

TCS GROUP HOLDINGS BERHAD (“TCS” OR “COMPANY”)

(I) PROPOSED ACQUISITION; AND

(II) PROPOSED ISSUE OF FREE WARRANTS

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of TCS (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company had on 17 November 2020 entered into the following agreements:

- (i) a conditional share sale agreement (“**SSA**”) with Super Advantage Property Sdn. Bhd. (“**Vendor**”) for the proposed acquisition of 250,000 shares in Southern Score Sdn. Bhd. (“**Southern Score**”) (“**Sale Shares**”), representing an equity interest of 25.0%, for a consideration of RM30.0 million (“**Purchase Consideration**”) which will be fully satisfied via issuance of 60,000,000 new shares in TCS (“**TCS Shares**”) (“**Consideration Shares**”) at an issue price of RM0.50 per Consideration Share (“**Proposed Acquisition**”);
- (ii) a shareholders’ agreement (“**Shareholders’ Agreement**”) with the Vendor and Southern Score to govern the management and operation of Southern Score, and regulate the relationship amongst the shareholders following completion of the Proposed Acquisition in respect of the financial, administrative and other arrangements which shall apply to Southern Score and the manner in which the company’s affairs are to be regulated.

In addition, TCS proposes to undertake an issuance of up to 210,000,000 free warrants in TCS (“**Warrants**”) on the basis of one Warrant for every two existing TCS Shares held on an entitlement date to be determined and announced by the Board at a later date (“**Entitlement Date**”), after completion of the Proposed Acquisition (“**Proposed Issue of Free Warrants**”).

Further details of the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

The Proposed Acquisition entails the acquisition by TCS of 250,000 Sale Shares, representing a 25.0% equity interest from the Vendor, for the Purchase Consideration in accordance with the terms and subject to the conditions of the SSA. The Sale Shares shall be acquired by TCS free from all encumbrances, together with all rights, interests, benefits and entitlements attaching thereto as at the completion of the Proposed Acquisition. Upon completion of the Proposed Acquisition, Southern Score will be an associate company of TCS.

Southern Score was incorporated on 20 December 2010 in Malaysia, and commenced its business operations in 2011. Southern Score has its registered office at C-6-12, Streetmall, One South, Jalan OS, Taman Serdang Perdana, Seksyen 6, 43300 Seri Kembangan, Selangor.

Southern Score is a Grade 7 contractor registered with Construction Industry Development Board and is principally engaged in the business of construction, contractors, subcontractors and property development. As a Grade 7 contractor, Southern Score is allowed to tender for construction works that are of unlimited value and to undertake construction activities throughout Malaysia. Please refer to Section 2.1.9 of this announcement for further details of Southern Score.

In accordance with the terms of the SSA, the Vendor has guaranteed that Southern Score will achieve a profit after tax (“PAT”) of not less than RM20.0 million for each of financial year ending (“FYE”) 31 December 2021 to FYE 31 December 2023 (“Profit Guarantee Period”), and the aggregated PAT for the Profit Guarantee Period of not less than RM60.0 million (“Profit Guarantee”). If the aggregated Profit Guarantee amount of RM60.0 million has been achieved before the expiry of the Profit Guarantee Period, the Profit Guarantee will be deemed fulfilled. Please refer to Section 3 of Appendix I of this announcement for further details of the Profit Guarantee.

In conjunction with the Proposed Acquisition, TCS has also entered into the Shareholders’ Agreement with the Vendor and Southern Score to govern the management and operation of Southern Score, and regulate the relationship amongst the shareholders following completion of the Proposed Acquisition in respect of the financial, administrative and other arrangements which shall apply to Southern Score and the manner in which the company’s affairs are to be regulated.

Please refer to Appendix I of this announcement for the salient terms of the SSA for the Proposed Acquisition and Appendix II of this announcement for salient terms of the Shareholders’ Agreement.

2.1.1 Basis and justification in arriving at the Purchase Consideration

The Purchase Consideration of RM30.0 million was arrived at based on a “willing buyer-willing seller” basis after taking into consideration of the guarantee provided by the Vendor that Southern Score will achieve an aggregated PAT of RM60.0 million for the Profit Guarantee Period, of which RM15.0 million is attributed to 25.0% equity interests to be acquired by TCS. This translates into an average PAT of RM5.0 million attributed to TCS for each of the FYE during the Profit Guarantee Period, and represents an implied forward price-to-earnings (“PE”) multiple of 6.0 times.

In assessing reasonableness of the Purchase Consideration, reference is also made to PE multiples of public companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) which are principally engaged in provision of construction services (“Comparable Companies”), as analysed below:

Company	Principal activities	Market capitalisation	Closing price as	Earnings/	PE
		as at 30 October 2020 (“LPD”) ⁽¹⁾	at LPD ⁽¹⁾	(loss) per share ⁽²⁾	multiple ⁽³⁾
		RM’ million	RM	Sen	Times
Gagasan Nadi Cegas Berhad	Principally involved in construction of buildings, infrastructure and related facilities, property development and a concessionaire for building construction and provision of facility management services through its subsidiaries	188.3	0.250	3.36	7.44
Inta Bina Group Berhad	Principally involved in provision of construction services through its subsidiaries	152.5	0.285	4.19	6.8
Mitrajaya Holdings Bhd	Principally involved in provision of construction services and property development through its subsidiaries	162.0	0.195	(5.27)	n.a.

Company	Principal activities	Market capitalisation as at 30 October 2020 ("LPD") ⁽¹⁾	Closing price as at LPD ⁽¹⁾	Earnings/ (loss) per share ⁽²⁾	PE multiple ⁽³⁾
		RM' million	RM	Sen	Times
TRC Synergy Bhd	Principally involved in provision construction services and property development through its subsidiaries	139.0	0.295	3.77	7.8
Advancecon Holdings Bhd	Principally involved in provision of service for earthworks and civil engineering services, and property investment through its subsidiaries	138.5	0.350	2.69	13.0
				Highest	13.0
				Lowest	6.8
				Average	8.8

Notes:

- (1) Extracted from Bloomberg.
- (2) Based on latest available audited financial statements of the Comparable Companies for FYE 31 December 2019.
- (3) Computed based on closing price as at the LPD divided by earnings/ (loss) per share.

As illustrated above, the PE multiples of the Comparable Companies range from 6.8 times to 13.0 times, with an average of 8.8 times whereas the implied PE multiple for the Proposed Acquisition is 6.0 times. The lower implied PE multiple for the Proposed Acquisition is justified considering that Southern Score is not a listed company and its shares are not tradable on any exchange. However, it should be noted that there is no company which is identical to Southern Score, in terms of, amongst others, business activities, risk profile, profit track record and financial performance.

Further, the Board is of the opinion that the Profit Guarantee is realistic, after taking into consideration of the following factors:

- (i) the current order book of Southern Score of approximately RM574.6 million¹ to be fully recognised up to FYE 31 December 2023 as detailed in Section 2.1.9 of this announcement;
- (ii) historical financial performance of Southern Score for the past three FYEs up to FYE 31 December 2019, wherein Southern Score recorded PAT margins ranging from 9.72% to 38.29%;
- (iii) the rationale of the Proposed Acquisition as set out in Section 3.1 of this announcement; and
- (iv) the favorable outlook of construction industry and prospects of Southern Score and TCS Group (as defined herein) following the Proposed Acquisition as set out in Section 4 of this announcement.

¹ Estimated as at 31 August 2020, being the latest practicable date of which such information could be ascertained before the date of this announcement.

2.1.2 Basis and justification for the issue price of the Consideration Shares

The Issue Price of RM0.50 per Consideration Share was determined on a “willing buyer-willing seller” basis between TCS and the Vendor, and after taking into consideration the historical trading price of TCS Shares as detailed below:

	Share price	Premium	
	RM	RM	%
Last transacted price as at 16 November 2020, being the immediate market day before the date of the SSA	0.400	0.100	25.0
Five-day volume weighted average market price (“VWAMP”) of TCS Shares up to and including 16 November 2020	0.399	0.101	25.3
One-month VWAMP of TCS Shares up to and including 16 November 2020	0.379	0.121	31.9
Three-month VWAMP of TCS Shares up to and including 16 November 2020	0.413	0.087	21.1
VWAMP of TCS Shares from 23 July 2020 ⁽¹⁾ up to and including 16 November 2020	0.429	0.071	16.6

(Source: Bloomberg)

Note:

(1) Being the date of listing of TCS Shares on ACE Market of Bursa Securities.

2.1.3 Mode of Settlement

The Purchase Consideration will be fully satisfied via issuance of the Consideration Shares by TCS to the Vendor. The Consideration Shares will be issued and allotted in full upon completion of the Proposed Acquisition. Nevertheless, 40,000,000 Consideration Shares will be pledged as security for the Profit Guarantee, and will be transferred to the Vendor’s central depository system account upon meeting the Profit Guarantee for each financial year of the Profit Guarantee Period in the manner as set out in Section 3 of the Appendix I.

2.1.4 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respect with the then existing TCS Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of TCS, the entitlement date of which is before the date of allotment and issuance of the Consideration Shares.

For avoidance of doubt, the Consideration Shares will be entitled to the Warrants to be issued pursuant to the Proposed Free Issue of Warrants.

2.1.5 Listing and quotation of the Consideration Shares

An application will be made to Bursa Securities for the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities within two months from the date of this announcement.

2.1.6 Source of funding

No funding is required for the Proposed Acquisition as the Purchase Consideration will be fully satisfied via the Consideration Shares.

2.1.7 Liabilities to be assumed

Save for the obligation and liabilities in and arising from the SSA, there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by TCS from the Proposed Acquisition.

2.1.8 Additional financial commitments required

There is no additional financial commitment, other than future project financing requirement for construction projects (if required), to put Southern Score's business on-stream as it is an on-going entity with business operations.

2.1.9 Information of Southern Score

As at the LPD, Southern Score has three on-going projects as detailed below:

No.	Project name and its description	Date of award	Contract period	Owner of project	Contract sum (RM'000)	Remaining contract sum ⁽¹⁾ (RM'000)
1.	Vista Sentul Main building works for development consisting of Block A – 24 storeys of apartment suites (262 units), Block B – 37 storeys apartment suites (443 units), eight storeys of car park including two units of TNB substations, one storey of public facilities and one guard house at Lot 50954, Jalan Sentul, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	22 July 2019	3 August 2020 to 2 February 2023	Constant Premium Sdn. Bhd.	160,930	157,711
2.	PV9 Main building works for housing development – three blocks of apartments (35 storeys) consisting of Block A – one block of 26 storeys of medium cost apartments Type B&D (429 units), Block B – one block of 27 storeys of medium cost apartments Type B&C (524 units), Block C – one block of 21 storeys of affordable apartment Type A&A1 (438 units), eight storeys car parking podium including two storeys of sub-basement, one storey club house and swimming pool at Level 8, two units of TNB substations, one unit of guard house, two units of refuse chambers and other facilities at Lot 25580, Jalan Persiaran Pertahanan, Kampung Wirajaya, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	7 June 2019	1 July 2019 to 13 March 2022	Ambanang Development Sdn. Bhd.	312,132	245,023
3.	Platinum Arena Main building works for 37 storeys and one storey underground mixed commercial development consisting of eight storeys of commercial podium and one storey underground shop/office lot (36 strata units) and car park with one unit of TNB substation, two blocks of 29 storeys service apartments (728 units) (including one storey of facilities space at level 8) at Lot 103657 (previously PT 15115, Lot 35312, Lot 8088 and Lot 15607), Jalan Kelang Lama, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	6 June 2019	1 July 2019 to 3 March 2022	Marques Land Sdn. Bhd.	199,111	171,893
					672,173	574,627

Note:

- (1) Estimated as at 31 August 2020, being the latest practicable date of which such information could be ascertained before the date of this announcement.

Southern Score has completed four projects with a total contract sum of RM217.0 million for the past five years up to the LPD as detailed below:

No.	Project name and its description	Date of award	Contract period	Owner of project	Contract sum (RM'000)
1.	Vista Sentul Piling and pilecap works for development of commercial building consisting Block A – 24 storeys service apartments (262 units), Block B – 37 storeys service apartment (443 units), eight storeys car park including two units of TNB substations with one level of public facilities (podium) at Lot 50954, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	8 April 2019	3 June 2019 to 5 June 2020	Constant Premium Sdn. Bhd.	10,618
2.	PV 18 Development of three blocks of apartments consisting of Block A – high cost apartments (318 units) – 40 storeys, Block B – high cost apartments (534 units) – 42 storeys, Block C – affordable apartments (398 units) – 33 storeys, eight storeys podium with facilities, two units guard house at PT 8758 and PT 8759, Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	18 June 2019	21 June 2019 to 20 December 2019	Binastra Construction (M) Sdn. Bhd.	9,876
3.	Platinum Teratai Construction and completion on main external works and associated works for development at off Jalan Langkawi, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur	5 June 2018	8 June 2018 to 7 December 2018	Weng Wah Developments Sdn. Bhd.	9,954
4.	PR1MA Jalan Jubilee Development of one block of 31 storeys PR1MA apartment consisting 543 units residences, four units of shoplots, six storeys car park podium, one unit guard house and swimming pool at Lot PT 66, Jalan Jubilee Seksyen 93, Wilayah Persekutuan Kuala Lumpur	8 June 2015	29 April 2016 to 15 May 2020	Perbadanan PR1MA Malaysia	186,513
					216,961

As at the LPD, the issued share capital of Southern Score is RM1,000,000 comprising 1,000,000 ordinary shares, and is wholly-owned by the Vendor. The details of its directors together with their respective indirect shareholdings in the company is as follows:

Name	Designation	Nationality	Indirect	
			No. of shares	(%)
Tan Sri Datuk Seri Gan Yu Chai	Director	Malaysian	1,000,000 ⁽¹⁾	100.00
Gan Yee Hin	Director	Malaysian	1,000,000 ⁽²⁾	100.00

Notes:

- (1) Deemed interested in shares held by the Vendor pursuant to Section 8 of the Companies Act, 2016 (“Act”) through his direct shareholding and Gan Yee Hin’s direct shareholding in the Vendor.
- (2) Deemed interested in shares held by the Vendor pursuant to Section 8 of the Act through his direct shareholding in the Vendor.

As at the LPD, Southern Score does not have any subsidiary or associate company.

A summary of the audited financial information of Southern Score for the past 4 FYEs up to 31 December 2019 is set out below:

	FYE 31 December			
	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss				
Revenue	57,368	53,870	54,885	66,990
Gross profit (“GP”)	15,187	28,762	12,885	12,354
Profit before tax (“PBT”)	13,553	26,439	10,735	9,031
PAT	10,253	20,626	8,186	6,513
Statement of financial position				
Total assets	71,345	81,041	112,395	47,489
Total liabilities	33,462	15,821	43,294	36,286
Total borrowings	16,183	22,893	18,589	3,178
Total share capital	1,000	1,000	1,000	1,000
Total equity / net assets (“NA”)	21,700	42,326	50,512	8,025
Other financial information				
Total issued shares ('000)	1,000	1,000	1,000	1,000
GP margin (%)	26.47	53.39	23.48	18.44
PBT margin (%)	23.62	49.08	19.56	13.48
PAT margin (%)	17.87	38.29	14.91	9.72
NA per share (RM)	21.70	42.33	50.51	8.02
Gross gearing (times)	0.75	0.54	0.37	0.40

Commentary on past financial performance:

The financial statements of Southern Score for the past three financial years from FYE 31 December 2017 to FYE 31 December 2019 were prepared in accordance with Malaysian Financial Reporting Standards and the requirements of the Act, which were audited by Messrs. LKT & Associates.

For the FYE 31 December 2017 to FYE 31 December 2019:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by Southern Score which were peculiar to the company due to the nature of its business and the industry in which it is involved in; and
- (iii) there were no audit qualifications issued by its external auditors, Messrs. LKT & Associates on its financial statements.

FYE 31 December 2017

For FYE 31 December 2017, Southern Score's revenue has decreased by RM3.5 million or 6.1% to RM53.9 million (FYE 31 December 2016: RM57.4 million). This decrease was mainly due to slower progress for its PR1MA Jalan Jubilee project in FYE 31 December 2017 as compared to FYE 31 December 2016 which was offset by higher revenue recognised from the revision in its PR1MA Jalan Jubilee project's cost estimates during the financial year. This revision has also resulted in an increase in GP margin, and has increased Southern Score's PBT by RM12.8 million or 95.1% to RM26.4 million (FYE 31 December 2016: RM13.6 million).

Further, Southern Score's total borrowings have increased by RM6.7 million or 41.5% to RM22.9 million (FYE December 2016: RM16.2 million), mainly due to drawdown of banking facilities for its PR1MA Jalan Jubilee project.

FYE 31 December 2018

For FYE 31 December 2018, Southern Score's revenue has increased marginally by RM1.0 million or 1.9% to RM54.9 million (FYE 31 December 2017: RM53.9 million). This increase was mainly due to revenue generated from the Platinum Teratai project which was secured during the financial year, and was partially offset by a lower revenue from PR1MA Jalan Jubilee project as the project was nearing completion. Although there was an increase in revenue, the PBT has decreased by RM15.7 million or 59.4% to RM10.7 million (FYE 31 December 2017: RM26.4 million), mainly due to significant increase in its PBT following the revision of PR1MA Jalan Jubilee project's cost estimates in FYE 31 December 2017.

Further, Southern Score's total borrowings have decreased by RM4.3 million or 18.8% to RM18.6 million (FYE December 2017: RM22.9 million), mainly due to repayment of the banking facilities for its PR1MA Jalan Jubilee project.

FYE 31 December 2019

For FYE 31 December 2019, Southern Score's revenue has increased by RM12.1 million or 22.1% to RM67.0 million (FYE 31 December 2018: RM54.9 million). This increase was mainly due to revenue contributed by four new projects secured during the financial year. Despite the increase in revenue, the PBT has decreased by RM1.7 million or 15.9% to RM9.0 million (FYE 31 December 2018: RM10.7 million) as these projects were still at preliminary stage during the financial year, and some contingency sums were included in their cost estimates.

Further, Southern Score's total borrowings have decreased by RM15.4 million or 82.9% to RM3.2 million (FYE December 2018: RM18.6 million) due to repayment of the borrowings by Southern Score following completion of the PR1MA Jalan Jubilee project in April 2019 as the purpose of the borrowings was to finance the project.

2.1.10 Information of the Vendor

Super Advantage Property Sdn. Bhd., being the Vendor for the Proposed Acquisition, was incorporated on 30 September 2014 in Malaysia. The Vendor is principally engaged in activities of holding companies.

As at the LPD, the issued share capital of the Vendor is RM1,000 comprising 1,000 shares. The details of its directors and substantial shareholders together with their respective direct and indirect shareholdings in the Vendor are as follows:

<u>Name</u>	<u>Designation</u>	<u>Nationality</u>	<u>Direct</u>		<u>Indirect</u>	
			<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Tan Sri Datuk Seri Gan Yu Chai	Director	Malaysian	500	50.00	200	20.00 ⁽¹⁾
Gan Kah Siong	Director	Malaysian	100	10.00	-	-
Gan Tiong Kian	Director	Malaysian	100	10.00	-	-
Gan Yee Hin	Director	Malaysian	200	20.00	-	-
Gan Kok Peng	-	Malaysian	100	10.00	-	-

Note:

(1) Deemed interested in shares held by Gan Yee Hin pursuant to Section 8 of the Act.

2.2 Proposed Issue of Free Warrants

2.2.1 Basis and number of Warrants

The Proposed Issue of Free Warrants entails the issuance of up to 210,000,000 Warrants on the basis of one Warrant for every two existing TCS Shares held by all entitled shareholders of the Company whose names appear in the record of depositors of the Company at the close of business day ("**Entitled Shareholders**") on the Entitlement Date. The actual number of Warrants to be issued will depend on the number of TCS Shares in issue (excluding treasury shares) on the Entitlement Date.

For illustration purposes, the maximum number of Warrants to be issued is 210,000,000 Warrants based on the issued share capital of TCS of RM46,376,770 comprising 360,000,000 TCS Shares as at the LPD and the 60,000,000 Consideration Shares to be issued to the Vendor. The Warrants will be issued at no cost to the Entitled Shareholders.

Fractional entitlements arising from the Proposed Issue of Free Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall at its absolute discretion deem fit, expedient and to be in the best interest of the Company.

The Warrants will be issued in registered form and constituted by a deed poll to be executed by TCS ("**Deed Poll**"). The indicative salient terms of the Warrants are set out in Section 2.2.5 of this announcement.

The Proposed Issue of Free Warrants is not intended to be implemented in stages over a period of time.

2.2.2 Basis of determining and justification for the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The Board has fixed the exercise price of the Warrants ("**Exercise Price**") at RM0.38 per TCS Share, after taking into consideration, amongst others, the historical price of TCS Shares, the future funding requirements of TCS, and the five-day VWAMP of TCS Shares up to and including the day immediately before the date of this announcement of RM0.399, with a discount of approximately 4.8%.

2.2.3 Ranking of the new TCS Shares to be issued arising from the exercise of the Warrants ("Exercised Shares**")**

The Exercised Shares shall, upon allotment and issuance, rank equally in all respect with all the then existing TCS Shares, save and except that the Exercised Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of TCS, the entitlement date of which is before the date of allotment and issuance of the Exercised Shares.

2.2.4 Listing and quotation of the Warrants and Exercised Shares

An application will be made to Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities, and the listing and quotation of the Warrants and Exercised Shares on the ACE Market of Bursa Securities within two months from the date of this announcement.

2.2.5 Indicative salient terms of the Warrants

Issue size	:	Up to 210,000,000 Warrants.
Form and denomination	:	The Warrants will be issued in a registered form and constituted by the Deed Poll.
Tenure	:	Three years commencing from and inclusive of the date of issuance of the Warrants (" Issue Date ").
Exercise period	:	The Warrants may be exercised at any time within three years commencing on and including the Issue Date and ending at the close of business at 5.00 p.m. in Malaysia on the market day immediately preceding the third anniversary of the Issue Date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Exercise price	:	RM0.38 only payable in respect of the exercise rights for each TCS Share or such other exercise price, as may be adjusted in accordance with the provisions of the Deed Poll to be executed.
Exercise rights	:	Each Warrant entitles the holder of the Warrant (" Warrant Holder ") to subscribe for one new TCS Share at the Exercise Price at any time during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The Warrant Holder is required to deliver and lodge an exercise form to be set out in the Deed Poll with the Company's share registrar, duly completed, signed and stamped together with payment of the Exercise Price in such manner to be determined later and to be set out in the Deed Poll.
Participating rights of the Warrant Holder	:	The Warrants do not entitle the Warrant Holders to any voting rights in any general meeting of the Company or to participate in any forms of distribution and/or offer of further securities to the ordinary shareholders of the Company unless otherwise resolved by the ordinary shareholders of the Company and the Warranholders (or any of them) who become the shareholders of the Company by exercising their exercise rights and upon allotment of TCS Shares.
Adjustments in the Exercise Price and/or number of Warrants	:	The Exercise Price and/or number of Warrants in issue shall from time to time be adjusted subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
Transferability	:	The Warrants shall be transferable in accordance with provisions of the Deed Poll subject always to the prevailing provisions of the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of the Warrants shall comprise 100 Warrants 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 and/or any relevant authorities.

Rights in the events of winding-up, liquidation, compromise and/or arrangement	<p>: If a resolution is passed for a members' voluntary winding-up of the 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 the Company or the amalgamation of the Company with one or more companies, then:</p> <p>(i) for the purposes of such winding-up, liquidation, compromise and/or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant Holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding-up, liquidation, compromise and/or arrangement shall be binding on all the Warrant Holders; or</p> <p>(ii) in any case and to the extent permitted by law, every Warrant Holder shall be entitled (subject to the conditions in the Deed Poll) at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants to the Company by submitting the duly completed exercise form authorising the debiting of his Warrants together with payment of the relevant Exercise Price, elect to be treated as if he had immediately before the commencement of such winding up, compromise or arrangement exercised the exercise rights (as set out above) represented by such Warrants to the extent specified in the exercise form(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the TCS Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above six weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.</p>
Modification of rights of the Warrant Holders	<p>: The Company may, from time to time, without the consent or sanction of the Warrant Holders following the provisions of the Deed Poll, modify, delete or add to the Deed Poll, if such modification, deletion or addition made does not materially prejudice the interest of the Warrant Holders or is made to correct a manifest error or to comply with prevailing laws of Malaysia, Rules of Bursa Malaysia Depository Sdn Bhd, Securities Industry (Central Depositories) Act, 1991 and/or the Listing Requirements.</p> <p>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 proposed or agreed to by the Company must be sanctioned by special resolution of the Warrant Holders and comply with the requirements of the Deed Poll.</p>
Listing status	<p>: The Warrants will be listed and quoted on the ACE Market of Bursa Securities.</p>
Governing law	<p>: The Warrants and the Deed Poll shall be governed by the applicable laws and regulations of Malaysia.</p>

2.2.6 Theoretical ex-price of TCS Shares

For illustration purposes only, the theoretical ex-price of TCS Shares, computed based on the five-day VWAMP of TCS Shares up to and including the LPD of RM0.37 per TCS Share, after the Entitlement Date is RM0.37.

2.2.7 Utilisation of proceeds

The Proposed Issue of Free Warrants will not raise any immediate funds for the Company as the Warrants will be issued at no cost to the Entitled Shareholders.

The quantum of proceeds to be raised by the Company from the exercise of the Warrants by the Warrant Holders in the future would depend on the actual number of Warrants exercised by the Warrant Holders during the exercise period of the Warrants. As such, the exact timeframe for the utilisation of the proceeds cannot be determined at this juncture.

For illustration purposes only, assuming that all Warrant Holders exercise their Warrants at the Exercise Price of RM0.38 per TCS Share and based on 210,000,000 Warrants, the proceeds to be raised by the Company will amount to approximately RM79.80 million.

Such proceeds to be raised, as and when the Warrants are exercised, shall be utilised for working capital of TCS and its subsidiaries ("**Group**") which may include payment of trade and other payables, employee costs, and administrative expenses, as well as defraying project related costs, such as payment to suppliers and subcontractors. The actual allocation of the proceeds raised to the intended usage above is subject to the Group's funding requirements for its working capital and the timing when such proceeds are being raised from the exercise of the Warrants. Therefore, the actual allocation and utilisation cannot be determined at this juncture.

3. RATIONALE OF THE PROPOSALS

3.1 Proposed Acquisition

Following the Proposed Acquisition, Southern Score will become an associate company of TCS Group, and this will allow TCS Group to have an indirect access to the on-going and future projects of Southern Score. This is in line with TCS Group's plan to further grow its building construction activities and will accelerate TCS Group's expansion plan without an initial cash outlay as the Purchase Consideration will be fully satisfied via issuance of Consideration Shares. As such, the Proposed Acquisition will not constrain TCS Group's cash flows for its working capital and future expansion purposes.

As at the LPD, Southern Score is an existing customer of TCS Group for construction of a service apartments project known as Vista Sentul. Following completion of the Proposed Acquisition, it is expected that TCS Group will be able to further strengthen its business relationship with Southern Score.

Further, the Profit Guarantee provided by the Vendor pursuant to the Proposed Acquisition is expected to improve TCS Group's profit throughout the Profit Guarantee Period, and limit the downside risk of its investment in Southern Score.

Premised on the above and given the established business and positive historical financial performance of Southern Score, the Board expects that the Proposed Acquisition will contribute positively to the future earnings of the Company.

3.2 Proposed Issue of Free Warrants

The Proposed Issue of Free Warrants:

- (i) will reward the shareholders for their continuous support by enabling them to participate in a derivative of the Company without incurring any costs;
- (ii) provides the shareholders with an opportunity to further increase their equity participation in the Company by exercising the Warrants at a pre-determined price during the exercise period. The shareholders may also benefit from potential capital appreciation from the exercise of the Warrants;
- (iii) will further strengthen the capital base of the Company with the proceeds from the exercise of Warrants; and
- (iv) is an appropriate avenue to raise funds as opposed to other fund raising exercises in view that it will progressively raise proceeds as and when the Warrants are exercised to fund the working capital requirements of the Group without the need of incurring interest costs or offering security as collateral as in the case of bank borrowings. This will also consequently improve the gearing of the Group.

As at the date of this announcement, there are no other equity fund-raising exercises that have been undertaken by TCS in the past 12 months save for its initial public offering completed on 23 July 2020 (“Listing”). In conjunction with the Listing, TCS had undertaken a public issue of 90,000,000 new TCS Shares at an issue price of RM0.23 per Share, raising gross proceeds of RM20.70 million. The status of utilisation of the proceeds raised is as follow:

Utilisation of proceeds	Amount of proceeds RM' 000	Amount utilised up to and including 30 June 2020 ⁽¹⁾ RM' 000	Balance as at 30 June 2020 ⁽¹⁾ RM' 000
Purchase of new construction machinery and equipment	13,000	5,732	7,268
Working capital for the Group's construction projects	4,200	-	4,200
Estimated Listing expenses	3,500	3,500	-
Total	20,700	9,232	11,468

Note:

- (1) Being the latest practicable date of which such information could be ascertained before the date of this announcement.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of Malaysian economy

The Malaysian economy improved to record a smaller contraction of 2.7% in the third quarter of 2020 (second quarter of 2020: -17.1%). The improvement largely reflected the reopening of the economy from COVID-19 pandemic containment measures and better external demand conditions. Improvements in growth were seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong electrical and electronics production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (second quarter of 2020: -16.5%).

For the quarter, headline inflation recorded a smaller negative at -1.4%, due mainly to the higher domestic retail fuel prices, in line with the recovery in global oil prices. Core inflation moderated slightly to 1.0%.

In the third quarter of 2020, the ringgit appreciated by 2.9% against the US dollar, following continued non-resident portfolio inflows. This was driven by positive investor sentiments following signs of recovery in global economic activity as countries eased movement restrictions and progressively restarted their economies. Improvements in investor risk appetite were also supported by the changes in the US Federal Reserve's monetary policy framework, which suggests that US monetary policy could remain accommodative for a longer period. This development is in line with most regional currencies, which appreciated against the US dollar during the quarter. In the more recent period beyond the third quarter, despite the recent resurgence in COVID-19 pandemic cases across some advanced and emerging market economies, People's Republic of China's steady economic recovery and International Monetary Fund's upward revision to its projection for global growth for 2020 continued to support investor sentiments. As a result, Malaysia experienced non-resident portfolio inflows and the ringgit appreciated by 0.6% against the US dollar since end-September 2020 (as at 12 November). However, the global environment remains highly uncertain in the near-term, which may lead to periods of heightened capital flows and exchange rate volatility going forward.

Net financing to the private sector² continued to expand by 4.6% on an annual basis. Outstanding loan growth increased during the quarter, supported mainly by household loans with broad-based improvements in loan demand. Outstanding business loans registered modest growth due to slower loans disbursed for working capital purposes. Loan disbursement levels also recovered, with disbursements to households exceeding its historical levels.

The recent resurgence of COVID-19 pandemic cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures, the impact is expected to be less severe compared to the containment measures during previous periods.

Going into 2021, growth is expected to recover, benefitting from the improvement in global demand and a turnaround in public and private sector expenditure amid various policy support. This includes Government measures such as KITA PRIHATIN and the recently announced Budget 2021, specifically the Bantuan Prihatin Rakyat, targeted wage subsidies and public projects. Additionally, the continued financial measures and low interest rate environment are also expected to lend further support economic activity.

² Comprises outstanding loans from the banking system and development financial institutions, and outstanding corporate bonds.

Headline inflation is projected to average higher in 2021, primarily reflecting the higher projected global oil prices and the lapse in the impact from the tiered electricity tariff rebate in 2020. Underlying inflation is expected to be subdued amid spare capacity in the economy. The outlook for inflation trajectory would mainly depend on global oil and commodity price developments.

(Source: Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020)

The Government has announced several stimulus packages totalling RM305 billion to support both households and businesses. Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of 2020, cushioning the significant contraction in the first half of 2020. Thus, Malaysia's gross domestic product is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. With the bold and swift measures undertaken, Malaysia has been recognised as one of the most successful countries in managing the socio-economic impact of the pandemic.

Domestic demand is expected to contract by 3% in 2020, with private and public sectors' spending declining by 3.2% and 2.1%, respectively. In the first half of 2020, domestic demand declined significantly by 7.7%, amid restricted movements to contain the COVID-19 pandemic. Nevertheless, the announcement of various stimulus packages and the gradual resumption of economic activities are expected to restore business and consumer confidence in the second half of the year. Hence, domestic demand is anticipated to turnaround to 1.5% during the period and expand further by 6.9% in 2021.

Private consumption declined by 6% during the first half of 2020, affected by the implementation of the MCO. However, household spending is anticipated to pick up during the second half of the year, on the back of various stimulus packages aimed at providing support to households and businesses. The measures include a moratorium on loan repayments, temporary optional reduction in employees' contributions to the Employees Provident Fund and discounts on electricity bill as well as low interest rates. As a result, private consumption is projected to rebound by 4.2% in the second half of 2020, cushioning overall consumption activities, which is expected to record a marginal decrease of 0.7% in 2020.

After a dismal economic performance in 2020 due to the COVID-19 pandemic, the Malaysian economy is expected to rebound firmly in 2021, in line with the expectation of a more synchronised global recovery. At the same time, domestic demand is projected to record a steady growth, supported by improvements in labour market conditions, low inflation and favourable financing conditions as well as the revival of major infrastructure projects. All sectors in the economy are expected to turnaround, with services and manufacturing sectors continuing to spearhead growth. Nevertheless, downside risks to the growth outlook remain, arising from the resurgence of COVID-19 pandemic cases and the duration of containment measures domestically and globally. Geopolitical tensions, volatility in financial and commodity markets as well as prolonged trade and tech war may dampen the recovery pace.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

4.2 Overview and outlook of the construction and property sectors in Malaysia

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.4 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.3 billion.

Sectoral market activity performance improved marginally: residential (6%), commercial (7.2%), industrial (3.8%) and agriculture (2%) with the exception of development land sub-sector, which declined slightly by 1.3%. In terms of value of transactions, residential sub-sector recorded a 5.3% growth, whereas commercial, industrial, agriculture and development land sub-sectors recorded otherwise, decreased by -1.8%, -1.1%, -4.4% and -9.1% respectively.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9%) and agriculture (8.9%).

Construction activities remained on a low tone as completion, starts and new planned supply declined. Completions were down by 6.2% to 87,731 units (2018: 93,547 units) though Johor and Pulau Pinang recorded higher completion against 2018. Starts reduced by 17.3% to 100,908 units in 2019 (2018: 122,065 units) as all major states took a laid-back approach. Likewise, new planned supply dropped by 15.2% to 90,227 units (2018: 106,345 units). Nevertheless, Selangor, Johor and Pulau Pinang recorded higher new planned supply, increased by 0.5%, 2.8% and 15% respectively. As at year-end of 2019, there were 5.73 million existing residential units with nearly 0.45 million in the incoming supply and 0.44 million in the planned supply.

Activity in the construction sector improved, contracting by a smaller rate of 12.4% (second quarter of 2020: -44.5%). Activity resumed across all sub-sectors supported by on-going large transportation projects in the civil engineering sub-sector and affordable housing projects in the residential sub-sector.

The residential sub-sector is expected to be challenging in 2020. With the downside in the Consumer Sentiment Index at 82.3 points as at fourth quarter of 2019, coupled with the insecurity of employment and household income, there is a high likelihood that the purchase for big-ticket items such as houses may have to be put on hold by prospective purchasers.

The Government has introduced several incentives which to help cushion-off the impact on the property market namely:

- (a) the revision of the base year for real property gain tax to 1 January 2013 (initially 1 January 2000) for property purchased before the date;
- (b) the reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas; and
- (c) The reduction of overnight policy rate (“**OPR**”) by 25 basis points to 2.75% on 22 January 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

Further, on 7 July 2020, Bank Negara Malaysia decided to reduce the OPR by 25 basis points to 1.75%. The reduction in the OPR provides additional policy stimulus to accelerate the pace of economic recovery. At its meetings held on 10 September 2020 and 3 November 2020, Bank Negara Malaysia decided to maintain the OPR at 1.75%.

The Monetary Policy Committee (“**MPC**”) considers the stance of monetary policy to be appropriate and accommodative. The cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy. The MPC will continue to assess evolving conditions and their implications on the overall outlook for inflation and domestic growth. Bank Negara Malaysia remains committed to utilise its policy levers as appropriate to create enabling conditions for a sustainable economic recovery.

The commercial sub-sector, in particular shopping complexes, purpose-built offices and hotels are expected to not be spared from the headwinds in the global markets, coupled with the impact of COVID-19 pandemic outbreak and expected slowdown in People’s Republic of China.

To address this issue, the Government has announced RM20 billion Economic Stimulus Package to economic risks associated with COVID-19 pandemic outbreak, which will be implemented in three-pronged approach, which is to ease the cash flow of affected businesses, to assist affected individuals and to stimulate demand for travel and tourism.

Despite the economic headwinds, Malaysian property market is expected to remain resilient in the coming year. Affordable housing and finding the right solutions to the property overhang will continue to be the main agenda of the Government. The close monitoring on the implementation of programmes under the National Housing Policy 2.0 (2018 – 2025) and various incentives introduced to promote home ownership among Malaysians, are expected to contain the overhang situation in the coming year. On the development front, the revival of Bandar Malaysia mega project is expected to have positive impact on the property market landscape in the medium and long term. Meanwhile, high-impact major infrastructure projects such as West Coast Expressway and East Coast Rail Link will open up new development areas to attract foreign direct investment, which will entail business and employment opportunities as well as catalyst for development growth.

(Sources: (i) Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, (ii) Bank Negara Malaysia, Monetary Policy Statements dated 7 July 2020, 10 September 2020 and 3 November 2020, and (iii) Jabatan Penilaian dan Perkhidmatan Harta Malaysia, Annual Property Market 2019)

4.3 Prospect of TCS Group and Southern Score

As at 30 June 2020, being the latest practicable date of which the information can be ascertained, TCS Group has a total outstanding order book of RM420.02 million to be recognised up to FYE 31 December 2023. Further, the Group has successfully secured three construction contracts with a total contract value of RM537.7 million since its Listing on 23 July 2020 up to the LPD. These secured contracts are expected to contribute positively to the Group's earnings.

Pursuant to the Proposed Acquisition, TCS Group will be given an aggregated Profit Guarantee of RM15.0 million, representing an average yearly Profit Guarantee of RM5.0 million for the next three financial years up to FYE 31 December 2023. This is expected to improve the Group's financial performance throughout the Profit Guarantee Period whilst limiting the downside risk of its investment in Southern Score.

Amidst the on-going outbreak of COVID-19 pandemic, TCS Group is taking cautious steps in implementing its expansion plans. The Group believes that the Proposed Acquisition may provide an avenue to collaborate with Southern Score in expanding its building constructions activities whilst limiting its downside risk with the Profit Guarantee. Further, with the expected recovery of Malaysian economy in 2021 and several stimulus packages announced by the Government, the management of TCS Group believes that it is well positioned to secure more projects and grow its order book moving forward.

Currently, Southern Score has an outstanding order book of approximately RM574.6 million to be fully recognised up to FYE 31 December 2023 as detailed in Section 2.1.9 of this announcement and it has for the past three FYEs up to FYE 31 December 2019, recorded PAT margins ranging from 9.72% to 38.29%. Hence, the management of TCS believes that with the outlook of the construction industry, Southern Score will be well positioned to carry out its order book and secure more projects moving forward.

(Source: Management of TCS Group)

5. RISK FACTORS

The risks associated with Southern Score's construction business are similar to those which TCS Group face. Notwithstanding this, the Proposed Acquisition is subject to various risks factors which should be considered by the shareholders as follows:

5.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon the conditions precedent of the SSA being satisfied, details of which are as set out in Section 1 of Appendix I of this announcement. There can be no assurance that such conditions will be satisfied within the timeframe stipulated in the SSA. In the event that the condition precedents are not satisfied, the SSA will be terminated and the Proposed Acquisition will not be completed.

5.2 Investment risk

The Proposed Acquisition is expected to be beneficial to TCS Group. However, there is no guarantee that the anticipated benefits from the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the Proposed Acquisition to offset its cost of investment.

Following the Proposed Acquisition, Southern Score will be an associate company of TCS and would not have control over the company. Although TCS has no statutory control over Southern Score, the Shareholders' Agreement allows TCS to nominate a director on the board of Southern Score and influence over the company's decision on certain affairs, which include its financial policy.

Nevertheless, the Board has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition, including conducting due diligence reviews on Southern Score. The Board believes that the Proposed Acquisition will contribute positively to the Group's earnings.

5.3 Dependency on key personnel of Southern Score

The continued success of Southern Score is dependent on the experience, commitment and efforts of the key personnel of Southern Score as TCS Group will not have any involvement in the day-to-day operations of Southern Score. The loss of services of any of the key personnel of Southern Score without any suitable and timely replacement may adversely affect the continued ability of Southern Score to compete successfully with its peers.

6. EFFECTS OF THE PROPOSALS

6.1 Issued share capital

For illustration purposes only, the pro forma effects of the Proposals on the share capital of TCS are as follows:

	<u>No. of TCS Shares</u>	<u>Amount (RM)</u>
Issued share capital as at the LPD	360,000,000	46,376,770 ⁽¹⁾
To be issued pursuant to the Proposed Acquisition	<u>60,000,000</u>	<u>30,000,000</u>
	420,000,000	76,376,770
To be issued pursuant to full exercise of the Warrants	210,000,000	79,800,000 ⁽²⁾
Enlarged issued share capital	<u>630,000,000</u>	<u>156,176,770</u>

Notes:

- (1) After adjusting for the Listing completed on 23 July 2020 which involved a public issue of 90,000,000 new TCS Shares at an issue price of RM0.23 per Share and related listing expenses of approximately RM3.5 million, of which approximately RM0.6 million was capitalised from the share capital.
- (2) Assuming that all the Warrant Holders exercise their Warrants at the Exercise Price of RM0.38 per TCS Share and based on 210,000,000 Warrants.

6.2 Substantial shareholders' shareholdings

For illustration purposes only, the proforma effects of the Proposals on the substantial shareholders' shareholdings are as follows:

Substantial shareholders	As at the LPD				Proforma (I)				Proforma (II)			
	Direct		Indirect		After the Proposals				After Proforma (I) and assuming full exercise of the Warrants			
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Ir Tee Chai Seng	213,638,377	59.34	37,524,419 ⁽¹⁾	10.42	213,638,377	50.87	37,524,419 ⁽¹⁾	8.93	320,457,565	50.87	56,286,629 ⁽¹⁾	8.93
Datin Koh Ah Nee	37,524,419	10.42	213,638,377 ⁽¹⁾	59.34	37,524,419	8.93	213,638,377 ⁽¹⁾	50.87	56,286,629	8.93	320,457,565 ⁽¹⁾	50.87
Vendor	-	-	-	-	60,000,000	14.29	-	-	90,000,000	14.29	-	-
Tan Sri Datuk Seri Gan Yu Chai	-	-	-	-	-	-	60,000,000 ⁽²⁾	14.29	-	-	90,000,000 ⁽²⁾	14.29
Gan Yee Hin	-	-	-	-	-	-	60,000,000 ⁽³⁾	14.29	-	-	90,000,000 ⁽³⁾	14.29

Notes:

- (1) Deemed interested in Shares held by spouse pursuant to Section 8 of the Act.
- (2) Deemed interested in shares held by the Vendor pursuant to Section 8 of the Act through his direct shareholding and direct shareholding of Gan Yee Hin in the Vendor.
- (3) Deemed interested in shares held by the Vendor pursuant to Section 8 of the Act through his direct shareholding in the Vendor.

6.3 Earnings and EPS

The Proposed Acquisition is not expected to have any effect on the earnings of the Group for the FYE 31 December 2020 as the Proposed Acquisition is only expected to be completed in first quarter of 2021. However, the Proposed Acquisition is expected to contribute positively to the future earnings of TCS Group.

The EPS of TCS Group will be diluted correspondingly as a result of the issuance of the Consideration Shares.

For illustration purposes only, assuming that the Proposals had been effected on 1 January 2019 (being the beginning of the latest audited consolidated financial statements of TCS for FYE 31 December 2019), the proforma effects on the earnings and the EPS of TCS Group from the Proposals are as follows:

	<u>Audited</u>	<u>Proforma (I)</u>	<u>Proforma (II)</u>	<u>Proforma (III)</u>
	FYE 31 December 2019	After subsequent event ⁽¹⁾	After (I) and the Proposed Acquisition	After (II) and the Proposed Issue of Free Warrants⁽²⁾
	RM'000	RM'000	RM'000	RM'000
PAT	15,657	15,657	15,657	15,657
Share of profits from Southern Score ⁽³⁾	-	-	1,628	1,628
	15,657	15,657	17,285	17,285
Total number of TCS Shares in issue ('000)	270,000	360,000	420,000	630,000
Basic/ Diluted EPS (sen)	5.80	4.35	4.12	2.74

Notes:

- (1) After taking into consideration the public issue of 90,000,000 new TCS Shares in conjunction with the Listing.
- (2) Assuming that 210,000,000 Warrants are exercised into Exercised Shares.
- (3) Being 25.0% of the PAT recorded by Southern Score of RM6,513,011 based on its audited financial statements for FYE 31 December 2019.

6.4 NA per share and gearing

For illustration purposes only, assuming that the Proposals have been completed on 31 December 2019, the proforma effects of the Proposals on the NA per TCS Share and gearing of the Group are as follows:

	<u>Audited</u>	<u>Proforma (I)</u>	<u>Proforma (II)</u>	<u>Proforma (III)</u>
	31 December 2019	After subsequent events ⁽¹⁾	After (I) and the Proposed Acquisition	After (II) and the Proposed Issue of Free Warrants ⁽²⁾
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Share capital	26,244	46,377	76,377	156,177
Merger deficit	(24,065)	(24,065)	(24,065)	(24,065)
Retained earnings	39,707	36,776	36,526 ⁽²⁾	36,526 ⁽³⁾
Total equity	41,886	59,088	88,838	168,638
Number of TCS Shares in issue ('000)	270,000	360,000	420,000	630,000
NA per TCS Share (RM)	0.16	0.16	0.21	0.27
Total borrowings (RM'000)	18,572	18,572	18,572	18,572
Gross gearing (times) ⁽⁴⁾	0.44	0.31	0.21	0.11

Notes:

- (1) After adjusting for the Listing completed on 23 July 2020 which involved a public issue of 90,000,000 new TCS Shares at an issue price of RM0.23 per Share and related listing expenses of approximately RM3.5 million, of which approximately RM0.6 million was capitalised from the share capital.
- (2) Assuming that 210,000,000 Warrants are exercised into Exercised Shares at the Exercise Price of RM0.38 per TCS Share.
- (3) After taking into consideration estimated expenses for the Proposals of RM250,000.
- (4) Computed based on total borrowings over total equity.

6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

7. APPROVALS REQUIRED FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
 - (a) admission of the Warrants on the ACE Market of Bursa Securities; and
 - (b) listing and quotation of the Considerations Shares, Exercised Shares, and the Warrants on the ACE Market of Bursa Securities;
- (ii) the shareholders of TCS at an extraordinary general meeting of the Company to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposals are not inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by TCS.

For avoidance of doubt, the Proposed Issue of Free Warrants is intended to be implemented following the issuance and allotment of the Consideration Shares pursuant to the Proposed Acquisition.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the directors, major shareholders and/or chief executive of TCS and/or persons connected with them have any interest, whether direct or indirect in the Proposals, apart from their respective entitlements as shareholders of the Company under the Proposed Issue of Free Warrants, which are also available to all other existing shareholders of the Company on the Entitlement Date.

9. DIRECTORS' STATEMENT

The Board is of the opinion that the Proposals are in the best interests of TCS after careful deliberation and having considered all relevant aspects of the Proposals, which include the following:

- (i) rationale of the Proposals;
- (ii) favorable outlook of construction industry;
- (iii) prospects of Southern Score and TCS Group; and
- (iv) pro forma effects of the Proposals.

10. ADVISER

RHB Investment Bank has been appointed as the Principal Adviser to TCS for the Proposals.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals being obtained from the relevant authorities, the Proposals are expected to be completed by first quarter of 2021.

12. APPLICATIONS TO THE AUTHORITIES

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the applications to the relevant authorities in relation to the Proposals will be made within two months from the date of this announcement.

13. PERCENTAGE RATIO FOR THE PROPOSED ACQUISITION

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Securities is 47.93% computed based on the Purchase Consideration compared with the NA of TCS as at 31 December 2019, after taking into consideration of the Listing.

14. DOCUMENTS FOR INSPECTION

The SSA and Shareholders' Agreement are available for inspection at the registered office of TCS at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 17 November 2020.

SALIENT TERMS OF THE SSA

For the purpose of this appendix,

- (i) “**Accounts 2021**” means the audited financial statements of Southern Score for FYE 31 December 2021 to be adopted by its shareholders and shall include any notes thereon and any reports, statements or documents annexed or attached thereto or the Special Audit Report, as the case may be;
- (ii) “**Accounts 2022**” means the audited financial statements of Southern Score for FYE 31 December 2022 to be adopted by its shareholders and shall include any notes thereon and any reports, statements or documents annexed or attached thereto or the Special Audit Report, as the case may be;
- (iii) “**Accounts 2023**” means the audited financial statements of Southern Score for FYE 31 December 2023 to be adopted by its shareholders and shall include any notes thereon and any reports, statements or documents annexed or attached thereto or the Special Audit Report, as the case may be;
- (iv) “**Business Day**” means Monday to Friday, excluding public holidays, and on which Bursa Securities is open for trading of securities;
- (v) “**Related Corporation**” has the meaning ascribed to it in Section 7 of the Act;
- (vi) “**Special Audit Report**” means the financial statements of Southern Score arising from a special audit conducted on Southern Score for any financial years throughout the Profit Guarantee Period which is mutually approved by TCS and the Vendor (collectively, “**Parties**”);
- (vii) “**Year 1**” means FYE 31 December 2021;
- (viii) “**Year 2**” means FYE 31 December 2022; and
- (ix) “**Year 3**” means FYE 31 December 2023.

1. Conditions Precedent

1.1 Completion of the SSA is conditional on:

- (a) TCS obtaining the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities;
- (b) TCS obtaining the approval of the shareholders of TCS for the Proposed Acquisition;
- (c) TCS conducting or cause to be conducted legal and financial due diligence on Southern Score to the satisfaction of TCS;
- (d) the Parties entering into a stakeholder agreement with the stakeholder to be appointed by the Parties (“**Security Stakeholder**”) to hold the 40,000,000 million Consideration Shares and any other securities or cash as are added thereto pursuant to any bonus issue or dividend payment or any other entitlement (“**Pledged Shares**”) thereto pursuant to terms to be agreed upon. The Pledged Shares will be deposited to a central depository system account (“**CDS Account**”) opened and maintained by the Security Stakeholder (“**Securities Account**”) of which the Security Stakeholder will be the sole party operating the Securities Account. For avoidance of doubt, the Warrants to be issued pursuant to the Proposed Issue of Free Warrants do not form the Pledged Shares;

SALIENT TERMS OF THE SSA (CONT'D)

- (e) the Vendor obtaining the approval of the board of directors of Southern Score for the transfer of the Sale Shares to TCS;
- (f) the Vendor depositing with the documentation stakeholder the following documents (“**Stakeholder Documents**”):
 - (i) the share certificates in respect of all the Sale Shares (if any); and
 - (ii) the instruments of transfer under Section 105 of the Act in respect of the 250,000 Sale Shares duly executed by the Vendor as transferor in favour of TCS as transferee (“**Transfer**”); and
- (g) the approvals, consents authorisations, permits or waivers of any other relevant governmental or regulatory body (“**Relevant Authorities**”) and any other third parties necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the SSA having been obtained.

The date the last of the conditions precedent is satisfied is the “**Unconditional Date**”.

- 1.2 Notwithstanding anything to the contrary, the conditions precedent shall be satisfied on or before 28 February 2021, or such extended date as may be agreed by the Parties (“**Cut-Off Date**”). If the conditions precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the Parties, then either the Vendor or TCS shall be entitled to rescind the SSA by serving a written notice to the other Party(ies) whereupon the SSA shall lapse and cease to have any further force or effect. The documentation stakeholder shall be authorised to return the Stakeholders Documents to the Vendor within 14 Business Days upon receipt of a copy of the written notice from any Party pursuant to this Section 1.2 of this appendix, thereafter none of the Parties shall have any further rights against the other(s) save and except in respect of antecedent breach.

2. Payment of Purchase Consideration

The Purchase Consideration of RM30.0 million shall be fully satisfied by the allotment and issuance of 60,000,000 Consideration Shares to the Vendor in accordance with Sections 4.3.1 and 4.3.2 of this appendix.

3. Profit Guarantee

- 3.1 The Vendor agrees, undertakes and guarantees that the aggregated PAT of Southern Score for each of the FYE throughout the Profit Guarantee Period shall be not less than the following amounts:

Profit Guarantee Period	Annual Profit Guarantee RM' million
Year 1	20.0
Year 2	20.0
Year 3	20.0
Total	60.0

If the aggregated Profit Guarantee amount of RM60.0 million has been achieved prior to the expiry of the Profit Guarantee Period, then the Vendor would have deemed to have fulfilled its obligations wherein the Security Stakeholder shall release all interest over and if required transfer the Pledged Shares in accordance with the SSA.

SALIENT TERMS OF THE SSA (CONT'D)

- 3.2 As security for the Profit Guarantee, the Vendor agrees that TCS shall issue and deposit the Pledged Shares into the Securities Account. For avoidance of doubt and to the extent permitted by law and/or the relevant authorities, the Pledged Shares shall be free of all encumbrance and moratorium.
- 3.3 Pursuant to Section 3.2 of this appendix, the Vendor and TCS shall simultaneously with the deposit of the Pledged Shares, transfer or deliver to the Security Stakeholder or into the Securities Account necessary documents to facilitate the deposit of the Pledged Shares into the Securities Account and the subsequent sales/transfer pursuant to the terms of the SSA.
- 3.4 For avoidance of doubt, all legal and beneficial interest to the Pledged Shares (including but not limited to voting rights) remain with the Vendor.
- 3.5 Upon adoption of the Accounts 2021 by the shareholders of Southern Score:
- 3.5.1 the Vendor or TCS shall forthwith provide a copy of the Accounts 2021 to the Security Stakeholder;
- 3.5.2 TCS shall notify the Vendor in writing ("**Year 1 Notice**") of the following:
- (a) the amount of the PAT for Year 1 based on the Accounts 2021;
 - (b) whether there is a shortfall between the PAT for Year 1 and the Annual Profit Guarantee for Year 1 of RM20.0 million ("**Year 1 Shortfall**");
 - (c) if there is a Year 1 Shortfall, the Year 1 Shortfall amount; and
 - (d) the Year 1 Shortfall amount attributable to TCS (being 25.0% of the Year 1 Shortfall amount) ("**Year 1 Shortfall To TCS**"),
- with a copy of the Year 1 Notice being furnished to the Securities Stakeholder.
- 3.5.3 In the event the PAT based on the Accounts 2021 is equivalent to or more than RM20.0 million and upon receipt of the Year 1 Notice from TCS, the Security Stakeholder shall release all security interest over and if required transfer such number of Pledged Shares of up to an amount equivalent in value to 25.0% of the PAT achieved for Year 1 (calculated based on the Issue Price of RM0.50 per Consideration Share) into the CDS Account of the Vendor within 14 Business Days from the receipt of the Year 1 Notice by the Security Stakeholder provided that the maximum number of Pledged Shares to be released shall be the total number of Pledged Shares held by the Security Stakeholder.
- 3.5.4 In the event there is a Year 1 Shortfall, then:
- (a) the Vendor shall be liable to TCS to fully pay the Year 1 Shortfall To TCS within 14 Business Days from the date of receipt by the Vendor of the Year 1 Notice; and
 - (b) upon payment of the Year 1 Shortfall To TCS in full, TCS shall inform the Security Stakeholder in writing confirming that the Year 1 Shortfall To TCS has been paid, whereupon the Security Stakeholder shall release all security interest over and if required transfer 10,000,000 Pledged Shares into the CDS Account of the Vendor within 14 Business Days of the Security Stakeholder receiving such written confirmation.

SALIENT TERMS OF THE SSA (CONT'D)

3.5.5 In the event that the Vendor fails to pay TCS the Year 1 Shortfall To TCS in full within the 14 Business Days, TCS shall be entitled (but without prejudice to any other rights and remedies that the Purchase may have) and the Vendor authorises TCS to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 1 Shortfall To TCS that remains unpaid ("**Year 1 Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within three months of the Year 1 Default Notice sell all or part of the Pledged Shares to cover the amount stated in the said Year 1 Default Notice and all incidental expenses, in its sole and absolute discretion deems appropriate. The Security Stakeholder shall then apply the proceeds of the sale as follows:

- (a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares;
- (b) secondly, all monies due to the Security Stakeholder pursuant to the SSA (if any);
- (c) thirdly, payment of the Year 1 Shortfall To TCS or any part thereof to TCS; and
- (d) any excess remaining shall be held by the Stakeholder to form part of the Pledged Shares.

In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 1 Shortfall To TCS, the Security Stakeholder shall inform the Vendor and TCS in writing of the same and the Vendor shall be liable to pay TCS such differential amounts indicated in the said notice within 14 days of the said notice, failing which Section 7.3 of this appendix shall apply.

3.6 Upon adoption of the Accounts 2022 by the shareholders of Southern Score:

3.6.1 the Vendor or TCS shall forthwith provide a copy of the Accounts 2022 to the Security Stakeholder;

3.6.2 TCS shall notify the Vendor in writing ("**Year 2 Notice**") of the following:

the amount of PAT for Year 1 based on the Accounts 2021 in excess of the Annual Profit Guarantee for Year 1 (if any) ("**Excess PAT**");

- (a) the amount of the PAT for Year 2 based on the Accounts 2022;
- (b) whether there is a shortfall between the cumulative PAT for Year 2 (inclusive of the Excess PAT) and the Annual Profit Guarantee for Year 2 of RM20.0 million ("**Year 2 Shortfall**");
- (c) if there is a Year 2 Shortfall, the Year 2 Shortfall amount; and
- (d) the Year 2 Shortfall amount attributable to TCS (it being 25% of the Year 2 Shortfall amount) ("**Year 2 Shortfall To TCS**"),

with a copy of the Year 2 Notice being furnished to the Securities Stakeholder.

SALIENT TERMS OF THE SSA (CONT'D)

3.6.3 In the event the PAT for Year 2 based on the Accounts 2022 (together with the Excess PAT) (collectively "**Cumulative PAT for Year 2**") is equivalent to or more than RM20.0 million and upon receipt of the Year 2 Notice from TCS, the Security Stakeholder shall release all security interest over and if required transfer such number of Pledged Shares of up to an amount equivalent in value to 25% of the PAT achieved for Year 2 (calculated based on the Issue Price of RM0.50 per Consideration Share) into the CDS Account of the Vendor within 14 Business Days from the receipt of the Year 2 Notice by the Security Stakeholder provided that the maximum number of Pledged Shares to be released shall be the total number of remaining Pledged Shares held by the Security Stakeholder.

3.6.4 In the event there is a Year 2 Shortfall, then:

- (a) the Vendor shall be liable to TCS to fully pay the Year 2 Shortfall To TCS within 14 Business Days from the date of the Year 2 Notice; and
- (b) upon payment of the Year 2 Shortfall To TCS in full, TCS shall inform the Security Stakeholder in writing confirming that the Year 2 Shortfall To TCS has been paid, whereupon the Security Stakeholder shall release all security interest over and if required transfer 10,000,000 Pledged Shares into the CDS Account of the Vendor within 14 Business Days of the Security Stakeholder receiving such written confirmation.

3.6.5 In the event that the Vendor fails to pay TCS the Year 2 Shortfall To TCS in full within the said 14 Business Days, TCS shall be entitled (but without prejudice to any other rights and remedies that the Purchase may have) and the Vendor authorises TCS to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 2 Shortfall To TCS that remains unpaid ("**Year 2 Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within three months of the Year 2 Default Notice sell all or part of the Pledged Shares to cover the amount stated in the said Year 2 Default Notice and all incidental expenses, in its sole and absolute discretion deems appropriate. The Security Stakeholder shall then apply the proceeds of the sale as follows:

- (a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares;
- (b) secondly, all monies due to the Security Stakeholder pursuant to the SSA (if any);
- (c) thirdly, payment of the Year 2 Shortfall To TCS or any part thereof to TCS; and
- (d) any excess remaining shall be held by the Stakeholder to form part of the Pledged Shares.

In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 2 Shortfall To TCS, the Security Stakeholder shall inform the Vendor and TCS in writing of the same and the Vendor shall be liable to pay TCS such differential amounts indicated in the said notice within 14 days of the said notice, failing which Section 7.3 of this appendix shall apply.

3.7 Upon adoption of the Accounts 2023 by the shareholders of Southern Score:

3.7.1 the Vendor or TCS shall forthwith provide a copy of the Accounts 2023 to the Security Stakeholder; and

SALIENT TERMS OF THE SSA (CONT'D)

3.7.2 TCS shall notify the Vendor in writing ("**Final Notice**") of the following:

- (a) the aggregated amount of PAT for Year 1 and Year 2 based on the Accounts 2021 and Accounts 2022 in excess of the Annual Profit Guarantee for Year 1 and Year 2 (if any) ("**Cumulative Excess PAT**");
- (b) the amount of PAT for Year 3 based on the Accounts 2023;
- (c) whether there is a shortfall between the cumulative PAT for Year 3 (inclusive of the Cumulative Excess PAT) and the Annual Profit Guarantee for Year 3 of RM20.0 million ("**Final Shortfall**");
- (d) if there is a Final Shortfall, the Final Shortfall amount; and
- (e) the Final Shortfall amount attributable to TCS (it being 25% of the Shortfall amount) ("**Final Shortfall To TCS**");

with a copy of the Final Notice being furnished to the Securities Stakeholder.

3.8 In the event the Cumulative Excess PAT and the amount of PAT for Year 3 based on the Accounts 2021, Accounts 2022 and Accounts 2023 is equivalent to or more than RM20.0 million, upon receipt of the Final Notice from TCS, the Security Stakeholder shall release all security interest over all Pledged Shares and where applicable, transfer the said Pledged Shares into the CDS Account of the Vendor within 14 Business Days from the receipt of the said Final Notice by the Security Stakeholder.

3.9 In the event there is a Final Shortfall To TCS, then:

3.9.1 the Vendor shall be liable to TCS to fully pay the Final Shortfall To TCS within 14 Business Days from the date of the Final Notice; and

3.9.2 upon payment of the Final Shortfall To TCS in full and any other monies outstanding and payable to TCS, TCS shall inform the Security Stakeholder in writing confirming that the Shortfall To TCS and all monies outstanding and payable to TCS pursuant to Section 3 of this appendix have been paid, whereupon the Security Stakeholder shall release all security interest over the Pledged Shares held and where applicable transfer the Pledged Shares into the CDS Account of the Vendor within 14 Business Days of the Security Stakeholder receiving such written confirmation.

3.10 In the event that the Vendor fails to pay TCS the Final Shortfall To TCS in full within the said 14 Business Days, TCS shall be entitled (but without prejudice to any other rights and remedies that the Purchase may have) and the Vendor authorises TCS to issue a written notice to the Security Stakeholder stating the same and the amount of the Final Shortfall To TCS that remains unpaid ("**Final Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within three months of the Final Default Notice sell all or part of the Pledged Shares to cover the amount stated in the said Default Notice and all incidental expenses, in its sole and absolute discretion deems appropriate. The Security Stakeholder shall then apply the proceeds of the sale and moneys pledged/ deposited with the Securities Stakeholder and/or in the Securities Account as follows:

- (a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares;
- (b) secondly, all monies due to the Security Stakeholder pursuant to the SSA (if any); and
- (c) thirdly, payment of the Final Shortfall To TCS or any part thereof to TCS,

SALIENT TERMS OF THE SSA (CONT'D)

after which the Security Stakeholder shall release all securities interest over the remaining Pledged Shares and cash balance or such part thereof (if any) and where applicable shall transfer or caused to be transferred to the Vendor such remaining Pledged Shares and cash balance (if any). In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Final Shortfall To TCS, the Security Stakeholder shall inform the Vendor and TCS in writing of the same and the Vendor shall be liable to pay TCS such differential amounts indicated in the said notice within 14 days of the said notice, failing which Section 7.3 of this appendix shall apply.

- 3.11 In carrying out the conversion, sale or disposal of the Pledged Shares, the Security Stakeholder shall have the full and unfettered discretion to sell them at such quantity, prevailing market prices and tranches (if any) and shall not be responsible for any loss from or cause through any brokers or any loss or depreciation in value of the Pledged Shares and shall not be liable to any of the Parties however and whatsoever unless it is due to the wilful default, neglect or fraud. Further, the Security Stakeholder shall have full and unfettered discretion to determine the manner, priority and/or type of Pledged Shares to apply towards satisfaction of the amounts contained in Section 3 of this appendix.

4. Completion

- 4.1 On the Completion Date, the Vendor shall deliver or cause to be delivered to TCS:

- (a) the resolution of the board of directors and member's resolution of Southern Score approving the transfer and registration of the Sale Shares in favour of TCS subject only to the transfers having been duly stamped;
- (b) the Stakeholder Documents including the Transfer and notice of adjudication and such documents as may be required to give good title to the Sale Shares and to enable TCS to become the registered holder of the Sale Shares;
- (c) the certified true copies of the approvals or documents referred to in Section 1.1(e) of this appendix and if required, Section 1.1(f) of this appendix; and
- (d) the resolution of the board of directors of Southern Score approving the appointment of such person(s) nominated by TCS as director(s) of Southern Score so that the board of directors of Southern Score is represented by at least one fourth of persons so nominated by TCS effective on the Completion Date.

The Vendor agrees and undertakes to forthwith do all acts and things so as to register TCS as a member of Southern Score in the register of members of Southern Score.

- 4.2 On the Completion Date, the documentation stakeholder is authorised to deliver the Stakeholder Documents to TCS.

- 4.3 Against the delivery of the documents set out in Sections 4.1 and 4.2 of this appendix, TCS shall on Completion Date:

- (a) allot and issue the Pledged Shares into the Securities Account;
- (b) allot and issue the remaining Consideration Shares after deducting the Pledged Shares) ("Remaining Consideration Shares") directly into the CDS Account of the Vendor; and
- (c) produce and deliver to the Vendor the certified copies of the approvals, shareholders resolutions and/or documents referred to in Sections 1.1(a), 1.1(b) of this appendix and if required, Section 1.1(g) of this appendix.

SALIENT TERMS OF THE SSA (CONT'D)

- 4.4 Completion is conditional on the Parties complying with all of their respective obligations under Section 4 of this appendix, including but not limited to such obligations under Section 4 of this appendix occurring post Completion Date, and the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities. For this purpose, TCS shall cause the Consideration Shares to be listed and quoted on the ACE Market of Bursa Securities within 10 Business Days from the Completion Date or such other extended period as the Parties may mutually agree upon in writing.
- 4.5 The Vendor shall further cause the transfer of the Sale Shares and TCS to be registered as a member of Southern Score into the register of members of Southern Score on the Completion Date (or a later date as consented to by TCS) and notify the Companies Commission of Malaysia of the changes in shareholders and directors of Southern Score on the Completion Date (or a later date as consented to by TCS) in accordance with the Act.
- 4.6 Subject to Section 7 of this appendix, if any Party fails to comply with any of its obligations and those obligations are not waived by the other Party on Completion and if the Consideration Shares have not yet been issued, then:
- (a) each Party must return or cause to be returned to the other Party all monies, Purchase Consideration and documents delivered to it or its agent under and pursuant to the SSA; and
 - (b) each Party must do everything reasonably required by the other Party to reverse any action taken pursuant to the SSA.

5. Representations and Warranties of the Vendor

- 5.1 In addition to the representations and warranties given by the Vendor on the Sale Shares, the corporate status, accounts, operational matters, litigation, taxation, employees, contracts, licences, borrowings and other matters in relation to Southern Score, the Vendor agrees, covenants and undertakes that:
- (a) all statements of fact made in writing in relation to the matters stipulated in the SSA in relation to Southern Score are true and accurate in all material respects;
 - (b) all consents, approvals, licences and authorisations of, and all filings and registrations with, any governmental or statutory agency or authority necessary for the due execution, delivery, performance and enforceability of the SSA has been or will be obtained by the Vendor before the Unconditional Date and will continue to be in full force and effect;
 - (c) the Vendor is the registered and beneficial owner of all the ordinary shares in Southern Score, including the Sale Shares, all of which are free from all encumbrances;
 - (d) where applicable, the Vendor has caused third party(s) (if any) to waive their respective pre-emption rights in relation to the Sale Shares;
 - (e) all shares (including the Sale Shares) of Southern Score shall remain free from encumbrances up to the Completion;
 - (f) from the date of the SSA up to the Completion, Southern Score shall not increase or alter the issued share capital of Southern Score or issue any securities without the prior written consent of TCS;
 - (g) the Vendor will and undertakes to procure and ensure that Southern Score shall continue their respective current business as at the date of the SSA and remain a going concern entity until all obligations of the Vendor under the SSA have been fulfilled;

SALIENT TERMS OF THE SSA (CONT'D)

- (h) no order has been made or petition presented or resolution passed for the winding up of Southern Score; nor has any distress, execution or other process been levied in respect of Southern Score which remains undischarged; nor is there any unfulfilled or unsatisfied judgment or court order outstanding against Southern Score;
- (i) it is not aware of any facts which will cause Southern Score to be engaged in any litigation whether as plaintiff or defendant or otherwise in any legal action, proceeding or arbitration or is being prosecuted for any criminal offence;
- (j) its compliance with the terms of the SSA does not and will not conflict with or result in the breach or constitute a default under any of the terms conditions and provisions of any agreement or instrument to which Southern Score is now a party;
- (k) all intellectual property rights required and/or used by Southern Score to undertake its respective businesses is duly owned and/or has been duly transferred and vested onto Southern Score free of encumbrance; and
- (l) to the extent permitted by law, the Vendor agrees that during the Profit Guarantee Period the Vendor shall not directly or indirectly or through any third party nominee do or permit to be done and the Vendor shall procure any of its Related Corporation not to do nor permit to be done, any of the following to be done without the written consent of TCS:
 - (i) either solely or jointly with or on behalf of any person directly or indirectly work, invest, encourage, assist, consult, carry on or be engaged or interested in any trade or business substantially similar or relating to the business of Southern Score within Malaysia;
 - (ii) have any interest, whether directly or indirectly (including but not limited to being as a shareholder in any joint venture holding) which, when aggregated with the shareholdings of the corporations in which the Vendor control (if any) and persons acting in concert with him (within the meaning ascribed under the Capital Markets and Services Act 2007), constitute more than 10.0% of the issued shares of any entity that may be engaged or interested in a business competing with Southern Score within Malaysia or where Southern Score has a business presence;
 - (iii) carry out trade or business which is in competition with Southern Score;
 - (iv) solicit any person or company who is or has been a customer of Southern Score for the purpose of offering to such customer the same or similar products and services as those offered by Southern Score;
 - (v) solicit or entice away any director, employee, supplier or principal of Southern Score; and
 - (vi) disclose any information concerning the intellectual property, business, accounts or finances of Southern Score or any of Southern Score's clients' or customers' or partners' transactions or affairs of which they have knowledge.

The above restrictions shall encompass all jurisdictions in which Southern Score has a market presence as at the date of the SSA up to the expiry of the Profit Guarantee Period. The Vendor shall further use the best of its ability and knowledge to ensure and procure that its Related Corporations respectively comply with the provisions above.

SALIENT TERMS OF THE SSA (CONT'D)

5.2 Notwithstanding anything contained in the SSA, the Vendor covenants with TCS who is contracting for this purpose on behalf of itself and as trustee for Southern Score that the Vendor will indemnify and at all times keep TCS and its directors and officers and Southern Score indemnified against any and all of the following:

- (a) all contingent liabilities not disclosed in the audited financial statements of Southern Score for FYE 31 December 2019 and/or pursuant to the SSA in writing;
- (b) all undisclosed capital commitments not disclosed in the audited financial statements of Southern Score for FYE 31 December 2019 and/or pursuant to the SSA in writing;
- (c) all tax liabilities, excise duty including but not limited to tax payables, transfer pricing tax exposure, withholding tax, real property gains tax and/or other tax obligations that are / may be payable by Southern Score, and any goods and services tax or services tax that are / may be payable by Southern Score;
- (d) all receivables of Southern Score up to Completion which are subsequently written off;
- (e) all trade liabilities and discounts by Southern Score which are incurred (whether or not disputed) up to Completion but recognised subsequently;
- (f) all liabilities arising from the non-compliance with or regularisation of breaches of the laws, regulations, orders, bylaws and guidelines applicable to Southern Score; and
- (g) all damages, loss, penalties, fines, cost and expenses (whether or not arising from any of the above),

arising in respect of matters occurring up to and including the Completion Date, irrespective when such liabilities are incurred or crystallises. The indemnity shall survive completion of the sale and purchase of the Sale Shares. Without limiting the generality of the aforesaid, TCS shall be entitled at its election to recover such losses or such part therefrom against the Purchase Consideration and the amounts payable to Southern Score shall be adjusted proportionately.

6. Representations and Warranties of TCS

6.1 TCS represents and warrants to the Vendor that:

- (a) there is and at Completion or issuance date (as the case may be) will be no encumbrance, pledge, lien or other encumbrances on, over or affecting the Consideration Shares and there is and at Completion or issuance date (as the case may be) will be no agreement or arrangement to give or create any such encumbrance and no claim will be made by any person to be entitled to any of the foregoing;
- (b) the SSA constitutes legal, valid and binding obligations on TCS in accordance with its terms;
- (c) TCS has full legal right authority and power to enter into and bind itself by the SSA and to exercise its rights and perform its obligations therein and that all appropriate and all necessary actions have been taken to authorise the execution of the SSA, the exercise of its rights and the performance of all its obligations therein and the execution thereof do not exceed the power and authority of the officers executing the same; and
- (d) TCS' compliance with the terms of the SSA does not and will not conflict with or result in the breach or constitute a default under any of the terms conditions and provisions of:
 - (i) its constituent documents;

SALIENT TERMS OF THE SSA (CONT'D)

- (ii) any agreement or instrument to which it is now a party or any other judgment, award, decree, law, ordinance or regulation or any other restriction of any kind or character to which it is bound by; or
- (iii) any order, judgment, decree, rule or regulation of any court or any governmental agency or body having jurisdiction over it or its assets.

7. Breach / Termination

- 7.1 If TCS shall fail to complete the sale and purchase of the Sale Shares in accordance with the SSA in the manner stipulated in Section 4 of this appendix and/or breaches any of the terms and/or TCS's Warranties of the SSA before the Completion Date, then the Vendor shall be entitled to either:
- (a) claim for specific performance of the SSA; or
 - (b) if prior to Completion Date, terminate the SSA by written notice to TCS and upon such termination, TCS shall be entitled to withhold and withdraw the issuance of any Consideration Shares in exchange against TCS paying to the Vendor all reasonable costs and expense incurred by the Vendor pursuant to the negotiation and preparation of the SSA as well as conduct of due diligence and fulfilment of conditions precedent and any incidental costs thereto, after which the Vendor shall have no other claims whatsoever against TCS and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties. The Parties authorise and the documentation stakeholder shall be authorised to return the Stakeholder Documents to the Vendor within 14 Business Days upon receipt of a copy of the said termination notice from any Party.
- 7.2 If the Vendor shall fail to complete the sale and purchase of the Sale Shares in accordance with the SSA in the manner stipulated in Section 4 of this appendix and/or breaches any of the terms of the SSA or any of the Vendor's warranties before the Completion date, then TCS shall be entitled to either:
- (a) claim for specific performance of the SSA; or
 - (b) if prior to Completion Date, terminate the SSA by written notice to the Vendor and upon such termination, TCS shall be entitled to withhold and withdraw the issuance of any Consideration Shares and the Vendor shall pay to TCS all reasonable costs and expenses incurred by TCS pursuant to the negotiation and preparation of the SSA as well as conduct of due diligence and fulfilment of conditions precedent and any incidental costs thereto, after which TCS shall have no other claims whatsoever against the Vendor and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties. The documentation stakeholder shall be authorised to return the Stakeholder Documents to the Vendor within 14 Business Days upon receipt of a copy of the said termination notice from any Party.
- 7.3 If it is found after the Completion Date that a Party shall have breached his/its obligations under the SSA (including but not limited to Section 4 of this appendix), the non-defaulting Party shall be entitled to claim for specific performance in addition to any other remedies as may be available to the non-defaulting Party under law and/or equity and the defaulting Party shall indemnify and hold the non-defaulting Party harmless against all costs, charges and expenses incurred or suffered by the non-defaulting Party arising from such breach.

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

For the purpose of this appendix,

- (i) **"Deadlock"** means any matter which is required to be decided by the Board unanimously which either:
 - (a) the Board fails to reach an agreement within 30 days after the date of the Board meeting at which the matter is first tabled for discussion or the date on which a written resolution in relation to the matter is first circulated to the Board;
 - (b) cannot be discussed and agreed by the Board due to two successive meetings called to discuss such matter and such meeting being inquorate;
 - (c) cannot be discussed and agreed by the Board due to the failure to convene a Board meeting or circulate a written resolution and such failure is not remedied for a period of 90 days from the latest date such Board meeting should have been scheduled or such written resolution should have been circulated; or
 - (d) any disagreement among the shareholders which is not resolved after the issue was tabled at two consecutive general meetings or Board meetings; or
 - (e) inability to form a quorum at any two consecutive meetings of the shareholders;
- (ii) **"Fair Market Value"** means the value of the shares determined by an independent appraiser who is a member of Malaysian Institute of Accountants (MIA) or Malaysian Institute of Certified Public Accountants (MICPA), his appointment thereof agreed by the Parties, the cost of such appointment to be borne by such party issuing the Deadlock Put Option Notice (as defined in Section 10 of this appendix);
- (iii) **"Related Corporation"** has the meaning ascribed to it in Section 7 of the Act.

1. Conditions Precedent

The Shareholders' Agreement is conditional upon TCS becoming a shareholder of Southern Score and holding the Sale Shares stated in the SSA ("**SSA Effective Date**").

If the SSA is terminated or lapses, then the Shareholders' Agreement and the SSA shall lapse and cease to have any further force or effect concurrently and thereafter none of the Parties shall have any further rights against the other(s) in respect of the Shareholders' Agreement.

2. Business of Southern Score

Subject to any approvals as may be required from any public authority, the principal activities of Southern Score shall be in the business of construction, contractors, subcontractors, and property development, unless otherwise unanimously agreed by all the directors and shareholders of Southern Score ("**Business**").

3. Policies and Objectives

3.1 Financial Requirements

- 3.1.1 It is agreed that the financial requirements of Southern Score shall be met from the business and revenue generated by Southern Score and/or by borrowings / banking facility(s) from licensed financial institutions secured by the revenues and assets of Southern Score, grants or financial assistances from government, and where determined by way of special resolution, the subscription for the ordinary shares in Southern Score by the Parties in accordance with the provisions in the Shareholders' Agreement.

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

- 3.1.2 Where borrowings and/or banking facilities are or have been obtained by Southern Score, Southern Score shall satisfactorily maintain the banking and borrowing facilities obtained by Southern Score without default.
- 3.1.3 Notwithstanding the foregoing, none of the Parties shall be required to provide or procure financial assistance and any security including, but not limited to, guarantees to secure the borrowings of Southern Score without the prior written approval of other Party in which such approval shall not unreasonably be withheld.
- 3.1.4 Each Party shall be given a first right of refusal for any future equity and/or debt financing requirement of Southern Score on a proportionate basis with their respective equity participation in Southern Score.

3.2. Dividend Policy

It is the intention of the Parties that all profits of Southern Score shall be distributed as dividends on a yearly basis upon adoption of the audited accounts.

4. Shares in Southern Score

4.1 Equity Participation

The Parties agree that the shareholdings of Southern Score shall, unless otherwise varied in accordance with the provisions of the Shareholders' Agreement, be maintained at all times in the proportions set out below ("**Equity Participation**"):

TCS	:	25.0%
Vendor	:	75.0%

- 4.2 The Parties agree and undertake with one another that if additional capital is required by Southern Score, such additional capital shall be provided by way of subscription of new ordinary shares or such other securities (convertible or otherwise) ("**Further Shares**") in Southern Score, in such manner and time as may be mutually agreed among the Parties provided always that the Further Shares shall be subscribed by the Parties in proportion with their Equity Participation in accordance with the terms of the Shareholders' Agreement, unless otherwise mutually agreed.
- 4.3 In the event any Party neglects or declines to subscribe in full for the Further Shares within 10 Business Days after being notified in writing by the Board, then such Further Shares shall be offered to the other shareholders in proportion to their then shareholding in Southern Score. Thereafter, if any of the Further Shares are unsubscribed, then the Board may:
- (a) offer such Further Shares not subscribed to such persons as the Board shall approve; or
 - (b) decide not to issue such Further Shares that remains unsubscribed.
- 4.4 In the event that a third party wishes to purchase the Further Shares, the third party shall execute a deed of adherence under which such party shall agree to be bound and shall be entitled to the benefit of the Shareholders' Agreement as though such party were an original shareholder.
- 4.5 No shares, securities or other instruments convertible into voting shares of Southern Score (including but not limited to any grant of option or other similar right) shall be allotted, issued and/or transferred prior to the completion of the SSA.

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

4.6 Any subscription, allotment and/or issue of new shares, securities or other instruments convertible into voting shares of Southern Score shall be subject to the unanimous consent of the Parties.

5. Pre-emption Rights

None of the Parties shall sell, dispose, transfer (including any assignment, charge, mortgage, pledge or any act or disposition which may vest any rights in or over the shares of Southern Score to any party) any of its shares unless and until the shares are first offered to the other Party in accordance with the rights of pre-emption of the Shareholders' Agreement.

6. Tag Along

If the Vendor wishes to sell or transfer all or any of its shares in Southern Score to any person pursuant to a bona fide arm's length transaction, TCS shall have the right to require the sale or transfer of all or any of its shares held to the said third party under the same terms and conditions offered to the Vendor, in accordance with the terms of the Shareholders' Agreement.

7. Directors of Southern Score**7.1 Board of Directors**

Upon or immediately after the SSA Effective Date, the board of Southern Score shall consist of up to four directors of whom:

- (a) TCS shall be entitled to appoint one director; and
- (b) the Vendor shall be entitled to appoint three directors.

7.2 Chairman

The Vendor, subject to it holding of the majority of shares in Southern Score, shall be entitled to determine at its absolute discretion on who among the directors shall act as chairman at the Board meetings and general meetings.

If the appointed chairman is not present in person at any Board meeting, the chairman may nominate any Director who is present in person to act as chairman for the purpose of the Board meetings.

8. Reserved Matters

All resolutions of the Board relating to the following matters shall require the affirmative votes of one director nominated by TCS and one director nominated by the Vendor:

- (a) any amendment of the constitution document;
- (b) change of Southern Score's name;
- (c) liquidation, termination, dissolution or presentation of any petition for winding-up or any arrangement with its creditors;

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

- (d) incurrence of any capital commitment and/or indebtedness (other than trade payables), including but not limited to, refinancing or extension of current indebtedness or borrowings of any amount that require the provision of guarantees, undertakings, indemnities or other security of more than 5% of the PAT or net tangible asset (whichever is the lower) of Southern Score based on its immediately preceding audited financial statements;
- (e) any transaction not in the ordinary course of business of Southern Score (whether singularly or through a series of transactions) of more than 5% of the PAT or net tangible asset (whichever is the lower) of Southern Score based on its immediately preceding audited financial statements;
- (f) the award of any of the tenders and appointments of the consultants, contractors or suppliers not in the ordinary course of business of Southern Score for a value (whether in a single transaction or a series of transaction) exceeding 5% of the PAT or net tangible asset (whichever is the lower) of Southern Score based on its immediately preceding audited financial statements;
- (g) any transaction with a shareholder, its director, key management personnel or person(s) connected (as defined in the ACE Market Listing Requirements) with such person;
- (h) loans to any shareholders, director, officer or employee other than as agreed in the discretionary authority limits in the respective company manuals (if any);
- (i) all annual budget and business plan for the Business and changes thereto;
- (j) a change in the overall direction of the present Business, or the commencement of any new business not being ancillary or incidental to Southern Scores Business or cessation of Business or any part;
- (k) change in number of directors;
- (l) changes in share capital or other securities, mergers or acquisitions (whether as target or acquirer), corporate reorganisations or changes in control;
- (m) disposal or acquisition of Southern Score's investment in or sale, assignment, conveyance or other transfer of any (in whole or a substantial part) material assets, business, licences or other equity interest;
- (n) remuneration and benefits of directors;
- (o) appointment and removal of key management personnel and key technical personnel, including personnel undertaking the following matters and their respective remuneration and benefits:
 - (i) finance and/or accounts;
 - (ii) business development;
 - (iii) chief executive officer;
 - (iv) chief operating officer;
 - (v) managing director;
- (p) the commencement, settlement or involvement in any litigation, arbitration or other proceedings which are material in the context of the Business of Southern Score;

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

- (q) the recommendation or declaration of dividends or any changes or proposed change in the dividend policy of Southern Score to shareholders;
- (r) the extension of the Business of Southern Score outside Malaysia;
- (s) undertake a public listing or any other corporate exercises which may have material impact on Southern Score; and
- (t) any entry into or termination of any material contract outside the ordinary course of business involving a commitment or value of more than 5% of the PAT or net tangible asset (whichever is the lower) of Southern Score based on its immediately preceding audited financial statements.

9. Management

- 9.1 The Vendor shall procure that Southern Score shall be managed with reasonable diligence and on efficient commercial basis and in accordance with all applicable laws in the jurisdictions where Southern Score is carrying on the Business, the Shareholders' Agreement, its Constitution and the policies laid down by the Board from time to time.
- 9.2 The Vendor shall procure that:
- (a) Southern Score shall keep full and proper records relating to the business, undertakings and affairs of Southern Score and such records shall be made available at all reasonable times for inspection by the Directors; and
 - (b) the audited accounts of Southern Score shall be prepared in accordance with generally accepted accounting principles and in compliance with all applicable legislation in respect of each accounting period, and shall procure that such accounts are audited as soon as practicable thereafter but in any event before the expiry of three months of the end of the financial year of Southern Score and shall furnish a copy of the same to each of the Parties immediately upon its issue.

10. Deadlock

- 10.1 In the event of a Deadlock, the Parties shall in good faith endeavour to mutually meet with each other in person and discuss their respective positions and endeavour to promptly and amicably resolve the Deadlock position within 30 days of any Party serving a notice setting out such Deadlock event.
- 10.2 In the event the Parties are unable to mutually and amicably resolve the Deadlock event within the above 30-day period (or such extended period as the Parties may mutually agree upon) ("**Reconciliation Period**"), then TCS shall have (and the Vendor hereby grants to TCS) the option to sell all and not part of the shares held by TCS ("**Deadlock Option Shares**") in a single transaction at the Deadlock Exercise Price (hereinafter defined) by serving a written notice ("**Deadlock Put Option Notice**") to the Vendor ("**Deadlock Put Option**") at any time during the Deadlock Option Period (hereinafter defined).
- 10.3 The Deadlock Exercise Price for each Deadlock Option Share shall be calculated in the following manner:

$$A = B$$

Where:

A: the Deadlock Exercise Price for all Deadlock Option Shares

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

- B: the higher of:
- (i) total amount invested by TCS for the Deadlock Option Shares (after deduction of all dividend received by TCS since the SSA Effective Date) plus interest at the rate of 10% per annum calculated on compounded basis from SSA Effective Date up to the date of transfer of the Deadlock Option Shares; or
 - (ii) Fair Market Value.
- 10.4 The option contained in Section 10.2 of this appendix may be exercised by TCS at any time within six months after the expiry of the Reconciliation Period ("**Deadlock Option Period**"), after which such options shall expire and upon exercise, the Vendor shall be bound to purchase the Deadlock Option Shares in accordance with the terms of the Shareholders' Agreement.

11. Exclusivity / non-competition

- 11.1 Specifically and to the extent permitted by law, the Vendor agrees and shall procure that its Related Corporations, whether acting solely or jointly with or on behalf of any person, directly or indirectly, not to compete with the Business of Southern Score for a period of five years from the SSA Effective Date. Specifically, the Vendor shall not and shall procure any of its Related Corporations not to do nor permit any of the following to be done without the written consent of TCS:
- (a) either solely or jointly with or on behalf of any person directly or indirectly carry on or be engaged or interested in any trade or business substantially similar or relating to the business of Southern Score in Malaysia;
 - (b) have any interest, whether directly or indirectly (including as a shareholder in any joint venture holding) which, when aggregated shareholdings constitute more than 10.0% of the issued shares of any entity that may be engaged or interested in a business competing with Southern Score within Malaysia;
 - (c) solicit any person or company who is or has been at any time during the above five year period a customer of Southern Score for the purpose of offering to such customer the same or similar goods as those offered by Southern Score;
 - (d) solicit or entice away any supplier of Southern Score;
 - (e) solicit or entice away any director or employee of Southern Score;
 - (f) disclose any information concerning the Intellectual Property, business, accounts or finances of Southern Score or any of their clients' or customers' transactions or affairs of which they have knowledge;
 - (g) cause or permit any person directly or indirectly under its control to do any of the foregoing acts or things.

The above restrictions shall encompass all jurisdictions in which TCS and Southern Score have a market presence.

- 11.2 For the purpose of Section 11.1 of this appendix, the consent of TCS shall be deemed given in respect of the undertaking of a particular project by the Vendor if the right of first refusal in respect of such project is granted to Southern Score and Southern Score has confirmed in writing (after obtaining the agreement of the other shareholder(s)) that it does not intend to participate in such project, such deemed consent to be limited to the undertaking of that particular project only.

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT (CONT'D)

11.3 Unless otherwise agreed in writing by the Parties, Section 11 of this appendix shall survive for a period of five years after termination of the Shareholders' Agreement.

12. Term

The Shareholders' Agreements shall come into force and effect as from the SSA Effective Date and shall continue in full force and effect until the first occurrence of any of the following events:

- (a) the listing and quotation of Southern Score's shares;
- (b) the termination of the Shareholders' Agreement by the consent of all the shareholders;
- (c) Southern Score becomes insolvent, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they come due;
- (d) there remains only one shareholder in Southern Score; or
- (e) a force majeure event has occurred and has a material adverse effect on the business, assets or operations of Southern Score and continue for a period of six months and the Parties have been unable to find an equitable solution.