



## TFP Solutions Berhad

(Company Number : 773550-A)  
(Incorporated in Malaysia under the Companies Act 1965)

PUBLIC ISSUE OF 24,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN TFP SOLUTIONS BERHAD (“TFP SHARES”) AT AN ISSUE PRICE OF RM0.48 PER TFP SHARE (“PUBLIC ISSUE”) PAYABLE IN FULL ON APPLICATION COMPRISING:

- 4,000,000 NEW TFP SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF TFP SOLUTIONS BERHAD AND ITS SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY;
- 15,000,000 NEW TFP SHARES FOR PLACEMENT TO SELECTED INVESTORS; AND
- 5,000,000 NEW TFP SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC

AND BONUS ISSUE OF ONE (1) NEW TFP SHARE TO BE ISSUED AND CREDITED AS FULLY PAID-UP FOR EVERY TWO (2) TFP SHARES HELD AFTER THE PUBLIC ISSUE

IN CONJUNCTION WITH ITS LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 28 HEREOF**

**INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGH INVESTMENT RISK**

*Adviser, Underwriter & Placement Agent*



THIS PROSPECTUS IS DATED 5 FEBRUARY 2008



**TFP SOLUTIONS BERHAD** (773550-A)

No. 20-2, Jalan Puteri 1/2,  
Bandar Puteri,  
47100 Puchong,  
Selangor Darul Ehsan,  
Malaysia.

tel: +603 8060 0088  
fax: +603 8061 3682  
url: www.tfp.com.my

Company Number : 773550-A

## **RESPONSIBILITY**

Our Directors and Promoters have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. They confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement in this Prospectus false or misleading. Our Directors accept full responsibility for the profit estimate and forecast included in this Prospectus and confirm that the profit estimate and forecast has been prepared based on assumptions made.

Kenanga Investment Bank Berhad (“Kenanga”), as our Adviser, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined in this Prospectus). Kenanga is also satisfied that the profit estimate and forecast (for which our Directors are fully responsible), prepared for inclusion in this Prospectus, have been stated by our Directors after due and careful enquiry and has been reviewed by our Reporting Accountants.

## **STATEMENTS OF DISCLAIMER**

The Securities Commission (“SC”) has approved the Issues and the Listing. However, this approval is not an indication that the SC recommends the Public Issue.

Our admission to the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) is not to be taken as an indication of the merits of our Company, our Shares or the Public Issue. In addition, you should not take the agreement by the Underwriter to underwrite the Public Issue as an indication of the merits of our Company, our Shares or the Public Issue.

The SC shall not be liable for any non-disclosure in this Prospectus by us. The SC also takes no responsibility for the contents of this Prospectus and makes no representation as to its accuracy or completeness. The SC shall not be liable for any loss you may suffer as a result of your reliance on the whole or any part of this Prospectus. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF INVESTING IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, and the accompanying application forms have also been lodged with the Registrar of Companies who takes no responsibility for its contents.

## **OTHER STATEMENTS**

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the *Capital Market and Services Act 2007*.

Characteristics of the MESDAQ Market of Bursa Securities:-

You should be aware that MESDAQ is a distinct market from the Main and Second Boards in many respects. In particular, companies listed on MESDAQ Market are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on the MESDAQ Market may have a limited operating history or may not have any profit track record prior to listing. As such, these companies may be of high investment risk. The regulatory philosophy underlying the MESDAQ Market is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, the prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

**This Prospectus can also be viewed or downloaded from the Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com).**

We will not take any action to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It is your sole responsibility to consult your legal and/or other professional advisers on the applicable laws that you are or might be subject to. Neither our Adviser nor we will accept any responsibility or liability if your application becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this Prospectus, the English version shall prevail.

**TENTATIVE TIMETABLE**

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

<b>Event</b>	<b>Tentative Date</b>
Issue of Prospectus	5 February 2008
Opening Date of the Public Issue	5 February 2008
Closing Date of the Public Issue	13 February 2008
Balloting of applications for Public Issue Shares	15 February 2008
Allotment of the Public Issue Shares to successful applicants	18 February 2008
Listing date	22 February 2008

**THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION WILL OPEN AND CLOSE ON THE DATES STATED ABOVE OR SUCH LATER DATE OR DATES AS OUR BOARD OF DIRECTORS AND THE UNDERWRITERS MAY JOINTLY DECIDE AT THEIR ABSOLUTE DISCRETION.**

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 OUR 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 IS EXTENDED, THE PUBLIC WILL BE NOTIFIED OF SUCH EXTENSION BY WAY OF ADVERTISEMENTS PLACED IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

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## DEFINITIONS

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All references to “our Company” and “TFP Solutions” in this Prospectus are to TFP Solutions Berhad (773550-A), references to “our Group” are to our Company, our consolidated subsidiaries and associate company and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, our consolidated subsidiaries and associate company. Unless the context otherwise requires, “Management” are to our Executive Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Unless otherwise indicated, the operating data in this Prospectus is given as at 31 December 2007. All references to dates and times are references to dates and times in Malaysia.

In this Prospectus, references to the “Government” are to the Government of Malaysia and references to “Ringgit”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall include companies and corporations. Any reference to a time or day shall be a reference to Malaysian time, unless otherwise stated.

This Prospectus includes data provided by various third parties and us and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from internal data. In such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us.

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

Act	: The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Acquisition of MBP	: Acquisition by TFP Solutions of the entire equity interest in MBP for a total purchase consideration of RM1,312,212 satisfied entirely by the issue of 13,122,120 TFP Shares
Acquisition of ProDsर्व	: Acquisition by TFP Solutions of the entire equity interest in ProDsर्व for a total purchase consideration of RM65,281 satisfied entirely by the issue of 652,810 TFP Shares
Acquisition of Property	: Acquisition of land and buildings for a purchase consideration of RM2,100,001 satisfied by cash of RM1.00 and by the issue of 21,000,000 TFP Shares
Acquisition of ProXerv	: Acquisition by TFP Solutions of the entire equity interest in ProXerv for a total purchase consideration of RM386,429 satisfied entirely by the issue of 3,864,290 TFP Shares
Acquisition of SBOne	: Acquisition by TFP Solutions of the entire equity interest in SBOne for a total purchase consideration of RM536,439 satisfied entirely by the issue of 5,364,390 TFP Shares
Acquisition of SoftFac	: Acquisition by TFP Solutions of the entire equity interest in SoftFac for a total purchase consideration of RM1,271,255 satisfied entirely by the issue of 12,712,550 TFP Shares

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**DEFINITIONS (Cont'd)**

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Acquisition of TenInfo	: Acquisition by TFP Solutions of 40% of the equity interest in TenInfo for a total purchase consideration of RM1,266,864 satisfied entirely by the issue of 12,668,638 TFP Shares
Acquisitions of Subsidiary Companies and Associate Company	: Collectively, the Acquisition of SoftFac, Acquisition of ProDserv, Acquisition of ProXerv, Acquisition of MBP, Acquisition of SBOne and Acquisition of TenInfo
ASEAN	: Association of Southeast Asian Nations member countries
Associate Company	: TenInfo
Board	: Board of directors of TFP Solutions
Bonus Issue	: Bonus Issue of 46,692,400 new TFP Shares issued and credited as fully paid-up on the basis of one (1) new TFP Share for every two (2) TFP Shares held after the Public Issue
Bonus Shares	: The 46,692,400 new TFP Shares to be issued pursuant to the Bonus Issue
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
D&B Malaysia	: Dun & Bradstreet (D&B) Malaysia Sdn Bhd ( <i>formerly known as Infocredit D&amp;B (Malaysia) Sdn Bhd</i> ) (527570-M), the Independent Market Researcher
EBITDA	: Earnings before interest, tax, depreciation and amortisation
Electronic Share Application	: Application of the Public Issue Shares through a Participating Financial Institution's ATMs
EPS	: Earnings per share
FPE	: Financial Period Ended/ Ending
FYE	: Financial Year Ended/ Ending
GDP	: Gross Domestic Product
GP	: Gross profit
HP	: Hewlett-Packard
HR	: Human Resource
IMR	: Independent Market Research report from D&B Malaysia dated 24 August 2007 and updated to 31 December 2007
IP	: Intellectual Property
IPO	: Initial Public Offering

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**DEFINITIONS (Cont'd)**

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Issue Shares	:	Collectively, Public Issue Shares and Bonus Shares
Issues	:	Collectively, the Public Issue and Bonus Issue
Kenanga	:	Kenanga Investment Bank Berhad (15678-H)
Listing	:	Initial listing of and quotation for our entire enlarged issued and paid-up share capital comprising 140,077,200 TFP Shares on the MESDAQ Market
Listing Requirements	:	The Listing Requirements of Bursa Securities for the MESDAQ Market
LPD	:	31 December 2007, the last practicable date prior to the printing of this Prospectus
Market Days	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MBP	:	MBP Solutions Sdn Bhd (645486-P)
MDeC	:	Multimedia Development Corporation Sdn Bhd (389346-D)
MESDAQ IPO Guidelines	:	SC Guidelines for Initial Public Offerings and Listings on the MESDAQ Market
MESDAQ Market	:	MESDAQ Market of Bursa Securities
Microsoft	:	Microsoft Corporation
MITI	:	Ministry of International Trade and Industry
MNC(s)	:	Multi National Corporation(s)
MPSB	:	Milan Premier Sdn Bhd (780120-X), the substantial shareholder of TFP Solutions after the Transfer of Shares
MSC Malaysia Status	:	Multimedia Super Corridor status
NTA	:	Net tangible assets
PAT	:	Profit after taxation
PATAMI	:	Profit after taxation and after minority interest
PBT	:	Profit before taxation
PE Multiple	:	Price to earnings multiple
ProDserv	:	ProDserv Sdn Bhd (743056-V)
Promoter(s)	:	A person who has an interest directly or indirectly in one or more voting shares in the Company, and who can exercise control or influence over the management of the Company at the time of the Company's admission to the MESDAQ Market. The Promoters of the Company are MPSB, Lim Lung Wen, Quah Teik Jin and Ow Poh Kwang.

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**DEFINITIONS (Cont'd)**

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ProXerv	:	ProXerv Sdn Bhd (710373-T)
Public Issue	:	The public issue of 24,000,000 new TFP Shares representing 25.7% of the enlarged issued and paid-up share capital of TFP Solutions before the Bonus Issue at the Public Issue Price
Public Issue Price	:	RM0.48 per TFP Share under the Public Issue
Public Issue Shares	:	The 24,000,000 new TFP Shares be issued pursuant to the Public Issue subject to the terms and conditions of the Prospectus
R&D	:	Research and Development
RM and sen	:	Ringgit Malaysia and sen respectively
SAP	:	SAP AG
SBOne	:	SBOne Solutions Sdn Bhd (688563-A)
SC	:	Securities Commission
SoftFac	:	SoftFac Technology Sdn Bhd (694919-X)
SPA	:	Sale & Purchase Agreement
Subsidiary Companies	:	Collectively, SoftFac, ProXerv, ProDserv, MBP and SBOne
TenInfo	:	TenInfo Technology Sdn Bhd (587034-U)
TFP Solutions or Company	:	TFP Solutions Berhad (773550-A)
TFP Solutions Group or Group	:	TFP Solutions, Subsidiary Companies and Associate Company
TFP Share(s) or Share(s)	:	Ordinary shares of RM0.10 in TFP Solutions
Transfer of Shares	:	Transfer of Shares by Lim Lung Wen, Quah Teik Jin and Ow Poh Kwang during the prescribed period to MPSB after the Acquisitions of Subsidiary Companies and Associate Company and Acquisition of Property
TTL	:	TenInfo (Thailand) Ltd

**Glossary of Technical Terms**

CRM	:	Customer Relationship Management
EBS	:	Enterprise Business Solutions/ Suites
ERP	:	Enterprise Resource Planning
HCRM	:	Human Capital Resource Management
ICT	:	Information Communications Technology
ISV	:	Independent Solution/ Software Vendors

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**DEFINITIONS (Cont'd)**

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IT	:	Information Technology
ITO	:	Information Technology Outsourcing
KPI	:	Key performance indicators
METHOUT	:	Proprietary outsourcing methodology
NOC	:	Network Operation Centre
PROMISE	:	Proprietary project management methodology
SaaS	:	Software-as-a-Service. Please refer to the Executive Summary of the IMR report set out in Section 12 of this Prospectus for further details.
SCM	:	Supply Chain Management
SOA	:	Service oriented architecture is a software technology architecture that relies on service orientation as its fundamental design principle. Service-orientation describes an architecture that uses loosely coupled services to support the requirements of business processes and users. Please refer to the Executive Summary of the IMR report set out in Section 12 of this Prospectus for further details.
SoftDEV	:	Proprietary software development methodology
SSO	:	Shared Services and Outsourcing
Total Factor Productivity	:	Total Factor Productivity is a measure of the physical output produced from the use of a given quantity of inputs by a firm. The measure of business productivity through Total Factor Productivity takes into account the input factors of production of a firm and its relevant outputs. These input factor conditions are Labour, Capital and Technology. Any improvement in efficiency in these factor conditions will influence the overall business productivity of a firm (Solow, 1957).

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**TABLE OF CONTENTS**

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<b>SECTION</b>	<b>PAGE</b>
IMPORTANT NOTICE	i
TENTATIVE TIMETABLE	ii
DEFINITIONS	iii
TECHNICAL DEFINITIONS	vi
TABLE OF CONTENTS	viii
FORWARD LOOKING STATEMENTS	xi
<b>1. CORPORATE DIRECTORY</b>	<b>1</b>
<b>2. SUMMARY INFORMATION</b>	
2.1 History and Nature of Business	4
2.2 Risk Factors	6
2.3 Financial Highlights	7
2.4 Principal Statistics Relating to the Public Issue	12
2.5 Outlook and Prospects	13
2.6 Proceeds From the Public Issue and Proposed Utilisation	13
2.7 Direct and Indirect Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management	14
<b>3. PARTICULARS OF THE PUBLIC ISSUE</b>	
3.1 Preliminary	16
3.2 Opening and Closing of Application	18
3.3 Important Dates	18
3.4 Share Capital	18
3.5 Particulars of the Public Issue	19
3.6 Purpose of the Public Issue	20
3.7 Pricing of the Public Issue	21
3.8 Proceeds of the Public Issue and Proposed Utilisation	22
3.9 Brokerage, Underwriting and Placement Commission	23
3.10 Salient Provisions of the Underwriting Agreement	23
<b>4. RISK FACTORS</b>	<b>28</b>
<b>5. INFORMATION ON OUR GROUP</b>	
5.1 History and Business	33
5.2 Listing Scheme	34
5.3 Share Capital	39
5.4 Business Overview	39
5.5 Subsidiary Companies	65
5.6 Associate Company	68
<b>6. INDUSTRY OVERVIEW</b>	
6.1 Overview of the Global Economy	69
6.2 Overview of the Malaysian Economy	69
6.3 Manufacturing and Services Sectors in Malaysia	70
6.4 ICT Industry in Malaysia	71

---

**TABLE OF CONTENTS (Cont'd)**


---

<b>SECTION</b>	<b>PAGE</b>
<b>6. INDUSTRY OVERVIEW (cont')</b>	
6.5 Performance of SME and Shared Services Industry	72
6.6 Barriers to Entry	74
6.7 Relevant Laws and Requirements Governing the Industry and Peculiarities of the Industry	76
6.8 Industry Players and Competition	76
6.9 Prospects and Outlook of the Industry	77
6.10 Substitute Products/ Services	79
<b>7. FUTURE PLANS, STRATEGIES AND PROSPECTS</b>	<b>80</b>
<b>8. FINANCIAL INFORMATION</b>	
8.1 Financial Highlights	85
8.2 Management Discussion and Analysis of Financial Condition and Results of Operations	95
8.3 Directors' Declaration on Financial Performance	102
8.4 Material Litigation, Material Contingent Liabilities and Material Capital Commitment	103
8.5 Consolidated Profit Estimate and Forecast	104
8.6 Directors' Analysis and Commentary on the Consolidated Profit Estimate and Forecast	105
8.7 Dividend Forecast and Policy	106
8.8 Reporting Accountants' Letter on the Consolidated Profit Forecasts	107
<b>9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT</b>	
9.1 Information on Promoters /Substantial Shareholders	113
9.2 Information on Directors	118
9.3 Audit, Remuneration and Nomination Committees	122
9.4 Key Management	123
9.5 Involvement of Executive Directors and Key Management in Other Businesses/ Corporations	127
9.6 Declaration of Promoters, Directors and Key Management	127
9.7 Relationships and Associates	128
9.8 Service Agreement	128
<b>10. APPROVALS AND CONDITIONS</b>	
10.1 Conditions to the Approvals and Compliance Thereof	129
10.2 Moratorium on Promoters' Shares	132
<b>11. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST</b>	
11.1 Existing and Proposed Related Party Transactions	133
11.2 Recurrent Related Party Transactions of a Revenue or Trading Nature	135
11.3 Mitigating Factor and Steps for Conflict of Interest	137
11.4 Transactions which are unusual in their nature or conditions	137
11.5 Outstanding loans made to or for the benefit of related parties	137
11.6 Interests in business and corporations carrying similar trade	138
11.7 Promotion of any material assets acquired, disposed of or leased	138
11.8 Declaration of advisers	138

---

**TABLE OF CONTENTS (Cont'd)**


---

<b>SECTION</b>	<b>PAGE</b>
<b>12. EXECUTIVE SUMMARY FOR THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON</b>	139
<b>13. DIRECTORS' REPORT</b>	160
<b>14. ACCOUNTANTS' REPORT</b>	161
<b>15. PROFORMA FINANCIAL INFORMATION OF TFP SOLUTIONS AND REPORTING ACCOUNTANTS' LETTER THEREON</b>	214
<b>16. VALUATION CERTIFICATES</b>	<b>217</b>
<b>17. OTHER GENERAL INFORMATION</b>	<b>219</b>
17.1 Share Capital	219
17.2 Articles of Association	219
17.3 Directors and Substantial Shareholders	223
17.4 General	224
17.5 Expenses and Commissions	225
17.6 Public Take-Overs	225
17.7 Material Litigation	225
17.8 Material Contracts	226
17.9 Letters of Consent	227
17.10 Responsibility Statements	228
17.11 Documents available for Inspection	228
<b>18. PROCEDURE FOR APPLICATION AND ACCEPTANCE</b>	
18.1 Opening and Closing of Application	230
18.2 Methods of Application	230
18.3 Trading of Shares listed on the MESDAQ Market	230
18.4 Private Placement and Public Offer Procedures	230
18.5 Applications using Application Forms	233
18.6 Procedures for Application and Acceptance (Using Electronic Share Applications)	236
18.7 Procedures for Application and Acceptance	241
18.8 CDS Accounts	242
18.9 Notice of Allotment	242
18.10 List of ADAs	243

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## FORWARD LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitations, statements relating to:-

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings.

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

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Sections 4, 5, 7 and 8 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based.

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**1. CORPORATE DIRECTORY**


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***DIRECTORS***

<b>Name</b>	<b>Address</b>	<b>Designation</b>	<b>Nationality/ Occupation</b>
Lim Lung Wen	85, Jalan Merak 3, Bandar Puchong Jaya, 47100 Puchong Selangor	Managing Director	Malaysian/ Director
Quah Teik Jin	No. 12, Changkat Sungai Ara 7, 11900 Bayan Lepas Penang	Executive Director	Malaysian/ Director
Dr. Chew Seng Poh	No. 20, Reservoir 2 <sup>nd</sup> Avenue, 11500 Air Itam Pulau Pinang	Executive Director	Malaysian/ Director
Ow Poh Kwang	Suite 130, MBE Puchong, No. 10, Persiaran Puteri 1, Bandar Puteri, 47100 Puchong Selangor	Executive Director	Malaysian/ Director
Dato' Jamaludin bin Hassan	No 8, Jalan AU5C/7D, Lembah Keramat, Ulu Kelang 54200 Kuala Lumpur	Independent Non- Executive Director	Malaysian/ Director
Edward Khor Yew Heng	Btd – 19, Grandeur Tower, Jalan Pandan Indah 1/16, Pandan Indah, 55100 Kuala Lumpur	Independent Non- Executive Director	Malaysian/ Director
Joseph Ting	No 36, Jalan BU 10/6, Bandar Utama, Petaling Jaya, 47800 Selangor	Independent Non- Executive Director	Malaysian/ Lawyer

***AUDIT COMMITTEE***

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Jamaludin bin Hassan	Chairman of the Committee	Independent Non-Executive Director
Edward Khor Yew Heng	Member of the Committee	Independent Non-Executive Director
Joseph Ting	Member of the Committee	Independent Non-Executive Director

***REMUNERATION COMMITTEE***

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Edward Khor Yew Heng	Chairman of the Committee	Independent Non-Executive Director
Joseph Ting	Member of the Committee	Independent Non-Executive Director
Quah Teik Jin	Member of the Committee	Executive Director

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**1. CORPORATE DIRECTORY (Cont'd)**

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***NOMINATION COMMITTEE***

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Joseph Ting	Chairman of the Committee	Independent Non-Executive Director
Dato' Jamaludin bin Hassan	Member of the Committee	Independent Non-Executive Director
Edward Khor Yew Heng	Member of the Committee	Independent Non-Executive Director

***COMPANY SECRETARY*** : Chua Siew Chuan  
(MAICSA 0777689)  
No. 6, Jalan SS14/8E,  
Subang Jaya,  
47500 Petaling Jaya, Selangor

***REGISTERED OFFICE*** : Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel no.: +603 2084 9000  
Fax no.: +603 2094 9940

***HEAD OFFICE*** : No 20-2 and 22-2, Jalan Puteri 1/2,  
Bandar Puteri,  
47100 Purchong  
Selangor Darul Ehsan  
Tel no.: +603 8060 0088  
Fax no.: +603 8061 3682

***AUDITORS & REPORTING  
ACCOUNTANTS*** : KPMG  
Wisma KPMG,  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur  
Tel no.: +603 2095 3388  
Fax no.: +603 2095 0971

***SOLICITORS FOR THE IPO*** : Jeff Leong, Poon & Wong  
A-11-3A, Level 11,  
Megan Avenue II,  
Jalan Yap Kwan Seng,  
50450 Kuala Lumpur  
Tel no.: +603 2166 3225  
Fax no.: +603 2166 3227

***REGISTRAR*** : Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel no.: +603 2084 9000  
Fax no.: +603 2094 9940

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**1. CORPORATE DIRECTORY (Cont'd)**

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- ADVISER, UNDERWRITER  
AND PLACEMENT AGENT** : Kenanga Investment Bank Berhad  
801, 8<sup>th</sup> Floor, Kenanga International,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Malaysia  
Tel no.: +603-2164 6689  
Fax no.: +603-2164 6690
- ISSUING HOUSE** : MIDF Consultancy & Corporate Services Sendirian Berhad  
Level 8, Menara MIDF,  
82, Jalan Raja Chulan,  
50200 Kuala Lumpur  
Malaysia  
Tel no.: +603 2161 3355  
Fax no.: +603 2164 7995
- INDEPENDENT MARKET  
RESEARCHER** : Dun & Bradstreet (D&B) Malaysia Sdn Bhd  
*(formerly known as Infocredit D&B (Malaysia) Sdn Bhd)*  
Level 9-3A, Menara Milenium,  
Jalan Damanlela, Pusat Bandar Damansara,  
50490 Kuala Lumpur,  
Malaysia  
Tel no.: +603 2080 6000  
Fax no.: +603 2080 6001
- VALUERS** : Henry Butcher Malaysia (SEL) Sdn Bhd  
36-1, 2 & 3,  
Jalan SS 15/4D,  
47500 Subang Jaya,  
Selangor Malaysia  
Tel no.: +603 5631 5555  
Fax no.: +603 5632 7155
- PRINCIPAL BANKER** : Malayan Banking Berhad  
Puchong Jaya SSC  
No. 7, Jalan Kenari 1,  
Bandar Puchong Jaya,  
Jalan Puchong,  
47100 Puchong  
Tel no.: +603 5882 0179/ 197/ 270  
Fax no.: +603 5882 0276
- LISTING SOUGHT** : MESDAQ Market of the Bursa Securities

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**2 SUMMARY INFORMATION**


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

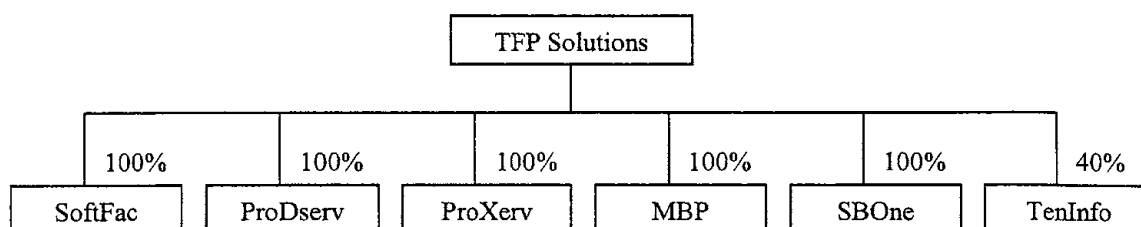
**2.1 HISTORY AND NATURE OF BUSINESS**

TFP Solutions was incorporated in Malaysia on 16 May 2007 under the Act under the name “TFP Solutions Sdn Bhd” with an issued and paid-up share capital of RM0.20 comprising two (2) TFP Shares. On 15 June 2007, TFP Solutions Sdn Bhd was converted into a public limited company and assumed its present name.

TFP Solutions is the company to be listed under the Listing to hold the existing business of the Subsidiary Companies and Associate Company. Our principal activity is investment holding whilst the principal activities of our Subsidiary Companies and Associate Company are as follows:-

<b>Name</b>	<b>Date and place of incorporation</b>	<b>Equity interest %</b>	<b>Issued and paid-up share capital (RM)</b>	<b>Principal activity</b>
<i>Subsidiary Companies</i>				
SoftFac	28 June 2005/ Malaysia	100.00	500,000	Providing HCRM solutions
ProDserv	3 August 2006/ Malaysia	100.00	100,000	Developing and providing EBS value added solutions
ProXerv	20 September 2005/ Malaysia	100.00	100,000	Providing shared services IT outsourcing
MBP	13 March 2004/ Malaysia	100.00	1,000,000	Providing ERP consulting and implementation of Microsoft Dynamics products
SBOne	15 April 2005/ Malaysia	100.00	500,000	Providing ERP consulting and implementation of SAP products
<i>Associate Company</i>				
TenInfo	22 July 2002/ Malaysia	40.00	1,000,000	Providing enterprise systems solutions

The corporate structure of our Group is as set out below:-





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**2 SUMMARY INFORMATION (Cont'd)**

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We are an end-to-end business productivity solutions provider for enterprises, which are positioned to enhance the Total Factor Productivity of business enterprises. Our services include:-

- developing proprietary productivity solutions for HCRM, i.e. the SoftFac HCRM suite of solutions.
- developing proprietary productivity solutions and tools to complement and add value to EBS, i.e. the *B2LOGIX* solutions enterprise application suite.
- providing services for IT outsourcing and support for shared services and outsourcing industry (ITO/SSO).
- providing consulting services for SAP and Microsoft Dynamics ERPs.

Further details on our Group and an overview of our business are provided in Section 5 of this Prospectus.

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**2 SUMMARY INFORMATION (Cont'd)**

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**2.2 RISK FACTORS**

You 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 4 of this Prospectus:-

**Risks Specific to the Industry we operate in**

- (a) Changes in technology;
- (b) Political and economic conditions; and
- (c) Competition.

**Risks Specific to our Group**

- (a) Delays in completion of projects;
- (b) Dependence on ERP software principals;
- (c) Dependence on Directors, key management and technical personnel;
- (d) Risks of expansion into foreign markets;
- (e) Change in or loss of MSC Malaysia Status; and
- (f) Failure to achieve the objectives of our three (3) year Business Development Plan.

**Other Risks**

- (a) No Prior Market for TFP Shares;
- (b) Failure or delays in the Listing;
- (c) Control by the Promoters; and
- (d) Forward-looking statements.

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## 2 SUMMARY INFORMATION (Cont'd)

### 2.3 FINANCIAL HIGHLIGHTS

#### 2.3.1 Proforma Consolidated Income Statements

The proforma consolidated income statements have been prepared for illustrative purposes after making certain adjustments to show what the financial results of our Group for the financial periods/ years ended 31 December 2004, 2005, 2006 and 30 September 2007 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the periods/years being reported on.

	<-----Audited----->				Unaudited
	<----- FPE/ FYE 31 December ----->			FPE 30	FPE 30
	2004	2005	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000 <sup>^</sup>
Revenue	717	3,529	5,871	8,219	4,611
Less: Cost of sales	(507)	(2,908)	(2,877)	(4,315)	(2,260)
Gross profit	210	621	2,994	3,904	2,351
EBITDA	87	129	1,512	2,547	1,188
Depreciation	(14)	(32)	(62)	(63)	(49)
Profit from operations	73	97	1,450	2,484	1,139
Interest expense	-	-	-	-	-
Interest income	-	14	16	10	12
Amortisation of intangible assets	-	-	(105)	(115)	(82)
Share of PAT of equity accounted associate	124	190	271	259	213
PBT	197	301	1,632	2,638	1,282
Tax expense	(20)	(17)	(136)	(195)	(107)
PAT	177	284	1,496	2,443	1,175
Effective tax rate (%) <sup>(1)</sup>	27.40	15.32	10.00	8.20	10.01
Gross margin (%)	29.29	17.60	51.00	47.50	50.99
Pre-tax profit margin (%)	27.48	8.53	27.80	32.10	27.80
Gross dividend rate	-	-	-	-	-
Number of TFP Shares after Acquisition of Subsidiary Companies and Associate Company	48,384,800	48,384,800	48,384,800	48,384,800	48,384,800
Gross basic EPS (sen) <sup>(2)</sup>	0.41	0.62	3.37	7.27 *	3.53 *
Net basic EPS (sen) <sup>(3)</sup>	0.37	0.59	3.09	6.73 *	3.24 *
Number of TFP Shares after Acquisition of Property	69,384,800	69,384,800	69,384,800	69,384,800	69,384,800
Gross basic EPS (sen) <sup>(2)</sup>	0.28	0.43	2.35	5.07 *	2.46 *
Net basic EPS (sen) <sup>(3)</sup>	0.26	0.41	2.16	4.69 *	2.26 *
Number of TFP Shares after Issues	140,077,200	140,077,200	140,077,200	140,077,200	140,077,200
Gross basic EPS (sen) <sup>(2)</sup>	0.14	0.21	1.17	2.51 *	1.22 *
Net basic EPS (sen) <sup>(3)</sup>	0.13	0.20	1.07	2.33 *	1.12 *

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**2 SUMMARY INFORMATION (Cont'd)**

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**Notes:-**

- <sup>^</sup> For comparison purposes only
- <sup>\*</sup> Annualised for comparison purposes
- (1) The calculation of effective tax rate excluded the share of PAT of equity accounted associate
- (2) The gross basic EPS is computed based on the consolidated PBT divided by the number of TFP Shares assumed in issue
- (3) The net basic EPS is computed based on the consolidated PAT divided by the number of TFP Shares assumed in issue
- (4) There was no minority interest for the FPE/FYE under review
- (5) There were no extraordinary and/or exceptional items during the FPE/FYE under review
- (6) There were no borrowings during the FPE/FYE under review. Therefore, no gearing ratio and interest cover calculation provided

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## 2 SUMMARY INFORMATION (Cont'd)

### 2.3.2 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets have been prepared for illustrative purposes only and after making certain adjustments to show what the financial position of our Group as of 30 September 2007 would have been if our group structure as of the date of the Prospectus had been in place since the beginning of the FPE 30 September 2007, adjusted for Acquisition of Property, Public Issue, Bonus Issue and utilisation of proceeds for payment of listing expenses and utilisation of funds from the Public Issue.

- Proforma 1 : After Acquisition of Subsidiary Companies and Associate Company  
 Proforma 2 : After Proforma 1 and Acquisition of Property  
 Proforma 3 : After Proforma 2 and Public Issue of new Shares  
 Proforma 4 : After Proforma 3 and Bonus Issue of new Shares and utilisation of proceeds for payment of listing expenses  
 Proforma 5 : After Proforma 4 and utilisation of proceeds from Public Issue for research and development expenditure and working capital purposes

	Audited as at 30 September 2007 RM'000	Proforma 1 RM'000	Proforma 2 RM'000	Proforma 3 RM'000	Proforma 4 RM'000	Proforma 5 RM'000
Investment in associate	-	1,527	1,527	1,527	1,527	1,527
Intangible assets	-	700	700	700	700	4,000
Property, plant and equipment	-	286	2,386	2,386	2,386	2,386
<b>Total Non-Current Assets</b>	-	2,513	4,613	4,613	4,613	7,913
<b>Current Assets</b>						
Receivables, deposits and prepayments	-	6,431	6,431	6,431	6,431	6,431
Current tax assets	-	59	59	59	59	59
Cash and cash equivalents	^	1,344	1,344	12,864	11,364	8,064
<b>Total Current Assets</b>	^	7,834	7,834	19,354	17,854	14,554
<b>Total Assets</b>	^	10,347	12,447	23,967	22,467	22,467
<b>Equity</b>						
Share capital	^	4,838	6,938	9,338	14,008	14,008
Share premium	-	-	-	9,120	2,950	2,950
Retained earnings #	(5)	2,443	2,443	2,443	2,443	2,443
<b>Total Equity</b>	(5)	7,281	9,381	20,901	19,401	19,401
<b>Liabilities</b>						
Deferred tax liabilities	-	11	11	11	11	11
<b>Total Non-Current Liabilities</b>	-	11	11	11	11	11
Payables and accruals	5	2,635	2,635	2,635	2,635	2,635
Deferred income	-	366	366	366	366	366
Taxation	-	54	54	54	54	54
<b>Total Current Liabilities</b>	5	3,055	3,055	3,055	3,055	3,055
<b>Total Liabilities</b>	5	3,066	3,066	3,066	3,066	3,066
<b>Total Equity and Liabilities</b>	^	10,347	12,447	23,967	22,467	22,467

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**2 SUMMARY INFORMATION (Cont'd)**


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	Audited as at 30 September 2007	Proforma 1	Proforma 2	Proforma 3	Proforma 4	Proforma 5
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NTA	(5)	6,581	8,681	20,201	18,701	15,401
NTA per TFP Share (sen)	*	13.6	12.5	21.6	13.4	11.0

**Notes:-**

^ Represents RM0.20

\* Represents 250,000 sen

# The proforma retained earnings included an amount of RM2.448 million which represents the excess of our interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

Further notes to the Proforma Consolidated Balance Sheets of our Company are set out in Section 8.1.2 of this Prospectus.

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**2 SUMMARY INFORMATION (Cont'd)**


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**2.3.3 Consolidated Profit Estimate and Forecast for the FYE 31 December 2007 and 2008**

Our Board estimates and forecasts that the consolidated PAT of our Group for the FYE 31 December 2007 and 2008, which have been prepared based on the basis and accounting principles consistent with those previously adopted in the preparation of the audited consolidated financial statements of our Group will be as follows:-

<b>FYE 31 December</b>	<b>2007 RM'000</b>	<b>2008 RM'000</b>
Revenue	10,900	11,934
PBT	3,183	4,620
Share of PAT of equity accounted associate	257	268
	<u>3,440</u>	<u>4,888</u>
Less: Tax expense	(317)	(465)
Net profit for the year	<u>3,123</u>	<u>4,423</u>
Less: Forecast pre-acquisition profit *	(2,863)	-
Net profit after forecast pre-acquisition profit	<u>260</u>	<u>4,423</u>
Enlarged no. of ordinary shares of RM0.10 each in issue after the Listing ('000 shares) <sup>(1)</sup>	140,077	140,077
Gross EPS (sen) <sup>(2)</sup>	2.27	3.30
Net EPS (sen) <sup>(3)</sup>	2.23	3.16
Gross PE Multiple (times) <sup>(4)</sup>	14.10	9.70
Net PE Multiple (times) <sup>(4)</sup>	14.35	10.13

**Notes:-**

- <sup>(1)</sup> Upon the completion of the Listing, there will be 140,077,200 TFP Shares in issue
- <sup>(2)</sup> Calculated based on the forecast consolidated PBT divided by the number of TFP Shares in issue after the completion of the Listing
- <sup>(3)</sup> Calculated based on the forecast consolidated net profit for the year before pre-acquisition profit divided by the number of TFP Shares in issue after the completion of the Listing
- <sup>(4)</sup> Calculated based on the theoretical ex-bonus price of RM0.32 per TFP Share
- \* We obtained control over the financial and operating policies of our Subsidiary Companies and Associate Company on 28 November 2007, in accordance with the SPA and the relevant supplemental agreements between the parties. Accordingly, the profit from 1 January 2007 to 28 November 2007 will be considered as pre-acquisition profit.

*In accordance with the accounting policy adopted by us, consistent with the requirements of Financial Reporting Standard, FRS 3, Business Combination, the excess of the fair values of the net assets acquired over the consideration paid is recognized in the income statement as it arises.*

*The excess of the provisional fair values of the net assets acquired over the consideration paid (which should approximate the profits of our Subsidiary Companies and Associate Company from 1 January 2007 to 28 November 2007) arising from the acquisition of our Subsidiary Companies and Associate Company has not been accounted for in the above estimate as the gain is deemed to be a non-recurring income.*

Further details on our consolidated profit estimate and forecast are provided in Section 8.5 and 8.8 of this Prospectus.

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**2 SUMMARY INFORMATION (Cont'd)**


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**2.4 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE****(a) Share capital**

	<u>RM</u>
<i>Authorised:-</i> 250,000,000 TFP Shares	<u>25,000,000</u>
<i>Issued and paid-up:-</i> 69,384,800 TFP Shares credited as fully paid-up	6,938,480
<i>To be issued pursuant to the Public Issue:-</i> 24,000,000 TFP Shares credited as fully paid-up	2,400,000
<i>To be issued pursuant to the Bonus Issue:-</i> 46,692,400 TFP Shares credited as fully paid-up	4,669,240
<i>Enlarged issued and paid-up share capital</i> 140,077,200 TFP Shares	<u>14,007,720</u>
<b>(b) Public Issue Price per TFP Share</b> <i>(Theoretical ex-bonus price after the Public Issue will be RM0.32 per TFP Share)</i>	0.48
<b>(c) Market capitalisation of our Company based on the ex-bonus price</b>	44,824,704
<b>(d) Proforma consolidated NTA</b>	
Proforma consolidated NTA as at 30 September 2007 after the Listing and deducting estimated listing expenses	18,701,872
Proforma consolidated NTA per TFP Share (based on the enlarged issued and paid-up share capital of 140,077,200 TFP Shares after the Listing)	0.134

**(e) Classes of shares and ranking**

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. 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 TFP Shares including voting rights and the rights to all dividends and other distributions 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 we may issue in the future, our ordinary shareholders shall, in proportion to the amount paid-up on the TFP Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

Each shareholder shall be entitled to vote at our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each TFP Share held. A proxy may but need not be a member of our Company.

Full details of the Public Issue are set out in Section 3 of this Prospectus.



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**2 SUMMARY INFORMATION (Cont'd)**

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**2.5 OUTLOOK AND PROSPECTS**

For more details on the prospects and outlook of the ICT and shared services industry, please refer to Section 6 of this Prospectus.

**2.6 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION**

The gross proceeds from the Public Issue amounting to RM11,520,000 will accrue entirely to our Company and will be utilised as follows:-

<b>Proposed Utilisation</b>	<b>RM</b>	<b>Expected time frame for utilisation</b>
R&D expenditure	3,300,000	Within three (3) years from the date of receipt
Business expansion & capital expenditure	3,000,000	Within three (3) years from the date of receipt
Working capital	3,720,000	Within three (3) years from the date of receipt
Estimated listing expenses	1,500,000	Within six (6) months from the date of receipt
	11,520,000	

Full details of the proposed utilisation are set out in Section 3.8 of this Prospectus.

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**2 SUMMARY INFORMATION (Cont'd)****2.7 DIRECT AND INDIRECT SHAREHOLDINGS OF OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

The shareholdings of our Promoters, substantial shareholders, Directors and key management are as follows:-

Name	Nationality/ Country of Incorporation	Designation	No. of TFP Shares Held Before the Issues		No. of TFP Shares Held After the Issues <sup>(a)</sup>						
			Direct	%	Indirect	%	Direct	%	Indirect	%	
<b><u>Promoters &amp; Substantial Shareholders</u></b>											
MPSB	Malaysia	-	42,023,172	60.57	-	-	63,034,758	45.00	-	-	-
Lim Lung Wen	Malaysian	Managing Director	3,237,349	4.67	<sup>(b)</sup> 42,023,172	60.57	4,856,024	3.46	<sup>(b)</sup> 63,034,758	45.00	45.00
Quah Teik Jin	Malaysian	Executive Director	2,829,126	4.08	<sup>(b)</sup> 42,023,172	60.57	4,243,689	3.03	<sup>(b)</sup> 63,034,758	45.00	45.00
Ow Poh Kwang	Malaysian	Executive Director	5,794	0.01	<sup>(b)</sup> 42,023,172	60.57	8,691	0.01	<sup>(b)</sup> 63,034,758	45.00	45.00
<b><u>Directors</u></b>											
Lim Lung Wen	Malaysian	Managing Director	3,237,349	4.67	<sup>(b)</sup> 42,023,172	60.57	4,856,024	3.46	<sup>(b)</sup> 63,034,758	45.00	45.00
Quah Teik Jin	Malaysian	Executive Director	2,829,126	4.08	<sup>(b)</sup> 42,023,172	60.57	4,243,689	3.03	<sup>(b)</sup> 63,034,758	45.00	45.00
Ow Poh Kwang	Malaysian	Executive Director	5,794	0.01	<sup>(b)</sup> 42,023,172	60.57	8,691	0.01	<sup>(b)</sup> 63,034,758	45.00	45.00
Dr. Chew Seng Poh	Malaysian	Executive Director	-	-	-	-	300,000	0.21	-	-	-
Dato' Jamaludin bin Hassan	Malaysian	Independent Non-Executive Director	-	-	-	-	112,500	0.08	-	-	-
Edward Khor Yew Heng	Malaysian	Independent Non-Executive Director	-	-	-	-	112,500	0.08	-	-	-
Joseph Ting	Malaysian	Independent Non-Executive Director	-	-	-	-	150,000	0.11	-	-	-

**Notes:-**

<sup>(a)</sup> Assuming the Directors and key management subscribe for their respective allocation of Public Issue Shares under pink form allocation

<sup>(b)</sup> Deemed interested by virtue of his substantial shareholdings in MPSB

**2 SUMMARY INFORMATION (Cont'd)**

Name	Nationality/ Country of Incorporation	Designation	No. of TFP Shares Held Before the Issues		No. of TFP Shares Held After the Issues <sup>(a)</sup>	
			Direct	%	Direct	%
<b><u>Key Management</u></b>						
Lim Lung Wen	Malaysian	Managing Director	3,237,349	4.67	<sup>(b)</sup> 42,023,172	60.57
Quah Teik Jin	Malaysian	Executive Director	2,829,126	4.08	<sup>(b)</sup> 42,023,172	60.57
Ow Poh Kwang	Malaysian	Executive Director	5,794	0.01	<sup>(b)</sup> 42,023,172	60.57
Dr. Chew Seng Poh	Malaysian	Executive Director	-	-	-	-
Tan Man Siang	Malaysian	Vice President, Business Development	1,341,098	1.93	-	-
Lye Poh Leong	Malaysian	Vice President, Technical Services	1,352,502	1.95	-	-
Ooi Chee Hong	Malaysian	Vice President, R&D	-	-	-	-
Tern Yen Soon	Malaysian	Vice President, Consulting Practice	-	-	-	-
Choo Chuin Hui	Malaysian	Financial Controller	-	-	-	-
					Direct	Indirect
					4,856,024	<sup>(b)</sup> 63,034,758
					4,243,689	<sup>(b)</sup> 63,034,758
					8,691	<sup>(b)</sup> 63,034,758
					300,000	-
					2,124,147	-
					2,148,753	-
					112,500	-
					135,000	-
					135,000	-
					3.46	45.00
					3.03	45.00
					0.01	45.00
					0.21	-
					1.52	-
					1.53	-
					0.08	-
					0.10	-
					0.10	-

**Note:-**

(a) Assuming our Directors and key management subscribes for their respective allocation of Public Issue Shares under pink form allocation

(b) Deemed interested by virtue of his substantial shareholdings in MPSB

Further information on our promoters, substantial shareholders, Directors and key management are set out in Section 9 of this Prospectus.

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### **3 PARTICULARS OF THE PUBLIC ISSUE**

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#### **3.1 PRELIMINARY**

This Prospectus is dated 5 February 2008.

We have registered a copy of this Prospectus with the SC who assumes no responsibilities for the correctness of any statements made, opinions or reports expressed in this Prospectus. We have also lodged a copy of this Prospectus, together with the application form with the Registrar of Companies, who takes no responsibility for its contents.

We received the approval from the SC, pursuant to Section 212(5) of the Capital Market & Services Act 2007, the MESDAQ IPO Guidelines, the Listing Requirements and the Foreign Investment Committee's Guideline on the Acquisition of Interests, Mergers and Take-Over by Local and Foreign Interests, via its letter dated 14 November 2007 for our admission to the Official List and Listing. We have submitted an application to Bursa Securities for our admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up ordinary shares on the MESDAQ Market. The application is currently pending approval. Our Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged and issued paid-up ordinary shares on the MESDAQ Market. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the said permission for the listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not returned in full within fourteen (14) days after we become liable to do so, the provision of sub-section 243(2) of the Capital Markets and Services Act 2007 shall apply accordingly.

In compliance with the Listing Requirements, we need to have at least 25% of our enlarged issued and paid-up share capital in the hands of a minimum number of 1,000 public shareholders, holding not less than 100 TFP Shares each. We expect to achieve this at the point of listing. However, in the event that this requirement is not met, we may not be allowed to proceed with our listing plan. In this event, monies paid in respect of all applications will be returned in full without interest.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has designated our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

Under the trading rules of Bursa Securities, trading in all listed securities can only be executed through an ADA who is also a member of Bursa Securities with effect from date of listing.

You must have a CDS Account prior to submitting applications for the Public Issue Shares either by way of Application Forms or by way of Electronic Share Application. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the Public Issue Shares. You should state your CDS Account number in the space provided in the Application Form if you presently have such an account registered in your own name. If you already have a CDS Account, you should not complete the preferred ADA Code.

In the case of Electronic Share Application, only an applicant who is an individual and who is a Malaysian citizen residing in Malaysia and has a CDS Account can make an Electronic Share Application.

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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We have not authorised any person to give any information or to make any representation that is not contained in this Prospectus in connection with the Public Issue. If any such information or representation is given or made, you must not rely on them as having been authorised by us and/or our Adviser. Neither the delivery of this Prospectus nor any public issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company or our Group since the date of this Prospectus.

The distribution of this Prospectus and the issue of the Public Issue Shares are subject to Malaysian law, and neither we nor our Adviser take any responsibility for the distribution of this Prospectus and/or issue of the Public Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. This Prospectus does not constitute and may not be used for purpose of an offer to issue, or an invitation of an offer to buy and/or subscribe for, any Public Issue Share in any jurisdiction in which such an invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

**The Prospectus can also be viewed or downloaded from the Bursa Securities' website at [www.bursamalaysia.com.my](http://www.bursamalaysia.com.my).**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE PUBLIC ISSUE AND INVESTMENT IN OUR COMPANY. IN CONSIDERING THIS INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**


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**3.2 OPENING AND CLOSING OF APPLICATION**

The application for the Public Issue will open at 10:00 a.m. on 5 February 2008 and will remain open until 5:00 p.m. on 13 February 2008 or for such period or periods as our Board and the Underwriter at their absolute discretion may jointly decide. Late applications will not be accepted.

**3.3 IMPORTANT DATES**

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

<b>Event</b>	<b>Tentative Date</b>
Issue of Prospectus	5 February 2008
Opening Date of the Public Issue	5 February 2008
Closing Date of the Public Issue	13 February 2008
Balloting of applications for Public Issue Shares	15 February 2008
Allotment of the Public Issue Shares to successful applicants	18 February 2008
Listing date	22 February 2008

Should the date of closing of the 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 our entire enlarged issued and paid-up share capital on the MESDAQ Market will be extended accordingly. In the event the date of closing of application is extended, the public will be notified of such extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.

**3.4 SHARE CAPITAL**

	<b>RM</b>
<i>Authorised:-</i> 250,000,000 TFP Shares	<u>25,000,000</u>
<i>Issued and paid-up:-</i> 69,384,800 TFP Shares credited as fully paid-up	6,938,480
<i>To be issued pursuant to the Public Issue:-</i> 24,000,000 TFP Shares credited as fully paid-up	2,400,000
<i>To be issued pursuant to the Bonus Issue:-</i> 46,692,400 TFP Shares credited as fully paid-up	4,669,240
<i>Enlarged issued and paid-up share capital</i> 140,077,200 TFP Shares	<u>14,007,720</u>

### 3 PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all our other existing issued and fully paid-up Shares including voting rights and the rights to all dividends and other distributions 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 we may issue in the future, our ordinary shareholders shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, the whole or any surplus, in accordance with our Articles of Association.

Each ordinary shareholder shall be entitled to vote at any of our general meeting in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

#### 3.5 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is an invitation by us to the public to subscribe for the Public Issue Shares at the Public Issue Price, subject to the terms and conditions contained in this Prospectus.

**Public Issue Price** **RM0.48 per TFP Share**  
*(Theoretical ex-bonus price after the Public Issue will be RM0.32 per TFP Share)*

**Market capitalisation of our Company based on the ex-bonus price** **RM44,824,704**

The Public Issue Shares made available for subscription by individuals, companies, societies, co-operatives and institutions by way of private placement and public offer are as follows:-

	<b>No. of Public Issue Shares to be allotted</b>
(a) Eligible employees, directors and business associates of TFP Solutions Group	4,000,000
(b) General Public:	
(i) by way of private placement	15,000,000
(ii) by way of public issue	5,000,000
<b>Total</b>	<b>24,000,000</b>

Of the 4,000,000 Public Issue Shares stated in Section 3.5(a) above, 3,300,000 Public Issue Shares are allocated to eligible Directors and employees of our Group based on their respective position and number of years of service with our Group. Based on these criteria, there are 68 directors and employees who are eligible and are interested in taking up the reserved Public Issue Shares. We have allocated a total of 700,000 Public Issue Shares comprising between 45,000 to 70,000 Public Issue Shares per allocation to business associates based on their contribution and importance to our Group's business.

**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

The Public Issue Shares have been allocated to eligible Directors and employees of our Group and our business associates as follows:-

<b>Category</b>	<b>No. of persons/ corporations</b>	<b>No. of TFP Shares allocated</b>
Directors and employees of our Group	68	3,300,000
Business associates	15	700,000

Of the 3,300,000 Public Issue Shares allocated to our Directors and employees, 450,000 Public Issue Shares have been allocated for application by eligible Directors of our Group as follows:-

<b>Name of Director</b>	<b>No. of TFP Shares allocated to each eligible Director</b>
Dr. Chew Seng Poh	200,000
Dato' Jamaludin bin Hassan	75,000
Edward Khor Yew Heng	75,000
Joseph Ting	100,000
	<b>450,000</b>

In the event that any of the Public Issue Shares under Section 3.5(a) above are not taken up by eligible Directors and employees of our Group and business associates based on the pre-determined allocation list, we will first allocate such number of unsubscribed shares to those eligible Directors, employees and business associates who wish to apply for excess Public Issue Shares on top of their pre-determined allocation on a proportionate basis (subject to rounding of odd lots). In the event that there are still Public Issue Shares not taken up after the above re-allocation, we will then make available the remaining Public Issue Shares for application by the general public.

In the event of an under-subscription of the 5,000,000 Public Issue Shares under section 3.5(b)(ii) above, such under-subscribed Public Issue Shares may be transferred from the public issue tranche and allocated by way of private placement. Thereafter, any Public Issue Shares remaining unsubscribed will be subscribed for by the Underwriter.

The Public Issue Shares under Section 3.5(a) and 3.5(b)(ii) above have been fully underwritten by Kenanga, being the Underwriter in compliance with the Listing Requirements. The Public Issue Shares which are made available for private placement under Section 3.5(b)(i) will not be underwritten since investors have been identified to subscribe for the said Public Issue Shares. Kenanga, being the Placement Agent has received irrevocable undertakings from selected investors to subscribe for the Public Issue Shares under Section 3.5(b)(i) above.

We expect to raise RM11,520,000 from the Public Issue. There is no minimum subscription amount to be raised from the Public Issue as the Public Issue Shares are either fully underwritten or investors have been identified to subscribe for it.

**3.6 PURPOSE OF THE PUBLIC ISSUE**

The purposes of the Public Issue are as follows:-

- (a) To obtain a listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market;
- (b) To accord us with the benefits of being traded on a liquid public market;
- (c) To provide us with access to the capital markets at the time of flotation, and possibly through further issues subsequently, to raise funds for R&D, marketing, future expansion and growth;



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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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- (d) To enhance our stature in marketing our products and services as part of our strategy to expand our overseas operations, and to maintain existing workforce and attract new professional and skilled workers; and
- (e) To create a market for our shares and broaden our shareholders base by providing an opportunity for investors and institutions, eligible employees, directors, business associates and the public to participate in our continued growth.

**3.7 PRICING OF THE PUBLIC ISSUE**

We and Kenanga as the Adviser, Underwriter and Placement Agent, have determined and agreed on the issue price of RM0.48 per TFP Share, after taking into account, inter-alia, the following:-

- (a) our Group's proforma NTA per Share of 13.4 sen based on the proforma Group NTA as at 30 September 2007 of RM18.701 million after deducting listing expenses and our enlarged issued and paid-up share capital of 140,077,200 TFP Shares, translating to a price-to-book ratio of 3.58 times;
- (b) the estimate net EPS of 2.23 sen computed based on the estimated net profit before pre-acquisition profits of RM3.123 million for the FYE 31 December 2007 and our enlarged issued and paid-up share capital of 140,077,200 TFP Shares after the Listing, translating to an estimate net PE multiple of 14.35 times based on the theoretical ex-bonus Public Issue Price of RM0.32;
- (c) the forecast net EPS of 3.16 sen computed based on the forecasted net profit of RM4.423 million for the FYE 31 December 2008 and our enlarged issued and paid-up share capital of 140,077,200 TFP Shares after the Listing, translating to a forecast net PE multiple of 10.13 times based on the theoretical ex-bonus Public Issue Price of RM0.32;
- (d) Our Group's financial and operating history and conditions as described in Section 8 of this Prospectus; and
- (e) The industry overview, future plans and strategies and outlook of our Group as described in Sections 6 and 7 of this Prospectus.

You should note that the market price of our Shares upon listing on the MESDAQ Market is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own view on the valuation of the Public Issue Shares before deciding to invest in the Public Issue Shares.

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### 3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

#### 3.8 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds amounting to RM11,520,000 will accrue entirely to our Company and is intended to be utilised as follows:-

Proposed Utilisation	Note	RM	Expected time frame for utilisation
R&D expenditure	(a)	3,300,000	Within three (3) years from the date of receipt
Business expansion & capital expenditure	(b)	3,000,000	Within three (3) years from the date of receipt
Working capital	(c)	3,720,000	Within three (3) years from the date of receipt
Estimated listing expenses	(d)	1,500,000	Within six (6) months from the date of receipt
		11,520,000	

**Notes:-**

**(a) R&D expenditure**

The amount of RM3,300,000 is proposed to be utilized for future development of its products as well as to enhance its existing products. The allocation will cover R&D staffs' salaries, hardware, software, training and other related expenses.

**(b) Business expansion & capital expenditure**

We propose to allocate RM3,000,000 for future business expansion and capital expenditure. Such business expansion may include expansion into ASEAN countries, including but not limited to Thailand, Vietnam and Indonesia.

**(c) Working Capital**

We propose to allocate RM3,720,000 for its working capital requirements such as staff salaries, marketing expenses, travelling expenses, rental etc.

**(d) Estimated Listing Expenses**

The estimated RM1,500,000 in respect of expenses and fees incidental to the Proposed Listing shall be borne by our Company. Out of RM1,500,000, approximately RM700,000 is provided for professional services rendered by professional advisers and experts.

If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

**Financial Impact from the Utilisation of Proceeds**

The financial impact and benefits from the proceeds of the Public Issue include, inter-alia, the following:-

- (a) enhance our Group's core competencies in design and development to maintain its competitive edge;
- (b) expedite the development and commercialisation of our Group's own products for product and geographical market expansion; and
- (c) increase our Group's revenue and earnings through the expansion of our business locally and overseas.

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### 3 PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

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The abovementioned benefits are expected to enhance our earnings in the future. In addition, the Public Issue will raise approximately RM3.720 million for working capital, which is expected to improve the liquidity and cash flow position of our Group.

#### 3.9 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION

**(a) Brokerage Fee**

Brokerage fee relating to the Public Issue Shares is payable by us at the rate of 1.0% of the Public Issue Price in respect of successful applications, which bear the stamps of Kenanga, or the Issuing House, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or members of the Malaysian Investment Banking Association.

**(b) Underwriting Commission**

Kenanga, as the Underwriter, has agreed to underwrite 9,000,000 of the Public Issue Shares, which will be made available for application by our eligible employees, directors and business associates, and by the general public by way of public issue. Underwriting commission is payable by us to the Underwriter at the rate of 2.0% of the value of the Public Issue Shares underwritten (being the number of Public Issue Shares underwritten multiplied by the Public Issue Price).

**(c) Placement Commission and Placement Management Fee**

Kenanga has arranged for the placement of the Public Issue Shares at a rate of 2.5% of the value of Public Issue Shares that have been successfully placed by Kenanga (being the number of Public Issue Shares placed out by Kenanga multiplied by the Public Issue Price). A management fee is payable by us to Kenanga, at a rate of 0.5% of the aggregate value of Public Issue Shares under the private placement (being the aggregate number of Public Issue Shares under the private placement multiplied by the Public Issue Price).

#### 3.10 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

The following are extracts of some of the salient clauses contained in the Underwriting Agreement dated 8 January 2008 we entered into with the Underwriter, including escape clauses, which may allow the Underwriter to withdraw from obligations under the agreement after the opening of the offer:-

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

**(i) Conditions Precedent**

The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon:-

- (a) the Underwriting Agreement having been duly executed by all the parties hereto and duly stamped;
- (b) 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, its Subsidiaries or Associated Companies, 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 Sole Underwriter, which makes any of the representations and warranties contained in Clause 3 of the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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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 of the Underwriting Agreement;

- (c) the delivery to the Sole Underwriter:-
  - (I) 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 all the resolutions of the Directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; and
  - (II) a certificate, in the form or substantially in the form contained in the SECOND SCHEDULE of the Underwriting Agreement, 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 2.3.2 of the Underwriting Agreement.
- (d) the Prospectus being in the form and substance satisfactory to the Sole Underwriter;
- (e) the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Company, its Subsidiaries or Associated Companies;
- (f) the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 12 of the Underwriting Agreement;
- (g) 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;
- (h) 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;
- (i) the Company having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus or the Closing Date imposed by the SC, Bursa Securities, FIC and/or MITI in respect of the Public Issue and the Company's proposed listing on the MESDAQ Market of Bursa Securities;
- (j) the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Public Issue and the lodgment of the Prospectus with the CCM on or before its release under the Public Issue;
- (k) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market of Bursa Securities 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 Sole Underwriter being reasonably satisfied that such listing and quotation shall be granted 2 clear Market Days after the Issue Shares have been issued and the notices of allotment have been despatched to entitled holders and after the receipt of all relevant documents

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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pertaining to the listing and quotation of the entire enlarged issued and paid-up share capital of the Company by Bursa Securities and the Prospectus being in the form and substance satisfactory to the Sole Underwriter; and

- (l) the Prospectus having been issued within one (1) month of the date hereof or within such extended period as may be determined by the Sole Underwriter.
- (ii) Termination / Lapse of Agreement
  - (a) Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:-
    - (I) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3 of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the Closing Date, whichever is earlier; or
    - (II) there is withholding of information which is required to be disclosed by the Sole Underwriter, which is required to be disclosed pursuant to the Underwriting 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 Sole 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
    - (III) 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
    - (IV) 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
      - (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 Sole 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 Sole 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 the Underwriting Agreement incapable of performance in accordance with its terms;

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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- (V) there is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or
  - (VI) any of the conditions precedent set out in Clause 2.3 of the Underwriting Agreement are not duly satisfied by the Closing Date.
- (b) In the event of termination pursuant to Clause 8(1) hereof, the respective Parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon the Underwriting Agreement shall be of no further force or effect subject to the following:-
- (I) the liability of the Company for the payment of costs and expenses as provided in Clause 12 of the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
  - (II) the liability of the Company for the payment of the Underwriting Commission as provided in Clause 6 of the Underwriting Agreement shall remain;
  - (III) subject thereto, the Company shall return any moneys paid without interest thereon to the Sole Underwriter within three (3) Market Days of the receipt of such notice of termination from the Sole Underwriter;

Provided that the Sole Underwriter may at its discretion waive compliance with or modify any of the provisions of this Clause without prejudice to its powers, rights and remedies under the Underwriting Agreement.

- (c) In the event that the Underwriting Agreement is terminated pursuant to Clause 8.1.4 of the Underwriting Agreement, the Sole Underwriter and the Company may confer with a view to defer the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.
- (iii) Force Majeure
- (a) Notwithstanding anything herein contained, it will be an event of force majeure if one of the following occurs:-
- (I) any material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business of the Company, its Subsidiaries and/or its Associated Companies;
  - (II) any change in national or international monetary, financial, political or economic 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 or overseas) or exchange control legislation or regulations or currency exchange rates or an occurrence as a result of an act or acts of God or in the event of national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, earthquake, typhoon, outbreak of war, outbreak of disease or the declaration of a state of national emergency;
  - (III) the Kuala Lumpur Composite Index falling below 950 points and remaining below 950 points for 3 consecutive Market Days;

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**3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

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- (IV) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for 3 consecutive Market Days.
- (b) In the event of a force majeure pursuant to Clause 8A.1 of the Underwriting Agreement, the Sole Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:-
  - (I) terminate the Underwriting Agreement by giving notice to the Company in the manner as set out in Clause 13 of the Underwriting Agreement; or
  - (II) request for the Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.
- (c) Upon delivery of the notice of termination pursuant to Clause 8A.2.1 of the Underwriting Agreement and in the manner as set out in Clause 13 of the Underwriting Agreement, the Underwriting Agreement will terminate whereafter each Party's rights and obligations will cease and none of the Parties will have any claim against each other save and except such claims in respect of the costs and expenses of the Sole Underwriter in Clause 12 of the Underwriting Agreement and the Underwriting Commission set out in Clause 12 of the Underwriting Agreement.
- (d) In the event of a delivery of a request under Clause 8A.2.2 of the Underwriting Agreement, the Company shall consent to such request for the extension of the Closing Date.
- (e) The delivery of a request under Clause 8A.2.2 of the Underwriting Agreement shall not preclude the Sole Underwriter from giving a further request for extension pursuant to Clause 8A.2.2 of the Underwriting Agreement or giving a notice to terminate pursuant to Clause 8A.2.1 of the Underwriting Agreement.

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## 4 RISK FACTORS

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

### **(A) RISKS SPECIFIC TO THE INDUSTRY WE OPERATE IN**

#### **(a) Changes in technology**

The IT industry is characterised by rapid change. Advancements in technology can contribute to substantial changes in, amongst others, market dynamics, industry standards, computer operating environments and customer requirements. Our ability to adapt to these changes and remain technologically competitive will determine the levels of our future revenue and profits.

Our future financial performance will depend on our ability to introduce new products and services or enhancements in response to the changing environment. We place significant emphasis on our R&D efforts to develop new products and enhancements on a timely and cost-effective manner.

Notwithstanding the above, we may encounter delays or deficiencies in our R&D, or fail to anticipate or correctly respond to changes in the industry. These will have a negative impact on our business and financial condition.

#### **(b) Political and economic conditions**

Adverse developments in political, economic and regulatory conditions in Malaysia and other countries where we conduct business especially with regards to the IT industry we are in and the SME industry which is our target market will adversely effect our business and financial performance. Political, economic and regulatory conditions include changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in Government policies and changes in interest rates and methods of taxation and currency exchange rules.

We will continue to adopt prudent management policies, undertake R&D initiatives as well as develop good business relationships between our customers, suppliers and relevant authorities to mitigate these risks.

#### **(c) Competition**

We experience competition from other IT companies, both local and foreign, which provide similar solutions or services. We also potentially face competition from new entrants into our market space. In the event of intense competition in our market space, we may lose market share and/ or our profit margins may fall which may lead to our financial performance suffering.

Globally, the shared services market is dominated by a handful of major players such as SAP, Computacenter and IBM. The global players provide a wide spectrum of products and services with some even cover the entire IT spectrum of an organisation. However, the products and services offered by the major players are designed to cater to governments, MNCs and large-capital companies. We believe that there are opportunities for us to tap into the SME market where their IT budgets are typically smaller compared to MNCs and governments. Further, due to globalisation and competition, we believe the need for software and services implementation will become more essential to SMEs.



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**4 RISK FACTORS (Cont'd)**

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Our Directors believe we have a competitive edge over other players in the local and overseas industry by being able to provide a broad range of productivity based IT services at competitive prices. In addition, some of our Directors have more than 20 years of experience and know-how in the IT industry.

**(B) RISKS SPECIFIC TO OUR GROUP**

**(a) Delays in completion of projects**

We may experience delays in completion of projects which may result in additional commitment of resources or termination. Customer dissatisfaction may arise as a consequence of the delay and may have a negative impact on the reputation and credibility of our Group. These factors may have an adverse impact on our operations and financial performance.

In mitigation, some of our Directors and management have over 20 years of experience and know-how in the IT industry with substantial knowledge in managing and completing projects effectively.

**(b) Dependence on ERP software principals**

Our subsidiary MBP is a Microsoft Gold Certified Partner for Microsoft Dynamics AX & CRM ERP software, while SBOne is a Certified SAP Channel Partner for SAP ERP software.

The agreements we enter into with these ERP principals are subject to renewal and the termination of these agreements as well as any adverse change to the existing terms of engagement especially in respect of fees will have an adverse impact on the operations and financial position of our Group. In the event the agreements with these ERP principals are terminated, we may lose the ability to deliver their respective solutions to our customers. Further, we may lose potential customer references as we cross sell our products and solutions to our ERP customers.

We however believe the chance of these agreements being terminated and the licenses being revoked are remote as we are a successful business partner of both SAP and Microsoft. We are also focusing our efforts on the sales of our proprietary products and services, i.e. SoftFac HCRM solutions and **B2LOGIX** solutions enterprise application suite as well as providing ITO/SSO propositions. Sales of ERP solutions are expected to contribute approximately 30% of our revenue for FYE 31 December 2007 from approximately 40% for FYE 31 December 2006. In addition, we have an existing and growing portfolio of more than 150 customers as at the LPD which we can rely on for cross sales of our products and services.

**(c) Dependence on Directors, key management and technical personnel**

Our future performance depends to a significant extent upon the continued efforts and abilities as well as the networking of the Directors and key personnel. The collective loss of any number of Directors and key personnel may negatively affect our ability to manage operations efficiently and competitively. In the future, a management succession plan will be introduced in our Group. This will safeguard the loss of the services of any of these individuals and minimise any material adverse effect on our Group's performance.

We are dependent on skilled and knowledge workers with high competence in IT. In the software industry experienced knowledge workers such as programmers, software engineers and system architects are in short supply. If we are unable to attract or retain the necessary talent, we may experience an increase in staff cost which will affect our financial performance.

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**4 RISK FACTORS (Cont'd)**

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As a mitigating factor, our Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union. In addition, the employees are sent to various courses and seminars to enhance their knowledge and broaden their business network. We believe that by increasing our profile through the listing on the MESDAQ Market, we will be able to attract able and qualified personnel to play an active role in the growth of our Group.

(d) Risks of expansion into foreign markets

We have plans to utilise part of our listing proceeds to expand business regionally to other countries such as Thailand, Vietnam and Indonesia, and as such are subject to business risks in markets which we are not entirely familiar with. Failure to assess these risks accurately may affect the business, financial condition and operating results of our Group.

We currently operate in Thailand and Vietnam by working with strategic partners which we believe have necessary business experience to conduct business in the said countries. Our Board will also exercise prudence and care to ensure that the business expansion plans are carried out with proper planning.

(e) Change in or loss of MSC Malaysia Status

Certain of our subsidiaries, namely SoftFac and ProDserv, were granted MSC Malaysia Status by the MDeC, the governing body of MSC. This status accords SoftFac and ProDserv with certain incentives granted under the Malaysian Government's Bill of Guarantees for MSC Malaysia Status companies, which include a five (5) year exemption from Malaysian income tax commencing from the date when the company starts generating income, renewable for another five (5) years.

MDeC, the body responsible for monitoring all MSC Malaysia Status designated companies has the right to revoke any company's MSC Malaysia Status at any time if the company does not comply with the conditions of grant as imposed by MDeC. Revocation of the MSC Malaysia Status may affect our future after tax earnings.

(f) Failure to achieve the objectives of our three (3) year business development plan

In order to achieve the business development plan, our Group relies on the availability of management, financial, customer support, operational and other resources. The success of our business development plan will be dependent upon, amongst others, our ability to successfully develop and commercialise further applications of our technology, our ability to enter into strategic marketing arrangements on a timely basis, to successfully monitor our business growth and on favourable terms, to hire and retain skilled management, as well as to obtain adequate financing when needed.

As a mitigating factor, we are backed by our Directors' more than 20 years of experience and know-how in the IT industry. Nevertheless, there can be no assurance that our Group will be able to successfully implement its business development plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from our business development plan due to rapid technological and market changes, as well as competitive pressures.

**(C) OTHER RISKS**

(a) No Prior Market for TFP Shares

Prior to the Public Issue, there has been no public market for our TFP Shares. We cannot assure you that an active market for our TFP Shares will develop upon the Listing or, if developed, that such market will be sustained. An inactive market for our TFP Shares may affect your ability to sell or buy TFP Shares.

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**4 RISK FACTORS (Cont'd)**

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The Public Issue Price of RM0.48 per TFP Share has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial and operating history and our prospects. As an integral part of our Listing, we will undertake the Bonus Issue which will give rise to the theoretical ex-bonus Public Issue Price of RM0.32 per TFP Share. The price at which TFP Shares will trade on the MESDAQ Market upon or subsequent to the Listing will depend upon market forces beyond our control. Our shares may be traded higher or lower than the theoretical ex-bonus Public Issue Price of RM0.32.

(b) Failure or Delays 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 Underwriter fails to honour its obligations under the underwriting agreement dated 8 January 2008; or
- (ii) the placees under the private placement fail to subscribe for the Public Issue Shares allocated to them; or
- (iii) we are unable to meet the public spread requirement, that is, at least 25.00% but not more than 49.00% of the total number of shares for which the Listing is sought to be in the hands of the public at the point of its admission to the MESDAQ Market.

Although our Board will endeavour to ensure compliance with the various provisions of the Listing Requirements, including, inter-alia, the public shareholding spread requirements imposed by Bursa Securities, for the successful Listing, we cannot assure you that the abovementioned factors will not cause a delay in or the non-implementation of the Listing.

(c) Control by the Promoters

Our Promoters namely MPSB, Lim Lung Wen, Quah Teik Jin and Ow Poh Kwang will effectively and collectively hold an aggregate of 72,143,162 TFP Shares, which represents approximately 51.50% of our enlarged issued and paid-up share capital upon completion of the Issues and hence will be our controlling shareholders.

Because of the size of their collective shareholdings, our Promoters will have a significant influence over matters requiring shareholders' approval, including election of our directors and certain corporate or business transactions, unless they are required by law and/or the relevant authorities to abstain from voting. The interests of Lim Lung Wen, Quah Teik Jin and Ow Poh Kwang may differ or conflict with your interest.

(d) Forward-looking statements

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors or employees acting on our Group's behalf, that are not statements of historical fact, constitute "forward-looking statements". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would", and "could" or similar words. However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to our revenue and profitability, cost measures, planned strategy and any other matters discussed in this Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

**4 RISK FACTORS (Cont'd)**

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Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any statements which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by our Directors, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially for the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter alia, general economic and business conditions, competition and the impact of new laws and regulations affecting our Group. In the light of these risks and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not imply that the plans and objectives of our Group would be fully implemented and satisfied.

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