

1 SUMMARY INFORMATION

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE TMS GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

1.1 HISTORY AND NATURE OF BUSINESS

TMS was incorporated on 9 April 1996 in Malaysia under the Act under the name of The Media Shoppe Sdn Bhd. The Company was converted into a public limited company and assumed its present name on 29 March 2004. On 14 September 1999, TMS was granted MSC status by MDC and concurrently awarded Pioneer Status under Section 4A of the Promotion of Investments Act 1986. TMS had on 2 July 2004 applied to the relevant authorities for an extension of its MSC-status for another five (5) years. The extension was granted by the relevant authority on 27 September 2004.

The history of the Company goes back to 1996, when the emergence of the Internet phenomenon and K-economy provided the impetus for three enterprising Malaysian graduates from the USA to come together to set up the business of TMS.

TMS started out by developing web-based solutions for small and medium size enterprises. With the advent of emerging technologies and global competition, the needs of TMS' clients began to evolve over time, resulting in the need for more integrated and sophisticated business solutions in line with their strategic objectives. Recognising this demand, TMS, building upon its core technologies and competencies expanded its range of products and services.

TMS is one of the pioneering companies in the field of knowledge management in Malaysia, developing and providing integrated web-based applications and solutions in the following main areas:-

1. Web-based Content Aggregation System;
2. Organisation Collaboration and Communications;
3. e-Learning Management System; and
4. Web-based Content Management System.

These solutions are supported by its suite of web-based application proprietary products namely tmsSYNDICATOR™, tmsINTRANET™, tmsSEED™ and tmsPUBLISHER™.

With the provision of the current products and solutions in the areas of web-based content aggregation system, organisation collaboration and communications, e-learning management system and web-based content management system, coupled with the development of new products and solutions, the Company is poised to expand in the field of knowledge management and to realise its vision to be a leading global developer and integrator of Enterprise Knowledge Portal technologies and solutions to the government, enterprise, community and education sectors.

Additionally, the Company has recognised the opportunities available to TMS to further broaden the market of its products and solutions presented by mobile and wireless technologies. In this respect, TMS completed the acquisition of M-Apps on 10 September 2004. M-Apps is involved in the provision of wireless tracking and monitoring solutions in the areas of security and surveillance systems leveraging on mobile and wireless technologies. It intends to further its R&D efforts in the area of mobile technology such as PDA smart synchronization, SMS/MMS platform, RFID, digital security and surveillance system.

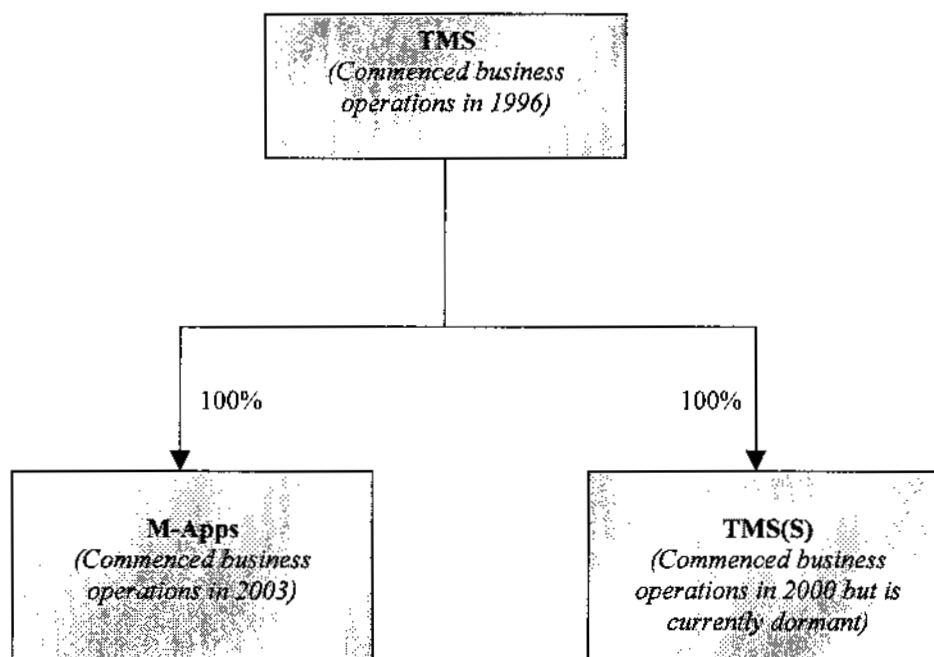
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1 SUMMARY INFORMATION (Cont'd)

The TMS Group consists of TMS and its subsidiaries as follows:-

Name of company	Date and place of incorporation	Paid-up share capital as at 25 October 2004	Principal Activities
TMS	9 April 1996, Malaysia	RM10,696,360	Investment holding and provider of integrated web-based applications and solutions
TMS' subsidiaries		Equity interest (%)	
M-Apps	6 May 1999, Malaysia	100.0	Provider of wireless tracking and monitoring solutions
TMS(S)	29 June 2000, Singapore	100.0	Dormant

The structure of the TMS Group is as follows:



1.2 GROUP STRENGTHS

The strengths of the Group are briefly summarised below. For details, please refer to Section 4.6 of this Prospectus.

(i) Commitment to R&D

The TMS Group has in the past and continues to dedicate significant amount of resources to R&D. The Directors believe that strong R&D capabilities, underpinned by an experienced R&D team is critical to the growth and success of the TMS Group. The Group's commitment to R&D has enabled the successful development and sale of in-

1 SUMMARY INFORMATION (Cont'd)

house developed products, such as tmsPUBLISHER™, tmsSYNDICATOR™, tmsSEED™, tmsINTRANET™ and tmsFRAMEWORK™ to both the domestic and overseas markets.

The Group's R&D capabilities were recognised by the MDC when it received MSC R&D Grant Scheme of RM1.9 million in 2002.

(ii) Ownership of the Intellectual Property Rights of the Products

The TMS Group has ownership over the intellectual property rights of its products, thus allowing the Group flexibility and ease in modifying existing source codes to meet specific customer needs. As such, the TMS Group is able to efficiently and effectively adapt and respond to changing demands and evolving technologies.

(iii) Established and Diverse Client Base

Over the past 8 years, the Group has provided its products and solutions and services to over 180 clients both domestically and across 10 overseas countries. Additionally, its clientele base spans across a diverse industry segment, ranging from finance, media and telecommunication.

Some of its clients include Maxis Mobile Sdn Bhd, Teknik Janakuasa Sdn Bhd (a subsidiary of Malakoff Berhad), CIMB Berhad, Malaysian Venture Capital Management Berhad, Genting Information Knowledge Enterprise Sdn Bhd (a wholly owned subsidiary of Genting Berhad), Sun Media Corporation Sdn Bhd, The Edge Communications Sdn Bhd and Keretapi Tanah Melayu Berhad.

(iv) Established Brand

Having been in the industry for the last 8 years, the TMS Group, which markets its products and solutions under the "tms" brandname has successfully created a brand presence in the local and overseas market.

One of the Group's proprietary product, tmsPUBLISHER™ was awarded the "ICT Product of the Year" by PIKOM, "COMDEX Asia Best Software of the Year", and "IBM Most Promising Linux Application" in 2001. In 2004, tmsEKP™ was awarded the MSC-Asia Pacific ICT Awards (MSC-APICTA) for Best of General Applications (Merit Award).

(v) Experienced Management and Strong R&D Team

The management team is led by Christopher Chan Hooi Guan, the founder, Chairman and Chief Executive Officer of TMS, who has more than 14 years of experience in the IT industry. The management team also consists of Lee Chi Yeng, the Chief Technology Officer and Thong Weng Hung, the Chief Systems Officer, who have each been with the Company since inception and have been involved in the IT industry for more than 10 years. In addition, Chang Choon Ming who was appointed as an Executive Director in 1999, has over 16 years of experience in the IT industry.

(vi) Transknowformance™ Methodology

Over the years, the management of the Company has gained extensive experience in the understanding of e-business needs of enterprises, enabling the development of its own methodology called "Transknowformance™". The Transknowformance™ methodology is unique to the Group and serves as a tool which the Group uses to facilitate the Company and its customers in effectively identifying and implementing the right solutions for its customers in line with their strategic business objectives.

1 SUMMARY INFORMATION (Cont'd)

Additionally, with a structured methodology in hand, the Group is more equipped in offering TMS' products and solutions to larger corporations and enterprises, where the investment value incurred by such organisations is greater, and hence would adopt more stringent requirements and quality thresholds in their evaluation of any products or solutions provider.

(vii) **imsFRAMEWORK™**

One of the results arising from the Company's R&D efforts is the development of **imsFRAMEWORK™**, an e-business software development framework built upon the platform of open source technologies. As a consequence, the Company will be able to reduce the usage of third party proprietary software in products provided to its clients, which results in either increasing profit margin or flexibility in pricing the Group's products and services more competitively. Additionally, the framework enhances compatibility of products and solutions.

(viii) **Established Distribution Network**

The Group has existing agreements with approximately 33 resellers and channels in both domestic and overseas markets. The overseas resellers and channels, some of which have had relationship with the Group since 1999, provide an effective and cost efficient avenue by which the TMS Group is able to venture abroad and penetrate overseas markets, with greater speed to market.

1.3 TECHNOLOGY

In the development of the various solutions the Group uses a variety of technologies. The technologies used are featured within the main sectors that the Group's solutions are developed for i.e. the information technology, communications, Internet and mobile sectors.

1.4 RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Public Issue Shares. For a detailed commentary on the risk factors, please refer to Section 3 of this Prospectus:-

- (i) No prior market for the Company's shares
- (ii) Forward looking statements
- (iii) Revenue stream
- (iv) Sales cycle
- (v) Software defects
- (vi) Compatibility of products
- (vii) Breach in security
- (viii) Capacity restrictions
- (ix) Political, economic, social and legislative considerations
- (x) Control of certain substantial shareholders
- (xi) Dependence on key personnel
- (xii) Managerial, operational and financial resources
- (xiii) Proprietary rights
- (xiv) Competition and competitiveness of the ICT industry
- (xv) Introduction of new products and enhancements
- (xvi) Technological change
- (xvii) Responding to changes
- (xviii) MSC status
- (xix) Reliance on major customers

1 SUMMARY INFORMATION (Cont'd)

- (xx) Abortion or delay of projects
- (xxi) Failure or delay in the listing
- (xxii) Insurance risks
- (xxiii) Uncertainty of business development plan
- (xxiv) Registration of brand names
- (xxv) Reliance on contracts

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1 SUMMARY INFORMATION (Cont'd)

1.5 FINANCIAL HIGHLIGHTS

The following table has been extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto. There were no audit qualifications for the financial years/periods under review. The summarised proforma results of TMS Group for the five (5) financial years ended 31 December 2003 and seven (7)-month period ended 31 July 2004 are as follows:-

	← FYE 31 December →					7-month period
	1999	2000	2001	2002	2003	ended 31 July 2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	956	2,663	3,710	4,464	6,360	5,227
Earnings before interest, depreciation, taxation and amortisation ("EBITDA")	(251)	(1,780)	(1,256)	502	1,305	2,347
Interest expense	(5)	(2)	-	(2)	(3)	(2)
Depreciation	(91)	(168)	(235)	(287)	(237)	(111)
Amortisation of development cost	-	(4)	(71)	(163)	(313)	(252)
Interest income	2	30	69	105	125	35
(Loss)/Profit before tax	(345)	(1,924)	(1,493)	155	877	2,017
Taxation	-	-	-	-	(84)	(10)
(Loss)/Profit after tax	(345)	(1,924)	(1,493)	155	793	2,007
Weighted average number of ordinary shares of RM1.00 in issue ('000)	120	-	-	-	-	-
Weighted average number of ordinary shares of RM0.10 in issue ('000)	-	62,460	103,929	105,713	106,030	106,030
Gross (loss)/earnings per share (Sen)	(2.87)	(3.08)	(1.44)	0.15	0.83	* 3.26
Net (loss)/earnings per share (Sen)	(2.87)	(3.08)	(1.44)	0.15	0.75	* 3.24
Diluted gross earnings per share (Sen)	N/A	N/A	N/A	0.15	0.83	* 3.26
Diluted net earnings per share (Sen)	N/A	N/A	N/A	0.15	0.75	* 3.24

Notes:

- (i) *There were no extraordinary or exceptional items in respect of all the financial years/period under review*
 * *Annualised*
 N/A *Not applicable*

1 SUMMARY INFORMATION (Cont'd)

The financial statements of the Group for the years under review were not subject to any audit qualification. For further details on the financial information, please refer to Sections 6 and 13 of this Prospectus.

Proforma Balance Sheets

The Proforma Balance Sheets of the Group as set out below are provided for illustrative purposes only to show the effects of the Public Issue on the assumption that the Public Issue was completed on 31 July 2004.

	Audited as at 31 July 2004 RM	Proforma I ⁽ⁱ⁾ RM	Proforma II ⁽ⁱⁱ⁾ RM	Proforma III ⁽ⁱⁱⁱ⁾ RM	Proforma IV ^(iv) RM	Proforma V ^(v) RM
Non-current assets						
Plant and equipment	599,357	599,357	599,357	599,357	599,357	599,357
Software development expenditure	1,489,124	2,258,291	2,258,291	2,258,291	2,258,291	2,258,291
Goodwill	-	2,955,139	2,955,139	2,955,139	2,955,139	2,955,139
	2,088,481	5,812,787	5,812,787	5,812,787	5,812,787	5,812,787
Current assets	8,742,812	7,531,198	7,531,198	10,332,118	10,332,118	15,230,118
Current liabilities	1,525,481	2,678,173	2,678,173	2,678,173	2,678,173	438,173
Net current assets	7,217,331	4,853,025	4,853,025	7,653,945	7,653,945	14,791,945
	9,305,812	10,665,812	10,665,812	13,466,732	13,466,732	20,604,732
Financed by:						
Share capital	8,402,720	9,762,720	9,762,720	10,696,360	10,696,360	13,164,360
Share premium	2,899,320	2,899,320	2,899,320	4,766,600	4,766,600	9,436,600
Exchange fluctuation reserve	(7,417)	(7,417)	(7,417)	(7,417)	(7,417)	(7,417)
Accumulated losses	(2,031,811)	(2,031,811)	(2,031,811)	(2,031,811)	(2,031,811)	(2,031,811)
Shareholders' equity	9,262,812	10,622,812	10,622,812	13,423,732	13,423,732	20,561,732
Non-current liabilities	43,000	43,000	43,000	43,000	43,000	43,000
	9,305,812	10,665,812	10,665,812	13,466,732	13,466,732	20,604,732
No of shares of RM1.00 each	6,302,040	7,662,040	9,762,720	10,696,360	-	-
No of shares of RM0.10 each	-	-	-	-	106,963,600	131,643,600
NTA per ordinary shares (RM/share)	0.44 ^(vi)	0.55	0.55	0.77	0.08	0.12

Notes: -

- (i) Proforma I incorporates the effects of the acquisition of the entire issued and fully paid-up share capital of M-Apps for a purchase consideration of RM3,600,000 comprising cash consideration of RM2,240,000 and 1,360,000 new TMS Shares. The M-Apps acquisition was completed on 10 September 2004.
- (ii) Proforma II incorporates the effects of Proforma I and the conversion of the existing 2,100,680 RCPS of RM1.00 each in TMS on the basis of one (1) new ordinary share of RM1.00 each for every one (1) existing RCPS held.
- (iii) Proforma III incorporates the effects of Proforma II and the exercise of the existing options granted under the ESOS to eligible employees to subscribe for 933,640 new ordinary shares of RM1.00 each at RM3.00 per share.

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- (iv) Proforma IV incorporates the effects of Proforma III and the sub division of the par value of the ordinary shares in TMS from RM1.00 per share to RM0.10 per share.*
- (v) Proforma V incorporates the effects of Proforma IV and the Public Issue.*
- (vi) The computation of NTA per ordinary share has taken into account the cash repayment of RM2.38 per RCPS in the event of a winding-up or reduction in capital or other return of capital.*

Further notes to the Proforma Balance Sheets of the Group are set out in Section 14 of this Prospectus.

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1 SUMMARY INFORMATION (Cont'd)

1.6 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**(i) Share capital***Authorised:-*

500,000,000 ordinary shares of TMS of RM0.10 each	<u>RM50,000,000</u>
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Issued and paid-up:-

106,963,600 ordinary shares of TMS of RM0.10 each	RM10,696,360
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To be issued pursuant to the Public Issue:-

24,680,000 ordinary shares of TMS of RM0.10 each	<u>RM2,468,000</u>
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Enlarged issued and paid-up share capital

131,643,600 ordinary shares of TMS of RM0.10 each	<u>RM13,164,360</u>
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(ii) Issue Price per ordinary share of TMS	RM0.35
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(iii) Market capitalisation of TMS based on the Issue Price	RM46,075,260
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(iv) Proforma NTA

Proforma NTA as at 31 July 2004 after the Public Issue and deducting estimated listing expenses	RM15,348,302
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Proforma NTA per TMS Share (based on the enlarged issued and paid-up share capital after the Public Issue)	12 sen
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(v) Classes of shares and ranking

There is only one class of shares in TMS, namely TMS ordinary shares. The Public Issue Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares in TMS including voting rights and all dividends that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares of TMS held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Subject to any rights or restrictions attaching to any shares which may be issued by the Company in future, each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, or by duly authorised representative, and, on a show of hands, every person present who is a shareholder or proxy or attorney or authorised representative who has a right to vote shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative who has a right to vote shall have one (1) vote for each share of TMS held.

1 SUMMARY INFORMATION (Cont'd)

1.7 GENERAL DESCRIPTION OF THE BUSINESS DEVELOPMENT PLAN

The TMS Group's business plan focuses on three (3) core areas. These three (3) core areas are:-

- (i) New products and solutions;
- (ii) Research and developments; and
- (iii) Marketing strategy.

Further details of the TMS Group's business plan is set out in Section 7 of the Prospectus.

1.8 OUTLOOK AND PROSPECTS

The general outlook for the IT industry in Malaysia are as follows:

- (i) The outlook for the IT industry in Malaysia is favourable.
- (ii) The IT industry is forecasted to grow at approximately 6% per annum for the next five years.
- (iii) Although growth of the IT industry for the near term is expected to be subdued, in the longer term, growth is expected to pick-up in tandem with growth in the local and global economies.
- (iv) The continuing emphasis on IT by the Government would continue to provide growth opportunities and cushion some of the impact of the slowdown in IT spending for operators within the IT Industry.
- (v) According to the Mid-Term Review of Eighth Malaysia Plan, the development allocations of Government ICT-related programs are mainly in computerisation, flagship applications, ICT funding and bridging the digital divide.

Further details of the industry's outlook and prospects are set out in Section 5 of the Prospectus.

1.9 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM8,638,000 will accrue entirely to the Company and will be utilised as follows:-

	RM	Expected time frame for utilisation
Acquisition	140,000	3 months from Listing
Working capital	3,998,000	36 months from Listing
R&D expenses	3,000,000	36 months from Listing
Listing expenses	1,500,000	6 months from Listing
	8,638,000	

Further details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

1 SUMMARY INFORMATION (Cont'd)

1.10 DIRECT AND INDIRECT SHAREHOLDINGS OF PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL

The shareholdings of the Promoters, substantial shareholders, directors, and key management and technical personnel are as follows:-

1.10.1 PROMOTERS / SUBSTANTIAL SHAREHOLDERS

	← Before Public Issue →				← After Public Issue →			
	← No of shares held →		← No of shares held →		← No of shares held →		← No of shares held →	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Christopher Chan Hooi Guan	11,279,680	10.55	11,079,680 ⁽¹⁾	10.36	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	11,079,680	10.36	-	-	11,079,680	8.42	-	-
Lee Chi Yeng	11,079,680	10.36	11,279,680 ⁽²⁾	10.55	11,079,680	8.42	11,279,680 ⁽²⁾	8.57
Chang Choon Ming	6,189,200	5.79	-	-	6,189,200	4.70	-	-
PrimeAce Venture	6,302,040	5.89	-	-	6,302,040	4.79	-	-
Ko Lim BAC	15,563,520	14.55	-	-	15,563,520	11.82	-	-
BIWV3	10,503,400	9.82	-	-	10,503,400	7.98	-	-
Paeven V	9,865,460	9.22	-	-	9,865,460	7.49	-	-
IDSSS	13,600,000	12.71	-	-	13,600,000	10.33	-	-
Chong Kien Eng @ Teo Kien Eng	1,185,340	1.11	-	-	1,185,340	0.90	-	-
Tang Kin Chuen	721,180	0.67	-	-	721,180	0.55	-	-
Hii Lu Teck	721,180	0.67	-	-	721,180	0.55	-	-
Linear Cooling	-	-	15,563,520 ⁽³⁾	14.55	-	-	15,563,520 ⁽³⁾	11.82
LCB	-	-	21,865,560 ⁽⁴⁾	20.44	-	-	21,865,560 ⁽⁴⁾	16.61
Linac Strategic	-	-	21,865,560 ⁽⁵⁾	20.44	-	-	21,865,560 ⁽⁵⁾	16.61
Chin Kuet Lee	-	-	21,865,560 ⁽⁶⁾	20.44	-	-	21,865,560 ⁽⁶⁾	16.61
Lum Weng Loy	-	-	21,865,560 ⁽⁶⁾	20.44	-	-	21,865,560 ⁽⁶⁾	16.61
Bank Industri	-	-	10,503,400 ⁽⁷⁾	9.82	-	-	10,503,400 ⁽⁷⁾	7.98
Khazanah	-	-	10,503,400 ⁽⁸⁾	9.82	-	-	10,503,400 ⁽⁸⁾	7.98
MBB	-	-	10,503,400 ⁽⁹⁾	9.82	-	-	10,503,400 ⁽⁹⁾	7.98
ARNT	-	-	10,503,400 ⁽¹⁰⁾	9.82	-	-	10,503,400 ⁽¹⁰⁾	7.98
Nik Arizan B. Ariffin	-	-	13,600,000 ⁽¹¹⁾	12.71	-	-	13,600,000 ⁽¹¹⁾	10.33

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan
- (3) Deemed interested by virtue of its 100% shareholdings in Ko Lim BAC

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- (4) Deemed interested by virtue of its 65% and 100% shareholdings in PrimeAce Venture and Ko Lim BAC respectively
- (5) Deemed interested by virtue of its shareholdings in LCB, the ultimate holding company of PrimeAce Venture and Ko Lim BAC
- (6) Deemed interested by virtue of their direct shareholdings in PrimeAce Venture and their shareholdings in Linac Strategic
- (7) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (8) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (9) Deemed interested by virtue of its 22.73% shareholding in BIWV3
- (10) Deemed interested by virtue of its shareholdings in MBB
- (11) Deemed interested by virtue of his 81.08% shareholding in IDSSS

1.10.2 DIRECTORS

	← Before Public Issue →				← After Public Issue →			
	← No of shares held →		← No of shares held →		← No of shares held →		← No of shares held →	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Christopher Chan Hooi Guan	11,279,680	10.55	11,079,680 ⁽¹⁾	10.36	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	11,079,680	10.36	-	-	11,079,680	8.42	-	-
Lee Chi Yeng	11,079,680	10.36	11,279,680 ⁽²⁾	10.55	11,079,680	8.42	11,279,680 ⁽²⁾	8.57
Chang Choon Ming	6,189,200	5.79	-	-	6,189,200	4.70	-	-
Chin Kuet Lee	-	-	21,865,560 ⁽³⁾	20.44	-	-	21,865,560 ⁽³⁾	16.61
Colin Paul Day	-	-	-	-	-	-	-	-
Khairil Anuar Bin Abdullah	-	-	-	-	-	-	-	-
Ong Boon Kee	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan
- (3) Deemed interested by virtue of his direct shareholdings in PrimeAce Venture and indirect shareholdings in LCB (through Linac Strategic), the ultimate holding company of PrimeAce Venture and Ko Lim BAC.

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1 SUMMARY INFORMATION (Cont'd)**1.10.3 KEY MANAGEMENT AND TECHNICAL PERSONNEL**

Save as disclosed below, none of the key management and technical personnel have any direct or indirect interests in the Company:-

Name	Nationality	Designation	No. of TMS Shares held after Public Issue			
			Direct	%	Indirect	%
Christopher Chan Hooi Guan	Malaysian	Chairman and Chief Executive Officer	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	Malaysian	Chief Systems Officer	11,079,680	8.42	-	-
Lee Chi Yeng	Malaysian	Chief Technology Officer	11,079,680	8.42	11,279,680 ⁽²⁾	8.57
Chang Choon Ming	Malaysian	Executive Director	6,189,200	4.70	-	-
Chong Kien Eng @ Teo Kien Eng	Malaysian	Financial Controller	1,185,340	0.90	-	-
Hii Lu Teck	Malaysian	Product Development Manager	721,180	0.55	-	-
Tang Kin Chuen	Malaysian	Assistant Chief Technology Officer	721,180	0.55	-	-

Notes:

(1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng

(2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan

Detailed information on the Promoters, substantial shareholders, directors and key management and technical personnel are set out in Section 8 of this Prospectus.

1.11 MATERIAL LITIGATION, MATERIAL COMMITMENTS, WORKING CAPITAL, BORROWINGS AND MATERIAL CONTINGENT LIABILITIES

As at 25 October 2004, being the last practicable date prior to the printing of this Prospectus, the TMS Group:-

- (i) does not have any outstanding borrowing, loan capital outstanding, loan capital created but unissued, or mortgage or charge outstanding, save for:-

Outstanding borrowings	Interest rate	Payable within 12 months (RM)	Payable after 12 months (RM)	Total (RM)
Hire-purchase	3.9% per annum	12,000	40,000	52,000

There has been no default by TMS Group on payments of either interest and/or principal sums in respect of its borrowings throughout the past financial year and subsequent financial period immediately preceding the date of this Prospectus.

- (ii) has not contracted material commitments not provided for in the accounts in respect of the purchase of land, building, plant machinery, shoplots and construction of factory buildings; and

1 SUMMARY INFORMATION (Cont'd)

- (iii) is not engaged in any material litigation either as plaintiff or defendant and the directors of the Company have no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially affect the position and business of the Group.

1.12 FUTURE FINANCIAL INFORMATION

The Board has decided not to include in this Prospectus a profit forecast due to the uncertainty of the revenue arising from the services offered by the Group. Although the Board believes that the services would continue to improve the performance of the Group, the actual level of impact is difficult to forecast with considerable accuracy.

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2 PARTICULARS OF THE PUBLIC ISSUE

2.1 OPENING AND CLOSING OF APPLICATION

The Application for the Public Issue will open at 10.00 a.m. on 19 November 2004 and will remain open until 5.00 p.m. on 26 November 2004 or for such period or periods as the Board and Kenanga at their absolute discretion may decide. Late applications will not be accepted.

2.2 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market is set out below: -

Event	Tentative Date
Opening of Application for the Public Issue	19 November 2004
Closing of Application for the Public Issue	26 November 2004
Balloting Date	30 November 2004
Despatch of Notices of Allotment of the Public Issue Shares to successful applicants	7 December 2004
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	8 December 2004

These dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The Application List will close at the date stated above or such later date as the Board and Kenanga at their absolute discretion may decide.

Should the date of closing of application for the Public Issue Shares be extended, the dates for despatch of notices of allotment of the Public Issue Shares to successful applicants and listing of TMS' entire enlarged issued and paid-up share capital on the MESDAQ Market will be extended accordingly. In the event the date of the closing of application for the Public Issue Shares is extended, applicants will be notified of such extension by way of advertisements placed in a widely circulated English and Bahasa Malaysia newspaper.

2.3 SHARE CAPITAL*Authorised:-*

500,000,000 ordinary shares of TMS of RM0.10 each	<u>RM50,000,000</u>
---------------------------------------------------	---------------------

Issued and paid-up:-

106,963,600 ordinary shares of TMS of RM0.10 each	RM10,696,360
---------------------------------------------------	--------------

To be issued pursuant to the Public Issue:-

24,680,000 ordinary shares of TMS of RM0.10 each	<u>RM2,468,000</u>
--------------------------------------------------	--------------------

Enlarged issued and paid-up share capital

131,643,600 ordinary shares of TMS of RM0.10 each	<u>RM13,164,360</u>
---------------------------------------------------	---------------------

Issue Price	RM0.35
-------------	--------

There is only one (1) class of shares in the Company namely ordinary shares of TMS. The Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and fully paid-up ordinary shares of TMS including voting rights and the right to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares of TMS held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Subject to any rights or restrictions attaching to any shares which may be issued by the Company in future, each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, or by duly authorised representative, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder or proxy or attorney or authorised representative who has a right to vote shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative who has a right to vote shall have one (1) vote for each share of TMS held.

2.4 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is an invitation by TMS to the public to subscribe for the Public Issue Shares at an issue price of RM0.35 per TMS Share subject to the terms and conditions in this Prospectus.

The Public Issue Shares are made available for subscription to the following:-

	No of TMS Shares
(i) Eligible business associates	1,600,000
(ii) General public:	
(a) by way of private placement	21,880,000
(b) by way of public offer	1,200,000
Total	24,680,000

There is only one (1) class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Shares upon allotment shall rank pari passu in all respects with one another and all other existing issued and fully paid-up ordinary shares of TMS including voting rights and the right to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

The basis of allocation to be determined shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of the Company to meet the public spread requirements and to establish a liquid and an adequate market in the ordinary shares of TMS. To meet the shareholding spread requirements, the final allocation to any single applicant shall not breach 5% or more of the enlarged issued and paid-up share capital of the Company upon Listing, regardless of the amount of Public Issue Shares applied for.

The Public Issue Shares in respect of Section 2.4(i) above are allocated to eligible business associates of TMS. Based on the criteria, there are approximately 100 business associates who are eligible and are interested in taking up the reserved Public Issue Shares. All of the 1,600,000 Public Issue Shares to be allocated to eligible and interested business associates have been allocated based on their respective number of years of relationship with the Company.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

In the event that any of the Public Issue Shares under Section 2.4(i) above are not taken up by the eligible business associates of TMS, such Public Issue Shares will be made available for application by the investing public under Section 2.4(ii)(b) by way of the public offer.

In the event of an under-subscription of the public offer under section 2.4(ii)(b) above, such unsubscribed Public Issue Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice versa.

The minimum number of ordinary shares of TMS to be subscribed for the purpose of the Public Issue is 24,680,000 ordinary shares being 100% of the ordinary shares available under the Public Issue.

The Public Issue Shares under Section 2.4 (i) and (ii)(b) have been fully underwritten by the Underwriter in compliance with the Listing Requirements. The Placement Agent has received irrevocable undertakings from selected investors to take up the Public Issue Shares under paragraph 2.4(ii)(a) above.

2.5 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- (i) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of TMS onto the MESDAQ Market;
- (ii) To provide TMS with access to the capital market to raise funds for future expansion and growth;
- (iii) To provide an opportunity for Malaysian investors and institutions, business associates and the public to participate in the continuing growth of the Company; and
- (iv) To enhance the stature of the Company in marketing its products and services and to maintain its existing and attract new skilled IT professionals.

2.6 PRICING OF THE PUBLIC ISSUE

The Issue Price of RM0.35 per ordinary share of TMS was determined and agreed upon by the Company and Kenanga as Adviser, Underwriter, Placement Agent and Sponsor after taking into account, inter-alia, the following:-

- (i) The Group's financial and operating history and conditions as described in Sections 4 and 6 of this Prospectus;
- (ii) The industry overview, future plans and strategies and outlook of the Group as described in Sections 5 and 7 of this Prospectus; and
- (iii) The Group's proforma audited NTA per share after Public Issue of 12 sen per share.

However, investors should also note that the market price of TMS Share upon IPO may be affected by the vagaries of market forces and other uncertainties. Investors should form their own views on the valuation of the Public Issue Shares before deciding to invest in TMS.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.7 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds amounting to RM8,638,000 will accrue entirely to the Company and is intended to be utilised as follows:-

	Notes	RM	Expected time frame for utilisation
Acquisition	(i)	140,000	3 months from Listing
Working capital	(ii)	3,998,000	36 months from Listing
R&D expenses	(iii)	3,000,000	36 months from Listing
Listing expenses	(iv)	1,500,000	6 months from Listing
		8,638,000	

Notes:

(i) Acquisition

TMS proposes to utilise RM140,000 to settle the balance of the purchase consideration for the acquisition of M-Apps to be paid within 45 days after the Company is listed on the MESDAQ Market. The acquisition of M-Apps is expected to enable the Company to extend its reach into the provision of wireless tracking and monitoring solutions which leverages on mobile and wireless technologies.

(ii) Working capital

The Group proposes to allocate RM3,998,000 to meet its working capital requirements. The working capital portion will be used in relation to expenses incurred by the Group to expand its overseas market base by carrying out promotional activities, seminars and in-house training, development of online technical support and development of training manual for overseas distributors and resellers. In addition, the proceeds for working capital will be used to defray operating expenses such as staff salaries, marketing, travelling, rental of premises and etc.

(iii) R&D Expenses

The Group proposes to apply RM3,000,000 towards the research and development of new products and solutions such as Grant Management Systems, web-based and wireless customer relationship management, web-based sales force automation system and work flow management system supported by its knowledge management methodology. The development of these products and solutions will ensure that the Group is able to constantly meet the future demands of their customers, which in turn will contribute to the revenue of the Group.

(iv) Estimated listing expenses

A portion of the proceeds is also expected to be used to bear the listing expenses such as advertising and printing costs, fees payable to the authorities, professionals and issuing house, underwriting and placement commission, brokerage fees, promotional expenditure and other related costs.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The detailed breakdown of TMS' listing expenses is as follows: -

	RM
Fees to authorities	85,000
Professional fees ⁽¹⁾	700,000
Underwriting, placement and brokerage fees	150,000
Printing, advertising and other miscellaneous expenses and contingencies ⁽²⁾	565,000
Total	<u>1,500,000</u>

Note:-

- (1) Include fees for the Adviser, Reporting Accountants, Solicitors and other professional fees.
- (2) Any unutilised amount shall be used for working capital purposes of the Group.

The proceeds will be placed in fixed deposits and/or other liquid money market instruments until they are fully utilised.

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2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.8 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION

(i) BROKERAGE FEE

Brokerage fee relating to the Public Issue Shares will be paid by the Company at the rate of one percent (1.0%) of the Issue Price per Public Issue Share in respect of successful applications which bear the stamps of Kenanga, a member company of Bursa Securities or the Issuing House.

(ii) UNDERWRITING COMMISSION

Kenanga has agreed to underwrite the Public Issue Shares which will be made available for application to eligible business associates and under the public offer. Underwriting commission is payable by the Company at the rate of one and a half percent (1.5%) of the Issue Price per Public Issue Share.

(iii) PLACEMENT COMMISSION

Kenanga will arrange for the placement of the Public Issue Shares at a rate of one and a half percent (1.5%) of the Issue Price for the aggregate of the total value of Public Issue Shares that have been placed by Kenanga. A management fee is payable by the Company to Kenanga at the rate of half percent (0.5%) of the Issue Price for the aggregate of the total value of Public Issue Shares under the private placement.

The Placement Agent has received irrevocable undertakings from selected investors with regards to the Public Issue Shares under placement.

2.9 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

An extract of the salient provisions of the Underwriting Agreement are as follows :-
(Note : Unless otherwise stated all definitions should bear the same meanings as prescribed in the Underwriting Agreement)

2.2 The obligations of the Underwriter under this Agreement are conditional upon:-

2.2.1 *there having been on or prior to the Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company and/or its Subsidiaries, which is material in the context of the Public Issue from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Underwriter, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*

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2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- 2.2.2 *the delivery to the Underwriter:-*
- 2.2.2.1 *prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of the memorandum and articles of association of the Company and all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
- 2.2.2.2 *a certificate, in the form or substantially in the form contained in the **FIRST SCHEDULE**, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2.1.*
- 2.2.3 *the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiaries;*
- 2.2.4 *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 12;*
- 2.2.5 *the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*
- 2.2.6 *the Company having complied and that the Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;*
- 2.2.7 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the Public Issue and the lodgement of the Prospectus with the ROC on or before their release under the Public Issue;*
- 2.2.8 *Bursa Securities agreed and approved in principle on or prior to the Closing Date to the listing of and quotation of the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market and the SC (as the case may be) having approved the Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Underwriter and the Underwriter being reasonably satisfied that such listing and quotation shall be granted 2 clear Market Days after the Issue Shares have been issued and despatched to entitled holders and after the receipt of all relevant documents pertaining to the listing and quotation of the entire enlarged issued and paid-up share capital of the Company by Bursa*

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Securities and the Prospectus being in the form and substance satisfactory to the Underwriter; and

- 2.2.9 The issuance of the Prospectus within ninety (90) days from the date hereof or such extended period as the Parties may mutually agree in writing.*
- 2.3 If any of the conditions set out in Clause 2.2 is not satisfied by the Closing Date, the Underwriter shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 12, incurred prior to the termination, there shall be no further claims by the Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of Clause 2.2.*
- 8.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing, at any time, be entitled to terminate, cancel or withdraw their obligations and commitments under this Agreement by notice in writing delivered to the Company, if in the reasonable opinion of the Underwriter, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the Closing Date namely:-*
- 8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Underwriter, or by the Closing Date, whichever is earlier; or*
- 8.1.2 any government requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial condition or business or operations of the Company, and/or the prospects or future financial condition or business or operations of the Company; or*
- 8.1.3 there is withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*
- 8.1.4 there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or the Group; or*
- 8.1.5 there shall have occurred, happened or come into effect any of the following circumstances:-*
- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(b) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.1.6 *there is failure on the part of the Company to perform any of its obligations herein contained; or*

8.1.7 *the imposition of any moratorium, suspension or material restriction on trading in securities generally in the MESDAQ Market of Bursa Securities due to exceptional financial circumstance or otherwise; or*

8.1.8 *upon the delivery of such notice referred to in Clause 8.1 by the Underwriter, the following shall take place within seventy-two (72) hours of the receipt of such notice:*

(a) *the Company shall make payment of the Underwriting Commission to the Underwriter ; and*

(b) *each party shall return all other moneys (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder),*

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

8.2 *Upon such notice(s) being given under Clause 8.1, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3 and under Clause 12 for the payment of the costs and expenses already incurred prior to or in connection with such termination and under Clause 12 for the payment of any taxes, duties or levies and for any antecedent breach.*

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3 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THIS PROSPECTUS, APPLICANTS FOR THE PUBLIC ISSUE SHARES SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

(i) No prior market for the Company's shares

Prior to the Public Issue, there was no public market for the ordinary shares of TMS. There can be no assurance that an active market can develop for the ordinary shares of TMS upon its listing on the MESDAQ Market or if developed, that such a market can be sustained. The Issue Price of RM0.35 per Public Issue Share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the prospects of the industry in which the Group operates and the future plans, strategies and outlook of the Group. There can be no assurance that the Issue Price will correspond to the price at which ordinary shares of TMS will trade on the MESDAQ Market upon or subsequent to its listing.

(ii) Forward looking statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believe", "intends", "plans", "expects", "forecast", and similar expressions as they relate to the Group or its business are intended to identify such forward-looking statements. The Group believes that the expectations reflected in such forward-looking statements are reasonable at this point of time. There can be no assurance that such expectations will prove to have been correct. Any deviation from the expectations may have adverse effect on the Group's financial and business performance.

(iii) Revenue stream

TMS Group generates revenue from the products and services provided. The Group expects its products and solutions, and future upgraded versions of its products and solutions, to continue to account for a large portion of revenue in the foreseeable future. However, the Group's revenue stream may be subject to volatility due to inter-alia the following factors, some of which may be outside the Group's control:

- changes in demand for and market acceptance of products and services;
- expansion into international markets;
- introduction of products and services and enhancements by TMS and M-Apps;
- introduction of products and services and enhancements by its competitors;
- changes in competitive factors that affect pricing;
- changes in the mix of products and services being sold;
- changes in the various sales channels through which the products and services are sold;
- the timing and magnitude of capital expenditures, including costs relating to the expansion of operations;

3 RISK FACTORS (Cont'd)

- the size and timing of customer orders, particularly large orders, some of which may represent more than 10% of total revenue during a particular quarter;
- dependency on major customers;
- the size and timing of customer deployments; and
- changes in technology.

(iv) Sales cycle

The typical sales cycle of products and solutions can be long and unpredictable. A successful sales cycle may last six months or longer, and typically includes presentations to both business and technical decision makers. The adoption of the software solution can be time-consuming and often involves a significant commitment of resources by prospective customers. Accordingly, a purchase decision for a potential customer typically requires the approval of several senior decision makers, often requiring the Group to expend substantial resources educating prospective customers about the software. The sales cycle is also affected by the business conditions of each prospective customer and seasonal fluctuations as a result of customers' fiscal year budgeting and purchasing cycles. This cycle is also subject to a number of significant delays over which the Group have little or no control. As a result of which the Group's performance may potentially be adversely affected.

(v) Software defects

If the software solutions contain errors, the Group may lose customers or experience reduced market acceptance of the products.

Prior to the adoption of the software solution by the customer, TMS Group would ensure that a full quality control testing is carried out. Notwithstanding these tests the Group's software products and solutions are inherently complex and may contain defects and errors that are detected only when the product is in use. In addition, some of the Group's customers require, or may require, enhanced modifications of the software for their specific needs. Modifications may increase the likelihood of undetected defects or errors. Further, the Group often renders implementation, consulting and other technical services, the performance of which typically involves working with sophisticated software, computing and networking systems. As a result of product defects or failure to meet project milestones for services, the Group's customers may not implement the products and solutions more broadly within their organisation and thus reduces market acceptance of the Group's product.

(vi) Compatibility of products

If TMS Group is unable to develop products that are compatible and can be easily integrated with a large variety of hardware, software, database and networking systems, the Group's ability to attract and retain customers will be undermined.

The Group's products are designed to support a broad set of enterprise applications and services. To further gain market acceptance of the Group's products, it is believed that TMS Group's products must support an increased number of applications and services in the future. Recognising the need to ensure seamless integration with other applications of the Group's products, TMS uses acceptable industry standards, protocols and technologies, and keeps abreast with evolving standards and technologies that enables seamless integration with other applications. Notwithstanding this initiative to enhance compatibility, the inherent risk that the Group's products may not be compatible with other relevant software and products in the market or with software products and solutions used by its clients or potential clients still exists.

3 RISK FACTORS (Cont'd)

(vii) Breach in security

Security breaches with the Group's software may lead to unexpected capital expenditures and cause a loss in revenue and reputation.

The Group's products are designed to facilitate the secure transmission of sensitive business information to specified parties outside the client's business over the Internet. As a result, the integrity of the security of the Group's software solutions is vital to market acceptance of its products. The Group's product may be vulnerable to unauthorised use or other improper activity that could jeopardise the security of information. Problems caused by security breaches could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, diversion of research and development resources, harm to the Group's reputation, customer claims, increased insurance costs or increased service, legal suits and warranty costs.

(viii) Capacity restrictions

TMS Group's products are designed to support enterprise-wide deployments with a large number of users. However, the amount of information and the number of concurrent users that the products can support in any particular deployment is subject to the capacity and efficiency of the delivery modes and supporting infrastructure (eg. Internet access) which the client has in place. If these capacity boundaries are reached, the efficiency and performance of the Group's products may be affected, thus impacting customer satisfaction and perception of the Group's products.

(ix) Political, economic, social and legislative considerations

Development in political, economic and social conditions in Malaysia and other countries where the Group is currently operating or where the Group may undertake projects or market its products in the future could materially affect the financial prospects of the Group. Political, economic and social uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates, epidemic and methods of taxation.

(x) Control of certain substantial shareholders

The Company will be controlled by eight main shareholders, namely Christopher Chan Hooi Guan, Thong Weng Hung, Lee Chi Yeng, Chang Choon Ming, PrimeAce Venture, Ko Lim BAC, Walden Group and IDSSS who will collectively control approximately 73.00% of the Company's issued and paid-up share capital after the Public Issue. As a result, these substantial shareholders will be able to collectively influence the outcome of certain corporate actions in a manner that could cause conflict with the interests of minority shareholders.

However in the event of related party transactions involving any of the substantial shareholders of the Company, such substantial shareholders would be required to abstain from voting. In addition, TMS has appointed two (2) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

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3 RISK FACTORS (Cont'd)

(xi) Dependence on key personnel

TMS is highly dependent on certain members of the management staff, including, without limitation, the Chairman and Chief Executive Officer, Christopher Chan Hooi Guan, the Chief Technology Officer, Lee Chi Yeng and the Chief Systems Officer, Thong Weng Hung. The loss of one or more of these officers might impede the achievement of the business objectives.

If TMS is unable to hire and integrate new personnel, the Group's operations will be disrupted and growth impaired.

The Group's success depends on the ability to hire, train and retain qualified and competent IT personnel. The Group's success also depends on the continued employment of the Company's executive directors, senior management team and key technical personnel. Whilst the Group has made efforts to nurture and maintain a good relationship with its senior management team and key technical personnel, there can be no assurance that the loss of any of the key employees can be avoided. The Group intends to mitigate this by continuing to hire personnel as and when necessary to accommodate any increase in the size of the Group's operations. In addition, the Directors believe that offering a competitive salary package, ensuring that the objectives of key management are aligned to those of the Group through stock ownership in the Company, training and conducive working environment should mitigate this risk further. Recognising the importance of its human resource, efforts have also been taken to groom younger members of the senior management team to ensure smooth transition in the management team.

(xii) Managerial, operational and financial resources

Managing the growth of the Group's operations will continue to strain managerial, operational and financial resources.

The planned expansion of the Group's operations will place a significant strain on the management, financial controls, operations systems, personnel and other resources. TMS Group's ability to manage future growth, will depend in large part upon a number of factors, including the Group's ability to rapidly:

- build and train sales and marketing staff to create an expanding presence in the evolving software solution market, and keep them fully informed over time regarding the technical features, issues and key selling points of the Group's products;
- develop customer support capacity as sales of products grow, so that the Group can provide customer support without diverting resources from product development efforts; and
- expand internal management and financial controls significantly, so that the TMS Group can maintain control over operations and provide support to other functional areas within the Group as the number of the personnel and size of the Group increases.

(xiii) Proprietary rights

Despite TMS Group's efforts to protect the Group's proprietary rights, unauthorised parties may attempt to copy or otherwise obtain and use TMS Group's software product or technology without authorisation. The management cannot be certain that the steps undertaken to police unauthorised use of the Group's product such as, the signing of licensing agreements with their clients, implementing source code control procedures, amongst others, will prevent misappropriation of the Group's technology.

3 RISK FACTORS (Cont'd)

(xiv) Competition and competitiveness of the ICT industry

Competition in the ICT industry is high and consolidation within the industry and its customers could limit the Group's ability to attract and retain customers. Other threats and risks associated with the ICT industry include changing and new industry standards, competitive pressures from dominant players, software piracy, freeware and open source technologies, technological obsolescence and untested business models for some Internet-based services and applications. Further details in respect of threats and risks to ICT operators are set out in Section 5 of this Prospectus.

The market for the Group's products is also competitive and is characterised by rapid technological change, evolving industry standards and changes in customer needs, and new product introductions and improvements. Current competitors include certain dominant players and established software vendors that are Web-enabling their applications or are building infrastructure software, emerging companies offering competitive products and companies choosing to build their own solutions. In addition, new competitors, or alliances among existing and future competitors, may emerge and rapidly gain significant market share. Increased competition could result in price reductions for the Group's product and lower profit margins and reduced market share. However the Board believes that the ability of the Group to provide a wider range of products thereby enabling clients' various demands to be met under one roof is a competitive advantage which the Group has over some of its competitors. In addition, TMS has been in operations for approximately 8 years, resulting in an experienced and efficient and proven product delivery mode to the client, as compared to new start-ups or those that have yet to refine their respective delivery modes to the clients.

The Group's competitive advantage as mentioned above is due to the Group's attention to the following:-

- Continued focus on R&D to upgrade products and/or introduce new products to reflect market trends;
- Co-operations and strategic alliances with major industry players such as Microsoft or IBM;
- Has and will continue to develop software products which will require less utilisation of third party software as well as less resources to provide a quicker turnaround time to deploy projects for the Group's clients which would also result in lower price position than its existing competitors;
- In order to penetrate new markets and gain greater share of existing markets, the Group will continue to form partnerships with local and international companies as well as government bodies to establish sales channels, strengthen awareness and branding efforts and to organize joint events to optimise investments; and
- Has and will continue to place strong focus on marketing including brand building.

Although the above are some of the measures to overcome and/or address the intense competition within the ICT industry, there can be no assurances that the Group will be able to successfully implement the above mitigating factors in order to overcome and/or address the intense competition within the ICT industry and no assurances can be given that the Group will be able to remain competitive within the ICT industry.

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3 RISK FACTORS (Cont'd)

(xv) Introduction of new products and enhancements

Difficulties in introducing new products and enhancements in a timely manner may impact market acceptance of the Group's products.

New products, platforms and language support can require long development and testing periods. Any delays in developing and releasing new products could undermine the Group's business. New products or enhancements may not be released according to schedule or may contain defects when released. Either situation could result in adverse publicity, loss of sales, delay in market acceptance of the Group's products or customer claims against the Group, any of which could harm the business. The Group may be unable to successfully develop and market product enhancements or new products that respond to the technological changes, shifting customer tastes or evolving industry standards, and may experience difficulties that could delay or prevent the successful development, introduction and marketing of these products. If the Group is unable to develop and introduce new products or enhancements of existing products in a timely manner or if the Group experience delays in the commencement of commercial delivery of new products and enhancements, the ability to attract and retain customers may be undermined.

(xvi) Technological change

Failure to manage technological changes, will lead to a drop in demand for products and services.

The market for integrated web-based applications and solutions in Malaysia is still at an early stage of development and is characterised by rapidly changing technology, evolving industry standards, frequent new service and product introductions and changes in customer demands. The future success of the Group will depend to a substantial degree on the Group's ability to offer products and services that incorporate leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Investors should be aware that:

- the technology or systems may become obsolete upon the introduction of alternative technologies; and
- the technological life cycles of the products are difficult to estimate.

(xvii) Responding to changes

If the Group fails to adequately respond to changes in customer needs, the ability to attract and retain customers will suffer.

TMS Group expects that the customers will increasingly demand additional features with respect to the services the Group provides. To meet these demands, the Group must develop and implement expanded customer support services to enable future sales growth. In addition, if the Group is successful in implementing its marketing strategy, the demands on TMS Group's technical support resources will grow rapidly, and may experience difficulties in responding to customer demand for the Group's services and providing technical support in accordance with the customers' expectations. The Group expects that these demands will require not only the addition of new management personnel, but also the development of additional expertise by existing management personnel and the establishment of long-term relationships with third-party service vendors. Inability to address these customer demands, would affect the Group's ability to attract and retain customers.

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3 RISK FACTORS (Cont'd)

(xviii) MSC status

TMS and M-Apps were granted MSC status on 14 September 1999 and 29 May 2003 respectively by MDC and grantees enjoy financial and non-financial incentives. TMS had on 27 September 2004 obtained approval from the MDC for a further extension of five (5) years to its tax-free status for the Company. As such, TMS will continue to enjoy tax-free benefits on its income derived from MSC-related activities up to 30 August 2009.

MDC is the body responsible for monitoring all MSC designated companies. MDC has the right to revoke any company's MSC status at any time. As such, there can be no assurance that the Company or M-Apps will continue to retain its MSC and pioneer status or that the two companies will continue to enjoy or not experience delays in enjoying the MSC incentives, all of which could materially and adversely affect the Group's business, operating results and financial condition. There can be no assurance that the MSC incentives will not be changed or modified in anyway in the future.

(xix) Reliance on major customers

There can be no assurance that the Group's relationship with its customers will continue indefinitely. The Group's contracts with its major customers are generally one-off in nature, save for maintenance and support contracts, which are renewable on an annual basis. The top four customers contributed approximately 47.9% of the total revenue of the Group for the 7-month financial period ended 31 July 2004 and there can be no assurance of recurring contracts from these customers. The failure to maintain its existing relationships, or to establish new relationships in the future for any reason or termination of any of its existing contracts could have a material adverse impact on the Group's business and financial condition.

(xx) Abortion or delay of projects

Some of the Group's customers are currently in the midst of implementing the Group's products and may encounter delays or other problems in introducing it. A customer's decision not to implement the Group's products, or a delay in implementation could result in a delay or loss in related revenue.

(xxi) Failure or delay in the listing

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in or non-implementation of the listing:-

- (i) The Underwriting Agreement is terminated; or
- (ii) The Company is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total number of shares for which listing is sought to be in the hands of the public at the point of its admission to the MESDAQ Market.

Although the Directors of TMS will endeavour to ensure compliance by TMS of the various Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for the successful listing, no assurance can be given that the abovementioned factors will not cause a delay in or non-implementation of the listing.

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3 RISK FACTORS (Cont'd)

(xxii) Insurance risks

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple its business operations. In ensuring such risks are maintained to the minimum, the Group regularly reviews and ensures insurance coverage is adequate for its assets, particularly for unforeseen events such as fire and lightning, storm, riot, strikes and malicious damage. Although the Group has taken the necessary measures to ensure that its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of all assets of the Group, including but not limited to, any consequential costs arising therefrom.

(xxiii) Uncertainty of business development plan

The success of the Group's business plan will be largely dependent upon the market of the ICT industry, as well as the Group's ability to maintain a cost-efficient structure and further develop and market its services and products. In addition, the Group's future plans and prospects will be dependent upon, among other things, the Group's ability to respond to market changes, competitively price its services and products, maintain strong international alliances, hire and retain skilled management and successfully manage operational, financial and other internal systems.

There can be no assurance that the Group will be able to successfully implement its business plan or that unanticipated change in the market forces or financial constraints will not occur which would result in material delays in its implementation or even deviation from its original plans. Moreover, there can be no assurance that the Group will have sufficient capacity to satisfy any increased demand for growth from the Group's implementation of its business development plan.

(xxiv) Registration of brand names

The Company has applied for the registration of TMS, tmsPUBLISHER™, tmsSYNDICATOR™, tmsSEED™, tmsINTRANET™, tmsFRAMEWORK™, Transknowformance™ and tmsEKP™ brand names respectively. The Company relies on the trademarks to establish and protect its brand names.

However, due to the time frame required for the registration of the brand names and a situation arising where another party might be seeking to register similar brand names, as at 25 October 2004 being the latest practicable date prior to the printing of this Prospectus, the Company is not assured that the brand names will be registered.

(xxv) Reliance on contracts

The contracts entered into by the Group with its major customers are generally project-based in nature, save for licensing, maintenance and support contracts, which are renewable on an annual basis. In view of this, the Group's business activities are somewhat reliant on securing contracts with customers. Such contracts with customers are normally secured by the Group through direct marketing, seminars and educational programmes in creating awareness of its products, introduction of customers by its direct partners and government tenders.

The Group ensures continuous orders for its products through its ability to provide a wider range of products under one roof thereby being able to meet its clients' various requirements. In addition to this, the Group also constantly enhances and carries out on-going development on its products, undertakes active promotional activities to seek new customers, utilise channels to distribute its products and to leverage on the Group's established brandname and operational track record of over 8 years in the industry.

3 RISK FACTORS (Cont'd)

There can be no assurances that the Group's abovementioned approach in securing contracts will result in continuous orders from customers as the securing of contracts in the future may be subject to factors which the Group have little or no control of. In the event that the Group fails to secure future contracts, the Group's financial performance may potentially be adversely affected.

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