sell all or part of their rights' entitlements to the Rights Shares in the open market; and (iii) the Entitled Shareholders have the same right to subscribe for their entitlements to the Rights Shares at the same Issue Price of Rights Shares, and that the Issue Price represents the following: (a) a **discount** ranging from 7.38% to 26.47% to the TEAP based on the closing market price of TCS Shares as at the LPD, and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD; (b) a **discount** of 42.86% to the pro forma consolidated NA per TCS Share as at 31 December 2022; and (c) **discounts** of 36.84% and 45.45% to the pro forma consolidated NA per TCS Share based on the Minimum and Maximum Scenario, respectively. **(2) Evaluation of the Issue Price of the Warrants B** The exercise price of the Warrants B of RM0.18 represents: (i) a **theoretical value** of RM0.08 computed based on the trinomial option pricing model as at the LPD; (ii) a **premium** ranging from 10.30% to 38.92% to the TEAP based on the closing market price of TCS Shares as at the LPD and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD; (iii) a **discount** of 14.29% to the pro forma consolidated NA per TCS Share as at 31 December 2022; and (iv) **discounts** of 5.26% and 18.18% to the pro forma consolidated NA per TCS Share as at 31 December 2022 based on the Minimum and Maximum Scenario, respectively. Based on the exercise price of the Warrants B, the Warrants B are **out-of-money** by RM0.0458 (i.e. the difference between the exercise price of the Warrants B of RM0.18 and the TEAP based on the five (5)-day VWAP of TCS Shares up to and including the LPD of RM0.1342 and accordingly, holders of the Warrants B are in a net loss position immediately after exercising the Warrants B.

Area of Evaluation	**Our Comments**
<u>**Section 6.5**</u> Effects of the Proposals	The Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA, NA per TCS Share, gearing, substantial shareholders' shareholdings of the Company, earnings or loss and EPS or LPS of the Group. However, due to the inter-conditionality of the Proposed Rights Issue with Warrants and the Proposed Exemption, we take note of the effects of the Proposed Rights Issue with Warrants on the Minimum Scenario and Maximum Scenario as set out in Section 7 of Part A of the Circular. The Proposed Exemption is necessary to facilitate the implementation of the Proposed Rights Issue with Warrants. The pro forma effects of the Proposed Rights Issue with Warrants and the Proposed Exemption under the Minimum Scenario and Maximum Scenario are as follows: (i) Under the Minimum Scenario, the issued share capital of TCS will increase from RM66.16 million to RM76.44 million. Under the Maximum Scenario, the issued share capital of TCS after assuming full exercise of the Warrants A, will increase from RM134.56 million to RM152.41 million following the issuance of new TCS Shares on the assumption that all Entitled Shareholders will fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants; (ii) Under the Minimum Scenario, after the completion of the Proposed Rights Issue with Warrants, the collective shareholdings of Dato' Tee and his PAC will increase from 56.68% to 59.80%. Subsequently, assuming full exercise of the Warrants B, the collective shareholdings of Dato' Tee and his PAC will further increase to 61.03%; (iii) Under the Maximum Scenario, after the completion of the Proposed Rights Issue with Warrants, the collective shareholdings of Dato' Tee and his PAC will reduce from 56.68% to 44.13%. Subsequently, assuming full exercise of the Warrants B, the collective shareholdings of Dato' Tee and his PAC will maintain at 44.13%; (iv) The pro forma NA will increase from RM82.20 million to RM89.81 million pursuant to the adjustment for subsequent events. Subsequently, upon the completion of the Proposed Rights Issue with Warrants, the pro forma NA will increase to RM105.31 million and RM186.11 million under the Minimum Scenario and Maximum Scenario, respectively; (v) The gearing of the Group will decrease from 0.52 times to 0.48 times pursuant to the adjustment for the subsequent events. Subsequently, upon completion of the Proposed Rights Issue with Warrants, the gearing will reduce to 0.41 times and 0.23 times under the Minimum Scenario and Maximum Scenario, respectively; and (vi) The proposed Rights Issue with Warrants is expected to be completed in the second quarter of 2024. Accordingly, the EPS or LPS of TCS Group for the FYE 31 December 2024 is expected to be diluted upon completion of the Proposed Rights Issue with Warrant as a result of the increase in the number of TCS Shares from the issuance of the Rights Shares and the exercise of the Warrants B.

Area of Evaluation	Our Comments
<u>Section 6.6</u> Industry outlook and future prospects of TCS Group	We take cognisance of the industry overview and outlook of the economy of Malaysia and construction industry and property market in Malaysia well as the prospects of TCS Group as disclosed in Section 6 of Part A of the Circular. Based on the above and after taking into consideration of the industry outlook and future prospects of TCS Group as set out in Section 6.6 of this IAL we are of the view that the outlook and prospects of TCS Group upon completion of the Proposals are positive.
<u>Section 6.7</u> Implications of the Proposed Exemption	If non-interested shareholders **<u>vote in favour</u>** of the Proposed Exemption, Dato' Tee and his PAC would be able to submit an application for the Proposed Exemption to the SC for its consideration. If the non-interested shareholders **<u>vote against</u>** the Proposed Exemption: (i) Dato' Tee and his PAC would not be able to submit an application for the Proposed Exemption to the SC. (ii) In view of the inter-conditionality of the Proposals as set out in Section 3 of Part A of the Circular, in the event the Proposed Exemption is not approved, TCS will not be able to undertake the Proposed Rights Issue with Warrants. As such, TCS will not be able to realise the potential benefits of the Proposed Rights Issue with Warrants.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Exemption holistically, taking into consideration the various factors set out in Section 6 of this IAL. The non-interested Directors and non-interested shareholders should carefully consider the merits and demerits of the Proposed Exemption based on all relevant and pertinent factors, including those set out in this IAL as well as those highlighted by the Board in its letter to the shareholders of TCS in relation to the Proposed Rights Issue with Warrants as set out in Part A of the Circular, before voting on the resolution pertaining to the Proposed Exemption at TCS' forthcoming EGM in relation to the Proposals.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis, taking into consideration the various factors set out in Section 6 of this IAL and in accordance with Schedule 2: Part III of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

In summary, the potential advantages and disadvantages of the Proposed Exemption are as follows:

Potential Advantages
(1) The Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional. As such, voting in favour of the Proposed Exemption facilitates the implementation of the Proposed Rights Issue with Warrants, which will in turn enable TCS to reap the potential benefits arising from the Proposed Rights Issue with Warrants as follows: (i) Enable TCS Group to raise the required funding without incurring interest expense and a higher gearing ratio arising from the use of borrowings. This would allow TCS Group to conserve its cash flows for other business requirements such as working capital for the Group's existing and/or future construction projects;

(ii) Enable TCS Group to raise funds necessary to finance the working capital for a residential development project namely Helix 2 with a contract sum as at the LPD of RM119.61 million which is expected to be completed in April 2025;

(iii) Enable TCS Group to raise funds necessary to finance the working capital for a mixed-use development project namely J. Satine with a contract sum as at the LPD of RM555.00 million which is expected to be completed in July 2025;

(iv) Provide an opportunity to all Entitled Shareholders to participate in an equity offering in TCS on a pro-rata basis without diluting the Entitled Shareholders' percentage of shareholding in TCS (provided that all Entitled Shareholders subscribe in full for their respective entitlement of the Rights Shares);

(2) The Entitled Shareholders would be able to subscribe for the Rights Shares at a discount as the Issue Price of RM0.12 represents a discount of 15.67% based on the closing market price of TCS Shares as at the LPD and discounts ranging from 7.38% to 26.47% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to the LPD. The Entitled Shareholders would also be entitled to free Warrants B pursuant to the Proposed Rights Issue with Warrants;

(3) The free Warrants B attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. Through the exercise of the Warrants B, the Entitled Shareholders will be able to further increase their equity participation in TCS while also providing additional funds to TCS to fund the Group's working capital for its existing construction projects and day-to-day operations. Alternatively, the Entitled Shareholders have the option to monetise their Warrants B via disposal in the open market;

(4) Pursuant to the Proposed Rights Issue with Warrants, the WACC of the Company decreases from 7.64% to 7.54%. In the event the Company utilises borrowings to raise RM29.23 million (equivalent to maximum proceeds expected from the Proposed Rights Issue with Warrants under the Maximum Scenario), the WACC will increase from 7.64% to 7.73%;

Furthermore, equity financing will outweigh debt financing, as the Group will have to incur additional interest expenses from the additional bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings. It is pertinent to note that the additional bank borrowings of RM29.23 million (under Maximum Scenario) would result in an increase in gearing ratio from 0.868 to 1.347 times under the Debt Scenario (defined herein); and

(5) The Undertakings from Dato' Tee and Datin Koh reaffirm Dato' Tee's confidence and commitment to the TCS Group and further aligns his interest to the TCS Group while providing certainty to TCS in raising the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants. The Proposed Exemption enables Dato' Tee and his PAC to provide strong support for the Proposed Rights Issue with Warrants as a viable equity fundraising option for the Company which does not depend on the availability of underwriters nor be subject to the uncertainties of equity offering subscription levels.

Potential Disadvantages

(1) Under the Minimum Scenario, the Proposed Rights Issue with Warrants will increase Dato' Tee's shareholdings from 48.21% to 50.87%. Although it has triggered the 2.00% creeping threshold, Dato' Tee and his PAC would not be required to undertake the Mandatory Offer under the Proposed Exemption. Should the non-interested shareholders vote in favour of the Proposed Exemption, they are waiving their rights to the said offer;

However, a mandatory offer obligation will apply to the PAC, namely Datin Koh, if Datin Koh acquires voting shares or voting rights such that she triggers the mandatory offer obligation. Datin Koh will incur the mandatory offer obligation if she acquires voting shares or voting rights resulting in her acquiring more than 33.00% of the voting shares or voting rights in the Company;

Under the Minimum Scenario the collective shareholdings of Dato' Tee and his PAC will increase from 56.68% to 59.80% after the Proposals, any further increase in the collective shareholdings would not trigger an obligation to undertake a Mandatory Offer. Dato' Tee and his PAC will continue to have statutory control over TCS and will be able to determine the outcome of ordinary resolutions which require a simple majority of 50.00% plus 1 share and have significant influence on the outcome of any special resolutions which require a majority of 75.00% tabled at general meetings (unless Dato' Tee and his PAC are required to abstain from voting);

(2) Non-interested shareholders who do not subscribe for or only partially subscribe for the Proposed Rights Issue with Warrants entitlements will be diluted given the Undertaking provided by the Undertaking Shareholders in which they commit to subscribe for all their entitlements in support of the Proposals. The collective shareholding of the non-interested shareholders may potentially be diluted from **38.70%** to **29.16%** under the Minimum Scenario. The shareholdings of all Entitled Shareholders will not be diluted if the Entitled Shareholders subscribe in full for their respective entitlements as the Proposed Rights Issue with Warrants is an equity offering to all Entitled Shareholders on the same terms and on a pro-rata basis; and

(3) There would be a dilution in the pro forma NA per TCS Share from RM0.21 to RM0.19 under Minimum Scenario due to the issuance of the Rights Shares.

Premised on our overall evaluation and assessment of the Proposed Exemption on a holistic basis where we are of the view that the potential advantages outweigh the disadvantages, we are of the opinion that the Proposed Exemption is **FAIR and REASONABLE** to the non-interested Directors and non-interested shareholders.

Accordingly, we:

(i) advise to the non-interested Directors to recommend the non-interested shareholders to **VOTE IN FAVOUR** of the ordinary resolution in respect of the Proposed Exemption to be tabled at TCS' forthcoming EGM in relation to the Proposals; and

(ii) recommend that the non-interested shareholders **VOTE IN FAVOUR** of the ordinary resolution in respect of the of the Proposed Exemption to be tabled at TCS' forthcoming EGM in relation to the Proposals.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS OF TCS IN RELATION TO THE PROPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTION IN RESPECT OF THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM IN RELATION TO THE PROPOSALS.

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Registered Office:

E-2-1, Oasis Square
No. 2, Jalan PJU 1A/7A
Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan

12 March 2024

To: The non-interested shareholders

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

This IAL is prepared for inclusion as Part B of the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the 'Definitions' section and Part A of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "we", "us" and "our" in this IAL are to DWA Advisory, being the Independent Adviser for the Proposed Exemption. Any discrepancies in the tables included in this IAL between the amounts listed, actual figures and the total thereof are due to rounding.

1. INTRODUCTION

On 26 December 2023, RHB Investment Bank, on behalf of the Board, announced that the Company proposes to undertake the following:

(i) proposed renounceable rights issue of up to 243,600,000 new ordinary shares in TCS at an Issue Price of RM0.12 per Rights Share on the basis of two Rights Shares for every five existing TCS Shares held by the ordinary shareholders of the Company on the Entitlement Date, together with up to 146,160,000 free detachable Warrants B on the basis of three Warrants B for every five Rights Shares subscribed for; and

(ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to Dato' Tee and his PAC, from the obligation to undertake a mandatory offer for the remaining TCS Shares and Warrants B not already owned by them pursuant to the Proposed Rights Issue with Warrants,

and that the Company had procured the Undertakings provided by Dato' Tee and Datin Koh to subscribe in full for their respective entitlements of Rights Shares based on their shareholdings as at the Entitlement Date.

On 22 January 2024, RHB Investment Bank, on behalf of the Board, announced that the Company:

(i) intends to revise the tenure of the Warrants B to five years (previously, three years) commencing from and inclusive of the Issue Date; and

(ii) has procured a written and irrevocable undertaking dated 22 January 2024 from one of its shareholders, namely, Dato' Frankie Ng to:

    (a) subscribe in full for his entitlement under the Proposed Rights Issue with Warrants based on his shareholding as at the Entitlement Date; and

    (b) subscribe for all the Rights Shares not taken up by the Entitled Shareholders and/or their renouncee(s) under the Proposed Rights Issue with Warrants, subject always that the maximum number of Rights Shares to be subscribed by Dato' Frankie Ng is 43,040,000 Rights Shares. Kindly refer to Section 2.5 of Part A of the Circular for further details of the Undertakings.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level after taking into consideration the Undertakings provided by Dato' Tee, Datin Koh and Dato' Frankie Ng.

Based on the Minimum Scenario, the shareholding of Dato' Tee in the Company is expected to increase from 48.21% to 50.87% i.e. by more than 2.00% within a period of six months pursuant to his Undertaking. In this event, Dato' Tee will trigger the Mandatory Offer obligation, and Dato' Tee and his PAC, namely Datin Koh, will be obligated to undertake the Mandatory Offer pursuant to subparagraph 4.01(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions. Furthermore, based on the Minimum Scenario, the collective shareholdings of Dato' Tee and his PAC in the Company is expected to increase from 56.68% to 59.80% pursuant to the Undertakings.

However, it is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer as a result of the Company undertaking the Proposed Rights Issue with Warrants. As such, an application to seek the SC's approval for the Proposed Exemption will be submitted to the SC after obtaining approval for the Proposed Exemption from the non-interested shareholders at the forthcoming EGM.

In this respect, the Board (save for Dato' Tee) had on 5 December 2023, appointed DWA Advisory as the Independent Adviser to advise the non-interested Directors and non-interested shareholders in relation to the Proposed Exemption.

Pursuant to paragraph 3.07 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, we had on 8 December 2023 declared our independence from any conflict of interest or potential conflict of interest to the SC in relation to our appointment as Independent Adviser for the Proposed Exemption.

Dato' Tee is an interested Director in the Proposals, by virtue of him being the Managing Director and major shareholder of TCS, and has abstained and will continue to abstain from any deliberation and voting in the Board meeting in relation to the Proposals.

The purpose of this IAL is to provide you with our independent evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis, together with our recommendation on whether you should vote in favour of the resolution pertaining to the Proposed Exemption, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Exemption before making decision on the course of action to be taken at TCS' forthcoming EGM in relation to the Proposals.

2. DETAILS OF THE PROPOSALS

The full details of the Proposals are set out in Sections 2 and 3 of Part A of the Circular and should be read in its entirety by the non-interested shareholders.

3. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED EXEMPTION

DWA Advisory was not involved in the formulation, deliberation and negotiation of the terms and conditions of the Proposals. DWA Advisory has also not undertaken any independent investigation into the business, affairs, operations, financial position or prospects of TCS. Our scope as Independent Adviser is limited to provide comments, opinions, information and recommendation in relation to the Proposed Exemption.

DWA Advisory is satisfied with the adequacy of information and documents provided by the Board and management of TCS in order for us to form the basis of our opinion. DWA Advisory wishes to highlight that the Board has collectively and individually confirmed to us that all relevant material facts and information critical to our evaluation has been disclosed to us. The Board has also accepted responsibility for the accuracy of the information provided to us by the Board, the management and/or its advisers which is reproduced herein and confirmed that, after making all reasonable enquiries and to the best of its knowledge and belief, there are no other information and/or facts, the omission of which would make any information provided to us misleading, incomplete or inaccurate.

In performing our evaluation, DWA Advisory has relied on the following sources of information and documents:

(i) the information contained in Part A of the Circular and the appendices attached thereto;

(ii) the audited financial statements of TCS for the FYE 31 December 2021 and 2022 and the unaudited financial statement of TCS for the FYE 31 December 2023;

(iii) other relevant information, documents, confirmations and representations provided to us by the Board and management of TCS;

(iv) discussions and consultation with the management of TCS; and

(v) other publicly available information which we have deemed to be relevant.

DWA Advisory has relied on the Board and representatives of TCS to take due care and to ensure that all information, documents and representations provided to us by them to facilitate our evaluation are accurate, valid and complete in all material aspects. DWA Advisory has made reasonable enquiries, and as at the date of this IAL, DWA Advisory has no reason to believe that the aforementioned information provided to us is unreliable, incomplete, misleading and/or inaccurate.

DWA Advisory has evaluated the Proposed Exemption and in rendering our advice, DWA Advisory has also considered the current situation of the capital market, economic, industry, regulatory, monetary, social-political and other factors prevailing on, and the general future plans of the TCS as well as the other information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time. DWA Advisory believes that these factors are of relevance and general importance to the assessment of the implications of the Proposed Exemption and would be of relevance and general concern to the non-interested Directors and the non-interested shareholders. This opinion is rendered solely for the benefit of the non-interested shareholders.

DWA Advisory's evaluation and recommendations expressed herein are confined to the Proposed Exemption. DWA Advisory's scope as the Independent Adviser does not extend to expressing any opinion on the commercial merits, legal and tax implications arising from the Proposed Exemption as this remains the sole responsibility of the Board.

DWA Advisory's views and recommendations contained in this IAL are to the non-interested shareholders of at large and not to any non-interested shareholder individually. As such, in carrying out our evaluation, DWA Advisory has not given any consideration to any specific future plans nor to consider the specific objectives, financial situation and particular needs of any individual shareholder or specific group of shareholders.

DWA Advisory recommends that any individual non-interested shareholder or any specific group of non-interested shareholders who is in doubt of the action to be taken or require specific advice in relation to the Proposed Exemption, in the context of their individual objectives, financial situation and particular needs, to consult with their stockbrokers, bankers, solicitors, accountants or other professional advisers.

DWA Advisory shall not be responsible for any damage or loss of any kind sustained or suffered by any individual non-interested shareholder or any specific group of non-interested shareholders in reliance on the opinion stated herein for any purpose whatsoever other than for the purpose of considering the Proposed Exemption at the forthcoming EGM.

After the dispatch of the Circular and this IAL, and until the date of the EGM, DWA Advisory will notify the non-interested shareholders if we become aware of the following:

(i) significant change affecting the information contained in the IAL;

(ii) there is a reason to believe that the statements in the IAL are misleading/deceptive; and

(iii) there is a material omission in the IAL.

If the circumstances require, we shall send a supplementary IAL to the non-interested shareholders in accordance with subparagraph 11.07(2) of the Rules on Take-overs, Mergers and Compulsory Acquisitions and the disclosures and announcements of such facts or statements shall be made before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

4. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

DWA Advisory confirms that it is not aware of any circumstances which exist or are likely to give rise to a possible conflict of interest situation for DWA Advisory to carry out the role as the Independent Adviser in relation to the Proposed Exemption.

Save for our role as the Independent Adviser for the Proposed Exemption as at the LPD, DWA Advisory has not had any professional relationship with TCS at any time during the past two (2) years.

DWA Advisory is an advisory firm incorporated in Malaysia and licensed by the SC (License No. CMSL/A0315/2013) to carry out the regulated activity of advising on corporate finance pursuant to Section 58 of the Capital Markets and Services Act 2007. DWA Advisory has also obtained approval from the SC to act as Independent Adviser under the Rules on Take-overs, Mergers and Compulsory Acquisitions. DWA Advisory has undertaken the role as an Independent Adviser for corporate exercises in the past three (3) years prior to the Proposed Exemption, which include the following:

(i) unconditional mandatory take-over offer by Tiong Toh Siong Enterprises Sdn Bhd through Kenanga Investment Bank Berhad to acquire all the remaining ordinary shares in Subur Tiasa Holdings Berhad not already held by Tiong Toh Siong Enterprises Sdn Bhd and the enlarged persons acting in concert with them, where our independent advice circular was issued on 30 September 2021;

(ii) selective capital reduction and repayment exercise of KAF-Seagroatt & Campbell Berhad pursuant to Section 116 of the Companies Act 2016, where our IAL was issued on 3 March 2022;

(iii) conditional mandatory take-over offer by Dato' Lim Kian Onn through Mercury Securities Sdn Bhd to acquire all the remaining ordinary shares in ECM Libra Group Berhad not already held by Dato' Lim Kian Onn and persons acting in concert with him, where our independent advice circular was issued on 7 July 2022;

(iv) related party transaction by Al-'Aqar Healthcare REIT involving the acquisition and leaseback of a building known as TMC Health Centre, a building forming part of KPJ Seremban Specialist Hospital and KPJ Pasir Gudang Specialist Hospital by AmanahRaya Trustees Berhad, acting solely in its capacity as trustee for and on behalf of Al-'Aqar Healthcare REIT, from several subsidiaries of KPJ Healthcare Berhad, where our IAL was issued on 21 November 2022;

(v) unconditional mandatory take-over offer by TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) through KAF Investment Bank Berhad to acquire all the remaining ordinary shares, Warrants A, Warrants B and irredeemable convertible preference shares in Citaglobal Berhad (formerly known as WZ Satu Berhad) not already owned by the TIZA Global Sdn Bhd, Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria and persons acting in concert, where our independent advice circular was issued on 9 December 2022; and

(vi) related party transaction by CIC Construction Sdn Bhd, a wholly-owned subsidiary of Central Global Berhad, involving the acquisition of the remaining 30% equity interest in RYRT International Sdn Bhd from RYRT Holdings Sdn Bhd, where our IAL was issued on 4 September 2023.

Premised on the foregoing, DWA Advisory is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested shareholders in relation to the Proposed Exemption.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECT WITH THEM

The interests of the Directors, major shareholders, chief executive and/or persons connected with them are set out in Section 10 of Part A of the Circular. Save for those disclosed in Section 10 of Part A of the Circular, none of the Directors, major Shareholders, chief executive and/or persons connected with them have any interests in the Proposals.

6. EVALUATION OF THE PROPOSED EXEMPTION

DWA Advisory has assessed various aspects of the Proposed Exemption in accordance with Paragraph 8 of Schedule 2: Part III of the Rules on Take-overs, Mergers and Compulsory Acquisitions, including the rationale and financial effects of the Proposed Exemption as its implications to the non-interested shareholders. Hence, DWA Advisory's opinion on the fairness and reasonableness of the Proposed Exemption is rendered on a holistic approach. In forming our opinion to the non-interested shareholders, we have considered the following factors in our evaluation of the Proposed Exemption:

No.	Item	Sections in this IAL
(a)	Rationale and benefits for the Proposed Rights Issue with Warrants	**6.1**
(b)	Rationale and benefits for the Proposed Exemption	**6.2**
(c)	Evaluation of the Issue Price of the Rights Shares	**6.3**
(d)	Evaluation of the Exercise Price of the Warrants B	**6.4**
(e)	Effects of the Proposals	**6.5**
(f)	Economic outlook, industry overview and prospects of the Group	**6.6**
(g)	Implications of the Proposed Exemption	**6.7**

DWA advisory

6.1 Rationale and benefits for the Proposed Rights Issue with Warrants

As disclosed in Section 5.1 of Part A of the Circular, we noted that the Board is of the view that the Proposed Rights Issue with Warrants is the most suitable means for fund-raising.

We noted from Section 2.6 of Part A of the Circular that the total proceeds to be raised from the Proposed Rights Issue with Warrants and their proposed utilisation is summarised as follows:

Use of proceeds	Estimated timeframe for the use of proceeds from completion of the Proposed Rights Issue with Warrants	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Working capital for the Group's existing construction projects	Within 24 months	15,500	27,895
Defray estimated expenses for the Proposals	Immediately	1,337	1,337
Total		**16,837**	**29,232**

We further noted that the Company intends to use most of the gross proceeds to be raised from the Proposed Rights Issue with Warrants to fund the working capital requirements of the Group's existing construction projects, namely Helix 2 and J. Satine.

Helix 2 refers to main building construction works for a residential development comprising 500 units of service apartments and 12-storey car park. The project is situated at New Lot PT 6773 (formerly known as Lot PT 1880 and Lot PT 1983), Jalan PJS 5/27, PJS 5, Bandar Petaling Jaya Selatan, Daerah Petaling, 46150 Petaling Jaya, Selangor Darul Ehsan. The project commenced in February 2023 and is expected to be completed in April 2025. The project has a contract value of RM119.61 million and as at the LPD, the remaining contract sum is RM98.20 million.

J. Satine refers to main building construction works for a mixed-use development comprising 3,600 units of Residensi Wilayah apartments, 661 units of small office/ home office, and 42 commercial unit. The project is situated at PT 5701 (Lot 27211), Jalan Kilang Tiga, Mukim in Setapak, Kuala Lumpur. The project commenced in November 2021 and is expected to be completed in July 2025. The project has a contract value of RM555.0 million and as at the LPD, the remaining contract sum is RM408.65 million.

Pursuant thereto, our comments on the rationale and benefits for the Proposed Rights Issue with Warrants are as follows:

(i) Reduce reliance on debt financing thereby reducing any financing burden

The Proposed Rights Issue with Warrants will provide the Group with additional cash without a corresponding debt service burden for ease of its working capital. Alternatively, if the working capital were funded via debt, the Group would have to shoulder additional interest expenses, which would negatively impact the cash flows and earnings of the Group over the period when it needs to incur new capital expenditure to bolster its future prospects. The total interest expenses and the net operating loss incurred by the Group for unaudited FYE 31 December 2023 were RM2.94 million and RM32.85 million, respectively.

For illustrative purposes, if the Group relied entirely on further bank borrowings to raise up to RM29.23 million for its funding needs (equivalent to the amount of Proposed Rights Issue with Warrants under the Maximum Scenario) based on the cost of debt of approximately 6.98% per annum (being the average cost of current financing facilities utilised by the Group as at 31 December 2023), the Group would need to incur an additional RM2.04 million in annual interest expenses.

As at 31 December 2023, the Group had borrowings (including lease liabilities) of RM53.01 million comprising of non-current borrowings of RM19.63 million and current borrowings of RM33.38 million.

(ii) Potential impact to the cost of capital and gearing level of the Group

The Board is of the view that the Proposed Rights Issue with Warrants is the most suitable means of fund raising as it enables the Group to raise the intended funds without incurring interest costs, which will in turn enable the Group to manage its cash flows more efficiently.

After taking into consideration the possible resultant changes to the capital structure, we have compared the pro forma effect of the Group's WACC based on the following scenarios:

(a) the Group's existing capital structure as at 31 December 2023 ("**Existing Scenario**");

(b) with the implementation of the Proposed Rights Issue with Warrants ("**Equity Scenario**"); and

(c) without the implementation of the Proposed Rights Issue with Warrants and assuming that the funding for the construction projects and working capital of the Group (under Maximum Scenario) are financed via bank borrowings ("**Debt Scenario**").

WACC is the minimum required rate of return that all capital providers (shareholders and lenders) should demand for from a cash flow stream generated by the business, given the riskiness of the cash flows. WACC is computed by summing up the cost of each capital component (equity or debt) multiplied by its proportional weight. The WACC of the Group is derived as follows:

$$\text{WACC} = \frac{E}{D + E}(K_e) + \frac{D}{D + E}(K_d)(1 - t)$$

Where:

E : Market value of TCS' equity are as follows:

<u>**Existing Scenario**</u>

Based on the five (5)-day VWAP of TCS Shares up to and including the LPD of RM0.1423 and the issued share capital of TCS as at the LPD of 429,000,000 TCS Shares.

<u>**Equity Scenario**</u>

Based on the TEAP of RM0.1342 computed based on the five (5)-day VWAP of TCS Shares up to and including the LPD of RM0.1423 and the enlarged share capital of TCS of 852,600,000 TCS Shares based on the Maximum Scenario.

E : **Debt Scenario**

Based on the five (5)-day VWAP of TCS Shares up to and including the LPD of RM0.1423 and the issued share capital of TCS as at the LPD of 429,000,000 TCS Shares.

D : Market value of TCS' debt are as follows:

Existing Scenario/ Equity Scenario

Based on the latest unaudited consolidated financial statements of TCS as at 31 December 2023, the Group's borrowings (including lease liabilities) amounted to RM53.01 million.

Debt Scenario

Based on the latest unaudited consolidated financial statements of TCS as at 31 December 2023, the Group's borrowings (including lease liabilities) amounted to RM53.01 million and assuming an additional debt financing of RM29.23 million (equivalent to maximum proceeds expected from the Proposed Rights Issue with Warrants under the Maximum Scenario).

K_e : The K_e represents the required rate of return by an equity investor on the cash flow stream generated by TCS, given the risk associated with the cash flow.

The K_e was derived based on capital asset pricing model, using the following formula:

$$K_e = R_f + \beta\ (R_m - R_f)$$

The K_e was adopted after taking into consideration the following variables:

(a) Risk free rate of return ("$\mathbf{R_f}$")

Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysia Government Securities. As extracted from the Bank Negara Malaysia website, the said yield is 3.82% as at the LPD.

(b) Beta ("**β**")

Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than one (1) signifies that the asset is riskier than the market and vice versa.

In deriving the estimated beta for TCS, we have relied on the five (5)-year raw historical beta of the comparable companies listed on Bursa Securities up to the LPD. As at LPD, the five (5)-year raw historical beta for TCS was 0.869.

There are no companies which are exactly similar or directly comparable to TCS in terms of, amongst others, the composition of business activities, geographical location of operations, historical performance, risk profile, customer profile and future prospect. However, we are of the view that the identified companies are reasonable to be adopted for the purpose of deriving the estimated beta of TCS.

As the historical beta was extracted from Bloomberg based on the capital structure of the comparable companies, we have unlevered the raw beta of the comparable companies and derived a simple average beta for the comparable companies of TCS which we then re-levered it based on the capital structure of TCS.

K_e : We have selected the comparable companies based on the following criteria:

- involvement in the construction of residential and commercial projects;
- more than 75.00% of the comparable companies' latest financial year's consolidated revenue is derived from construction activities; and
- companies that are listed on Bursa Securities with a market capitsalisation of between RM50.00 million and RM100.00 million based on TCS' market capitalisation of RM57.92 million as at LPD.

The comparable companies identified are as follows:

No.	Company	Market Capitalisation as at LPD (RM' million)	Percentage of revenue contribution from construction(2) (%)	Un-levered beta
(i)	Crest Builder Holdings Berhad	85.11	90.86	0.332
(ii)	Haily Group Berhad	75.79	99.47	0.353
(iii)	Tuju Setia Berhad	63.37	100.00	0.314
(iv)	Siab Holdings Berhad	70.76	99.69	1.106
Average un-levered beta				0.526

(Source: Bloomberg)

The un-levered beta is then re-levered based on the capital structure of TCS according to the following scenarios:

Scenario	Debt-to-equity Ratio (times)	Re-levered beta of TCS (times)
Existing Scenario	0.868	0.736
Equity Scenario	0.463	0.712
Debt Scenario	1.347	1.065

(c) Expected market rate of return ("$\mathbf{R_m}$")

Expected market rate of return represents the expected rate of return of investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.

In our opinion, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia as it is a forward-looking estimate of market return. As extracted from Bloomberg, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index, which is mainly based on the dividend discount model, 10.75% as at LPD.

The rate of return required by the equity investors of TCS, Ke as at the LPD under respective scenarios after taking into consideration of the Rf, B and Rm discussed above are as follows:

Scenario	Cost of equity, Ke (%)
Existing Scenario	9.67
Equity Scenario	8.58
Debt Scenario	11.00

k_d : 6.98% being the average cost of debt of the Group as at 31 December 2023.

t : The corporate tax rate, being the latest statutory tax rate of 24.00%.

For illustrative purposes, the WACC and gearing of the Group as at the LPD after taking into account the abovementioned pro forma changes are set out below:

Scenario	WACC (%)	Gearing (times)
Existing Scenario	7.64	0.868
Equity Scenario	7.54	0.463
Debt Scenario	7.73	1.347

As illustrated in the Equity Scenario above, the Group's WACC decreases from 7.64% to 7.54% and the gearing of the Group will reduce by 46.66% from 0.868 times to 0.463 times.

For comparison purposes, should the Group utilise borrowings to raise RM29.23 million (equivalent to the maximum proceeds expected from the Proposed Rights Issue with Warrants under the Maximum Scenario) as illustrated in the Debt Scenario above, the Group's WACC would increase from 7.64% to 7.73%. Additionally, gearing ratio of the Group would increase by 55.18% from 0.868 times to 1.347 times under the Debt Scenario.

As at 31 December 2023, the Group had borrowings (including lease liabilities) of RM53.01 million comprising of non-current borrowings of RM19.63 million and current borrowings of RM33.38 million.

We are of the view that the Proposed Rights Issue with Warrants is justifiable and appropriate to raise the necessary funds to the Group at this juncture due to the following (based on the Maximum Scenario):

(a) the gearing ratio of the Group is expected to improve from 0.868 times to 0.463 times under the Equity Scenario whilst the WACC decrease from 7.64% to 7.54%; and

(b) in the absence of the Proposed Rights Issue with Warrants, the Debt Scenario is expected to increase the gearing of the Group from 0.868 times to 1.347 times whilst the Group's WACC is higher at 7.73% under the Debt Scenario as compared to 7.54% under the Equity Scenario. A high gearing ratio may limit the Group's accessibility to creditors' fund in future.

(iii) Providing opportunity for all Entitled Shareholders to participate in an equity offering of TCS Shares on a pro-rata basis without diluting the Entitled Shareholders' percentage shareholding.

Based on Section 2.1.1 of Part A of the Circular, the Board has fixed the Issue Price at RM0.12 per Rights Share.

The Proposed Rights Issue with Warrants is an equity offering by TCS to all Entitled Shareholders on a pro-rata basis at a pre-determined ratio and pre-determined Issue Price of the Rights Shares without diluting the shareholders' percentage of shareholdings in TCS (provided that all Entitled Shareholders subscribe in full for their respective entitlements). Nonetheless, as TCS intends to raise a Minimum Subscription Level of RM16.84 million from the Proposed Rights Issue with Warrants to meet the funding requirements of the Group, and given that the Proposed Rights Issue with Warrants is not underwritten, the Minimum Subscription Level will be met via the Undertakings from the Undertaking Shareholders (i.e. Dato' Tee and his PAC, and Dato' Frankie Ng) to apply and subscribe in full for their Rights Share entitlement.

However, assuming that only the Undertaking Shareholders subscribe for the Proposed Rights Issue with Warrants on a Minimum Subscription Level, your collective shareholdings could potentially be diluted from **38.70% to 29.16%** after the Proposed Rights Issue with Warrants, and further diluted to 25.41% after the full exercise of Warrants B.

The free Warrants B attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares while providing additional funds to the Group in the event it is exercised. Such gross proceeds raised from the exercise of the Warrants B will be utilised for, amongst others, payment to suppliers, funding general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and other overhead expenditures of the Company. Furthermore, the Warrants B will be listed on the ACE Market of Bursa Securities, which will allow the Entitled Shareholders to either further increase their equity participation in TCS by exercising the Warrants B or monetise the Warrants B via disposal in the open market.

6.2 Rationale and benefits for the Proposed Exemption

The rationale and benefits for the Proposed Exemption are set out in Section 5.2 of Part A of the Circular.

Based on the rationale and benefits for the Proposed Exemption, the Proposed Exemption will relieve Dato' Tee and his PAC from the obligation to undertake the Mandatory Offer upon completion of the Proposed Rights Issue with Warrants as it is not the intention of Dato' Tee and his PAC to undertake the Mandatory Offer.

We noted that the entitlements to the Rights Shares are renounceable and will be provisionally allotted on a proportionate basis in accordance with the shareholding of the Entitled Shareholders and are fair to all shareholders. Should the Entitled Shareholders decide not to participate in the Proposed Rights Issue with Warrants, the Entitled Shareholders have the option to sell the rights entitlements in the open market when quoted on Bursa Securities. In this respect, the Undertaking Shareholders would not gain any advantage over the non-interested shareholders who are accorded the rights to subscribe for the Rights Shares at the same Issue Price and in proportion with their shareholding in TCS on the Entitlement Date. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value.

The Proposed Exemption is not intended to dilute the shareholding of the other Entitled Shareholders as the collective shareholdings percentage of the Undertaking Shareholders in TCS will only increase if the remaining Rights Shares are not subscribed for by the other Entitled Shareholders and/or their renouncee(s). Should all the remaining Rights Shares be subscribed for by the other Entitled Shareholders and/or their renouncee(s), the collective shareholdings percentage of the Undertaking Shareholders in TCS will remain unchanged.

Given that the Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional upon each other, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue with Warrants. Without the Proposed Exemption, TCS would not be able to implement the Proposed Rights Issue with Warrants and thus, the Group may need to raise the necessary funding required via new borrowings or other alternative options to finance its working capital, which may result in additional interest expense and thereby, potentially reducing the Group's earnings.

Furthermore, you should note that should you choose not to subscribe for your entitlement to the Rights Shares or choose to renounce your entitlement pursuant to the Proposed Rights Issue with Warrants, your existing percentage shareholding in TCS would be diluted accordingly.

Premised on the above, we are of the view that the rationale and benefits for the Proposed Exemption is justifiable.

6.3 Evaluation of the Issue Price of the Rights Shares

We noted that the Issue Price of RM0.12 per Rights Share was fixed by the Board after taking into consideration the basis and justifications as set out in Section 2.1.1 of Part A of the Circular. In evaluating the Issue Price of RM0.12 per Rights Share, we have considered the following:

(i) Discount to the closing market prices and VWAP of TCS Shares

The table below sets out the discount of the Issue Price of the Rights Shares to the TEAP of TCS Shares up to the LPD:

	Closing price/ VWAP	TEAP[(1)]	(Discount) of the Issue Price to the TEAP	
	(RM)	(RM)	(RM)	(%)
Up to and including LPD				
Closing market price	0.1350	0.1296	(0.0096)	(7.38)
Five (5)-day VWAP	0.1423	0.1342	(0.0142)	(10.60)
One (1)-month VWAP	0.1445	0.1356	(0.0156)	(11.52)
Three (3)-month VWAP	0.1518	0.1403	(0.0203)	(14.46)
Six (6)-month VWAP	0.1820	0.1632	(0.0432)	(26.47)

Note:

(1) *TEAP is computed based on the following formula for the respective scenarios:*

(i) *Warrants B are in-the-money (i.e. Warrants B's exercise price is below the market price and/or VWAPs of TCS Shares).*

$$TEAP = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

Where:

A	*:*	*Number of Rights Shares*
B	*:*	*Number of Warrants B*
C	*:*	*Number of existing Shares*
X	*:*	*Issue Price of the Rights Shares*
Y	*:*	*Exercise Price of the Warrants B*
Z	*:*	*VWAP of TCS Shares up to LPD*

For avoidance of doubt, the formula for the computation of the TEAP based on item (i) above will not be applicable in the event that the exercise price of the Warrants B are above the market price of TCS Shares.

(ii) *Warrants B are out-of-money (i.e. Warrants B's exercise price is above the market price and/or VWAPs of TCS Shares) or at-the-money (i.e. Warrant B's exercise price is the same as the market price and/or VWAPs of TCS Shares).*

$$TEAP = \frac{(A \times X) + (B \times Y)}{A + B}$$

Where:

A	*:*	*Number of Rights Shares*
B	*:*	*Number of existing Shares*
X	*:*	*Issue Price of the Rights Shares*
Y	*:*	*VWAP of TCS Shares up to LPD*

For avoidance of doubt, the formula for the computation of the TEAP based on item (ii) above will not be applicable in the event that the exercise price of the Warrants B are below the market price of TCS Shares.

Based on the above, we noted that the Issue Price of the Rights Shares represents a discount ranging from 7.38% to 26.47% to the TEAP based on the closing market price of TCS Shares as at the LPD and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD.

(ii) Comparison against the audited and pro forma consolidated NA per TCS Share

The comparison of the Issue Price of the Rights Shares to the audited and pro forma consolidated NA per TCS Share are as follows:

	Consolidated NA per TCS Share	**Pro forma consolidated NA per TCS Share**	**(Discount) to the adjusted consolidated NA per TCS Share**	
	(RM)	**(RM)**	**(RM)**	**(%)**
Audited as at 31 December 2022	0.21	0.21[(1)]	(0.09)	(42.86)
Based on the Minimum Scenario	-	0.19	(0.07)	(36.84)
Based on the Maximum Scenario	-	0.22	(0.10)	(45.45)

Note:

(1) *After adjusting for the private placement exercises completed on 17 August 2023 and 1 September 2023 which involved the listing and quotation of 20,000,000 and 19,000,000 TCS Shares respectively at an issue price of RM0.1994 and RM0.1998 per TCS Share, respectively and the disposal of the Company's entire 51.00% equity interest in Quest Energy Sdn Bhd for a cash consideration of RM0.49 million, completed on 26 July 2023.*

Based on the above, we noted that the Issue Price represents a discount of 42.86% to the audited consolidated NA per TCS Share as at 31 December 2022 and discounts of 36.84% and 45.45% to the pro forma consolidated NA per TCS Share under the Minimum and Maximum Scenario, respectively.

Despite the Issue Price of the Rights Shares represents a discount to the audited and pro forma consolidated NA per TCS Share, it is pertinent to note that the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders and such discount is also intended to encourage the Entitled Shareholders and/or their renouncee(s), if applicable, to subscribe for the Rights Shares.

Premised on the above, we are of the view that the Issue Price of the Rights Share is **justifiable** in view of the following:

(i) the entitlements for the Proposed Rights Issue with Warrants are proportionate to the respective shareholding of all Entitled Shareholders on the Entitlement Date;

(ii) the Entitled Shareholders who choose not to subscribe for the Rights Shares can trade their rights' entitlements to the Rights Shares on the open market, and as such, those that choose to renounce their entitlements to the Rights Shares can sell all or part of their rights' entitlements to the Rights Shares in the open market. However, the Entitled Shareholders should note that such rights' entitlements may not be traded at its theoretical value or intrinsic value; and

(iii) the Entitled Shareholders have the same right to subscribe for their entitlements to the Rights Shares at the same Issue Price of Rights Shares, and that the Issue Price represents the following:

(a) a **discount** ranging from 7.38% to 26.47% to the TEAP based on the closing market price of TCS Shares as at the LPD, and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD;

(b) a **discount** of 42.86% to the audited consolidated NA per TCS Share as at 31 December 2022; and

(c) **discounts** of 36.84% and 45.45% to the pro forma consolidated NA per TCS Share based on the Minimum and Maximum Scenario, respectively.

6.4 Evaluation of the Exercise Price of the Warrants B

We noted that the exercise price of the Warrants B at RM0.18 per TCS Share was fixed by the Board after taking into consideration the basis and justifications as set out in Section 2.1.2 of Part A of the Circular. In evaluating the exercise price of the Warrant B at RM0.18 per TCS Share, we have considered the following:

(i) Theoretical value of the Warrants B

We have applied the trinomial option pricing model to compute the theoretical value of Warrants B. The main parameters used in the model are as follows:

(a) value of the underlying TCS Shares of RM0.1423, being the five (5)-day VWAP of TCS Shares up to and including the LPD;

(b) each Warrant B can be exercised into one (1) TCS Share at the exercise price of RM0.18;

(c) tenure of the Warrants B of five (5)-years;

(d) risk-free interest rate is assumed to be 3.55%, based on 5-year Malaysian Government Securities as at the LPD: and

(e) TCS Shares' historical volatility for the past one (1)-year up to the LPD of 58.07%.

Based on the above, the theoretical value of the Warrants B as at the LPD is RM0.08 (based on trinomial option pricing model) under the Minimum Scenario and Maximum Scenario.

Non-interested shareholders should note that the theoretical value of the Warrants B is for illustration purposes only and may not correspond to the actual market price of the Warrants B upon listing on the ACE Market of Bursa Securities. There can also be no assurance that an active market for the Warrants B will develop, or if developed, that such market can be sustained.

(ii) Discount to the closing market prices and VWAP of TCS Shares

The table below sets out the discount of the exercise price to the TEAP of TCS Shares up to the LPD:

	Closing price/ VWAP	TEAP[(1)]	Premium of the exercise price to the TEAP	
	(RM)	(RM)	(RM)	(%)
Up to LPD				
Last traded price	0.1350	0.1296	0.0504	38.92
Five (5)-day VWAP	0.1423	0.1342	0.0458	34.10
One (1)-month VWAP	0.1445	0.1356	0.0444	32.72
Three (3)-month VWAP	0.1518	0.1403	0.0397	28.31
Six (6)-month VWAP	0.1820	0.1632	0.0168	10.30

Note:

(1) Computation of the TEAP is explained in Section 6.3 of this IAL.

Based on the above, we noted that the exercise price of the Warrants B represents a premium ranging from 10.30% to 38.92% to the TEAP based on the closing market price of TCS Shares as at the LPD and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD.

(iii) Comparison against the audited and pro forma consolidated NA per TCS Share

The comparison of the exercise price of Warrants B to the audited and unaudited consolidated NA per TCS Share are as follows:

	Consolidated NA per TCS Share	Pro forma consolidated NA per TCS Share	(Discount) to the adjusted consolidated NA per TCS Share	
	(RM)	(RM)	(RM)	(%)
Audited as at 31 December 2022	0.21	0.21[(1)]	(0.03)	(14.29)
Based on the Minimum Scenario	-	0.19	(0.01)	(5.26)
Based on the Maximum Scenario	-	0.22	(0.04)	(18.18)

Note:

(1) *After adjusting for the private placement exercises completed on 17 August 2023 and 1 September 2023 which involved the listing and quotation of 20,000,000 and 19,000,000 TCS Shares respectively at an issue price of RM0.1994 and RM0.1998 per TCS Share, respectively and the disposal of the Company's entire 51.00% equity interest in Quest Energy Sdn Bhd for a cash consideration of RM0.49 million, completed on 26 July 2023.*

Based on the above, we noted that the exercise price of the Warrants B of RM0.18 represents a discount of 14.29% to the pro forma consolidated NA per TCS Share as at 31 December 2022 and discounts of 5.26% and 18.18% to the pro forma consolidated NA per TCS Share as at 31 December 2022 based on the Minimum and Maximum Scenario, respectively.

In our evaluation of the exercise price of the Warrants B, we are of the view that a period of not more than six (6) months up to the LPD is more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of TCS Shares.

Based on the analysis above, we noted that the exercise price of the Warrants B of RM0.18 represents:

(a) a **theoretical value** of RM0.08 computed based on the trinomial option pricing model as at the LPD;

(b) a **premium** ranging from 10.30% to 38.92% to the TEAP based on the closing market price of TCS Shares as at the LPD and over the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to and including the LPD;

(c) a **discount** of 14.29% to the pro forma consolidated NA per TCS Share as at 31 December 2022; and

(d) **discounts** of 5.26% and 18.18% to the pro forma consolidated NA per TCS Share as at 31 December 2022 based on the Minimum and Maximum Scenario, respectively.

Based on the exercise price of the Warrants B, the Warrants B are **out-of-money** by RM0.0458 (i.e. the difference between the exercise price of the Warrants B of RM0.1800 and the TEAP based on the five (5)-day VWAP of TCS Shares up to and including the LPD of RM0.1342 and accordingly, holders of the Warrants B are in a net loss position immediately after exercising the Warrants B.

Premised on the above, we are of the opinion that the Board's basis of arriving at the exercise price of the Warrants B is justifiable in view that the Warrants B are to be issued for free to the non-interested shareholders who successfully subscribe for the Rights Shares.

6.5 Effects of the Proposals

The Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA, NA per TCS Share, gearing, substantial shareholders' shareholdings of the Company, earnings or loss and EPS or LPS of the Group. However, due to the inter-conditionality of the Proposed Rights Issue with Warrants and the Proposed Exemption, we take note of the effects of the Proposed Rights Issue with Warrants on the Minimum Scenario and Maximum Scenario as set out in Section 7 of Part A of the Circular. The Proposed Exemption is necessary to facilitate the implementation of the Proposed Rights Issue with Warrants.

6.5.1 Share capital

The pro forma effects of the Proposed Rights Issue with Warrants on the issued share capital of the Company as set out in Section 7.1 of Part A of the Circular are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of TCS Shares	**RM**	**No. of TCS Shares**	**RM**
Issued share capital as at the LPD	429,000,000	66,163,865	429,000,000	66,163,865
To be issued assuming full exercise of the Warrants A	-	-	180,000,000	68,400,000[(1)]
	429,000,000	**66,163,865**	**609,000,000**	**134,563,865**
No. of Rights Shares to be issued	140,305,117	10,278,753[(2)]	243,600,000	17,846,136[(3)]
	569,305,117	**76,442,618**	**852,600,000**	**152,410,001**
To be issued assuming full exercise of the Warrants B	84,183,070	21,710,813[(4)]	146,160,000	37,694,664[(4)]
Enlarged issued share capital	**653,488,187**	**98,153,431**	**998,760,000**	**190,104,665**

Notes:

(1) *Computed based on the exercise price of the Warrants A of RM0.38 per TCS Share.*

(2) *After taking into consideration the Issue Price of RM0.12 per Rights Share and after deducting the fair value of the Warrants B of RM6,557,861.*

(3) *After taking into consideration the Issue Price of RM0.12 per Rights Share and after deducting the fair value of the Warrants B of RM11,385,864.*

(4) *After taking into consideration the exercise price of the Warrants B of RM0.18 per TCS Share and reversal of warrant reserve.*

Under the Minimum Scenario, the issued share capital of TCS will increase from RM66.16 million to RM76.44 million. Under the Maximum Scenario, the issued share capital of TCS after assuming full exercise of the Warrants A, will increase from RM134.56 million to RM152.41 million following the issuance of new TCS Shares on the assumption that all Entitled Shareholders will fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants. Based on the Issue Price, the Proposed Rights Issue with Warrants is expected to raise gross proceeds of approximately RM16.84 million and RM29.23 million under the Minimum Scenario and Maximum Scenario, respectively.

In addition, TCS' issued share capital may further increase in the future when the Warrants B are exercised into new TCS Shares.

6.5.2 Substantial shareholders' shareholding

The pro forma effects of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders as set out in Section 7.2 of Part A of the Circular are as follows:

Minimum Scenario

	As at LPD				(I) After the Proposed Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	206,838,377	48.21	36,324,419	8.47[(1)]	289,573,727	50.87	50,854,186	8.93[(1)]
Datin Koh	36,324,419	8.47	206,838,377	48.21[(1)]	50,854,186	8.93	289,573,727	50.87[(1)]
Dato' Frankie Ng	7,600,000	1.77	11,400,000	2.66[(2)]	50,640,000	8.90	11,400,000	2.00[(2)]

	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	339,214,937	51.91	59,572,046	9.12[(1)]
Datin Koh	59,572,046	9.12	339,214,937	51.91[(1)]
Dato' Frankie Ng	76,464,000	11.70	11,400,000	1.74[(2)]

Notes:

[(1)] *Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.*

[(2)] *Deemed interest in TCS Shares held through Metro Eyewear Holdings pursuant to Section 8 of the Act.*

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Maximum Scenario

	As at LPD				(I) Assuming full exercise of Warrants A			
	Direct		Indirect		Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	206,838,377	48.21	36,324,419	8.47[(1)]	213,657,566	35.08	55,086,628	9.05[(1)]
Datin Koh	36,324,419	8.47	206,838,377	48.21[(1)]	55,086,628	9.05	213,657,566	35.08[(1)]
Dato' Frankie Ng	7,600,000	1.77	11,400,000	2.66[(2)]	7,600,050	1.25	11,400,000	1.87[(2)]

	(II) After (I) and Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%	No. of TCS Shares	%
Dato' Tee	299,120,592	35.08	77,121,279	9.05[(1)]	350,398,407	35.08	90,342,069	9.05[(1)]
Datin Koh	77,121,279	9.05	299,120,592	35.08[(1)]	90,342,069	9.05	350,398,407	35.08[(1)]
Dato' Frankie Ng	10,640,070	1.25	15,960,000	1.87[(2)]	12,464,082	1.25	18,696,000	1.87[(2)]

Notes:

[(1)] *Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.*

[(2)] *Deemed interest in TCS Shares held through Metro Eyewear Holdings pursuant to Section 8 of the Act.*

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Under the Minimum Scenario, after the completion of the Proposed Rights Issue with Warrants, the collective shareholdings of Dato' Tee and his PAC will increase from 56.68% to 59.80%. Subsequently, assuming full exercise of the Warrants B, the collective shareholdings of Dato' Tee and his PAC will further increase to 61.03%.

Under the Maximum Scenario, after the completion of the Proposed Rights Issue with Warrants, the collective shareholdings of Dato' Tee and his PAC will reduce from 56.68% to 44.13%. Subsequently, assuming full exercise of the Warrants B, the collective shareholdings of Dato' Tee and his PAC will maintain at 44.13%.

6.5.3 NA and gearing

The pro forma effects on the Proposed Rights Issue with Warrants on the NA and gearing of the Group as set out in Section 7.3 of Part A of the Circular are as follows:

<u>Minimum Scenario</u>

	Audited as at 31 December 2022 (RM'000)	(I) After subsequent events [(1)] (RM'000)	(II) After (I) and the Proposed Rights Issue with Warrants[(2)] (RM'000)	(III) After (II) and assuming full exercise of the Warrants B (RM'000)
Share capital	58,476	66,164	76,443	98,153
Merger deficit[(3)]	(24,065)	(24,065)	(24,065)	(24,065)
Warrant reserve[(4)]	-	-	6,558	-
Retained earnings	47,788	47,713	46,376	46,376
Shareholders' fund/ NA	**82,199**	**89,812**	**105,312**	**120,464**
Non-controlling interest	1,102	632	632	632
Total equity	**83,301**	**90,444**	**105,943***	**121,096**
No. of TCS Shares in issue ('000)	390,000	429,000	569,305	653,488
NA per TCS Share (RM)[(5)]	0.21	0.21	0.19	0.18
Total borrowings (RM'000)	43,547	43,547	43,547	43,547
Net gearing (times)[(6)]	0.52	0.48	0.41	0.36

Notes:

* *Total does not add-up due to rounding.*

(1) *After adjusting for:*

(i) *the private placement exercises completed on 17 August 2023 and 1 September 2023. Please refer to Section 4 of Part A of this Circular for further details on the private placement exercises; and*

(ii) *the disposal of the Company's entire 51.00% equity interest in Quest Energy Sdn. Bhd. for a cash consideration of RM0.49 million, completed on 26 July 2023.*

(2) *After taking into consideration the estimated expenses for the Proposals of RM1.34 million.*

(3) *Merger deficit is recognised following the Company's acquisition of TCS Construction Sdn Bhd and TCS Infra Sdn Bhd (previously known as TCS Bina Sdn Bhd) completed on 30 October 2019. It represents the difference between the merger cost and nominal value of the shares acquired in TCS Construction Sdn Bhd and TCS Infra Sdn Bhd.*

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(4) *Computed based on the theoretical fair value of the Warrants B as at the LPD of RM0.0779 per Warrant B.*

(5) *NA per TCS Share is calculated as NA divided by the total number of TCS Shares in issue.*

(6) *Net gearing is computed as total borrowings (including lease liabilities) over total equity.*

Maximum Scenario

	Audited as at 31 December 2022 (RM'000)	(I) After subsequent events [1] (RM'000)	(II) After (I) and assuming full exercise of the Warrants A[2] (RM'000)	(III) After (II) and the Proposed Rights Issue with Warrants (RM'000)	(IV) After (III) and assuming full exercise of the Warrants B (RM'000)
Share capital	58,476	66,164	134,564	152,410	190,105
Merger deficit[3]	(24,065)	(24,065)	(24,065)	(24,065)	(24,065)
Warrant reserve[4]	-	-	-	11,386	-
Retained earnings	47,788	47,713	47,713	46,376	46,376
Shareholders' fund/ NA	**82,199**	**89,812**	**158,212**	**186,107**	**212,416**
Non-controlling interest	1,102	632	632	632	632
Total equity	**83,301**	**90,444**	**158,844**	**186,739**	**213,048**
No. of TCS Share in issue ('000)	390,000	429,000	609,000	852,600	998,760
NA per TCS Share (RM)[5]	0.21	0.21	0.26	0.22	0.21
Total borrowings (RM'000)	43,547	43,547	43,547	43,547	43,547
Net gearing (times)[6]	0.52	0.48	0.27	0.23	0.20

Notes:

(1) *Please refer to Note (1) of Section 6.5.3 of this IAL under the Minimum Scenario.*

(2) *Please refer to Note (2) of Section 6.5.3 of this IAL under the Minimum Scenario.*

(3) *Please refer to Note (3) of Section 6.5.3 of this IAL under the Minimum Scenario.*

(4) *Please refer to Note (4) of Section 6.5.3 of this IAL under the Minimum Scenario.*

(5) *Please refer to Note (5) of Section 6.5.3 of this IAL under the Minimum Scenario.*

(6) *Please refer to Note (6) of Section 6.5.3 of this IAL under the Minimum Scenario.*

The pro forma NA will increase from RM82.20 million to RM89.81 million pursuant to the adjustment for subsequent events. Subsequently, upon the completion of the Proposed Rights Issue with Warrants, the pro forma NA will increase to RM105.31 million and RM186.11 million under the Minimum Scenario and Maximum Scenario, respectively. The increase is mainly due to the issuance of the Rights Shares at an Issue Price of RM0.12, which is below the pro forma NA per TCS Share post completion of the Proposed Rights Issue with Warrants of RM0.19 and RM0.22 under the Minimum Scenario and Maximum Scenario, respectively.

The net gearing of the Group will decrease from 0.52 times to 0.48 times pursuant to the adjustment for the subsequent events. Subsequently, upon completion of the Proposed Rights Issue with Warrants, the gearing will reduce to 0.41 times and 0.23 times under the Minimum Scenario and Maximum Scenario, respectively. The decrease in gearing ratio is mainly due to the increase in shareholders' equity as a result of the issuance of the Rights Shares pursuant to the Proposed Rights Issue with Warrants.

6.5.4 Earnings/ Loss and EPS/ LPS

The pro forma effects on the Proposed Rights Issue with Warrants on the earnings/loss and EPS/ LPS of the Group are set out in Section 7.4 of Part A of the Circular. The proposed Rights Issue with Warrants is expected to be completed in the second quarter of 2024.

Accordingly, the EPS or LPS of TCS Group for the FYE 31 December 2024 is expected to be diluted upon completion of the Proposed Rights Issue with Warrant as a result of the increase in the number of TCS Shares from the issuance of the Rights Shares and the exercise of the Warrants B.

Barring any unforeseen circumstances, the realisation of the benefit from the utilisation of proceeds of the Proposed Rights Issue with Warrants as disclosed in Section 2.6 of Part A of the Circular is expected to contribute positively to the future earnings of the Group. However, the non-interested Directors and non-interested shareholders should note that there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds from the Proposed Rights Issue with Warrants.

6.5.5 Convertible securities

We noted from Section 7.5 of Part A of the Circular that save for the Warrants A, the Company does not have any other outstanding convertible securities as at the LPD.

As at the LPD, there are 180,000,000 outstanding Warrants A which can be exercisable into 180,000,000 new TCS Shares at the exercise price of RM0.38 per TCS Share by the expiry date of 15 March 2024. Any adjustment to be made to the exercise price and number of outstanding Warrants A shall be based on the terms of the Deed Poll A.

Premised on the above, we are of the view that the overall effects of the Proposals are not detrimental to the interest of the non-interested shareholders.

6.6 Economic outlook, industry overview and prospects of the Group

6.6.1 Overview and outlook of the Malaysian economy

(i) Overview

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction, and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (E&E) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index (CPI) items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

As expected, both headline and core inflation have been declining throughout the year, mainly due to milder cost conditions. This would likely continue for the remainder of 2023. Overall, headline inflation is expected to average between 2.5% and 3% in 2023. Going forward, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, Bank Negara Malaysia, published on 17 November 2023)

(ii) Outlook

Taking into consideration the persistent inflation and subdued global growth prospects, the Asian Development Bank (ADB) forecasted GDP growth in developing Asia countries at 4.9 per cent in 2023, and expected to grow at 4.8 per cent for the year 2024. Meanwhile, ADB also anticipated that Malaysia’s economy to grow at 4.2 per cent and 4.6 per cent for the year 2023 and 2024, respectively.

Despite rising challenges in the global landscape, Malaysia's economic growth is poised to persist in the upcoming year backed by the nation’s strong economic fundamentals coupled with robust domestic demand, improved employment conditions and rising tourism activities. Malaysia’s economy grew 3.9 per cent in the first nine months of 2023. Foresight, the GDP is forecasted to expand by approximately 4 per cent in 2023 and between 4 per cent and 5 per cent in 2024.

The labour market continued to improve with employed persons in October 2023 grew 2.0 per cent to 16.40 million persons as compared to October 2022 (16.08 million persons) and increase slightly from September 2023(16.38 million persons). Meanwhile, employment-to-population ratio increased 0.5 percentage point to 67.7 per cent as compared to October 2022. The employment rate remained unchanged at 3.4 per cent since June 2023. The labour market is anticipated to improve at a slower pace as the unemployment rate continue to stagnant at pre-COVID-19 level.

Going forward, the Malaysia’s economy is forecasted to grow albeit at a slower pace following slower external demand. The Leading Index (LI) recorded a negative 0.2 per cent to 109.2 points (October 2022: 109.4 points) due to decline in Real Imports of Semi-Conductor (-33.6%). Looking at the LI's smoothed growth rate for October 2023, it continued to be below the 100.0 points trend, indicating a modest growth outlook.

(Source: Malaysian Economic Statistics Review, Vol 12, 2023, Department of Statistics Malaysia, released on 29 December 2023)

6.6.2 Overview and outlook of the construction industry

(i) Overview of Malaysia's construction sector

The recovery in the construction sector was slower, especially in the residential and civil engineering subsectors. This owed to elevated building material costs and lingering labour shortage issues. Pre-existing structural issues also remain a drag such as property overhang and housing demand-supply mismatches. Furthermore, the progress of infrastructure projects, including catalytic initiatives under the various national plans, will support the construction sector's ongoing recovery.

(Source: Malaysian Economy Third Quarter 2023, Ministry of Finance Malaysia, published on 17 November 2023)

The Construction sector rose by 7.2 per cent (Q2 2023: 6.2%) in this quarter (third quarter). The progress was driven by the ongoing large infrastructure and small-scale projects, particularly in Civil engineering (14.6%), Specialised construction activities (10.4%), and Residential buildings (6.2%). On a quarter-on-quarter basis, seasonally adjusted, this sector increased by 3.7 per cent (Q2 2023: 4.8%).

(Source: Malaysian Economic Statistics Review, Vol 12, 2023, Department of Statistics Malaysia, released on 29 December 2023)

The value of work done in the Construction sector continued to sustain its positive pace for the sixth quarters with year-on-year growth of 9.6 per cent in the third quarter of 2023 (Q2 2023: 8.10%). The momentum was driven by a double-digit growth in the Civil engineering sub-sector, which increased by 17.1 per cent (Q2 2023: 10.4%); and a surge in the Special trade activities by 16.2 per cent (Q2 2023: 9.8%). The Residential buildings also contributed to the growth by recording 7.9 per cent (Q2 2023: 6.9%). Meanwhile, the sub-sector of Non-residential buildings decreased marginally by 0.7 per cent, in contrast to the 5.7 per cent growth in the previous quarter.

Out of RM33.4 billion recorded in the third quarter of 2023, a total of RM13.5 billion or 40.5 per cent of the Construction work done value was in Civil engineering. The rise was mainly attributed to the Construction of roads and railways activity with 22.1 per cent or amounted to RM7.4 billion. Meanwhile, the value of work done for Non-residential buildings and Residential buildings was RM9.2 billion (27.5%) and RM7.3 billion (21.9%), respectively. The Special trade activities contributed RM3.4 billion (10.0%), primarily in Plumbing, heat and air-conditioning installation (RM1.1 billion); and Electrical installation (RM0.9 billion) activities.

(Source: Quarterly Construction Statistics, Third Quarter 2023, Department of Statistics Malaysia, released on 8 November 2023)

(ii) Outlook of Malaysia's construction sector

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP (New Industrial Master Plan) 2030 is expected to further strengthen the performance of non-residential buildings subsector as the Plan will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia, released on 13 October 2023)

6.6.3 Overview and outlook of the property industry

(i) Overview of Malaysia's property industry

Property market activity recorded a total of 184,140 transactions worth RM85.37 billion, down by 2.1% in volume but increased slightly by 1.1% in value against corresponding period. From the total transactions, 32.1% (59,090) and 63.6% (117,129) were transfers dated in 2022 and 2023 respectively while the remaining percentage share was for prior years' transfers. Sectoral market activity performance declined marginally: residential (-1.0%), industrial (-2.5%) and agriculture (-12.4%) with the exception of commercial and development land sub-sector, which increased by 16.0% and 1.4% respectively. In terms of value of transactions, residential and agriculture sub-sector recorded a decrease of 1.8% and 17.7% respectively, whereas commercial, industrial and development land sub-sector recorded otherwise, increased by 19.5%, 1.8% and 7.3% respectively. The residential sub-sector led the overall property market, with 62.4% contribution. This was followed by agriculture sub-sector (19.8%), commercial (9.6%), development land and others (6.2%) and industrial (2.0%). In terms of value, residential took the lead with 52.5% share, followed by commercial (19.6%), industrial (12.8%), agriculture (8.3%) and development land and others (6.8%).

(Source: Property Market Report, First Half 2023, National Property Information Centre, released on 14 September 2023)

(ii) Outlook of Malaysia's property industry

The Malaysian economy expanded moderately by 2.9% in Q2 2023 (Q1 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. The growth which supported by continued improvement in labour market conditions, continued increase in household spending and higher tourism activities offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in the second quarter of 2022 when economy experienced strong growth from reopening effects and policy measures. Despite the challenging global financial and economic environment, the property market managed to stay poised and posted a marginal softening in market activity in the first half of 2023 (H1 2023) compared to the same period last year (H1 2022).

(Source: Property Market Report, First Half 2023, National Property Information Centre, released on 14 September 2023)

6.6.4 Prospects of the Group

As disclosed in Section 6.4 of Part A of the Circular, we noted that TCS' major revenue contributor is from construction projects, mainly from residential and commercial buildings.

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The historical performance of the Group for FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and unaudited FYE 31 December 2023 are as follows:

	Audited			Unaudited
	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	FYE 31 December 2022 (RM'000)	FYE 31 December 2023 (RM'000)
Revenue	242,643	204,047	261,591	375,302
Profit/(loss) before tax	23,148	3,215	(2,067)	(31,696)
PAT/(LAT)	16,169	2,473	(3,397)	(32,854)

Moving forward, as at the LPD the Group has an existing outstanding order book of approximately RM842.83 million, which is expected to generate and contribute to the revenue of the Group up to FYE 31 December 2025.

Despite the concerning profitability of the Group due to global economy uncertainties, based on the positive economic and construction outlook as set out above augurs well for TCS Group moving forward.

The construction and property industry continues to be challenging underpinned by volatility in raw material costs and inflationary pressure, however, we noted that TCS Group has put in place contingency plans to counteract cost changes, particularly fluctuations in commodity and building material prices.

The Proposed Rights Issue with Warrants will enable the Group to raise funds and channel them towards the Group's existing construction projects. If the Group were to undertake bank borrowings to fund its working capital, it would increase the cash outflows of the Group, as it would be tied down to principal repayments as well as interest servicing. Furthermore, the Proposed Rights Issue with Warrants will enable the Group to preserve its cash flow for reinvestment and/or operational purposes and the Warrants B attached to the Rights Shares will also provide the Group with additional funding when the Warrants B are exercised. With the positive prospect of the construction sector in Malaysia and TCS Group's strong order book, the Board is of the view that the Proposed Rights Issue with Warrants will result in a better contribution to the financial performance of the company.

Nevertheless, the overall prospects of TCS Group moving forward will be dependent on the outlook of the construction and property industry in Malaysia as well as the overall outlook of the Malaysian economy which is affected by global macroeconomic factors such as global inflationary pressure, rising interest rates and price volatility of raw materials.

Premised on the above, we are of the view that the outlook and prospects of TCS Group upon completion of the Proposals are positive.

6.7 Implications of the Proposed Exemption

Pursuant to subparagraph 4.08(2) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the SC may consider granting the Proposed Exemption if Dato' Tee and his PAC have satisfied the following conditions:

(i) there is no acquisition of TCS Shares or instruments convertible into TCS Shares and options in respect of TCS Shares (other than subscription for new TCS Shares or new instruments convertible into or options in respect of new TCS Shares which have been disclosed in the Circular) by Dato' Tee and his PAC in the six (6) months prior to the announcement of the Proposals on 26 December 2023, but subsequent to the negotiation, discussion or the reaching of understandings or agreements with the Board in relation to the Proposals until completion of the subscription; and

(ii) approval has been obtained from the non-interested Directors in the Board meeting in relation to the Proposed Exemption and non-interested holders of voting shares or voting rights of TCS at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the Mandatory Offer from Dato' Tee and his PAC. The voting at the forthcoming EGM in relation to the Proposals shall be conducted by way of poll.

Any exemption granted will be invalidated if Dato' Tee and/or his PAC have engaged or engage in a disqualifying transaction.

In addition, pursuant to paragraph 18.02 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, upon your approvals for the Proposals, Dato' Tee and his PAC shall not acquire any TCS Shares within a period of 6 months after the date of the EGM for the Proposals from a person who was a director or substantial shareholder of TCS at the time of the Proposed Exemption, as such acquisition will be deemed to be a favourable deal under Rule 18 of the Rules on Take-overs, Mergers and Compulsory Acquisitions. The SC may consider granting a waiver to Dato' Tee and his PAC if such acquisition, if any, is *de minimis*.

The implication of the non-interested shareholders' votes on the Proposed Exemption to be tabled at the forthcoming EGM in relation to the Proposals are set out in Section 6.7.1 and Section 6.7.2 of this IAL.

6.7.1 If non-interested shareholders VOTE IN FAVOUR of the Proposed Exemption

(i) Dato' Tee and his PAC would be able to submit an application for the Proposed Exemption to the SC for its consideration.

(ii) The approval of the Proposed Exemption would imply that non-interested shareholders of TCS agree to waive their rights and exempt Dato' Tee and his PAC from the obligation to undertake the Mandatory Offer as a result of the Proposed Rights Issue with Warrants (which shall be undertaken at a price no lower than the highest price paid by Dato' Tee and his PAC for TCS Shares in the past 6 months preceding the commencement of the offer). As such, Dato' Tee and his PAC will be able to increase the shareholdings in TCS without incurring an obligation to make a Mandatory Offer after completion of the Proposed Rights Issue with Warrants.

Note:

Voting in favour of the Proposed Exemption does not in any way impede the Entitled Shareholders' right to participate in the Proposed Rights Issue with Warrants. However, should the Entitled Shareholders decide not to subscribe for their entitlements under the Proposed Rights Issue with Warrants, the Entitled Shareholders' percentage of shareholdings in TCS will be diluted accordingly.

(iii) Subject to the actual number and percentage of voting rights that Dato' Tee and his PAC will hold individually and/or collectively after the completion of the Proposed Rights Issue with Warrants, the following thresholds pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions would be obliged to be observed by Dato' Tee and his PAC after the completion of the Proposals:

(a) should Dato' Tee's individual shareholdings or deemed interest in TCS be more than 33.00% but below 50.00% after the Proposed Rights Issue with Warrants and he and his PAC subsequently trigger the 2.00% creeping threshold, they would still be obligated to undertake the Mandatory Offer for the remaining shares not held by them at the highest price paid by them during the 6 months preceding the said offer; and

(b) should the individual or collective shareholding of Dato' Tee and his PAC in TCS (including indirect interest held through any entity that Dato' Tee has statutory control over) increase to more than 50.00% after the Proposed Rights Issue with Warrants, any further increase in the individual or collective shareholdings of Dato' Tee and his PAC in TCS would not trigger an obligation to undertake a mandatory take-over offer provided that Dato' Tee and his PAC do not trigger such mandatory take-over offer obligation on an individual basis (i.e. individually increases his/her/its shareholding to above 33.00%).

(iv) Dato' Tee and his PAC will subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants based on their shareholdings as at the Entitlement Date pursuant to their Undertakings.

As a result of the above, Dato' Tee's shareholding in TCS is expected to increase from 48.21% to 50.87% upon completion of the Proposed Rights Issue with Warrants under the Minimum Scenario. Pursuant to the Undertakings, the public shareholding spread will reduce from approximately **38.70%** to **29.16%** as at the LPD under the Minimum Scenario.

(v) Additionally, Under the Minimum Scenario, the collective shareholding of Dato' Tee and his PAC will increase from 56.68% to 59.80% after the Proposals. Dato' Tee and his PAC will continue to have statutory control over TCS and will be able to determine the outcome of ordinary resolutions which require a simple majority of 50.00% plus 1 share and have significant influence on the outcome of any special resolutions which require a majority of 75.00% tabled at general meetings (unless Dato' Tee and his PAC are required to abstain from voting). It should nonetheless, be noted that the maximum potential holdings of Dato' Tee and his PAC indicated above are illustrative and may not materialise.

(vi) In view that the Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional as set out in Section 3 of Part A of the Circular, without the Proposed Exemption, the Proposed Rights Issue with Warrants will not be implemented. Therefore, voting in favour of the Proposed Exemption will enable TCS to potentially benefit from the Proposed Rights Issue with Warrants (if the Proposed Rights Issue with Warrants is approved by the non-interested shareholders).

6.7.2 If the non-interested shareholders <u>VOTE AGAINST</u> the Proposed Exemption

(i) Dato' Tee and his PAC would not be able to submit an application for the Proposed Exemption to the SC.

(ii) In view of the inter-conditionality of the Proposals as set out in Section 3 of Part A of the Circular, in the event the Proposed Exemption is not approved, TCS will not be able to undertake the Proposed Rights Issue with Warrants. As such, TCS will not be able to realise the potential benefits of the Proposed Rights Issue with Warrants.

Hence, the Board will have to deliberate on other possible alternatives including additional borrowings to raise funds for its working capital as well as to service any debt obligations arising from the new borrowings.

7. DIRECTORS' INTENTION TO VOTE

As at the LPD, save as disclosed below, none of the Directors have any interest (direct and indirect) in TCS. Accordingly, their intention to vote in relation to the Proposed Exemption are as follows:

Name	Direct		Indirect		Intention to vote in relation to the Proposed Exemption
	No. of TCS Shares	%	No. of TCS Shares	%	
Dato' Tee	206,838,377	48.21	36,324,419	8.47(1)	Abstain
Tan Sri Dato' Sri Izzuddin Bin Dali	300,000	0.07	-	-	Vote in favour
Wong Choo Leong	303,200	0.07	-	-	Vote in favour
Dato' Seri Ir Mohamad Othman Bin Zainal Azim	200,000	0.05	-	-	Vote in favour
Sharon Chew Mun Hong	-	-	-	-	Vote in favour
Ooi Guan Hoe	-	-	-	-	Vote in favour

Note:

(1) *Deemed interest in by virtue of the interest in TCS held by his spouse.*

8. FUTURE PLANS OF THE GROUP AND ITS EMPLOYEES

In accordance with Paragraph 8, Schedule 2, Part II of the Rules on Take-overs, Mergers and Compulsory Acquisitions, Dato' Tee and his PAC have confirmed that as at the LPD, they do not intend to effect any major change to the following:

(i) the continuation of the business of the Group;

(ii) the business of the Group, including any plans to liquidate any of the companies within the Group, sell any material assets or re-deploy the fixed assets of the Group or make any other major change in the business of the Group; and

(iii) the continued employment of the employees of the Group,

except where such changes are in the ordinary course of the Group's business or are necessary to rationalise or improve the Group's operations and/or financial performance and is in the best interest of the Group.

Dato' Tee and his PAC shall retain the flexibility at any time to consider any options which are in the best interest of the Group. Dato' Tee and his PAC intend to maintain the listing status of TCS on the ACE Market of Bursa Securities.

The Undertaking provided by Dato' Tee serves to provide continued financial support to the Group. The Management of TCS believes that the Proposed Rights Issue with Warrants is expected to place the Group in a better financial footing moving forward as well as deliver greater value to the shareholders of the Company and to facilitate the Group in turning around its current loss-making position.

Premised on the above, the Proposals are not detrimental to the business of the Group and to the interest of the non-interested shareholders.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board, who collectively and individually accept full responsibility for the accuracy of the information given in this IAL and confirm that, after making all reasonable enquiries and to the best knowledge of the Board, all information relevant to the evaluation of the Proposed Exemption have been disclosed and that there is no omission of any material facts which would make any statement in this IAL false or misleading.

Further, the responsibility of the Board in respect of:

(i) the information relation to Dato' Tee and his PAC (as provided by Dato' Tee and his PAC) is limited to ensuring that such information is accurately reproduced in this IAL; and

(ii) the independent advice and expression of opinion by DWA Advisory in relation to the Proposed Exemption is limited to ensuring that accurate information in relation to the Group was provided to DWA Advisory for its evaluation of the Proposed Exemption and to ensure that all information in relation to the Group that are relevant to DWA Advisory's evaluation of the Proposed Exemption have been completely disclosed to DWA Advisory and that there is no material fact, the omission of which would make any information provided to DWA Advisory false or misleading.

10. FURTHER INFORMATION

The non-interested Directors and non-interested shareholders are advised to refer to Part A of the Circular as well as the attached appendices for further information.

11. CONCLUSION AND RECOMMENDATION

The non-interested Directors and non-interested shareholders should carefully consider the merits and demerits of the Proposed Exemption based on all relevant and pertinent factors, including those set out in this IAL as well as those highlighted by the Board in its letter to the shareholders of TCS in relation to the Proposals as set out in Part A of the Circular, before voting on the resolution pertaining to the Proposed Exemption at TCS' forthcoming EGM.

It Is pertinent to note that the entitlements for the Proposed Rights Issue with Warrants are proportionate to the respective shareholdings of the Entitled Shareholders on the Rights Shares Entitlement Date. Should all the Entitled Shareholders and/or their renouncee(s) subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants, there will not be any excess Rights Shares to be subscribed by the Undertaking Shareholders.

Further, Dato' Tee and his PAC and Dato' Frankie Ng have given their written and irrevocable undertakings to subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants based on their shareholdings as at the Entitlement Date to meet the Minimum Subscription Level.

Non-interested shareholders should note that, if you do not subscribe to your rights entitlements under the Proposed Rights Issue with Warrants, this would imply:

(i) a significant dilution of the collective shareholdings of the non-interested shareholders from **38.70% to 29.16%** under the Minimum Scenario and a significant increase in shareholdings to 52.44% under the Maximum Scenario upon completion of the Proposed Rights Issue with Warrants;

(ii) transfer of value in the form of the Rights Shares at a discount of 10.60% to the TEAP of TCS Shares of RM0.1342 based on five (5)-day VWAP up to and including the LPD to the participating shareholders in the Proposed Rights Issue with Warrants based on the Issue Price of RM0.12; and

(iii) transfer of value in the form of the Warrants B at a theoretical value of RM0.08 under the Minimum Scenario and Maximum Scenario on the LPD respectively to the participating shareholders in the Proposed Rights Issue with Warrants based on the exercise price of RM0.18.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis, taking into consideration the various factors set out in Section 6 of this IAL and in accordance with Schedule 2: Part III of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

In summary, the potential advantages and disadvantages of the Proposed Exemption are as follows:

Potential Advantages
(1) The Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional. As such, voting in favour of the Proposed Exemption facilitates the implementation of the Proposed Rights Issue with Warrants, which will in turn enable TCS to reap the potential benefits arising from the Proposed Rights Issue with Warrants as follows: (i) Enable TCS Group to raise the required funding without incurring interest expense and a higher gearing ratio arising from the use of borrowings. This would allow TCS Group to conserve its cash flows for other business requirements such as working capital for the Group's existing and/or future construction projects; (ii) Enable TCS Group to raise funds necessary to finance the working capital for a residential development project namely Helix 2 with a contract sum as at LPD of RM119.61 million which is expected to be completed in April 2025; (iii) Enable TCS Group to raise funds necessary to finance the working capital for a mixed-use development project namely J. Satine with a contract sum as at LPD of RM555.00 million which is expected to be completed in July 2025; (iv) Provide an opportunity to all Entitled Shareholders to participate in an equity offering in TCS on a pro-rata basis without diluting the Entitled Shareholders' percentage of shareholding in TCS (provided that all Entitled Shareholders subscribe in full for their respective entitlement of the Rights Shares); (2) The Entitled Shareholders would be able to subscribe for the Rights Shares at a discount as the Issue Price of RM0.12 represents a discount of 15.67% based on the closing market price of TCS Shares as at the LPD and discounts ranging from 7.38% to 26.47% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of TCS Shares up to the LPD. The Entitled Shareholders would also be entitled to free Warrants B pursuant to the Proposed Rights Issue with Warrants; (3) The free Warrants B attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. Through the exercise of the Warrants B, the Entitled Shareholders will be able to further increase their equity participation in TCS while also providing additional funds to TCS Group to fund the Group's working capital for its existing construction projects and day-to-day operations. Alternatively, the Entitled Shareholders have the option to monetise their Warrants B via disposal in the open market; (4) Pursuant to the Proposed Rights Issue with Warrants, the WACC of the Company will decrease from 7.64% to 7.54%. In the event the Company utilises borrowings to raise RM29.23 million (equivalent to maximum proceeds expected from the Proposed Rights Issue with Warrants under the Maximum Scenario), the WACC will increase from 7.64% to 7.73%;

Furthermore, equity financing will outweigh debt financing, as the Group will have to incur additional interest expenses from the additional bank borrowings and result in a higher cash outflow which would potentially reduce the Group's earnings. It is pertinent to note that the additional bank borrowings of RM29.23 million (under Maximum Scenario) would result in an increase in gearing ratio from 0.868 to 1.347 times under the Debt Scenario; and

(5) The Undertakings from Dato' Tee and Datin Koh reaffirm Dato' Tee's confidence and commitment to the TCS Group and further aligns his interest to the TCS Group while providing certainty to TCS in raising the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants. The Proposed Exemption enables Dato' Tee and his PAC to provide strong support for the Proposed Rights Issue with Warrants as a viable equity fundraising option for the Company which does not depend on the availability of underwriters nor be subject to the uncertainties of equity offering subscription levels.

Potential Disadvantages

(1) Under the Minimum Scenario, the Proposed Rights Issue with Warrants will increase Dato' Tee's shareholdings from 48.21% to 50.87%. Although it has triggered the 2.00% creeping threshold, Dato' Tee would not be required to undertake the Mandatory Offer under the Proposed Exemption. Should the non-interested shareholders vote in favour of the Proposed Exemption, they are waiving their rights to the said offer.

However, a mandatory offer obligation will apply to the PAC, namely Datin Koh, if Datin Koh acquires voting shares or voting rights such that she triggers the mandatory offer obligation. Datin Koh will incur the mandatory offer obligation if she acquires voting shares or voting rights resulting in her acquiring more than 33.00% of the voting shares or voting rights in the Company.

Under the Minimum Scenario, the collective shareholdings of Dato' Tee and his PAC will increase from 56.68% to 59.80% after the Proposals, any further increase in the collective shareholdings would not trigger an obligation to undertake a Mandatory Offer. Dato' Tee and his PAC will continue to have statutory control over TCS and will be able to determine the outcome of ordinary resolutions which require a simple majority of 50.00% plus 1 share and have significant influence on the outcome of any special resolutions which require a majority of 75.00% tabled at general meetings (unless Dato' Tee and his PAC are required to abstain from voting);

(2) Non-interested shareholders who do not subscribe for or only partially subscribe for the Proposed Rights Issue with Warrants entitlements will be diluted given the Undertakings provided by the Undertaking Shareholders in which they commit to subscribe for all their entitlements in support of the Proposals. The collective shareholding of the non-interested shareholders may potentially be diluted from **38.70%** to **29.16%** under the Minimum Scenario. The shareholdings of all Entitled Shareholders will not be diluted if the Entitled Shareholders subscribe in full for their respective entitlements as the Proposed Rights Issue with Warrants is an equity offering to all Entitled Shareholders on the same terms and on a pro-rata basis; and

(3) There would be a dilution in the pro forma NA per TCS Share from RM0.21 to RM0.19 under Minimum Scenario due to the issuance of the Rights Shares.

Premised on the factors discussed above and our evaluation of the Proposed Exemption based on the information available to use, we are of the view that the Proposed Exemption is **FAIR AND REASONABLE**.

Accordingly, we recommend that the non-interested shareholders **VOTE IN FAVOUR** of the resolution pertaining the Proposed Exemption to be tabled at the forthcoming EGM.

NON-INTERESTED SHAREHOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAL TOGETHER WITH THE LETTER TO SHAREHOLDERS IN PART A OF THE CIRCULAR AND THE ACCOMPANYING ATTACHMENTS, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Yours faithfully,
For and on behalf of
DWA Advisory Sdn Bhd

Muhamad Sabberi Badrul Jamil	**Dato' Wan Asmadi Wan Ahmad**
Senior Principal	Managing Director

INFORMATION ON TCS

1. HISTORY AND PRINCIPAL ACTIVITIES

TCS 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. It was listed on the ACE Market of the Kuala Lumpur Stock Exchange on 23 July 2020.

TCS is a registered G7 building and civil engineering contractor and principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are set out in Section 6 of Appendix I.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, the issued share capital of TCS as stated in the table below:

	No. of TCS Shares	Amount (RM)
Issued share capital	429,000,000	66,163,865

As at the LPD, there is only one class of ordinary shares in TCS. All TCS shares rank *pari passu* in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions which may be declared, made or paid to the shareholders.

2.2 Changes in the issued share capital

Save as disclosed below, there are no changes in TCS' issued share capital since the end of the FYE 31 December 2022 up to the LPD.

Date announced	No of TCS Shares allotted	Issue price per TCS Share (RM)	Type of issue	Cumulative no. of TCS Shares
1 September 2023	19,000,000	0.1998	Private placement	429,000,000
17 August 2023	20,000,000	0.1994	Private placement	410,000,000

2.3 Convertible securities

As at the LPD, TCS has a total outstanding of 180,000,000 Warrants A expiring on 15 March 2024. Each Warrant A carries the entitlement to subscribe for 1 new TCS Share at an exercise price of RM0.38 per Warrant A.

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INFORMATION ON TCS *(cont'd)*

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of TCS are as follows:

Name	Nationality	Direct		Indirect	
		No. of TCS Shares	%[(1)]	No. of TCS Shares	%[(1)]
Dato' Tee	Malaysian	206,838,377	48.21	36,324,419	8.47[(2)]
Datin Koh	Malaysian	36,324,419	8.47	206,838,377	48.21[(2)]

Notes:

[(1)] *Based on the issued share capital of 429,000,000 TCS Shares as at the LPD.*

[(2)] *Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.*

4. SUBSTANTIAL CONVERTIBLE SECURITIES HOLDERS

As at the LPD, the substantial convertible securities holders of TCS are as follows:

Name	Nationality	Direct		Indirect	
		No. of Warrant A	%[(1)]	No. of Warrant A	%[(1)]
Datin Koh	Malaysian	18,762,209	10.42	6,819,189	3.79[(2)]
Dato' Tee	Malaysian	6,819,189	3.79	18,762,209	10.42[(2)]

Notes:

[(1)] *Based on 180,000,000 outstanding Warrants A as at the LPD.*

[(2)] *Deemed interest in Warrants A held by spouse pursuant to Section 8 of the Act.*

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5. DIRECTORS OF TCS

As at the LPD, the details of the Board and their respective shareholdings in TCS are as follows:

Name	Nationality	Designation	Address	Direct		Indirect	
				No. of TCS Shares	%[(1)]	No. of TCS Shares	%[(1)]
Tan Sri Dato' Sri Izzuddin bin Dali	Malaysian	Independent Non-Executive Chairman	60, Jalan Sepah Puteri 5/2 Kota Damansara, 47810 Petaling Jaya Selangor Darul Ehsan, Malayisa	300,000	0.07	-	-
Dato' Tee	Malaysian	Managing Director	No. 11, Jalan Setia Tropika U13/20b Setia Ecopark, Setia Alam 40170 Shah Alam Selangor Darul Ehsan, Malaysia	206,838,377	48.21	36,324,419	8.47[(2)]
Wong Choo Leong	Malaysian	Executive Director	S1, Kampung Jering 32400 Ayer Tawar Perak Darul Ridzuan, Malaysia	303,200	0.07	-	-
Dato' Seri Ir Mohamad Othman bin Zainal Azim	Malaysian	Independent Non-Executive Director	No. 4 , Jalan Damai Kasih 5 Alam Damai, 56000 Cheras W.P. Kuala Lumpur, Malaysia	200,000	0.05	-	-
Ooi Guan Hoe	Malaysian	Independent Non-Executive Director	100, Casaman, Cangkat Intisari Desa Parkcity, Kepong 52200, W.P. Kuala Lumpur, Malaysia	-		-	
Sharon Chew Mun Hoong	Malaysian	Independent Non-Executive Director	No. 6, Jalan Prima Saujana 5/5 Saujana Villa 43200 Kajang, Selangor Darul Ehsan	-	-	-	-

Notes:

(1) Based on the issued share capital of 429,000,000 TCS Shares as at the LPD.

(2) Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act

6. SUBSIDIARY COMPANIES

As at the LPD, the subsidiaries companies of TCS are as follows:

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
Subsidiaries of TCS:			
TCS Construction Sdn Bhd	Malaysia	100.00	Provision of construction services for buildings infrastructure, civil and structural works and other transportation support activities.
TCS Amona Consortium Sdn Bhd	Malaysia	60.00	Dormant.
TCS SS Precast Construction Sdn Bhd	Malaysia	65.00	Dormant.
Subsidiary of TCS Construction Sdn Bhd:			
TCS Infra Sdn Bhd	Malaysia	100.00	Provision of construction services for buildings, infrastructure, civil and structural works.

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

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INFORMATION ON TCS *(cont'd)*

7. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Group based on the audited consolidated financial statements for the FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022; and unaudited consolidated financial statements for the FYE 31 December 2023 are as follows:

		Audited		Unaudited
	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	FYE 31 December 2022 (RM'000)	FYE 31 December 2023 (RM'000)
Revenue	242,643	204,047	261,591	375,302
Profit/(loss) before tax	23,148	3,215	(2,067)	(31,696)
PAT/(LAT)	16,169	2,473	(3,397)	(32,854)
Net PAT/(LAT) attributable to:				
- Owners of the Company	16,172	2,487	(3,378)	(32,822)
- Non-controlling interests	(3)	(15)	(19)	(32)
No. of TCS Shares in issue (units '000)	360,000	390,000	390,000	429,000
Net earnings / (loss) per share (sen)[(1)]	5.22	0.67	(0.87)	(7.65)
Net dividend per share (sen)	1.00	1.00	-	-

(Sources: Annual reports of TCS for the FYE 31 December 2021, FYE 31 December 2022; and unaudited consolidated financial statements for the FYE 31 December 2023 of TCS)

Note:

(1) Based on the net PAT/(LAT) attributable to owners of the Company over the number of TCS Shares in issue for the respective FYEs.

There were no material exceptional items in the audited consolidated financial statements of the Group for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and unaudited consolidated financial statements for the FYE 31 December 2023.

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8. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of the Group based on the audited consolidated financial statements as at 31 December 2020, 31 December 2021, 31 December 2022 and unaudited consolidated financial statements as at 31 December 2023 are as follows:

	Audited			Unaudited
	As at 31 December 2020 (RM'000)	**As at 31 December 2021 (RM'000)**	**As at 31 December 2022 (RM'000)**	**As at 31 December 2023 (RM'000)**
ASSETS				
Non-current assets				
Property, plant and equipment	25,945	30,392	24,467	31,790
Investment properties	2,119	3,567	6,205	6,028
Deferred tax assets	541	628	859	-
Fixed deposits with licensed banks	11,138	7,480	6,660	6,145
Cash and bank balances	937	798	2,558	4,004
Total non-current assets	**40,681**	**42,866**	**40,749**	**47,967**
Current assets				
Trade receivables	59,461	79,282	122,882	119,747
Contract assets	25,279	20,571	37,789	64,397
Other receivables	6,565	7,042	5,525	8,372
Tax recoverable	2	29	1,036	1,471
Fixed deposits with licensed banks	7,201	26,331	8,396	1,180
Cash and bank balances	40,903	5,589	8,181	3,753
Total current assets	**139,411**	**138,845**	**183,810**	**198,920**
Non-current assets classified as held for sale	-	-	1,629	**-**
TOTAL ASSETS	**180,902**	**181,711**	**226,188**	**246,887**
EQUITY AND LIABILITIES				
Share capital	46,176	58,476	58,476	66,164
Merger deficit	(24,065)	(24,065)	(24,065)	(24,065)
Retained earnings	52,279	51,166	47,788	14,966
Equity attributable to the owners of the Company	74,389	85,577	82,199	57,065
Non-controlling interests	397	645	1,102	617
TOTAL EQUITY	**74,787**	**86,222**	**83,301**	**57,682**
Non-current liabilities				
Lease liabilities	5,251	8,105	4,747	11,619
Borrowings	9,630	10,273	9,574	8,012
	14,880	**18,378**	**14,321**	**19,631**

	Audited			Unaudited
	As at 31 December 2020 (RM'000)	**As at 31 December 2021 (RM'000)**	**As at 31 December 2022 (RM'000)**	**As at 31 December 2023 (RM'000)**
Current Liabilities				
Trade payables	55,601	61,014	91,717	102,951
Contract liabilities	13,318	-	5,006	-
Other payables	10,057	7,566	2,611	31,245
Lease liabilities	5,412	6,678	5,243	3,726
Borrowings	1,372	626	23,983	19,814
Bank overdraft	-	-	-	9,838
Tax payables	4,666	1,226	6	-
Total current liabilities	**90,425**	**77,111**	**128,566**	**169,574**
TOTAL LIABILITIES	**105,306**	**95,489**	**142,887**	**189,205**
TOTAL EQUITY AND LIABILITIES	**180,092**	**181,711**	**226,188**	**246,887**

(Sources: Annual reports of TCS for the FYE 31 December 2021, FYE 31 December 2022; and unaudited consolidated financial statements for the FYE 31 December 2023 of TCS.)

As at the LPD, there is no known material change in the financial position of the Group, subsequent to the latest audited consolidated financial statements for the FYE 31 December 2022.

9. BORROWINGS

As at 31 December 2023, which is not more than 3 months from the preceding the LPD, the total outstanding borrowing of the Group of approximately RM53.01 million is as set out below:

Borrowings	**(RM'000)**
Short term borrowings:	
Borrowings	19,814
Lease liabilities	3,726
Bank overdraft	9,838
	33,378
Long term borrowings:	
Borrowings	11,619
Lease liabilities	8,012
	19,631
Total borrowings	**53,009**

10. CHANGES IN ACCOUNTING POLICIES

Based on the audited consolidated financial statement of TCS for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022, the financial statements have been prepared in accordance with approved accounting standards. Further, there was no audit qualification for TCS' financial statements for the respective years under review.

There is no change in the accounting standards adopted by TCS, which would result in a material variation to the comparable figures for the audited consolidated financial statements of TCS for FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022.

11. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there is no material commitment incurred or known to be incurred by the Group, which upon becoming enforceable, may have material impact on the financial position of the Group.

As at the LPD, save as disclosed in Section 3, Appendix II of the Circular, there is no contingent liability incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial position of the Group.

12. MATERIAL LITIGATION

As at the LPD, save as disclosed in Section 5, Appendix II of the Circular, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Group and there is no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which materially and adversely affect the business or financial position of the Group.

13. MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being contracts entered into the ordinary course of business of the Group) that the Group has entered into during the 2 years immediately preceding the date of the announcement of the Proposals on 26 December 2023.

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14. HISTORICAL PRICES

The highest and lowest closing market prices and closing price at the end of each month of TCS Shares for the past 12 months before the date of the IAL as set out below:

	High (RM)	Low (RM)
2023		
March	0.240	0.205
April	0.250	0.220
May	0.245	0.225
June	0.350	0.230
July	0.330	0.225
August	0.245	0.210
September	0.205	0.190
October	0180	0.160
November	0.185	0.165
December	0.175	0.135
2024		
January	0.150	0.135
February	0.150	0.130
Last transacted market price of TCS Shares as at 22 December 2023 (being the latest trading day prior to the announcement on the Proposals on 26 December 2023)		0.165
Last transacted market price on the LPD		0.135

During the period under review:

(i) the highest closing market price was RM0.350, which was transacted on 20 June 2023; and

(ii) the lowest closing market price was RM0.130, which were transacted on 15 February 2024 and 20 February 2024.

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INFORMATION ON DATO' TEE

1. INFORMATION ON DATO' TEE AND HIS PAC

As disclosed in Section 3 of Part A of the Circular, Dato' Tee and his PAC will submit an application to the SC for the Proposed Exemption from a Mandatory Offer obligation after obtaining the approval for the Proposed Exemption from the non-interested shareholders of the Company at the forthcoming EGM of the Company.

Accordingly, the details of Dato' Tee and his PAC are as follows:

Name	Age	Nationality	Nature of relationship
Dato' Tee	64	Malaysian	• Spouse of Datin Koh • Managing director of TCS • Substantial shareholder of TCS
Datin Koh	62	Malaysian	• Spouse of Dato' Tee • Substantial shareholder of TCS • Substantial Warrants A holder of TCS

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FURTHER INFORMATION

1. DISCLOSURE OF INTEREST AND DEALINGS IN SHARES

1.1 By TCS

(i) Dealing in own securities of TCS

TCS has not dealt, directly or indirectly, in its own voting shares or convertible securities of TCS during the period beginning 6 months before the date of the announcement of the Proposal on 26 December 2023 and ending on the LPD.

1.2 By the Directors of TCS

(i) Disclosure of interest in TCS

As at the LPD, save as disclosed in Section 5, Attachment I of this IAL, the Directors of TCS do not have any other interest, direct or indirect, in any voting shares or convertible securities in TCS.

(ii) Dealing in securities of TCS

Save as disclosed below, the Directors of TCS have not dealt, directly or indirectly, in any voting shares or convertible securities of TCS during the period beginning 6 months before the announcement of the Proposals on 26 December 2023 and ending on the LPD.

<u>TCS Shares</u>

Name	Date	Nature of Transaction	Nature of Interest	No. of TCS Shares	Percentage shareholding in TCS[(1)] (%)	Consideration per TCS Share (RM)
Ooi Guan Hoe	4 December 2023	Disposal of ordinary shares	Direct	262,500	0.06	0.165
Ooi Guan Hoe	27 October 2023	Disposal of ordinary shares	Direct	100,000	0.02	0.165
Ooi Guan Hoe	26 October 2023	Disposal of ordinary shares	Direct	200,000	0.05	0.160
Ooi Guan Hoe	25 October 2023	Disposal of ordinary shares	Direct	87,500	0.02	0.165

Note:

(1) *Based on the issued share capital of 429,000,000 TCS Shares as at the LPD.*

FURTHER INFORMATION

Warrants A

Name	Date	Nature of Transaction	Nature of Interest	No. of Warrants A	Percentage Warrants A holding in TCS(1) (%)	Consideration per Warrant A (RM)
Ooi Guan Hoe	4 December 2023	Disposal of warrants	Direct	12,000	-*	0.010

Notes:

* *Negligible.*

(1) *Based on the issued TCS Warrants A of 180,000,000 as at the LPD.*

1.3 By Dato' Tee and his PAC

(i) Disclosure of interest in TCS

As at the LPD, save as disclosed below, Dato' Tee and his PAC do not have any other interest, direct or indirect, in any voting shares or convertible securities in TCS:

TCS Shares

	Direct		Indirect	
	No. of Shares	**(%)(1)**	**No. of Shares**	**(%)(1)**
Dato' Tee	206,838,377	48.21	36,324,419	8.47(2)
PAC				
Datin Koh	36,324,419	8.47	206,838,377	48.21(2)

Notes:

(1) *Based on the issued share capital of 429,000,000 TCS Shares as at the LPD.*

(2) *Deemed interest in TCS Shares held by spouse pursuant to Section 8 of the Act.*

Warrants A

	Direct		Indirect	
	No. of Warrants A	**(%)(1)**	**No. of Warrants A**	**(%)(1)**
Dato' Tee	6,819,189	3.79	18,762,209	10.42(2)
PAC				
Datin Koh	18,762,209	10.42	6,819,189	3.79(2)

Notes:

(1) *Based on the issued Warrants A of 180,000,000 as at LPD.*

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

(ii) Dealing in securities of TCS

As at the LPD, Dato' Tee and his PAC have not dealt, directly or indirectly, in any voting shares or convertible securities in TCS during the period beginning 6 months before the announcement of the Proposal on 26 December 2023 and ending on the LPD.

1.4 By the persons with whom TCS or any persons acting in concert with it has any arrangement

As at the LPD, there are no persons with whom TCS or any persons acting in concert with it have entered into any agreement including any arrangement involving rights over shares, any indemnity arrangement, any agreement or understanding, formal or informal, or whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.5 By the persons with whom TCS or any persons acting in concert with it has borrowed or lent

As at the LPD, there are no persons with whom TCS or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of TCS.

1.6 By DWA Advisory

(i) Disclosure of interest in TCS

As at the LPD, DWA Advisory does not have any interest, whether direct or indirect, in any voting shares or convertible securities of TCS.

(ii) Disclosure of dealings in securities of TCS

DWA Advisory has not dealt, directly or indirectly, in TCS Shares during the period beginning 6 months before the date of the announcement of the Proposals on 26 December 2023 and ending on the LPD.

(iii) Disclosure of interest in TCS by funds whose investments are managed by DWA Advisory on a discretionary basis

As at the LPD, DWA Advisory is not involved in management of funds on a discretionary basis.

1.7 By the persons who have irrevocably committed themselves to vote in favour or against the Proposals

(i) Disclosure of interest in TCS

As at the LPD, save as disclosed below, Dato' Frankie Ng and person connected with him, namely, Metro Eyewear Holdings do not have any other interest, direct or indirect, in any voting shares or convertible securities in TCS:

TCS Shares

	Direct		**Indirect**	
	No. of Shares	**(%)[(1)]**	**No. of Shares**	**(%)[(1)]**
Dato' Frankie Ng	7,600,000	1.77	11,400,000	2.66[(2)]
Person acting in concert				
Metro Eyewear Holdings	11,400,000	2.66	7,600,000	1.77[(3)]

Notes:

[(1)] *Based on the issued share capital of 429,000,000 TCS Shares as at the LPD.*

FURTHER INFORMATION

(2) *Deemed interest in TCS Shares held through Metro Eyewear Holdings pursuant to Section 8 of the Act.*

(3) *Deemed interest in TCS Shares held through Dato' Frankie Ng pursuant to Section 8 of the Act.*

Warrant A

	Direct		Indirect	
	No. of Warrants A	**(%)(1)**	**No. of Warrants A**	**(%)(1)**
Dato' Frankie Ng	50	-*	-	-

Notes:

* *Negligible.*

(1) *Based on the issued Warrants A of 180,000,000 as at LPD.*

(ii) Dealing in securities of TCS

As at the LPD, Dato' Frankie Ng and Metro Eyewear Holdings have not dealt, directly or indirectly, in any voting shares or convertible securities in TCS during the period beginning 6 months before the announcement of the Proposal on 26 December 2023 and ending on the LPD.

1.8 By the persons with whom Dato' Tee and his PAC or any persons acting in concert with it has any arrangement

As at the LPD, there are no persons with whom Dato' Tee and his PAC or any persons acting in concert with it have entered into any agreement including any arrangement involving rights over shares, any indemnity arrangement, any agreement or understanding, formal or informal, or whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.9 By the persons with whom Dato' Tee and his PAC or any persons acting in concert with them has borrowed or lent

As at the LPD, there are no persons with whom Dato' Tee and his PAC or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of TCS.

2. ARRANGEMENT AFFECTING DIRECTORS

(i) As at the LPD, no payments or other benefits will be made or given to any Directors as compensation for loss of office or otherwise in connection with the Proposals.

(ii) As at the LPD, there are no agreements or arrangements between any Director and any other person which is conditional on or dependent upon the outcome of the Proposals or otherwise connected with the outcome of the Proposals.

(iii) As at the LPD, Dato' Tee and his PAC have not entered into any material contract in which any Director has a material personal interest.

(iv) As at the LPD, there are no agreements, arrangements or understanding existing between Dato' Tee and his PAC with any of the Directors or recent Directors, holders of voting shares or voting rights or recent holders of voting shares or voting rights of TCS having any connection with or dependence upon the Proposals.

FURTHER INFORMATION

3. SERVICE CONTRACTS

As at the LPD, neither TCS nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the date of the announcement of the Proposals on 26 December 2023 or which are fixed term contracts more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL.

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The indicative salient terms of the Warrants B are as follows.

Issue size	:	Up to 146,160,000 Warrants B.
Form and denomination	:	The Warrants B will be issued in registered form and constituted by the Deed Poll B.
Tenure	:	Five years commencing from and inclusive of the date of issuance of the Warrants B ("**Issue Date**").
Exercise period	:	The Warrants B may be exercised at any time within five years commencing on and including the Issue Date and ending at the close of business at 5.00 p.m. in Kuala Lumpur on the expiry date, and if such day is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrants B not exercised during the exercise period will lapse and cease to be valid for any purpose.
Exercise price	:	RM0.18 payable by the holders of Warrants B ("**Warrant Holders B**") upon exercise of the exercise rights attached to the Warrants B or such adjusted price as determined in accordance with the Deed Poll B.
Exercise rights	:	Each Warrant B entities the Warrant Holders B the right to subscribe for one new TCS Share for each Warrant B at the exercise price of RM0.18 per TCS Share at any time during the exercise period, subject to adjustments under the provisions of the Deed Poll B.
Mode of exercise	:	The Warrant Holder B is required to, among others, deliver and lodge an exercise form based on the manner set out in the Deed Poll B with our share registrar during its normal business hours, duly completed, signed and stamped together with payment of the exercise price following the manner set out in the Deed Poll B.
Participating rights of the Warrant Holders B	:	The Warrant Holders B are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant Holders B are issued with new TCS Shares upon exercise of the Warrants B based on the Deed Poll B.
Adjustments in the exercise price and/or the number of Warrants B	:	The exercise price and/or number of Warrants B in issue shall from time to time be adjusted in accordance with the provisions of the Deed Poll B.
Transferability	:	The Warrants B shall be transferable following the provisions of the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Board lot	:	For the purposes of trading on Bursa Securities, one board lot of the Warrants B shall comprise 100 Warrants B carrying the right to subscribe for 100 new TCS Shares at any time during the exercise period, or such other denomination as may be varied from time to time by Bursa Securities.
Rights in the events of winding-up, compromise or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:

(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders B or some persons designated by them for such purposes by special resolution shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant Holders B; and

(ii) in any other case, to the extent permitted by law, every Warrant Holder B shall be entitled, upon and subject to the conditions in the Deed Poll B, at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/her Warrants B to our Company, by submitting the duly completed exercise form authorising the debiting of his/her Warrants B together with payment of the relevant exercise price, elect to be treated as if he/she had immediately before the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by such Warrants B to the extent specified in the exercise form and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/she had on such date been the holder of the new TCS Shares to which he/she would have been entitled pursuant to such exercise.

Modification of rights of Warrant Holders B	:	We may, from time to time, without the consent or sanction of the Warrant Holders B, following the provisions of the Deed Poll B, modify, delete or add to the Deed Poll B, if such modification, deletion or addition made: (i) does not, in the opinion of our Company, materially prejudice the interests of the Warrant Holders B, including provisions relating to the transfer or exercise of the Warrants B (except for modification of the conditions to the exercise period or the exercise price and other modifications requiring the consent of Warrant Holders B under the Deed Poll B or as may be prescribed under the Companies Act 2016 or the constitution of our Company); or (ii) is, in the opinion of our Company, made to correct a manifest error, to comply with the prevailing laws and regulations of Malaysia, relates purely to administrative matters or to correct any typographical errors. Any such modification shall be binding on our Company and the Warrant Holders B and shall be notified to the Warrant Holders B based on the Deed Poll B. Subject to the above and the approval of any relevant authority, any modification, deletion or addition of the covenants or provisions contained in the Deed Poll B, proposed or agreed to by us must be sanctioned by the Warrant Holders B and comply with the requirements of the Deed Poll B.
Listing	:	The Warrants B will be listed and quoted on the ACE Market of Bursa Securities.
Governing laws	:	The Warrants B and the Deed Poll B shall be governed by and construed in accordance with the laws of Malaysia.

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

2.1 RHB Investment Bank

RHB Investment Bank, being our Sole Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

RHB Investment Bank Berhad, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad (collectively, the "**RHB Banking Group**") form 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 in its ordinary course of business with our Group. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group in addition to the role of being our Sole Principal Adviser for the Proposals.

In the ordinary course of business, any member of RHB Banking Group may at any time offer or provide its services to or engage in any transactions (whether on its own account or otherwise) with any member of our Group, hold long or short positions in the securities offered by any member of our Group, 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 debt or equity securities or senior loans of our Group.

As at the LPD, RHB Banking Group has in its course of ordinary business offered various facilities with a combined approved limit of approximately RM34.0 million to our Group ("**RHB Facilities**"), of which the outstanding amount is RM2,728.76.

Notwithstanding the above and as at the LPD, RHB Investment Bank, as part of RHB Banking Group, has confirmed that the abovementioned do not and will not likely result in a conflict of interest situation in its capacity as our Sole Principal Adviser for the Proposals on the basis that:

(i) RHB Investment Bank is a licensed investment bank and its appointment as the Sole Principal Adviser for the Proposals is in the ordinary course of its business. RHB Investment Bank does not have any interest in the Proposals other than as our Sole Principal Adviser based on the terms of engagement which are mutually agreed between both parties. Further, RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as our Sole Principal Adviser for the Proposals;

(ii) the RHB Facilities provided by RHB Banking Group represent 0.12% when compared to the latest audited shareholders' fund of RHB Banking Group of approximately RM28.7 billion as at 31 December 2022, were made on an arms' length basis and is not material;

(iii) the RHB Facilities that have been provided by RHB Bank Berhad (as part of RHB Banking Group) are not conditional upon RHB Investment Bank being appointed as our Sole Principal Adviser for the Proposals;

(iv) the corporate finance division of RHB Investment Bank ("**RHB CF**") is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among 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. The team in charge of the Proposals in RHB Investment Bank is independent from the team handling the credit facilities. As at the LPD, there is no involvement by RHB CF for any credit application process undertaken by other departments within the RHB Banking Group; and

(v) the conduct of RHB Banking Group's business is strictly regulated by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and RHB Banking Group's own internal controls and checks which include, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Notwithstanding the above, RHB Investment Bank confirms that there is no existing or potential conflict of interest or any circumstance which would give rise to a conflict of interest by virtue of its role as our Sole Principal Adviser for the Proposals.

2.2 DWA Advisory

DWA Advisory, being our Independent Adviser for the Proposed Exemption, has given and has not subsequently withdrawn its written consent for the inclusion of its name, Independent Advice Letter and all references thereto in the form and context in which they appear in this Circular.

DWA Advisory confirms that there is no existing or potential interest or any circumstance which would give rise to a conflict of interest by virtue of its roles as our Independent Adviser for the Proposed Exemption.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by our Group, for which upon becoming enforceable, may have material impact on the financial position of our Group.

(ii) Contingent liabilities and financial guarantees

(a) Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position of our Group.

(b) Financial guarantees

As at the LPD, save as disclosed below, there are no financial guarantees incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position of our Group.

Financial guarantees	**RM'000**
Performance bonds for construction projects	61,873

4. HISTORICAL SHARE PRICES

The monthly highest and lowest closing market prices of TCS Shares as transacted on Bursa Securities for the past 12 months before the date of this Circular are as follows:

Month	**Highest**	**Lowest**
	RM	**RM**
2023		
March	0.240	0.205
April	0.250	0.220
May	0.245	0.225
June	0.350	0.230
July	0.330	0.225
August	0.245	0.210
September	0.205	0.190
October	0.180	0.160
November	0.185	0.165
December	0.175	0.135
2024		
January	0.150	0.135
February	0.150	0.130

Last transacted market price on 22 December 2023, being the last Market Day immediately before the first announcement of the Proposals on 26 December 2023 (RM)	0.165
Last transacted market price as at the LPD (RM)	0.135

(Source: Bloomberg)

5. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of our Group and, to the best of our Board's knowledge and belief, our Board confirmed that there are no proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

(i) Civil Suit No. BA-22C-27-07/2021 between TCS Construction Sdn. Bhd. ("TCSCSB") and Dato' Tee (as plaintiffs) and MPM Project Management Sdn. Bhd. ("MPM"), KTCC Mall Sdn. Bhd. ("KTCCMSB"), Tang Yeam Soon, Chan Sang Teck, Tan Swee Guan, Loo Hui Kien, Yap Sing and Y.S. Tang Holdings Sdn. Bhd. (as defendants)

By way of a Letter of Acceptance dated 19 September 2018 issued by MPM to TCSCSB, which incorporated the Agreement and Conditions of PAM Contract 2006 (With Quantities) ("**PAM Contract 2006**") together with the Annexure to the Conditions of Contract as spelled out in the Amplification Notes, Amendment and Modification to the Condition of Contract and other contract documents (hereinafter collectively referred to as "**the Contract**"), TCSCSB was one of the many contractors engaged by the MPM for a construction project known as ""Cadangan Pembangunan Komersil Bercampur Di Atas Lot PT 4191, Kawasan KTCC, Muara Selatan Bandar Kuala Terengganu, Daerah Kuala Terengganu Yang Terdiri Daripada: 1 Blok Podium Pusat Membeli Belah Di Tingkat Basemen 1, 2, 3 & 4 Berserta Tempat Letak Kereta Di Tingkat Basemen Dan Tingkat 4, 5, 6 & 7" ("**the Project / the Mall**") for an original contract sum of RM101,000,000.00.

A dispute arose between the parties, and the plaintiffs (i.e. TCSCSB and Dato' Tee) initiated the High Court suit against the defendants to recover the outstanding sum owed and/or damages caused to the plaintiffs in relation to the Project.

On 13 October 2022, TCSCSB had filed an application for leave to enter judgment in default against MPM as MPM has failed to file a defence.

The decision for TCSCSB's application for leave to enter judgment in default against MPM is adjourned until the conclusion of the trial. The trial dates have been fixed from 15 July 2024 to 18 July 2024 and 7 October 2024 to 10 October 2024.

The amount in dispute is RM10,009,394.89.

The solicitor of TCSCSB is of the opinion that they are unable to provide an assessment on the probable financial outcome at this juncture. Based on the documents made available to them at this juncture, they are of the view that the plaintiffs have a reasonably good chance of success in its claims against the defendants.

(ii) Civil Suit No. BA-24C-65-10/2022 between TCSCSB (as plaintiff) and KTCCMSB (as defendant) ("TCSCSB Section 30 OS")

On 29 March 2021, TCSCSB has commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication Act 2012 ("**CIPAA 2012**") against MPM for, amongst others, the outstanding sum for work done of RM7,422,769.91.

On 15 September 2022, the Adjudicator, Ms. Karen Ng Gek Suan has released the Adjudication Decision relating to Adjudication Proceeding bearing registration no. AIAC/D/ADJ-3778-2021 dated 13 September 2022 pursuant to CIPAA 2012 in favour of TCSCSB ("**Adjudication Decision**").

In the Adjudication Decision, MPM had been ordered to pay to TCSCSB the sum of RM6,141,557.77 (“**Adjudicated Sum**”), interests at the rate of 5% per annum on the Adjudicated Sum from 4 July 2020 until the date of full payment, and all costs incurred in relation to the adjudication proceedings in the sum of RM106,289.00.

MPM had been ordered to pay to TCSCSB the above sum within 14 days from the date of the Adjudication Decision.

On 21 September 2022, TCSCSB had served a Notice for Direct Payment to KTCCMSB to pay the Adjudicated Sum with interest and related adjudication cost on behalf of MPM. The Notice for Direct Payment was issued based on a Letter of Undertaking dated 19 September 2018 issued by KTCCMSB to TCSCSB where KTCCMSB undertakes to settle all outstanding payment on behalf of MPM in the event that MPM defaults in settling the outstanding amount due to TCSCSB within 14 days from the date of receiving the payment request from TCSCSB. Alternatively, the Notice for Direct Payment was also made in accordance with Section 30 of CIPAA 2012.

Pursuant to the High Court Order dated 12 January 2024, KTCCMSB shall directly pay TCSCSB according to the Adjudication Decision dated 13 September 2022 by Ms. Karen Ng Gek Suan, namely: - a) Adjudicated amount of RM6,141,557.77; b) Costs of the adjudication proceedings and TCSCSB’s costs totalling RM106,289.00; and c) Interests at the rate of 5% per annum on the adjudicated amount of RM6,141,557.77 from the date due for payment of the TCSCSB’s Progress Claim No.17 (revision), i.e. on 4 July 2020 until the date of full payment.

KTCCMSB was also ordered to pay RM10,000.00 in costs to TCSCSB, subject to allocator fees.

On 22 January 2024, KTCCMSB has filed a Notice of Appeal against the High Court Order dated 12 January 2024.

On 23 January 2024, KTCCMSB has filed a Notice of Application for stay of execution of the High Court Order dated 12 January 2024 pending disposal of KTCCMSB's appeal in the Court of Appeal (“**Stay of Execution Application**”).

On 26 January 2024, the High Court has allowed KTCCMSB’s application for an interim stay of execution of the High Court Order dated 12 January 2024, pending disposal of KTCCMSB's Stay of Execution Application.

(iii) Civil Suit No. BA-24C-7-01/2023 between KTCCMSB (as plaintiff) and TCSCSB (as defendant) (“KTCCMSB Section 30 OS”)

On 29 March 2021, TCSCSB has commenced statutory adjudication pursuant to the CIPAA 2012 against MPM for, amongst others, the outstanding sum for work done of RM7,422,769.91.

On 15 September 2022, the Adjudicator, Ms. Karen Ng Gek Suan has released the Adjudication Decision.

In the Adjudication Decision, MPM has been ordered to pay to TCSCSB the sum of Adjudicated Sum, interests at the rate of 5% per annum on the Adjudicated Sum from 4 July 2020 until the date of full payment, and all costs incurred in relation to the adjudication proceedings in the sum of RM106,289.00.

MPM had been ordered to pay to TCSCSB the above sum within 14 days from the date of the Adjudication Decision.

On 21 September 2022, TCSCSB has served a Notice for Direct Payment to KTCCMSB to pay the Adjudicated Sum with interest and related adjudication cost on behalf of MPM. The Notice for Direct Payment was issued based on a Letter of Undertaking dated 19 September 2018 issued by KTCCMSB to TCSCSB where

KTCCMSB undertakes to settle all outstanding payment on behalf of MPM in the event that MPM defaults in settling the outstanding amount due to TCSCSB within 14 days from the date of receiving the payment request from TCSCSB. The Notice for Direct Payment was also made in accordance with Section 30 of CIPAA 2012.

On 21 October 2022, KTCCMSB had filed an Originating Summons against TCSCSB applying for the following orders:

(1) A declaration that KTCCMSB had no obligations to make payment to TCSCSB on behalf of MPM pursuant to Section 30 CIPAA 2012 and/or the Letter of Undertaking dated 19 September 2018;

(2) A declaration that the TCSCSB's notice to KTCCMSB dated 21 September 2022 issued pursuant to Section 30 of the CIPAA 2012 is defective;

(3) Costs to be borne by TCSCSB; and

(4) Any further or other relief the Honourable Court deems fit and / or necessary.

This KTCCMSB Section 30 OS was initially filed in the Kuala Terengganu High Court ("**KTHC**"). However, pursuant to the KTHC Order dated 11 January 2023, this KTCCMSB Section 30 OS was transferred to Shah Alam High Court and to be heard together with TCSCSB Section 30 OS.

On 12 January 2024, the High Court has dismissed the KTCCMSB Section 30 OS with costs of RM10,000.00 to be paid by KTCCMSB to TCSCSB, subject to allocator fees.

On 22 January 2024, KTCCMSB has filed a Notice of Appeal against the High Court Order dated 12 January 2024.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia, from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays (except public holidays) following the date of this Circular up to and including the date of our forthcoming EGM:

(i) our Constitution;

(ii) our audited consolidated financial statements for FYE 31 December 2022 and FYE 31 December 2021 and our latest unaudited consolidated financial statements for the 12-month financial period ended 31 December 2023;

(iii) the letters of consents and declarations of conflict of interests referred to in Section 2 of this Appendix II;

(iv) the Undertakings;

(v) the relevant cause papers for the material litigation referred to in Section 5 of this Appendix II; and

(vi) the draft Deed Poll B.

TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of TCS GROUP HOLDINGS BERHAD ("**TCS**" or the "**Company**") will be held as a fully virtual meeting through live streaming and online voting via Remote Participating and Voting ("**RPV**") facilities provided by Agmo Digital Solutions Sdn Bhd via its website at https://web.vote2u.my from the broadcast venue at TCS' corporate office, Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610, Jenjarom, Selangor Darul Ehsan, on Monday, 1 April 2024 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolution with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 243,600,000 NEW ORDINARY SHARES IN TCS ("TCS SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE ("ISSUE PRICE") ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY FIVE EXISTING TCS SHARES HELD BY THE ORDINARY SHAREHOLDERS OF TCS AS AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD OF DIRECTORS OF TCS ("BOARD") ("ENTITLEMENT DATE") ("ENTITLED SHAREHOLDERS"), TOGETHER WITH UP TO 146,160,000 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS B") ON THE BASIS OF THREE WARRANTS B FOR EVERY FIVE RIGHTS SHARES SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities and/or parties being obtained, the Board be and is hereby authorised to:

(i) provisionally allot and issue by way of a renounceable rights issue of up to 243,600,000 Rights Shares at the Issue Price on the basis of two Rights Shares for every five existing TCS Shares held by the Entitled Shareholders, together with up to 146,160,000 free detachable Warrants B on the basis of three Warrants B for every five Rights Shares subscribed for and on such terms and conditions and in such manner as the Board may determine; and

(ii) to allot and issue such number of new TCS Shares credited as fully paid-up to the holders of the Warrants B pursuant to the exercise of Warrants B during the tenure of the Warrants B in accordance with the provisions of the deed poll constituting the Warrants B to be executed by TCS;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion on such basis as it may deem fit or expedient and in the best interests of the Company;

THAT the Rights Shares, Warrants B and new TCS Shares to be issued pursuant to the exercise of the pursuant to the exercise of the Warrants B shall be listed on the ACE Market of Bursa Malaysia Securities Berhad;

THAT the proceeds of the Proposed Rights Issue with Warrants be used for the purposes as set out in the Circular to shareholders dated 12 March 2024 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company;

THAT any fractional entitlements arising from the Proposed Rights Issue with Warrants be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion deem fit or expedient to minimise the incidents of odd lots and in the best interest of the Company;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient to undertake, implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments, and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants to implement and give full effect to the Proposed Rights Issue with Warrants;

THAT the Rights Shares shall rank equally in all respects with the then existing issued TCS Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

THAT the new TCS Shares to be issued pursuant to the exercise of the Warrants B shall rank equally in all respects with the then existing issued TCS Shares, save and except that the holders of such new TCS Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new TCS Shares;

AND THAT this Ordinary Resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an agreement, option or offer and shall continue in full force and effect until the Rights Shares together with the Warrants B to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been allotted and issued under the terms of the Proposed Rights Issue with Warrants.

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SECURITIES COMMISSION MALAYSIA ("SC") TO DATO' IR. TEE CHAI SENG ("DATO' TEE") AND PERSON ACTING IN CONCERT WITH HIM ("PAC"), FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR THE REMAINING TCS SHARES AND WARRANTS B NOT ALREADY OWNED BY THEM ("MANDATORY OFFER") UNDER THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION")

THAT subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities and/or parties being obtained, including such conditions as may be imposed by the SC, approval be and is hereby given to Dato' Tee and his PAC, to be exempted from the obligation to undertake the Mandatory Offer as a result of the Company undertaking the Proposed Rights Issue with Warrants;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give full effect to the Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Exemption.

By Order of the Board
Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Ang Wee Min (MAICSA 7076022/ SSM PC No. 202208000334)
Company Secretaries
Kuala Lumpur

Date: 12 March 2024

NOTES:

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at the virtual EGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its online website at https://web.vote2u.my.

2. A member of the Company entitled to participate and vote at the EGM is entitled to appoint one or more proxies to participate and vote in his/ her stead. A proxy may but need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint for each Omnibus Account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's share registrar, Aldpro Corporate Services Sdn Bhd's office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from participating, speaking and voting at the EGM using the RPV Facilities should you subsequently wish to do so.

7. For the purpose of determining a member who shall be entitled to participate in the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 21 March 2024. Only members whose name appears on the Record of Depositors as at 21 March 2024 shall be entitled to participate in the said meeting or appoint proxies to participate and/or vote on his/her behalf.

8. The resolutions set out in this Notice of Meeting will be put to vote by poll.

TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))
(Incorporated in Malaysia)

PROXY FORM
(Before completing this form please refer to the notes below)

Number of shares held	
CDS Account No.	

*I/We *(Full Name)* ……………………………….…….*NRIC No./Passport No./Company Registration No ………………..

having *Tel./Mobile No ………………………………… of *(full address)* …………………………….……………...…….

………………………………………………………………………………………. being a shareholder of TCS GROUP HOLDINGS BERHAD (Registration No. 201901004613 (1313940-W)) and are entitled to vote, hereby appoint:

1ST PROXY

Full Name:	Tel./Mobile No.:	Proportion of shareholdings represented	
Email Address:	NRIC No./Passport No.:	No. of Shares	%

*and/or

2ND PROXY

Full Name:	Tel./Mobile No.:	Proportion of shareholdings represented	
Email Address:	NRIC No./Passport No.:	No. of Shares	%
			100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held and conducted by way of fully virtual meeting through live streaming and online voting via Remote Participating and Voting ("**RPV**") facilities provided by Agmo Digital Solutions via its website at https://web.vote2u.my from the broadcast venue at TCS Group Holdings Berhad's corporate office at Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan, Malaysia, on Monday, 1 April 2024 at 10.00 a.m. or at any adjournment thereof.

**strike out whichever not applicable.*

*My/our proxy/proxies shall vote as follows:

Please indicate with an "**X**" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting on the resolutions at *his/her/their discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed Rights Issue with Warrants		
2.	Proposed Exemption		

Dated this……………… day of………………2024

…………………………………………………
Signature of Member / Common seal

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Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR OF
TCS GROUP HOLDINGS BERHAD
(Registration No. 201901004613 (1313940-W))

c/o Aldpro Corporate Services Sdn. Bhd.
(Registration No. 202101043817 (1444117-M))

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P Kuala Lumpur
Malaysia

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