Unless otherwise stated herein, all terms and abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six (6) months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue of Shares, which is the subject of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of Shares or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue of Shares. A copy of each of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

The Rights Issue of Shares is undertaken pursuant to (i) the Enhanced Rights Issue Mandate of which, approval has been obtained from our Shareholders at the EGM dated 5 January 2021 and (ii) the General Mandate of which, approval has been obtained from our Shareholders at the AGM on 17 July 2020. The approval for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities has been obtained from Bursa Securities *vide* its letter dated 15 April 2021. However, the listing of and quotation for the Rights Shares are in no way reflective of the merits of the Rights Issue of Shares.

The Documents are only despatched to our Shareholders whose names appear in the Record of Depositors as at 5.00 p.m. on 11 May 2021 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 11 May 2021. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue of Shares is not intended to be (and will not be) made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. Persons receiving the Documents (including without limitation, custodians, nominees and trustees) must not, in connection with the Rights Issue of Shares, offer, distribute or send the Documents outside of Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue of Shares to which the Documents relate is only available to persons receiving the Documents within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares in any jurisdictions other than Malaysia or to any person whom it may be unlawful to make such an offer, solicitation or invitation. Entitled Shareholders and/or their renouncee(s)/transferee(s) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue of Shares would result in a contravention of any laws of such countries or jurisdiction. Neither our Company, AmInvestment Bank nor any other professional advisers to the Rights Issue of Shares shall accept any responsibility or liability if any acceptance and/or renunciation (as the case may be) made by Entitled Shareholders and/or their renouncee(s)/transferee(s) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. For further information, see "Laws of foreign jurisdictions" as set out in Section 10.10 of this Abridged Prospectus.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

TAFI INDUSTRIES BERHAD
(Registration No. 200401002432 (640935-P))
(Incorporated in Malaysia under the Companies Act,1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF 46,475,700 NEW ORDINARY SHARES IN TAFI INDUSTRIES BERHAD ("TAFI") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.58 PER RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN TAFI HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 11 MAY 2021

Principal Adviser

AmInvestment Bank Berhad
(Registration No: 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES	
Entitlement Date	: Tuesday, 11 May 2021 at 5.00 p.m.
Last date and time for the:-	
Sale of Provisional Rights Shares	: Thursday, 20 May 2021 at 5.00 p.m.
Transfer of Provisional Rights Shares	: Monday, 24 May 2021 at 4.30 p.m.
Acceptance and payment for the Provisional Rights Shares	: Monday, 31 May 2021 at 5.00 p.m.
Excess Application and payment for the Excess Rights Shares	: Monday, 31 May 2021 at 5.00 p.m.

This Abridged Prospectus is dated 11 May 2021

UNLESS OTHERWISE STATED, ALL TERMS AND ABBREVIATIONS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

OUR DIRECTORS HAVE SEEN AND APPROVED ALL THE DOCUMENTS RELATING TO THE RIGHTS ISSUE OF SHARES. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, OUR DIRECTORS HEREBY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

AMINVESTMENT BANK, BEING OUR PRINCIPAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE OF SHARES.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE 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.

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF SHARES, FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS FOR THE RIGHTS ISSUE OF SHARES ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SHARES IN ANY OTHER COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF SHARES UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

For the purpose of this Abridged Prospectus, unless where the context otherwise requires, the following definitions will apply throughout this Abridged Prospectus:-

Abridged Prospectus	:	This abridged prospectus dated 11 May 2021 issued by our Company in relation to the Rights Issue of Shares
Act	:	Companies Act, 2016
AGM	:	Annual General Meeting
AmInvestment Bank / Principal Adviser	:	AmInvestment Bank Berhad (Registration No: 197501002220 (23742-V))
Armani Synergy / Undertaking Shareholder	:	Armani Synergy Sdn Bhd (Registration No: 202001020520 (1376840-M))
Board	:	Board of directors of TAFI
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No: 200301033577 (635998-W))
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	:	The securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposit or withdrawal of securities and dealings in such securities by the depositor
CIDB	:	Construction Industry Development Board
Closing Date	:	31 May 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Shares and the Excess Application
CMSA	:	Capital Markets and Services Act, 2007
CMCO	:	Conditional movement control order
COVID-19	:	Coronavirus disease 2019
Dato' Sri Andrew	:	Dato' Sri Andrew Lim Eng Guan
Dato' Sri Azlan	:	Dato' Sri Azlan Bin Azmi
Dato' Sri Wong	:	Dato' Sri Wong Sze Chien
Director(s)	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2 of the Act and Section 2(1) of the CMSA
Documents	:	Collectively, the Abridged Prospectus and the accompanying NPA and RSF

DEFINITIONS (CONT'D)

e-NPA	:	Electronic NPA
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription
EGM	:	Extraordinary general meeting
Entitlement Date	:	At 5.00 p.m. on 11 May 2021, being the time and date on which the names of our Shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue of Shares
Entitled Shareholder(s)	:	Shareholder(s) whose names appear in the Record of Depositors of our Company on the Entitlement Date
Enhanced Rights Issue Mandate	:	Mandate obtained from our Shareholders at the EGM dated 5 January 2021, pursuant to the temporary relief measure announced by the SC and Bursa Securities on 10 November 2020, to issue new rights shares of up to 50% of the total number of issued shares on a pro rata basis
Excess Application	:	Application for the Excess Rights Shares in excess of the Provisional Rights Shares, the procedures of which are set out in Section 10.7 of this Abridged Prospectus
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s)/transferee(s), (if applicable) by the Closing Date, prior to the Excess Application
Full Subscription Basis	:	A level of subscription which entails the full issuance of 46,475,700 Rights Shares at the Issue Price to raise gross proceeds of RM26,955,906
Foreign Addressed Shareholders	:	Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue of Shares
FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
GDC	:	Gross development cost
GDV	:	Gross development value
General Mandate	:	The approval obtained from our Shareholders at our Company's last AGM convened on 17 July 2020 for our Board to allot and issue new TAFI Shares not exceeding 10% of our Company's issued share capital for the time being, pursuant to Sections 75 and 76 of the Act, until the conclusion of the next AGM unless revoked or varied by the shareholders at a subsequent general meeting
GL	:	Gross loss
Government	:	Government of Malaysia
GP	:	Gross profit
IMR Report	:	The independent market research report dated 15 April 2021 prepared by Providence

Issue Price	:	Issue price of RM0.58 per Rights Share
JDA	:	The joint development agreement dated 5 November 2020 entered into by TAFI Development, a wholly owned subsdiary of TAFI and E Prompt Sdn Bhd to jointly develop a portion of a freehold land measuring in aggregate approximately 33 acres forming part of a parcel of land held under Geran No. Pendaftaran 2700, Lot 457, Mukim Ringlet, District of Cameron Highlands, State of Pahang into a mixed development project which is proposed to comprise of town houses, apartments and commercial shops
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	15 April 2021, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	:	Loss per share
LTD	:	5 March 2021, being the last trading day prior to the date of fixing the issue price of the Rights Shares
Market Day(s)	:	Any day(s) between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
MCO	:	Movement control order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets attributable to the owners
NPA	:	Notice of provisional allotment of Rights Shares pursuant to the Rights Issue of Shares as enclosed with this Abridged Prospectus
OEM	:	Original equipment manufacturing
Provisional Rights Shares	:	Rights Share(s) provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue of Shares
Providence	:	Providence Strategic Partners Sdn Bhd (Registration No: 201701024744 (1238910-A)), an independent market researcher
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
Registered Entitled Shareholders	:	Entitled Shareholders who are registered users of TIIH Online
Rights Issue of Shares	:	Renounceable rights issue of 46,475,700 Rights Shares at the Issue Price on the basis of three (3) Rights Shares for every five (5) existing TAFI Shares held by the Entitled Shareholders on the Entitlement Date
Rights Share(s)	:	46,475,700 new TAFI Shares to be issued pursuant to the Rights Issue of Shares

DEFINITIONS (CONT'D)

RM and sen	:	Ringgit Malaysia and sen respectively
RMCO	:	Recovery movement control order
RSF	:	Rights subscription form for the Rights Issue of Shares as enclosed in this Abridged Prospectus
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to SICDA
SC	:	Securities Commission Malaysia
Share Registrar or Tricor	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No: 197101000970 (11324-H))
Shareholder(s)	:	Registered holder(s) of TAFI Shares
SICDA	:	Securities Industry (Central Depositories) Act, 1991
TA Furniture	:	T.A. Furniture Industries Sdn Bhd (Registration No. 198201000357 (80101-W)), a wholly-owned subsidiary of TAFI
TAFI Development	:	TAFI Development Sdn Bhd (Registration No. 199401015536 (301216-V)) *(formerly known as T.A. Systems Furniture Industries Sdn Bhd)*, a wholly-owned subsidiary of TAFI
TAFI or Company	:	TAFI Industries Berhad (Registration No: 200401002432 (640935-P))
TAFI Group or Group	:	Collectively, TAFI and its subsidiaries
TAFI Share(s) or Share(s)	:	Ordinary share(s) in TAFI
TERP	:	Theoretical ex-rights price of TAFI Shares
TIIH Online	:	Tricor's propriety owned application to facilitate our Shareholders to subscribe for the Rights Shares provisionally allotted and to apply for the Excess Rights Shares electronically
Treasury Shares	:	2,540,500 treasury shares held by our Company as at the LPD
Undertaking	:	The irrevocable and unconditional undertaking from the Undertaking Shareholder dated 8 March 2021, to subscribe in full for their entitlement of Rights Shares based on its shareholdings as at the Entitlement Date and such additional Rights Shares not taken up by the other Entitled Shareholders and/or their renouncee(s) by way of Excess Application to meet the Full Subscription Basis
USA	:	United States of America
USD	:	United States Dollar
VWAP	:	Volume weighted average market price

All references to "**our Company**" or "**TAFI**" in this Abridged Prospectus are to TAFI Industries Berhad and reference to "**our Group**" are to our Company and our subsidiaries. All references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, or where the context requires, our Group or any of our subsidiaries.

All references to "**you**" and "**your**" in this Abridged Prospectus are to the Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s), where applicable.

Words importing the singular will, where applicable, include the plural and vice versa, and words importing the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. References to persons will include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any legislation, statute, guidelines, code, rules and regulations is a reference to that/those legislation, statute, guidelines, code, rules and regulations as amended or re-enacted from time to time. Any reference to a time of day or date in this Abridged Prospectus will be a reference to Malaysian time and date, unless otherwise stated.

Certain amounts and percentage figures included in this Abridged Prospectus have been subject to rounding adjustments. Any discrepancy between the figures shown in this Abridged Prospectus and figures published by our Company, such as quarterly reports or annual reports, is due to rounding.

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

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ADVISERS' DIRECTORY

PRINCIPAL ADVISER	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: 03-2036 2633 Fax. No.: 03-2078 2842
COMPANY SECRETARIES	:	Ng Bee Lian (SSM PC No.: 201908003459) (MAICSA 7041392) Teh Soo Yee (SSM PC No.: 201908003457) (LS0010368) 49-B Jalan Melaka Raya 8 Taman Melaka Raya 75000 Melaka, Malaysia Tel. No.: 06-281 5300 Fax. No.: 03-281 5332
SOLICITOR FOR THE RIGHTS ISSUE OF SHARES	:	Mah-Kamariyah & Philip Koh Advocates & Solicitors 3A07, Block B, Phileo Damansara II 15, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel. No.: 03-7956 8686 Fax. No.: 03 - 7956 2208
SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Tel. No.: 03-2783 9299 Fax. No.: 03-2783 9222
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd 67-1, Block D, The Suites, Jaya One No. 72A, Jalan Universiti, 4 6200 Petaling Jaya, Selangor, Malaysia Tel. No.: 03-7625 1769 Executive Director's name: Melissa Lim Li Hua (Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia)
STOCK EXCHANGE LISTED	:	Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE OF SHARES

THIS SUMMARY OF THE RIGHTS ISSUE OF SHARES ONLY HIGHLIGHTS THE KEY INFORMATION FROM THE OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

(i) Number of Rights Shares to be issued and basis of allotment

The Rights Issue of Shares entails the issuance of 46,475,700 Rights Shares on a renounceable basis of three (3) Rights Shares for every five (5) existing TAFI Shares held by the Entitled Shareholders on the Entitlement Date. Any unsubscribed Rights Shares will be made available for subscription by other Entitled Shareholders and/or their renounces and/or their transferees, if applicable, via Excess Applications. It is our Board's intention to allot the Excess Rights Shares, if any, in a fair and equitable manner. Please refer to Section 2.1 of this Abridged Prospectus for further information.

(ii) Issue Price of the Rights Shares

Our Board has fixed the issue price of the Rights Shares at RM0.58 per Rights Share. Please refer to Section 2.2 of this Abridged Prospectus for further information.

(iii) Undertaking for the Rights Issue of Shares

The Rights Issue of Shares will be undertaken on a Full Subscription Basis. In order to meet the Full Subscription Basis, our Company had procured an Undertaking from the Undertaking Shareholder, details of which are set out below:-

Undertaking Shareholder	Direct shareholdings as at the LPD		Rights Shares to be subscribed for pursuant to the Undertaking		
	No. of Shares ('000)	%	Entitlement No. of Rights Shares ('000) / %	Excess Application No. of Rights Shares ('000) / %	Total No. of Rights Shares ('000)
Armani Synergy [(1)]	40,132	51.81	24,079 (51.81%)	22,397 (48.19%)	46,476

Note 1: Assuming none of the Entitled Shareholders and/or their renouncee(s) (other than Armany Synergy) subscribes for the Rights Shares, Armani Synergy's resultant shareholdings in the Company under the Full Subscription Basis will increase to 69.88%.

Please refer to Section 2.3 of this Abridged Prospectus for further information.

(iv) Utilisation of proceeds

The Rights Issue of Shares will raise gross proceeds of RM26.96 million, which will be utilised in the following manner:-

Details	(RM'000)	%	Estimated timeframe for utilisation from the date of listing of the Rights Shares
Working capital for our Group's furniture segment	15,256	56.60	Within 9 months
Property development activities	10,000	37.10	Within 15 months
Repayment of borrowings	1,200	4.45	Within 6 months
Estimated expenses in relation to the Rights Issue of Shares	500	1.85	Immediate
Total	**26,956**	**100.00**	

Please refer to Section 4 of this Abridged Prospectus for further information.

(v) Rationale for the Rights Issue of Shares

The Rights Issue of Shares allows our Group:-

(a) To raise funds on an expedient basis and channel the funds towards the proposed utilisation as set out under Section 4 of this Abridged Prospectus; and

(b) To provide opportunity to all Entitled Shareholders in the equity offering on a pro-rata basis at a discount to the prevailing market price.

Please refer to Section 5 of this Abridged Prospectus for further information.

(vi) Risk factors

You should carefully consider, along with the other information contained in this Abridged Prospectus, the following risk factors relating to:-

(a) our manufacturing business and operations of which we are exposed to, amongst others, disruptions caused by the COVID-19 pandemic, production or operational risk and fluctuations in prices of raw materials;

(b) our property development business and operations, of which we are exposed to, amongst others, the impact of COVID-19 pandemic, the non-completion of the JDA, regulatory approvals for the Habu Project and inherent risks in the property development industry;

(c) the industries in which we operate, of which we are exposed to, amongst others, our dependency on the supply of foreign workers, political, economic and regulatory risk and competition risk; and

(d) the Rights Issue of Shares, of which it includes failure or delay in the completion of the Rights Issue of Shares, market risk and the potential dilution in shareholdings of the Entitled Shareholders.

Please refer to Section 6 of this Abridged Prospectus for further information.

(vii) Procedures for application for the Rights Shares

Acceptance of and payment for the Provisional Rights Shares allotted to you and application for the Excess Rights Shares must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions of the RSF or by way of e-Subscription and must conform to the terms and conditions of TIIH Online contained therein.

The last day, date and time for acceptance of and payment for the Provisional Rights Shares and the Excess Rights Shares is on **Monday, 31 May 2021 at 5.00 p.m.**

Please refer to Section 10 of this Abridged Prospectus for further information.

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(Registration No. 200401002432 (640935-P))
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Act)

Registered Office
PLO 3 Kawasan Perindustrian Bukit Pasir
Mukim Sungai Raya
84300 Bukit Pasir, Muar, Johor, Malaysia

11 May 2021

Board of Directors

Dato' Sri Andrew Lim Eng Guan *(Executive Director)*
Dato' Sri Azlan Bin Azmi *(Group Managing Director)*
Dato' Sri Ong Chee Kean *(Non-Independent Non-Executive Chairman)*
Dato' Sri Wong Sze Chien *(Group Chief Executive Officer)*
Leong Boon Tik *(Senior Independent Non-Executive Director)*
Leong Sher-How *(Independent Non-Executive Director)*
Teh Soon Hin *(Independent Non-Executive Director)*

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 46,475,700 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.58 PER RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING TAFI SHARES HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 11 MAY 2021

1. INTRODUCTION

On 8 March 2021, AmInvestment Bank had, on behalf of our Board, announced that our Company had proposed to undertake the Rights Issue of Shares under the Enhanced Rights Issue Mandate and TAFI's General Mandate.

On 15 April 2021, AmInvestment Bank had, on behalf of our Board, announced that Bursa Securities, vide its letter dated 15 April 2021, resolved to approve the listing of and quotation for 46,475,700 Rights Shares to be issued pursuant to the Rights Issue of Shares, subject to, amongst others, the following conditions:-

No.	Conditions	Status of compliance
1.	TAFI and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares;	To be complied.
2.	TAFI and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue of Shares;	To be complied.

No.	Conditions	Status of compliance
3.	TAFI is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares is completed; and	To be complied.
4.	In the event the Rights Issue of Shares is not completed before the next AGM, TAFI is required to furnish a certified true copy of the resolutions passed by TAFI's shareholders for a general mandate under Sections 75 & 76 of the Act at TAFI's forthcoming AGM	Noted. To be complied, if applicable

On 26 April 2021, AmInvestment Bank had, on behalf of our Board, announced that the Entitlement Date had been fixed on 11 May 2021.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or our Company.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE OF SHARES AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE OF SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES

2.1 Introduction

The Rights Issue of Shares entails an issuance of 46,475,700 Rights Shares at the Issue Price on the basis of three (3) Rights Shares for every five (5) existing TAFI Shares held by the Entitled Shareholders on the Entitlement Date. For avoidance of doubt, the holder of the Treasury Shares will have no rights to participate in the Rights Issue of Shares and we shall ensure that the number of Treasury Shares shall remain the same up till the completion of the Rights Issue of Shares.

In accordance with the terms and conditions of the Rights Issue of Shares as approved by the relevant authorities and our Shareholders, and subject to the terms and conditions of the Documents, our Company shall provisionally allot 46,475,700 Rights Shares to the Entitled Shareholders on the basis of three (3) Rights Shares for every five (5) existing TAFI Shares held on the Entitlement Date.

The Rights Issue of Shares will be undertaken on the Full Subscription Basis via the Undertaking by the Undertaking Shareholder, the details of which are set out in Section 2.3 of this Abridged Prospectus.

The Rights Issue of Shares is renounceable in full or in part. The Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

Any unsubscribed Rights Shares will be made available to the other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) under Excess Application as our Board shall determine. It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Application applied for; and

(iv) fourthly, for allocation to transferee(s) and/or renouncee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Application applied for.

In the event there is any remaining balance of the Excess Rights Shares applied for by the Entitled Shareholders and/or renouncee(s) and/or their transferee(s) who have applied for the Excess Rights Shares after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares to the Entitled Shareholders and/or renouncee(s) and/or their transferee(s) who have applied for the Excess Rights Shares until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for by the Entitled Shareholders and/or renouncee(s) and/or their transferee(s) (if applicable) in such manner as our Board deems fit and expedient or in the best interests of our Company, subject always that such allocation being made on a fair and equitable basis and that the intention of our Board as set out in steps (i) to (iv) above are achieved. Our Board also reserves its rights to accept any Excess Application in full or in part, at its absolute discretion, without assigning any reason.

In determining our Shareholders' entitlements to the Rights Shares under the Rights Issue of Shares, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as our Board in its absolute discretion deems fit and expedient or in the best interests of our Company.

Shareholders whose names appear in our Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue of Shares. However, only the Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive the Documents.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of Rights Shares which you are entitled to subscribe for and a RSF which is to be used for the acceptance of the Rights Shares provisionally allotted to you, and for the application of any Excess Rights Shares under Excess Application, should you wish to do so.

Upon allotment and issuance of the Rights Shares by our Company, the Rights Shares will be credited directly into the respective CDS Account(s) of our Shareholders and/or their renouncee(s) and/or their transferee(s) who have successfully subscribed for the Rights Shares. No physical share certificates will be issued but notices of allotment will be issued to the successful applicants. We will allot and issue the Rights Shares and despatch notices of allotment to the successful applicants within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

The official listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) who have subscribed for the Rights Shares, have been duly credited with the Rights Shares and notices of allotment have been despatched to them.

2.2 Basis of determining the Issue Price

The issue price of RM0.58 per Rights Share was determined by our Board after taking into consideration, amongst others, the following:-

(i) the funding requirements of our Group as set out in Section 4 of this Abridged Prospectus;

(ii) the prevailing market conditions and current and historical market price of TAFI Shares;

(iii) a discount of 7.88% to the five (5)-day VWAP of TAFI Shares up to and including the LTD of RM0.6296. As the Rights Issue of Shares is also undertaken utilising TAFI's General Mandate, the issue price is required to comply with the requirement set out in Paragraph 6.04(a) of the Listing Requirements, whereby any issuance of new shares under a general mandate shall not be priced at more than 10% discount to the 5-Day VWAP immediately before the price fixing date; and

(iv) the resultant TERP of TAFI Shares of RM0.6110 computed based on the five (5)-day volume VWAP of TAFI Shares up to and including the LTD of RM0.6296 whereby the Issue Price represents a discount of 5.07% to the TERP.

For information purposes, the Issue Price's premium / (discount) to the TERP computed based on the 1-month, 3-months, 6-months and 12-months VWAP of TAFI Shares up to the LPD are as follows:-

Up to the LPD	VWAP (RM)	TERP (RM)	Premium / (Discount)	
			RM	%
1-month	0.6687	0.6354	(0.0554)	(8.72)
3-months	0.6542	0.6264	(0.0464)	(7.40)
6-months	0.6262	0.6089	(0.0289)	(4.74)
12-months	0.5014	0.5309	0.0491	9.25

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2.3 Major Shareholders' Undertaking

It is the intention of our Company to undertake the Rights Issue of Shares on a full subscription basis, where the Rights Issue of Shares would entail the issuance of 46,475,700 Rights Shares to raise gross proceeds of approximately RM26.96 million, which will be channeled towards the utilisation as set out in Section 4 of this Abridged Prospectus.

In order to meet the Full Subscription Basis, our Company had procured Undertaking from the Undertaking Shareholder, details of which are set out below:-

Undertaking Shareholder	Direct shareholdings as at the LPD		Rights Shares to be subscribed for pursuant to the Undertaking[ii]					Direct shareholdings after the Rights Issue of Shares	
			Entitlement		Excess Application		Total No. of Rights Shares ('000)		
	No. of Shares ('000)	%[i]	No. of Rights Shares ('000)	%	No. of Rights Shares ('000)	%		No. of Shares ('000)	%[iii]
Armani Synergy	40,132	51.81	24,079	51.81	22,397	48.19	46,476	86,608	69.88

Notes:-

(i) Based on the total number of TAFI Shares as at the LPD amounting to 77,459,500 TAFI Shares (excluding the Treasury Shares).

(ii) Based on the 46,475,700 Rights Shares to be issued assuming none of the Entitled Shareholders and/or renounces(s) (other than Armani Synergy) subscribes for their respective entitlements under the Rights Issue of Shares.

(iii) Based on the enlarged issued share capital of TAFI amounting to 123,935,200 TAFI Shares after the Rights Issue of Shares.

In view that our Company has obtained the Undertaking from the Undertaking Shareholder, our Company does not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders.

The Undertaking Shareholder have confirmed via its Undertaking that it has sufficient financial resources to take up the number of the Rights Shares as specified in the Undertaking. AmInvestment Bank has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares pursuant to the Undertaking.

Upon completion of the Rights Issue of Shares, the Undertaking Shareholder's shareholdings in TAFI will not result in any mandatory take-over obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions.

Pursuant to Paragraphs 3.06 and 8.02(1) of the Listing Requirements, TAFI must ensure that at least 25% of the total listed TAFI Shares are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 TAFI Shares each.

For information purposes, the public shareholding spread of TAFI is not expected to fall below 25% of the enlarged issued share capital of TAFI after the completion of the Rights Issue of Shares, including in the event that the Undertaking Shareholder subscribe in full for all the Rights Shares in accordance with the Undertaking and no other Entitled Shareholders subscribe for the Rights Shares.

2.4 Ranking of the Rights Shares

The Rights Shares will, upon allotment and issuance, rank equally in all respects with the then existing TAFI Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Rights Shares.

2.5 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Monday, 31 May 2021**.

3. OTHER CORPORATE PROPOSALS APPROVED BUT PENDING COMPLETION

Our Board confirms that save for the Rights Issue of Shares, there are no other outstanding corporate proposals that have been announced through Bursa Securities but have yet to be completed as at the LPD.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.58 for each Rights Share, the Rights Issue of Shares will raise gross proceeds of RM26.96 million, which is expected to be utilised in the following manner:-

Details	**Note**	**(RM'000)**	**%**	**Estimated timeframe for utilisation from the receipt of proceeds**
Working capital for our Group's furniture segment	(i)	15,256	56.60	Within 9 months
Property development activities	(ii)	10,000	37.10	Within 15 months
Repayment of borrowings	(iii)	1,200	4.45	Within 6 months
Estimated expenses in relation to the Rights Issue of Shares	(iv)	500	1.85	Immediate
Total proceeds		**26,956**	100.00	

Notes:-

(i) The proceeds earmarked for working capital will be utilised to finance the day-to-day operations of the furniture segment of our Group and is expected to be utilised in the following manner:-

Details	Percentage allocation	RM'000
Purchase of raw materials / repayment of trade creditors	80%	12,205
Other administrative expenses including staff remunerations/wages, transportation costs, utilities and/or factory overheads	20%	3,051
Total	**100%**	**15,256**

Our Group intends to utilise proceeds of RM12.21 million from the Rights Issue of Shares to repay trade creditors wherein such amount owing mainly arises from our Group's purchases of raw materials and the remaining balance earmarked for the purchase of raw materials on cash terms. For information purposes, based on the latest audited results for the FYE 31 December 2020, our Group's amount owing to trade creditors stands at RM5.48 million.

The raw materials used in our furniture segment comprised mainly of chipboard, medium-density fibreboard and lamination paper. The annual cost of raw materials for our Group's furniture segment for the last three (3) financial years ended 31 December 2020, 31 December 2019 and 31 December 2018 forms, on average approximately 62% or RM17.65 million of the total cost of sales of our Group.

The prompt repayment of our Group's outstanding trade creditors and/or purchase of its required raw materials via cash terms will also accord greater financial flexibility to our Group as it allows our management to negotiate for more favorable terms with its suppliers resulting in potential cost savings. Nonetheless, in view of our Group's weak financial performance in recent years, our Group is unable to utilise our internally generated funds to fully capitalize on the aforesaid favourable terms offered by our suppliers, given our limited operating cashflow available.

By utilising the proceeds raised from the Rights Issue of Shares for the purchase of raw materials, it will enable our Group to reduce its need to rely on any short-term credit facilities (i.e. bank overdrafts, bank guarantees and revolving credit) to fund our Group's working capital so that our Group would not incur any additional interest cost that will have an adverse impact to our Group's financial performance.

The remaining working capital proceeds of RM3.05 million will be primarily channelled towards, amongst others, the staff costs of our Group, office expenses and/or overheads such as utilities, insurance, maintenance, quit rent and assessment.

(ii) As part of our Company's recent diversification into property development, our Group intends to earmark the proceeds from the Right Issue of Shares to expand our property development activities. Such utilisation may include but not limited to construction costs (including earthworks, clearing works, infrastructure expenses and building costs), marketing expenses, consultancy and professional fees, payments to the relevant authorities for inter-alia land premiums and relevant permits as well as administrative costs for our Group's existing and future property developments.

Our Company had on 5 November 2020 entered into the JDA to develop a mixed development project intending to comprise of inter-alia town houses, apartments and commercial shops, located in Cameron Highlands ("**Habu Project**"). The total GDV and GDC of the Habu Project is estimated to be RM390.0 million and RM260.0 million, respectively.

As at the LPD, the JDA has yet to be completed pending the fulfilment of certain conditions precedent in the JDA ("**Conditions Precedent**") including inter-alia the approval for the environmental impact assessment for the Habu Project. Simultaneously with the fulfilment of the Conditions Precedent, in order to expedite the Habu Project, our Company is currently in the midst of preparing the layout, infrastructure and building plans to be submitted to the relevant authorities.

Our Group expects to fulfil all the Conditions Precedent in the JDA and to receive the approval for the earthworks and drainage plan to commence the preliminary construction work (including earthworks and clearing works) by the 4th quarter of 2021 and thereafter proceed to launch the Habu Project by the 1st half of 2022. In this respect, our Group is expected to incur initial cost for the preliminary construction works as well as payment to authorities and professionals, amounting to an aggregate of approximately RM20.0 million (out of which approximately RM207,000 has been incurred as at the LPD).

Simultaneous with the aforementioned, in order to expand our Group's property development segment, our management is also exploring the feasibility to acquire landbanks and development rights as well as entering into strategic partnerships with suitable partners to jointly develop any such landbanks / development rights ("**Potential Land-banking Expansion**").

In the event that our Group is able to identify such opportunities, our Group may utilise part of the proceeds to enable our Group to secure such opportunities in a timely manner, which include, payment of upfront deposits for the acquisition/joint venture and the associated preliminary costs to undertake the potential property development projects. The balance/shortfall required to fund the proposed acquisition or the potential joint venture development projects will be financed through our internally generated funds and/or bank borrowings.

As at the LPD, save for the Habu Project, our Group has yet to finalise any undertaking of new development projects. Our Group shall make the necessary announcement in accordance to the Listing Requirements.

(iii) Our Group intends to utilise proceeds of RM1.20 million from the Rights Issue of Shares for the full settlement of our Group's outstanding borrowings. As at the LPD, the total outstanding borrowings of our Group stood at approximately RM1.20 million and the repayment details are set out as below:-

Type of Facility / Maturity	Interest Rate (%) *	Outstanding amount as at the LPD (RM)	Interest Savings per annum (RM)
Term Loan / May 2022	5.00	927,321	46,366
Hire Purchase / February 2028	2.21	268,565	5,935

* Represents the interest rate for the bank borrowings to be repaid.

Any excess of proceeds not utilised for the repayment of bank borrowings will be used for the working capital of our Group's furniture segment.

(iv) The total estimated expenses relating to the Rights Issue of Shares are as follows:-

Description	**(RM'000)**
Professional fees*	400
Fees payable to authorities	50
Other expenses in connection with the Rights Issue of Shares such as printing, advertising cost and other ancillary expenses	50
Total	500

* Comprises estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors and Independent Market Researcher for the Rights Issue of Shares.

Any shortfall or excess in funds allocated for the estimated expenses will be funded from or be used for the working capital of our Group's furniture segment.

Pending utilisation of the proceeds from the Rights Issue of Shares for the above purposes, the proceeds will be placed in interest-bearing deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used for our Group's working capital purposes.

5. RATIONALE FOR THE RIGHTS ISSUE OF SHARES

The Rights Issue of Shares is intended to raise proceeds to be utilised in the manner as set out in Section 4 of this Abridged Prospectus. After due consideration of the various options available as well as the capital structure of our Company, our Board is of the opinion that the Rights Issue of Shares is the most appropriate means of fundraising after taking into consideration inter-alia:-

(i) the immediate funding requirement of our Group and the ability of our Group to tap into the equity market on an expedient basis via the Rights Issue of Shares under the Enhanced Rights Issue Mandate to cater for the working capital needs of our Group for its day-to-day operations of our Group's furniture segment including amongst others the purchase of raw materials and repayment of trade creditors. In addition, our Group also intends to use the proceeds raised from the Rights Issue of Shares for our Group's current and future property development activities. In addition, the Rights Issue of Shares will also be undertaken utilising the General Mandate, which allows our Group to raise additional funds under the Rights Issue of Shares;

(ii) the Rights Issue of Shares will provide the Entitled Shareholders with an opportunity to participate in an equity offering on a pro-rata basis and to increase their equity participation in TAFI Group at a discount to the prevailing market price;

(iii) the Rights Issue of Shares will enable our Company to raise requisite funds without incurring interest expense as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs;

(iv) the Rights Issue of Shares will enable TAFI to issue new TAFI Shares without diluting shareholders' equity interests provided that the Entitled Shareholders fully subscribe for their respective entitlements to the Rights Shares under the Rights Issue of Shares; and

(v) the enlarged capital base upon the completion of the Rights Issue of Shares will also further strengthen TAFI Group's financial position and the benefits from the utilisation of proceeds therefrom are expected to improve our Group's future earnings.

For information purposes, our Company has not undertaken any fund-raising exercises in the past 12 months preceding the LPD.

6. RISK FACTORS

Our Group is principally involved in the manufacturing of furniture products and had recently embarked on our maiden development project, known as the Habu Project. Hence, our business and financial performance are mainly subject to the risks from the aforementioned operations and industries.

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before making your decision on whether to subscribe for your entitlements to the Rights Issue of Shares.

6.1 Risks relating to our business and operations

<u>Manufacturing Operations</u>

(i) Disruptions caused by outbreak and spread of COVID-19 pandemic

The Covid-19 pandemic and the introduction of the MCO, RMCO and CMCO by the Government had varying impact and effects on our Group's furniture manufacturing division wherein our furniture manufacturing operations were halted on 18 March 2020, resumed on 13 April 2020 (subject to our workforce being capped at 50%) and thereafter commenced normal operations after 30 April 2020.

In view of the above, our Group's revenue for the 6 months FPE 30 June 2020 had decreased by RM3.63 million representing 24% reduction as compared to the previous year corresponding period and our Group's LAT had increased by RM1.03 million representing 94% increase as compared to the previous year corresponding period due to fixed costs incurred for labour and depreciation cost for machinery of RM3.61 million notwithstanding the ceasing of operations and lower manufacturing activities during the aforesaid period.

During the MCO period, our production operations were also impacted by supply and logistics disruptions whereby our suppliers and sub-contractors were also unable to operate. Following the transition from MCO to CMCO and the subsequent easing of operations and logistics situation, we were able to fully restore our supply chain. Furthermore, we had also incurred additional costs in order to comply with standard operating procedures ("**SOPs**") in line with the Government's COVID-19 infection control measures which consist primarily of sanitisation expenses, screening tests and purchase of personal protective equipment.

It should be noted that our Group has been continuously receiving sales orders even during the MCO period. However, due to business interruptions mentioned above, such orders had led to production backlog whereby our Group had incurred additional labour cost and machine maintenance costs in order to meet our sales commitment following the resumption of our operations. For information purposes, as at the LPD, our Group has completed all backlog orders caused by the interruptions and did not incur any penalty or experienced significant amount of cancellation of sales order arising from the production backlog.

However, due to the competitive nature of our industry and the prices of our products being contracted upfront prior to the finalisation of the cost to be incurred by our Group for the production for the said products, our Group is unable to pass on the aforesaid additional costs to our customers. This had resulted in our margins being further compressed, which contributed to our Group recording a gross loss of RM4.66 million in the FYE 31 December 2020.

Furthermore, the COVID-19 pandemic has also contributed to a shortage of international shipping containers to USA, which is our Group's main country of export. As a result, our Group's export sales have been adversely impacted due to deferment in delivery of finished products and hence resulted in delay in our Group's revenue recognition in the FYE 31 December 2020.

Notwithstanding the re-imposition of the MCO from 13 January 2021 to 4 March 2021, our Group was able to continue the operations of our furniture segment, subject to compliance with the Government's SOPs, and hence there has been no significant impact to our furniture operations during this period.

Nevertheless, any adverse developments in relation to the COVID-19 pandemic may lead to more stricter conditions, compliance requirements and SOPs being imposed by relevant authorities which may result in the suspension of our furniture manufacturing operations, higher cost of operations and/or interruption in our sub-contractor and suppliers' operation. Any adverse and/or prolonged development of COVID-19 may also result in loss of business and dampen consumer's spending, which may consequently impact the demand for our furniture, and hence may negatively affect our financial performance.

(ii) **Production or operational risk**

Our manufacturing plant is subject to loss due to natural disasters such as fire and floods. In this respect, in July 2020 one of our premise located in Muar which served as our Group's lamination and warehouse was flooded. The flood was mainly caused by a continuous period of heavy rain which led to the drainage system located at the aforesaid premise to overflow.

The flooding incident had caused damages to our Group's raw materials, work in progress and finished good, which resulted in our Group recording an impairment of our inventories of approximately RM1.27 million for the FYE 31 December 2020. In relation to the above, our Group has successfully claimed against our insurance policy for the damages amounting to RM0.97 million.

In addition, our Group has also undertaken various measures to prevent future occurrence of flooding at our premises which include amongst others liaising with local authorities on the maintenance of drainage systems. Notwithstanding the above, there can be no assurance that the event of flood or any other event will not occur at our Group's premises which will adversely impact our Group's operations and financial performance. Further, there is also no assurance that any claims from our Group's insurance policies will be successful and/or sufficient to cover all losses incurred by our Group arising from such events.

As at the LPD, save for the flooding incident above, our Group has not experienced any incidents of natural disasters, which led to material losses in our operations.

Furthermore, our Group relies on machineries and equipment for our furniture manufacturing operations. Any frequent breakdown in these machineries and equipment may materially disrupt our production process and consequently negatively impact our financial performance. As at the LPD, our Group has not experienced any material or frequent breakdown in our machineries which resulted in a material disruption in our operation. Nonetheless, there is no assurance that our machineries will be able to operate reliably and will not cause any unforeseen disruption to our operations.

In addition, the furniture industry is highly susceptible to changes in consumer preference and/or market trends for furniture products. In this respect, our Group had in FYE 31 December 2020, recorded an impairment of RM1.58 million for our Group's machineries which are no longer in use for our Group's production due to these machineries are no longer needed for the type of furniture produced by our Group/ordered by our customers.

(iii) We are subject to the fluctuations in prices of raw materials

Chipboard, medium-density fibreboard ("**MDF**") and lamination paper represent the main raw materials used in our furniture manufacturing operations. Our Group mainly purchases chipboard and MDF from local suppliers whilst our lamination papers are sourced from the People's Republic of China ("**China**").

The purchases of the aforementioned raw materials accounts for an average 62% of our Group's total cost of sales for the past 3 financial years. Hence any adverse fluctuations in prices of our raw materials may materially affect the profit margins of our Group if we are unable to pass on the increased cost to our customers in a timely manner.

It is our Group's strategy to reduce the turnaround time for our raw materials to ensure efficient utilisation of our Group's working capital. Accordingly, we will only purchase raw materials upon confirmation of sales and in such quantity deemed sufficient to fulfil our sales order on hand. Notwithstanding such purchasing policy, our Group may still be susceptible to the fluctuation of raw materials prices as there is a time-lag between the quotation of sales orders and subsequent confirmation of sales orders by our customers. During this period, if the prices of raw materials increase, we may not be able to pass on the increased costs to our customers due to the competitive nature of our industry.

In view of the above, there is no assurance that our Group will be able to correctly anticipate the movement in the raw material prices to match our purchases or that our Group will be able to pass on the increased cost, if any, to our customers in order to preserve our profit margin.

(iv) We are exposed to foreign exchange fluctuations

Our Group's revenue arising from furniture exports are mainly to the USA and purchases are predominantly denominated in USD and RM, therefore our Group is susceptible to foreign exchange fluctuations, particularly USD against RM. For the FYE 31 December 2020, approximately 98% of our revenue and 26% of our purchases were denominated in USD.

As at the LPD, our Group does not have any currency hedging arrangements in place and our purchases in USD only represent a small fraction of revenue derived from our export sales in USD. Arising therefrom, any adverse changes/ fluctuations in the exchange rates (i.e. weakening of USD against RM) may negatively impact our Group's financial performance. For information purposes, our Group had recognised a net (including realised and unrealised) foreign exchange loss of RM138,189 for the FYE 31 December 2020.

(v) Absence of long-term agreements and concentration of sales amongst our major customers

Our Group's sales orders are based on purchase orders from our customers and we do not have any long-term agreements with our customers for the supply of our products. This is mainly due to the nature of furniture industry whereby our customers, who comprises distributors and wholesalers of furniture products, are also dependent on its' own customer preference and market trend, which are subject to changes from time to time.

Accordingly, the lack of long-term agreements has resulted in our Group not being able to provide certainty and stability in our Group's revenue as well as the need for our Group to constantly secure new orders from our customers. Accordingly, any delay and/or failure in securing sales orders on a consistent basis may adversely affect the financial performance and cash flow position of our Group.

In addition, the lack of long-term agreements impedes our Group's ability to bulk purchase our key raw materials and/or to secure our raw materials at favourable pricing as we can only place orders for the raw materials upon confirmation of sales orders. Consequently, our Group is also exposed to the risk of fluctuation in prices of raw materials as set out Section 6.1(iii) above.

Our Group's sales orders are concentrated amongst a few major customers. For the FYE 31 December 2019 and FYE 31 December 2020, our top 3 customers contributed approximately 57% and 74% respectively to our Group's total revenue. Whilst our Group will continue to maintain good business relationship with these major customers in addition to our Group's on-going effort to diversify our customer base, there is no assurance that our Group is able to retain all of our existing major customers moving forward, maintain similar level of sales orders from such customers and/or replace any loss business with new customers/orders in a timely manner.

(vi) We are subject to the compliance with certain licensing requirements

Wood-Based Furniture Factory License

Currently, our Group's furniture operations (comprising manufacturing, lamination and warehouse operations) are located at three (3) locations, namely:-

(i) PLO 3, Kawasan Perindustrian Bukit Pasir, Mukim Sg. Raya, Bkt Pasir, 84300 Muar Johor Darul Ta'zim ("**TA1**"), held under TA Furniture;

(ii) Lot 288, Batu 6 1/4, Mukim Sungai Raya, Jalan Bukit Pasir, Bukit Pasir, 84300 Muar, Johor Darul Ta'zim ("**TA3**"), held under TA Furniture; and

(iii) Lot 267, Gerai No. 163, Kawasan Perindustrian Bukit Pasir, Mukim Sungai Raya, 84300 Bukit Pasir, Johor Darul Ta'zim ("**TA2**"), held under Home & Office Furniture Sdn Bhd ("**HOF**").

(collectively referred to as the "**Premises**").

Under the Wood-Based Industries Enactment 1986 ("**Enactment**"), a Wood-Based Furniture Factory License is required from the relevant state forestry authority to operate in a wood based-based industry in Malaysia. Pursuant to Section 3(1) of the Enactment, no person shall site, construct, erect, establish, operate or maintain a wood-based industry except under and in accordance with a license issued to him by the state authority and signed by the Director of State Forestry Department (under the recommendation of the Johor Utara District Forestry Office, in TAFI's instance).

Accordingly, a Wood-Based Furniture Factory License is required by TA Furniture and HOF to operate TA1, TA2 and TA3. As at the LPD, TA Furniture and HOF have applied for the aforementioned licenses in respect of TA1, TA2 and TA3 respectively. However, the aforementioned licenses have yet to be issued despite several attempts by our Company to follow-up on the status of issue of such licenses.

Notwithstanding the above, the Johor Utara District Forestry Office had vide its letters dated 5 May 2020 to the Director of the Johor State Forestry Department, stated that it had no objection to TA Furniture's Wood-Based Furniture Factory License applications (in respect of TA1 and TA3 respectively) and recommended the issuance of the said licenses to TA Furniture. TA Furniture had sent a letter dated 17 March 2021 to request for an update on its applications but the final approval of the Director of the Johor State Forestry Department remains pending as at the LPD.

Separately, HOF had also on 11 December 2018 and 24 April 2020 applied to the Johor Utara District Forestry Office to obtain the Wood-Based Furniture Factory License in respect of TA2 and had further sent a letter dated 17 March 2021 to request for an update on its application but has yet to receive a response as at the LPD.

Pursuant to Section 27 of the Enactment, any person who commits an offence under the Enactment shall, on conviction, be liable to be punished with imprisonment for a term of not exceeding 1 year, or with fine not exceeding RM2,000 or both. Additionally, whilst there are no provisions under the Enactment which specifically empowers the authorities to order cessation of business operations. However, the authorities may, amongst others, seize machineries, render inoperative machineries and demolish any building/structure which is not in compliance with the said Enactment.

As at the LPD, our Group has neither been convicted or received any fines, compounds nor been subjected to any actions or received any notices by the authorities to seize machineries/demolish the Premises in relation to the aforementioned non-compliance.

Our management will endeavour to procure such licenses as well as fulfil and comply with the conditions imposed on the aforesaid licenses, if any, when the same are issued. However, there can be no assurance that our Group is able to obtain the Wood-Based Furniture Factory Licenses or obtain the licenses in a timely manner and/or the authorities will not take any actions in relation to our Group's current non-compliance.

Certificate of Accommodation for foreign workers' accommodation

Pursuant to Section 24D(1) of the Workers' Minimum Standards of Housing and Amenities Act 1990 (as amended by Workers' Minimum Standards of Housing & Amenities (Amendment) Act 2019 which came into effect on 1 June 2020) ("**WMSHAA 1990**"), no accommodation shall be provided to an employee unless certified with a Certificate of Accommodation. Given that TA Furniture currently provides such accommodation to our employees under rented premises located in Muar, Johor ("**Hostel**"), Certificates of Accommodation are required to be obtained by TA Furniture. Section 24D(3) of the WMSHAA 1990 provides that an employer who contravenes Section 24D(1) of the WMSHAA 1990, shall on conviction, be a liable to a fine not exceeding RM50,000.

Our Group notes that as at the LPD, TA Furniture currently does not have the requisite Certificates of Accommodation for the purpose of utilising the Hostel as accommodations for its foreign workers. Nevertheless, as at the LPD, our Group has neither been convicted or received any fines, compounds and/or notification to cease operations in relation to the aforementioned non-compliance.

The Certificate of Accommodation is issued by the Department of Labour Peninsular Malaysia with the prior approval of the relevant local council. In relation thereto, in view that the Hostel are currently located at rented premises, our Group has been liaising closely with the respective landlords with regards to the necessary applications to be made to the relevant authorities. In the event the said application is rejected / unnecessarily delayed, our Group may consider relocating the Hostel to another premise(s) which is/are in compliance with the requirements under the WMSHAA 1990.

Our management will endeavour to procure such certificates as well as fulfil and comply with the conditions imposed under the aforesaid certificates, if any, as and when the same are issued. However, there can be no assurance that our Group is able to obtain the Certificate of Accommodation or obtain the approval in a timely manner and/or the authorities will not take any actions on our Group's current non-compliance.

Property Development

On 5 January 2021, our Group had obtained our Shareholders approval for the diversification of our core business to include property development and construction activities. Since then our Group had embarked on its maiden property development venture, namely the Habu Project which comprise of *inter-alia* town houses, apartments and commercial shops located in Cameron Highlands, Pahang and is constantly on the lookout for viable landbanks, potential joint ventures and/or property development projects. Our Company estimates that the GDV and GDC of the Habu Project to amount to approximately RM390.0 million and RM260.0 million, respectively.

As at the LPD, save for the Habu Project, our Group has yet to embark on other property development projects. Hence the risks for our property development business will mainly be centred on the Habu Project as well as the risks of not being able to secure viable landbanks for development to grow our property business, as detailed below:-

(i) Impact of COVID-19 pandemic on the Habu Project

Global economic conditions have been affected due to the outbreak of COVID-19 pandemic and its rapid spread across the globe. Inevitably, social and economic conditions in Malaysia have also been affected by the COVID-19 outbreak. As a result of the COVID-19 pandemic and its adverse impact on the Malaysian economy, consumer and investors' sentiment on the local property market are hampered and have remained subdued.

In respect of the Habu Project, the marketability of the project is primarily linked to the level of tourism activities in Cameron Highlands in which the performance of the Habu Project will be dependent on the demand for hotel accommodation / residences in Cameron Highlands. If the COVID-19 outbreak deteriorates further or further lockdown measures are imposed in the future resulting in the pro-longing of the recessionary impact on the economy and property market, this may lead to an adverse impact on sale performance of the Habu Project which will in turn adversely affect the financial performance of our Group. Going forward, our property development segment's financial performance will be affected by the performance of the Habu Project in the event the pace of recovery of the tourism industry within Cameron Highlands and the general property market sentiments remains sluggish.

Notwithstanding the above, our Company is expecting a recovery in the tourism activities within Cameron Highlands in the mid to long term in particular once the COVID-19 pandemic situation is eased / contained. To this end, our Company takes note of the recent positive development such as the commencement of the COVID-19 vaccination program in Malaysia as well as in other countries. Further, our Company also notes that given the uncertainty regarding international travel restrictions, domestic tourism is expected to rebound at a faster pace once the COVID-19 situation improves and inter-state travel resumes which are expected to boost the tourism outlook and in turn property sentiments, within Cameron Highlands. Additionally, there are various government initiatives being introduced to boost the economy, which includes, amongst others, reduction in Bank Negara Malaysia's Overnight Policy Rate, continuation of loan moratorium and loan instalment reduction for small and medium enterprises and individuals affected by COVID-19 pandemic as well as enhancement of the I-Sinar Program.

(ii) Non-completion of the JDA

TAFI Development had on 5 November 2020 entered into a JDA for the joint development of the Habu Project. As stipulated in the JDA, the completion of the JDA is subject to the fulfilment of the Conditions Precedent within one (1) year from 5 November 2020 (being the date of the JDA) or such mutually agreed time extension between the parties. As at the LPD, the JDA has yet to be completed pending the fulfilment of the Conditions Precedent which include inter-alia obtaining the environmental impact assessment approval for the Habu Project. Barring any unforeseen circumstances, the conditions precedent for the JDA is expected to be fulfilled by the 4th quarter of 2021.

However, there is a possibility that the JDA may not be completed due to failure in fulfilling the conditions precedent in such time and manner prescribed therein, resulting in our Group not being able to undertake the development of the Habu Project.

(iii) Regulatory approvals for the Habu Project

Our Group had on 15 February 2021, received the conditional development order approval for the Habu Project from the Majlis Daerah Cameron Highlands. Whilst our Group is taking steps to fulfil the conditions precedent in the JDA, in order to expedite the progress of the Habu Project, our Company is simultaneously in the midst of preparing the layout, infrastructure and building plans to be submitted to the relevant authorities.

Our management expects to receive all the necessary approvals for the Habu Project by the 4th quarter of 2021 and thereafter proceed to launch the project during the 1st half of 2022. As at the LPD, our Group has incurred GDC of approximately RM207,000 which mainly comprised of professional fees, payment to authorities for relevant permits and as well as administrative costs.

There is no assurance that the said approvals will be obtained within the stipulated timeline or that our Group will be able to comply with the conditions imposed by the relevant authorities, if any. These conditions if imposed, could be detrimental to the overall Habu Project and may result in additional costs to be incurred, delay in launching the project or possibly cause the termination of the joint development.

In this instance, our Group may not be able to recoup our initial investment costs in the JDA amounting to RM300,000 (being the initial payment paid by TAFI to our joint venture partner) as well as to recover the GDC that is expended up to the 4th quarter of 2021 (being the expected completion date of the JDA), which may adversely affect the financial performance of our Group.

(iv) Inherent risks in property development industry

Notwithstanding our Company is able to secure all the necessary approvals within the intended timeframe, the Habu Project is still susceptible to the risks inherent in the property development industry. Such risks may include, inter-alia, adverse changes in real estate market prices, changes in demand on type of properties, competition from other property developers, changes in economic, social and political conditions, fluctuations in costs of building materials and costs of labour charges as well as adverse changes in property tax assessments including real property gains tax.

In addition, similar to any property development ventures, the Habu Project is also subject to the risk of project delays, arising from amongst others, availability of raw materials and labour workforce as well as the performance and timely delivery of sub-contractors. Hence, any delay in the construction and delivery of units to purchasers may result in our Group incurring liquidated ascertained damages in relation to the Habu Project.

In the event some of these risks result in lacklustre sales, slow take-up rate and/or higher costs to be incurred for the project, there is no assurance our Group will be able to generate sufficient returns from the Habu Project to offset the associated development costs.

(v) Financing risk of Habu Project

Our Group is proposing to utilise up to RM10.0 million of the proceeds raised from the Rights Issue of Shares to fund the preliminary construction works (including earthworks and clearing works) as well as payment to authorities and professionals. This represents only approximately 4% of the total GDC amounting to RM260.0 million which predominantly comprise of building construction and infrastructure costs. Our Group intends to seek external financing, additional borrowings and/or future fund-raising exercises to fund such remaining development costs.

Our Group's ability to arrange for external financing and the costs of such financing are dependent on numerous factors including, general economic and capital market conditions, interest rates and credit availability from the banks or other lenders.

There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to our Group. In addition, our Group could potentially be exposed to fluctuation in interest rates on such external financing obtained, leading to higher borrowings costs that may adversely affect our Group's financial performance.

(vi) Scarcity of commercially viable landbanks for development

The success of our property development segment is dependent on our Group's ability to identify and acquire suitable landbanks at strategic locations either via acquisitions and/or joint ventures with landowners to deliver sustainable growth and profitability to our Group. However, our Group faces intense competition from other larger and more established property developers in identifying and acquiring strategically located land at commercially viable prices. The competition among property industry players has to a certain extent, created scarcity in strategically located development land. This may result in higher land acquisition cost, which may potentially affect our profitability and prospects.

There is no assurance that our Group will be able to identify new land banks on commercially viable prices and on suitable terms. Further, in view of the intense competition, it may also be more challenging to secure opportunities to jointly develop land with land owners on commercially viable profit-sharing terms and with good development potential to sustain and spur the growth of our property development division.

6.2 Risk relating to our industry

(i) Dependent on supply of foreign workers

The manufacturing activities for the furniture industry is labour intensive. As it is increasingly challenging to hire local manufacturing workers, our Group is reliant on foreign workers. As at the LPD, our furniture manufacturing division has a total workforce of 221 people of which, 74% consist of foreign workers who mainly originate from Bangladesh, Myanmar and Nepal.

Work permits for all our foreign workers are renewable on a yearly basis. Any changes to foreign worker visa policies in Malaysia or in the countries which our foreign workers are from, potential suspension on the intake of foreign workers in Malaysia as well as changes in Government's policies in relation to hiring of foreign workers may result in our Group facing difficulties in maintaining an adequate production workforce for our manufacturing activities.

Any increase in the levy rate for foreign workers or additional requirements imposed by the Government to combat the COVID-19 pandemic such as increase in screening frequency, provision of personal protective equipment as well as accommodation arrangements for our foreign workers under the Governments SOP policies will increase our labour costs which will consequentially result in a compression of gross profit margins in the event we are unable to pass on such increase to our customers.

(ii) Competition risks

Our Group's furniture segment is highly fragmented and competitive due to large number of players competing in the industry, both locally and overseas as well as new entrants to the market. We compete with our competitors in terms of, amongst others, pricing, product quality, range of product offerings and promptness in delivery.

New entrants into the market will place pressure on margins by increasing market supply while existing players may implement aggressive pricing strategy to defend and gain market share. Foreign manufacturers in countries with lower cost of production may also further compress our profit margins and/or result in smaller market share for our Group. Our success is therefore dependent on our Group's efficiency in keeping our production cost low to enable us to price competitively as well as to continuously enhance our marketing strategy and/or efforts to secure our market share.

We also face intense competition for our Group's property development segment, particularly as our Group is a new entrant to the industry and our competitors have established themselves in the market with their track record and resources in terms of capital, landbank and manpower. Our success in property development segment will be dependent on a number of factors, which include but not limited to, location, pricing, accessibility, quality, reliability and reputation of our Group. We also face competition in identifying and purchasing strategically located and reasonably priced land banks for our development activities as well as engaging reliable contractors.

There is no assurance that we are able to compete effectively with our competitors in the furniture and property development industry and there is no assurance that the competition in the aforesaid industries will not intensify further such that it materially and adversely affects our Group's financial performance in the future.

(iii) Political, economic and regulatory risks

The nature of our Group's business is subject to prevailing political, economic and regulatory circumstances in Malaysia and/ or other countries in which our Group has business dealings. For information purposes, our Group's property development activities are undertaken in Malaysia whilst our furniture segment sales mainly comprise of exports to the USA (FYE 31 December 2020: 86% of total sales).

Accordingly, any adverse developments or uncertainties in political, economic or regulatory conditions in Malaysia as well as in the countries which we transact business will have an impact on our business and financial performance. Such political, economic and regulatory conditions which may affect us include, inter-alia, unfavourable changes in inflation rates, government policies and regulations in relation to property development policies and import-export duties, tax rates and/or interest rates, civil unrest, riots, trade war and changes in political leadership.

6.3 Risks relating to the Rights Issue of Shares

(i) Market risk

The market price of TAFI Shares as traded on Bursa Securities is subject to fluctuations and will be influenced by, amongst others, the prevailing market sentiment, the liquidity of TAFI Shares, the volatility of equity markets, interest rate movements, the outlook of the industries in which our Group operates in as well as corporate developments and future financial performance of our Group. In view of this, there can be no assurance that TAFI Shares will trade at or above the Issue Price or the TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

(ii) Potential dilution

Entitled Shareholders who do not or are unable to subscribe fully for their entitlement pursuant to the Rights Issue of Shares will have their proportionate percentage of shareholdings and voting interests in our Company reduced and the percentage of the enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Consequently, their proportionate entitlement to any future distribution, rights and/or, allotment that our Company may make after completion of the Rights Issue of Shares will correspondingly be diluted.

(iii) Delay in or abortion of the Rights Issue of Shares

The Rights Issue of Shares may be aborted or delayed or its implementation not completed due to, amongst others, material adverse change in events/circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of earthquakes, acts of terrorism, strikes, natural disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which are beyond the control of our Group and AmInvestment Bank, arising prior to or during the implementation of the Rights Issue of Shares.

Whilst our Company has procured the Undertaking from the Undertaking Shareholder wherein it had irrevocably and unconditionally confirm as well as undertake to subscribe for its respective entitlement pursuant to the Undertaking and AmInvestment Bank, as the Principal Adviser to the Rights Issue of Shares, has verified the sufficiency of financial resources of the Undertaking Shareholder as highlighted in Section 2.3 of this Abridged Prospectus, there may be a possibility of the Undertaking Shareholder failing to submit its duly completed RSF together with their subscription proceeds prior to the Closing Date. Under such circumstances, the Rights Issue of Shares may not be successfully implemented.

Where prior to the allotment and issuance of the Rights Shares to the successful Entitled Shareholders and/or renouncee(s) and/or transferee(s) (if applicable):-

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, all applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the accepted application for the subscription of Rights Shares pursuant to the Rights Issue of Shares and if such monies are not repaid within 14 days from the date of the stop order, we will repay such monies with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC in accordance with Section 245(7)(a) of the CMSA; or

(b) the Rights Issue of Shares is terminated (other than pursuant to a stop order by the SC under Section 245(1) of the CMSA), all application monies received pursuant to the Rights Issue of Shares will be refunded to the Entitled Shareholders and/or renouncee(s) and/or transferee(s) (if applicable) who have subscribed for the Rights Shares without interest.

In the event the Rights Issue of Shares is aborted or terminated, and the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), if:-

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our Rights Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if such monies are not repaid within 14 days from the date of the stop order, we will repay such monies with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC in accordance with Section 245(7)(b) of the CMSA; or

(b) the Rights Issue of Shares is terminated (other than pursuant to a stop order by the SC under Section 245(1) of the CMSA), a return of monies to our Shareholders may only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our Shareholders by way of special resolution in a general meeting and supported by either (aa) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (bb) a solvency statement from our Directors.

6.4 Forward-looking statements

This Abridged Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus, including without limitation, those regarding our Group's financial position, business strategies, prospects, plans and our Group's objectives for future operations, are forward-looking statements. Although our Board believes that these statements and assumptions are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Group's current views with respect to the future events and are not a guarantee of future performance.

Such factors and risks includes, amongst others, the risk factors affecting our Group and the industry we operate in as set out in Sections 6.1 and 6.2 of this Abridged Prospectus.

7. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

Information in Sections 7.1, 7.5 and 7.6 of this Abridged Prospectus have been extracted from the most recent available Government publications and other publicly available resources.

Information in Sections 7.2, 7.3 and 7.4 of this Abridged Prospectus have been extracted from the IMR Report prepared by Providence. The profile of Providence and the IMR Report signee, Melissa Lim Li Hua is as follows:-

Profile of Providence

Providence is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since their inception in 2017, Providence has been involved in the preparation of independent market research reports for capital market exercises. Providence's reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

Profile of IMR Report signee, Melissa Lim Li Hua

Melissa Lim Li Hua is the Executive Director of Providence. She has more than 10 years of experience in market research for capital market exercises. She holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7.1. Overview and outlook of the Malaysian economy

The Malaysian economy contracted by 5.6% in 2020 amid a highly challenging global and domestic operating environment. As with most countries globally, the unprecedented economic shocks emanating from the pandemic resulted in a sharp decline in Malaysia's GDP growth, the lowest since 1998. Following a moderate start to the year, the escalating pandemic by mid-March 2020 dampened domestic economic growth. Adverse external spillovers and the introduction of stringent local containment measures to curb the rise in COVID-19 cases contributed to broad-based weaknesses in exports, production, and domestic demand. The largest impact was felt in the second quarter of 2020, with GDP contracting by 17.1%. Growth improved gradually thereafter from its trough towards the second half of the year as the economy was gradually re-opened, and economic and social activities partially resumed. In response, policymakers implemented sizeable and timely stimulus measures to mitigate the adverse economic impact at the onset of the crisis and support the growth recovery.

The global pandemic had resulted in weaker global growth, trade, and commodity prices, which weighed on Malaysia's gross exports (2020: -1.4%, 2019: -0.8%). Subdued economic conditions in advanced and regional economies resulted in lower demand from key trade partners. The disruptions to the global manufacturing supply chains further affected export activity in the second quarter of 2020. Given the nature of the crisis, only selected export products, such as electrical and electronics (E&E) and rubber products, were more resilient during the year. These reflected the higher demand for work from home equipment and medical-related products. Meanwhile, export of services contracted significantly by 46.0% due mainly to the sharp fall in tourist arrivals (2020: 4.3 million persons, 2019: 26.1 million persons) as international borders were closed since March 2020.

The domestic economy was further impacted by the introduction of strict local containment measures. While these measures were key in successfully curbing the initial rise in domestic COVID-19 cases, they also led to concurrent supply and demand shocks to the Malaysian economy.

Production came to a halt, particularly during the MCO period, where non-essential industries were not allowed to operate. While essential activities, such as the production of food and beverages, transport, and financial services continued, sizeable labour capacity and operating hour restrictions alongside tight SOPs due to physical distancing rules contributed to domestic supply constraints. Other sector-specific factors, such as dry weather conditions and maintenance closures in mining facilities, weighed further on overall production activity.

Following the trough in the second quarter of 2020, there were incipient signs of gradual growth recovery, albeit rather uneven, towards the second half of the year. As the containment measures were gradually eased from the second quarter, economic activities partially resumed, and labour market conditions improved. COVID-19-resilient industries experienced a quicker recovery given impetus from the global surge in digitalisation and shift in consumer preferences. In line with these developments, the export-oriented industries also benefitted from the improving external demand, particularly for E&E products. By contrast, COVID-19 vulnerable sectors, such as tourism-related industries, experienced slower recoveries due to continued risk aversion and restrictions on international travel, resulting in an uneven and gradual growth recovery.

As 2020 came to an end, Malaysia's growth recovery remained highly contingent on the course of the pandemic. In the fourth quarter, the tightening of containment measures to restrain the resurgence in cases dented the pace of the economic recovery. Employment and income conditions were similarly affected. Nonetheless, as a more targeted approach was adopted through state-specific containment and less stringent supply restrictions, the adverse impact to economic activity was less severe than before. This reflected efforts to balance between managing public health concerns and livelihoods during this pandemic.

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021. The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

COVID-19 developments remain key in influencing Malaysia's growth trajectory in 2021, particularly the extent and duration of containment measures and the rollout of vaccines. Malaysia entered the year with the tightening of containment measures in most states with a resurgence in cases since late last year. The corresponding restrictions and weakness in sentiments amid the uncertain progress of the pandemic will likely weigh further on spending in the early part of 2021. Nevertheless, the overall impact for the year is expected to be smaller than in 2020, owing to a less restrictive and more targeted approach to contain the COVID-19 resurgence. In particular, the flexibility for more economic sectors to operate should lessen supply and demand disruptions. Firms and consumers are also better adapted to physical distancing requirements and other operating procedures to contain the spread of infections.

Concurrently, the rollout of vaccines domestically beginning February 2021 will provide some lift to consumer sentiments and spending. However, as mass vaccination to induce herd immunity is expected to occur in a phased manner, the improvement in sentiments is expected to be gradual. As such, international tourism activities for Malaysia are unlikely to resume in a meaningful way, to limit community transmission and imported cases.

Notwithstanding the COVID-19 situation, a positive development is on the external spillovers from the broader recovery in global demand. This will sustain domestic production, investment, and export activity. Firms in the export-oriented industries and the supporting sectors are poised to benefit from improving domestic demand in key trade partner economies and the global technology upcycle. Of note, the rising demand for remote working equipment and medical-related products augurs well for firms in the manufacturing industry, particularly E&E as Malaysia forms an integral part of the global value chain. Beyond these, the recovery in global commodity prices and demand should lift commodity production and export revenues.

Other domestic sector-specific factors, such as higher production from new and existing manufacturing and mining facilities, and the pick-up of large infrastructure projects, would provide further impetus to overall economic activity. Meanwhile, high-touch services are expected to recover more slowly owing to a more gradual improvement in consumer sentiments and limited foreign tourist spending, thus contributing to an uneven recovery across sectors. To this end, many firms have adjusted their business models, including shifting to online e-commerce platforms to cater to the changing consumer preferences to shop more online. These would enable firms to meet demand in the near-term and importantly, lead to higher productivity gains over the longer term.

In addition, policy measures remain in place to support the growth momentum while still assisting the vulnerable segments that are particularly affected by the COVID-19 developments. These include the extension of measures introduced in 2020, the 2021 Budget, as well as the *PERMAI* and *PEMERKASA* assistance packages. Notable measures to ease financial constraints for affected individuals include *Bantuan Prihatin Nasional, Bantuan Prihatin Rakyat* and *Bantuan Kehilangan Pendapatan* cash transfers, the Employee Provident Fund (EPF) *i-Sinar* and *i-Lestari* cash withdrawals, and the Targeted Repayment Assistance. Furthermore, various tax relief and incentives will also lift overall consumer spending. For businesses, special grants, wage subsidies and the Targeted Relief and Recovery Facility, are extended to firms in the services sector, which is the hardest-hit sector. Complementary to these measures are the continued accommodativeness of monetary policy and supportive financing conditions, which will maintain an environment that is conducive for a recovery in domestic demand as the adverse impact from the COVID-19 crisis gradually subsides.

In a highly uncertain and rapidly evolving environment, the risks to Malaysia's growth projection are tilted to the downside. Key downside risks include the escalation in COVID-19 cases leading to further rounds of containment measures, albeit targeted, and the slower-than-expected rollout or ineffectiveness of vaccines, which could result in stronger precautionary behaviour. Continued susceptibility to domestic commodity production shocks could also weigh on baseline growth. Moreover, heightened global and domestic economic uncertainty could lead to greater financial market volatility, triggering a tightening of domestic financial conditions. Despite this, upside risks to the growth outlook may emanate from a higher-than-expected global growth, faster-than-expected rollout of vaccines, stronger-than-expected impact from policy support, and the realisation of pent-up demand following the lifting of containment measures.

(Source: Economic and Monetary Review 2020, Bank Negara Malaysia)

The global economic recovery, while uneven, is gaining momentum, supported by steady improvements in manufacturing and trade activity. The ongoing roll-out of vaccination programmes in many economies, together with policy support, will further facilitate an improvement in private demand and labour market conditions. While financial markets have experienced bouts of volatility, financial conditions remain supportive of economic activity. Risks to the growth outlook have abated slightly, but remain tilted to the downside, primarily due to uncertainty over the path of the COVID-19 pandemic and effectives of the vaccination programmes.

For Malaysia, latest indicators point to improvements in external demand and continued consumer spending. While the re-imposition of containment measures will affect growth in the first quarter, the impact is expected to be less severe than that experienced in the second quarter of 2020. Going forward, growth is projected to improve from the second quarter onwards, driven by the recovery in global demand, increased public and private sector expenditure amid continued support from policy measures and more targeted containment measures. Growth will also be supported by higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related sub-sectors, as well as oil and gas facilities. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and economic activity. The growth outlook, however, remains subject to downside risks, stemming mainly from ongoing uncertainties in developments related to the pandemic, and potential challenges that might affect the roll-out of vaccines both globally and domestically.

(Source: Monetary Policy Statement,4 March 2021, Bank Negara Malaysia)

7.2. Overview of the furniture industry in Malaysia

Malaysia's furniture manufacturers are primarily located in the states of Johor and Selangor, with the Muar district considered to be the country's major production base, producing about two-thirds of Malaysia's furniture exports. Muar's proximity to rubberwood resources (such as the districts of Segamat and Batu Pahat, and the states of Melaka and Negeri Sembilan), as well as its proximity to the Johor Port and Singapore has contributed to the growth and expansion of the furniture industry in the district.

Between 2010 and 2020, Malaysia's furniture exports increased from RM8.2 billion to RM13.5 billion at a compound annual growth rate ("**CAGR**") of 5.1%. Malaysia's furniture imports also witnessed growth over the same period, increasing from RM1.4 billion to RM4.3 billion at a CAGR of 11.9%. Despite the higher growth rate in Malaysia's furniture imports, Malaysia is still a net exporter of furniture. Further, a significant volume of Malaysia's locally manufactured furniture is exported. Furniture exports constituted between 61.0% and 81.8% of manufactured furniture between 2010 and 2020. In 2019, Malaysia was ranked the 11th largest furniture exporter globally with exports totaling RM12.0 billion.

Laws and regulations imposed by other countries may also have an effect on Malaysia's furniture exports. In July 2018, the USA began imposing tariffs on the China for the latter's alleged unfair trade practices, thus sparking the ongoing USA-China trade war. As a result of the imposed tariffs by the USA, China also imposed its own tariffs on the USA. With the USA-China trade war dispute being in motion, export-oriented furniture manufacturers have the potential to benefit from the 10% tariff imposed by the USA on more than 5,000 new Chinese imports worth USD200.0 billion, which includes furniture. This increase in import tariff resulted in a drop in China's exports to the USA from USD22.9 billion in 2018 to RM17.0 billion in 2019. Malaysia gained benefit from the ongoing trade war between the USA and China, with its furniture exports to the USA rising from USD0.9 billion in 2018 to USD1.1 billion in 2019.

The World Bank's economic growth forecast for Malaysia, as measured by real GDP, was lowered to a contraction of 4.9% from the previously estimated 3.1% decline following the country's sharper-than-expected GDP contraction in the second quarter of 2020 ("**2Q 2020**") due to the impact of the COVID-19 pandemic. The World Bank's revised 2020 GDP forecast for Malaysia is within Bank Negara Malaysia's contraction forecast of between 3.5% and 5.5% for the year. Precautionary spending by consumers, due to the COVID-19 pandemic, has the potential to impact demand for furniture, thereby affecting Malaysia's furniture production in 2020.

Despite this, exports of furniture from Malaysia continued to grow to RM13.5 billion in 2020, from RM12.0 billion in 2019. The adverse effects of the COVID-19 pandemic on global demand for furniture has been cushioned by demand for home furniture. The COVID-19 pandemic resulted in the global population spending an increased number of hours at their homes in light of the restrictions put in place by the governments to curb the spreading of the pandemic. These restrictions resulted in most companies adopting a work-from-home approach and educational facilities offering virtual classes to students. The increased time spent at home has thus been expected to lead to consumers purchasing more home furniture to enhance their living spaces.

(Source: IMR Report prepared by Providence)

7.3. Overview of the USA furniture industry

Between 2010 and 2019, global exports of furniture rose from USD111.5 billion to USD157.1 billion at a rate of 3.9%. Global import of furniture witnessed growth over the same period, increasing from USD113.0 billion to USD143.2 billion at a CAGR of 2.7%.

With regards to global furniture imports, the USA was the largest furniture importer in 2019, with the country's furniture imports comprising approximately 25.5% of global furniture imports. The USA's furniture import is significantly greater than that of Germany (9.5%), which was the 2nd largest furniture importer globally in 2019. Malaysia, a net exporter of furniture, was the 11th largest furniture exporter globally.

Global consumption of furniture increased from USD340.2 billion in 2010 to USD495.7 billion in 2019 at a CAGR of 2.9%. Over the long term, the global furniture market is expected to further grow on the back of an increasing population, growing urbanisation, rising disposable incomes, and a growing real estate industry globally.

Specifically, the USA is the second largest consumer of furniture in 2019 after China, recording USD91.7 billion in terms of furniture consumption and comprising 20.6% of global furniture consumption. Furniture consumption in the USA has grown from USD61.3 billion in 2010, recording a CAGR of 4.6% between 2010 and 2019.

Similar to global trends, the furniture market in the USA is expected to grow in light of an increasing population, growing urbanisation, rising disposable incomes, and a growing real estate industry in the country. The population of the USA have grown from 308.7 million persons in 2010 to an estimated 328.2 million persons in 2019. Meanwhile, real GDP of the country has grown from USD15.6 trillion in 2010 to USD18.4 trillion in 2020 and the country's urbanisation rate stood at 82.5% as at 2019. In light of these factors, the number of housing units in the country has been growing from 130.6 million units in 2010 to 140.8 million units in 2020.

The USA's furniture consumption in 2019 stood at USD91.7 billion, and thus, the USA represented the largest consumer in the North America and Latin America region. Canada was the 2nd largest furniture consumer in the region in 2019 at USD11.2 billion, followed by Brazil at USD8.0 billion. Furniture consumption in the North America and Latin America region is primarily driven by the USA, whose furniture consumption comprised 69.1% of regional furniture consumption.

In 2019, the USA primarily imported furniture from China, Vietnam and Canada, while Canada primarily imported furniture from China, the USA and Mexico, and Brazil primarily imported furniture from China Mexico and United States. Based on furniture import value, Malaysia was ranked the 6th largest furniture importer to the USA with USD1.1 billion in 2019, and the 7th largest furniture importer to Canada with USD99.3 million. The close ties between the USA and Malaysia on trade and investment issues as well as the favourable exchange rates have had a positive effect on the USA's import of furniture from Malaysia.

(Source: IMR Report prepared by Providence)

7.4. Prospects and outlook of the furniture industry

The COVID-19 pandemic is expected to have affected demand for furniture globally. In an effort to curb the spreading of the COVID-19 pandemic, national lockdown policies were implemented in many countries around the world, including Malaysia. As a result, businesses were restricted from operating and many countries, including Malaysia experienced an economic slowdown. The World Bank's economic growth forecast for Malaysia, as measured by real GDP, was lowered to a contraction of 4.9% from the previously estimated 3.1% decline following the country's sharper-than-expected GDP contraction in the 2Q 2020 due to the impact of the COVID-19 pandemic. The World Bank's revised 2020 GDP forecast for Malaysia is within Bank Negara Malaysia's contraction forecast of between 3.5% and 5.5% for the year. Precautionary spending by consumers, due to the COVID-19 pandemic, has the potential to impact demand for furniture, thereby affecting Malaysia's furniture production in 2020.

Despite this, exports of furniture from Malaysia continued to grow to RM13.5 billion in 2020, from RM12.0 billion in 2019. The adverse effects of the COVID-19 pandemic on global demand for furniture has been cushioned by demand for home furniture. The COVID-19 pandemic resulted in the global population spending an increased number of hours at their homes as most companies have adopted a work-from-home approach and educational facilities offer virtual classes to students in light of the restrictions put in place by the governments to curb the spreading of the pandemic. The increased time spent at home is expected to lead to consumers purchasing more home furniture to enhance their living spaces.

Moving forward, the furniture industry in Malaysia is expected to grow in light of the following factors:-

(i) Rising demand for Malaysian furniture products globally will boost the furniture industry in Malaysia.

Global consumption of furniture increased from USD340.2 billion in 2010 to USD495.7 billion in 2019 at a CAGR of 2.9%. An increase in furniture demand globally signifies growth opportunities for the furniture industry in Malaysia, as consumers may opt to purchase imported furniture due to factors such as product pricing, design and quality.

Similar to global trends, the furniture market in the USA is expected to grow in light of an increasing population, growing urbanisation, rising disposable incomes, and a growing real estate industry in the country. The population of the USA have grown from 308.7 million persons in 2010 to an estimated 328.2 million persons in 2019. Meanwhile, real GDP of the country has grown from USD15.6 trillion in 2010 to USD18.4 trillion in 2020 and the country's urbanisation rate stood at 82.5% as at 2019. In light of these factors, the number of housing units in the country has been growing from 130.6 million units in 2010 to 140.8 million units in 2020.

(ii) Implementation of plans, policies and initiatives will help propel the furniture industry in Malaysia.

Several plans, policies and initiatives have been implemented by the Government and / or various trade bodies to help propel the furniture industry in Malaysia. These initiatives may boost the country's furniture industry in terms of labour supply as well as global recognition. These initiatives include the Furniture Technology Certification Course and Wood Industry Skills Development Centre ("**WISDEC**").

There are also several furniture-related events and exhibitions held annually in Malaysia which serve as a platform for furniture industry players to showcase their products and to help boost the reputation of Malaysia's furniture industry as a manufacturer as well as designer. These events and exhibitions include amongst others the Malaysian Furniture & Furnishings Fair and Malaysian International Furniture Fair.

In 2020, physical events and exhibitions were either deferred or cancelled due to the widespread COVID-19 pandemic that resulted in state of emergencies being declared in various countries and travel restrictions imposed by various governments. These physical events and exhibitions are expected to resume once the COVID-19 pandemic subsides.

In 2016, the Government also launched the Roadmap for the Development of Johor's Wood Furniture Industry (2015 – 2020). There are five strategic thrusts under the roadmap, namely, the relocation of the furniture industry, solution to the labour shortage in Johor's furniture industry, the development of entrepreneurs, branding and promotion for the furniture industry, and the supply of raw materials.

(iii) Malaysia's favourable foreign currency exchange rates will facilitate the growth of the country's furniture exports.

Malaysia's favourable foreign currency exchange rates will help boost the country's furniture exports as consumers from other countries are more inclined to purchase furniture from Malaysia due to the cheaper product prices.

(iv) The implementation of free trade agreements ("**FTA**") in Malaysia will have a positive effect on the country's furniture exports; and

FTAs are generally aimed at providing the means to achieve quicker and higher levels of liberalisation that would create effective market access between the participants of the FTA. To date, Malaysia has implemented seven bilateral FTAs and seven regional FTAs which include amongst others Malaysia-Japan Economic Partnership Agreement, Malaysia-Australia Free Trade Agreement, ASEAN FTA and the ASEAN-China FTA.

These FTAs provide exporters in Malaysia with market access, cost savings from elimination or reduction of customs duties and from mutual recognition agreements, trade facilitating customs procedures and removal of onerous regulations. This will have a positive effect on Malaysia's furniture exports due to the increased trade facilitation.

(v) Growth in furniture e-commerce sales is expected to benefit the furniture industry.

Retail businesses (e-commerce businesses and traditional retail stores) today, including furniture businesses, are increasingly adopting omni-channel retailing. Omni-channel retailing involves the convergence of e-commerce businesses and traditional retail stores (brick-and-mortar stores) as merchants aim to provide customers with a seamless experience whether shopping online via a desktop or mobile device or at a traditional retail store. This has resulted in e-commerce businesses opening brick-and-mortar extensions to establish a physical presence, while businesses with brick-and-mortar stores have started adopting electronic channels to market and sell their products.

Between 2012 and 2016, global furniture e-commerce sales registered an average annual growth rate of 15.0%. In 2016, global furniture e-commerce sales stood at USD28.6 billion, and accounted for 4.0% of global furniture sales. Global furniture e-commerce sales then increased to USD56.1 billion in 2019.

Due to mandatory movement controls and business operation restrictions imposed by various countries in an effort to contain the COVID-19 pandemic, e-commerce has become an increasingly important sales channel for the furniture industry in 2020. While world furniture consumption is projected to dip from USD495.7 billion in 2019 to an estimated USD400.4 billion in 2020 (CAGR -19.2%), e-commerce sales of furniture is projected to rise from USD56.1 billion to an estimated USD72.3 billion (CAGR 28.9%) during the same period. Malaysia's furniture industry stands to benefit from the growing e-commerce sales of furniture. Notwithstanding the COVID-19 pandemic, exports of furniture from Malaysia grew to RM13.5 billion in 2020 from RM12.0 billion in 2019.

(Source: IMR Report prepared by Providence)

7.5. Overview and outlook of the property sector in Malaysia

Property Market Activity

The property market performance recorded a significant decline in 2020 compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion. Volume of transactions across the sub-sectors contracted sharply in 2020. The residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 8.6%, 21.0%, 24.0%, 10.7% and 2.6% respectively.

In terms of value of transactions, residential, commercial, industrial and development land sub-sectors recorded sharp decline of 9.0%, 32.6%, 14.0% and 34.0% respectively, whereas agriculture recorded otherwise, increased by 0.6%.

The residential sub-sector led the overall property market, with 64.7% contribution in volume. This was followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%). In terms of value, residential took the lead with 55.3% share, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%).

Residential Property

There were 191,354 transactions worth RM65.87 billion recorded in 2020, decreased by 8.6% in volume and 9.0% in value as compared with 2019 (209,295 transactions worth RM72.41 billion). Performance across the states was not encouraging as all states except Perak and Terengganu recorded declines in market activity. By state, Selangor contributed the highest volume and value to the national market share, with 23.0% in volume (44,034 transactions) and 33.0% in value (RM21.72 billion). As for WP Kuala Lumpur, though only recorded 10,606 transactions, the transaction value was the second highest at RM8.24 billion, contributing 12.5% market share. The downward trend in major states namely WP Kuala Lumpur (-4.5%), Selangor (-15.3%), Johor (-19.9%) and Pulau Pinang (-7.7%) led to the overall decline in the sub-sector. These four major states formed 46.8% of the total national residential volume.

By types, demand focus on terraced houses, formed around 41.0% of the total residential transactions, followed by vacant plots (16.2%), high-rise units (14.4%) and low-cost houses/flats (11.6%). By price range, demand continued to focus on RM300,000 and below, accounting for 61.7% of the total residential transactions, followed by RM300,001 to RM500,000 (21.9%), RM501,000 – RM1,000,000 (12.7%) and more than RM1,000,000 (3.7%).

As most developers had deferred the new launches to focus on selling remaining unsold inventories, the primary market saw lesser release of new launches. There were 47,178 units launched in 2020, against nearly 60,000 units in 2019. Sales performance was modest at 28.7% in 2020, lower than 2019 at 40.4%. The low sales performance was partly due to the sluggish property market and cautious buyers' sentiment. Nevertheless, many developers had adopted new marketing strategy by using website and mobile apps to market their products.

The residential overhang situation was better than expected with 29,565 overhang units worth RM18.92 billion recorded in Q4 2020, reduced by 3.6% in volume. However, value increased by 0.5% against Q4 2019 (30,664 units worth RM18.82 billion). Johor retained the highest number and value of overhang in the country with 7,030 units worth RM5.48 billion, accounting to 23.8% and 29.0% respectively of the national total. Selangor (4,889 units), Perak (3,637 units) and WP Kuala Lumpur (3,023 units) followed suit. In terms of value, the second highest was Selangor (RM4.29 billion), followed by WP Kuala Lumpur (RM2.92 billion) and Perak (RM1.16 billion).

Commercial Property

The sub-sector recorded a sharp decline in 2020 compared to 2019. There were 20,255 transactions worth RM19.53 billion recorded in 2020, decreased by 21.0% in volume and 32.6% in value as compared with 2019 (25,654 transactions worth RM28.99 billion). Performance across the states was not encouraging as all states except WP Putrajaya recorded significant declines in market activity. By state, Selangor contributed the highest volume and value to the national market share, with 23.6% in volume (4,779 transactions) and 27.8% in value (RM5.42 billion), followed by WP Kuala Lumpur, with 15.2% in volume and 24.5% in value (3,072 transactions worth RM4.79 billion) and Johor with 14.9% in volume and 14.6% in value (3,025 transactions worth RM2.86 billion).

Shop segment recorded 10,477 transactions worth RM8.5 billion, dominating 51.7% of the commercial property transactions volume and 43.5% of the total value. Market performance recorded a significant decrease of 21.1% in volume and 24.7% in value (2019: 13,281 transactions worth RM11.29 billion). By state, Johor contributed the highest volume to the market share, with 17.7% (1,855 transactions), followed by Selangor with 17.0% (1,777 transactions). In term of value, Selangor led the market with 25.9% of the total value (RM2.2 billion), followed by Johor with 17.8% (RM1.5 billion).

Shop segment overhang situation was not encouraging. The numbers continued to increase to 6,904 units with a value of RM5.65 billion, up by 14.6% in volume and 15.9% in value against 2019. The unsold under construction and not constructed scenario however, improved with volume declined to 5,383 units and 203 units, down by 13.6% and 39.6% respectively.

Serviced Apartment

Serviced apartment segment recorded 3,869 transactions worth RM2.54 billion, formed 19.1% of the commercial property transactions volume and 13.0% of the value. Market performance recorded a decrease of 7.6% in volume and 11.7% in value of transactions (2019: 4,189 transactions worth RM2.88 billion). By state, WP Kuala Lumpur and Selangor contributed higher national market volume to the national total, each with 42.0% (1,625 transactions) and 30.7% (1,189 transactions) market share.

On the contrary to the residential overhang situation, serviced apartment segment saw the reverse. Overhang continued to increase and formed the bulk of the property overhang, recording a total of 23,606 units with a value of RM20.76 billion, up by 37.7% in volume and 38.0% in value against 2019 (17,142 units with a value of RM15.04 billion).

By state, Johor was the highest serviced apartment overhang state with 69.7% share in volume (16,442 units) and 72.1% share in value (RM14.97 billion); almost all of these overhang units were in Johor Bahru District (16,341 units). By price, those in the range of RM600,001 – RM1 million (12,092 units) formed 51.2%, followed by above RM1 million with 30.4% (7,173 units) and priced at RM600,000 and below 18.4% (4,341 units) of the total overhang.

Meanwhile, the unsold under construction and not constructed increased to 35,258 units and 8,153 units, up by 4.2% and 6.4% respectively. WP Kuala Lumpur held the highest number of unsold under construction, with 41.3% share in volume (14,573 units), followed by Overview 14 Johor with 22.5% share (7,937 units) and Selangor 19.4% (6,838 units).

Prices of serviced apartments showed a stable trend across the states with downward trend witnessed in certain locations. In WP Kuala Lumpur, prices of secondary market serviced apartment were generally on a downward trend as more newly completed units came onto market. Serviced apartment priced at above RM1 million such as Solaris Dutamas and The Troika KLCC dropped by 5.4% and 5.0% respectively. The rental market was generally stable in WP Kuala Lumpur whilst Selangor portrayed mixed movements. Average gross rental yield across the states were in the range of 2.3% to 5.3%.

2021 Outlook on property sector

Based on the current prolonged Covid-19 pandemic and the foreseeable impact on the overall economy, the property market performance is expected to remain cautious and soft in 2021. Bank Negara Malaysia is forecasting the Malaysia's GDP to grow within the range of 5.5% to 8.0% in 2021 while the World Bank is forecasting Malaysia's economy to grow by 6.7%.

Nevertheless, the government has introduced Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and Short-term Economic Recovery Plan (PENJANA) in 2020 as well as Budget 2021 to help cushion the impact on property market. On the infrastructure development front, the government has allocated RM15 billion to fund the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-tracking Project and Klang Valley Double Tracking Project Phase 1 under Budget 2021. In addition, several key projects will be continued such as Rapid Transit System (RTS) Link from Johor Bharu to Woodlands, Singapore and MRT 3 in Klang Valley.

In addition, there are several large new projects worth approximately RM3.8 billion which will be implemented in due time. These projects are expected to drive the property market and change the property development landscape. They are:

1. Construction of the Second Phase of the Klang Third Bride in Selangor;
2. Continuing the Central Spine Project with the new alignment from Kelantan to Pahang;
3. Upgrading the bridge across Sungai Marang, Terengganu;
4. Upgrading of Federal Road connecting Gerik, Perak to Kulim, Kedah;
5. Building and upgrading phase of Pulau Indah, Klang Ringroad Phase 3, Selangor;
6. Construction of Pan Borneo Highway Sabah from Serusop to Pituru; and
7. Construction of Cameron Highlands Bypass road, Pahang with emphasis on preserving the environment.

The residential market is expected to see a slow uptick in the second half of year 2021. The focus would remain on affordable segment. Government has allocated a total of RM1.2 billion fund for providing comfortable and quality housing, especially for the low-income group, under Budget 2021 which include:

1. RM500 million to build 14,000 units low cost housing under Program Perumahan Rakyat;
2. RM315 million for the construction of 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Nasional Berhad;
3. RM125 million for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters; and
4. RM310 million for the Malaysia Civil Servants Housing Program (PPAM).

At the same time, various incentives are initiated by the government to promote home ownership, especially for first-time buyers, which include:

1. Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025. This exception is effective for sale nd purchase executed from 1 January 2021 to 31 December 2025.
2. Stamp Duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).
3. The Government will collaborate with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 3,000 units PR1MA houses with a total value of more than RM1 billion.

2020 was a challenging year for the residential property but also for commercial sub-sector. The overall retail performance has been sluggish in past years and the situation was worsened in 2020 due to the pandemic. Giant exited Sarawak and Sabah market by transferring the stores to local players, Robinson Department Store permanently shut down its operations in Malaysia as two stores located at The Gardens Mall and Four Seasons Place closed down.

In the service apartment segment, the overhang and unsold under construction situation will remain an issue of concern in the property market in 2021 as the numbers continued to increase in 2020 and is not likely to be absorbed in the near future.

In conclusion, the property market performance in 2021 is much dependent on the country's economic and financial outlook. The availability and rolling out of Covid-19 vaccine throughout the country is seen as fundamental to deter any new wave of infection spread. This will help boost business confidence, household sentiments as well as the general economy, which will likely see a soft upturn in the property market in the second half of 2021.

(Source: Property Market Report 2020, JPPH Malaysia)

7.6. Overview and prospects of the property market in Pahang

Pahang's property market performance moderated in a review period. A total of 17,034 transactions worth RM5.86 billion were recorded, down by 6.9% in volume whereas value increased marginally by 5.9%. Residential sub-sector spearheaded the overall property market with 64.3% share, followed by agriculture with 25.3%, development land (4.5%), commercial (5.2%) and industrial (0.8%) sub-sectors.

Market activity witnessed downward movements across all sub-sectors. The industrial sub-sector shrank by 30.2% followed by commercial (-24.9%), development land (-20.5%), residential (-5.8%) and agriculture (-1.3%) sub-sectors. In terms of transaction value, all sub-sectors recorded contraction except for agriculture sub-sector.

There were 10,957 transactions worth RM2.44 billion recorded in the review period, decreased by 5.8% in volume and 6.9% in value. Terrace house transactions dominated the highest market share, contributed 43.7% (4,790 units) of the residential property transactions attributed to single storey terraces (3,707 units) and double storey terraces (1,083 units). The primary market recorded a slowdown in new launches. Correspondingly, market response was less encouraging as compared to previous year. Most of these new units were single storey terraces, dominating for 57.0% (2,133 units) of total. The residential price trend was largely stable with marginal growth of 6.3% and 8.6% observed for single storey semi-detached houses at Kubang Buaya and KotaSAS in Kuantan due to high market preference. However, prices of several apartments in Bentong witnessed signs of softening in the review period.

The commercial sub-sector continued to soften. There were 880 transactions recorded worth RM796.69 million, indicating a decline of 24.9% in volume and 11.8% in value (2019: 1,171 transactions worth RM903.75 million). Shop segment recorded 492 transactions worth RM363.43 million in the review period (2019: 686 transactions worth RM489.70 million). The volume and value decreased by 28.3% and 25.8% respectively compared to 2019. The shop overhang was improved in the review period. However, the unsold under construction and not constructed were less promising as the numbers increased

The Covid-19 outbreak is expected to continue to affect the Pahang's property market in 2021. The impact of this pandemic to the economy as an overall will depend on the duration and spread of the outbreak. Nevertheless, State Government have introduced several incentives to remedy the effects on the property market. Referring to the Pahang's 2021 Budget, the construction plan for the Cameron Highlands By-Pass Road will be approved by the Federal Government of Malaysia. This project will bring great benefits to the Cameron Highlands District and is expected to further boost the highland tourism sector in the area.

The 'Central Spine Road' (CSR) highway infrastructure project involving six packages and 30 sub-packages in total. In 2020, part of Package 3 which is Package 3E1 has been opened for routes (from Kampung Relong to Gua Musang), while Package 3J, Package 4 and Package 5 are under construction, carried out by phases and are expected to be fully completed by year 2023. Package 6, the new alignment from Bentong to Simpang Pelangai is still in the stage of plan preparation by the surveyors after being approved with a financial allocation of RM383.5 million in the 12th Malaysia Plan. The construction of CSR is one of the high impact projects and once completed the socioeconomic status in the surrounding area is expected to increase as the construction are concentrated in rural areas. The construction of the Sultan Ahmad Shah Administrative Center (PPSAS) has been suspended temporarily starting March 2020 during the MCO period. To date, the construction of the PPSAS project has achieved 53.5% progress and construction work is being carried out in accordance with the set plan. The State Government is committed to ensure the construction of PPSAS will be completed in 2021. Thus, the economic growth in the surrounding area can be seen with the increase in prices and supply of houses within the KotaSAS area.

In the residential sector, the State Government remains committed in providing affordable housing to the people. Apart from the PR1MA Pahang and Rumah Makmur projects, the State Government has also initiated the Tabung Perumahan Rakyat Pahang. Through this fund, the State Government has launched Projek Rumah Rakyat Pahang where the construction of a house with an area of 750 square feet at a cost of RM65,000 which will be given free to eligible citizens.

(Source: Annual Property Market State Report (Pahang) 2020, JPPH Malaysia)

7.7. Prospects of TAFI Group

Our Group's furniture segment is principally involved in the design, manufacturing and sale of home furniture, predominantly by undertaking OEM orders, of which, our sales are mainly exports to the USA (FYE 31 December 2020: 86%).

In light of the unprecedented COVID-19 pandemic outbreak in Malaysia and globally, the Government had on 18 March 2020 imposed a MCO until May 2020 as a containment measure under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 where only businesses listed as essential services were allowed to operate. Our Group's furniture manufacturing was categorised under non-essential services and hence all productions had been halted during the commencement of MCO. Subsequently, our Group had obtained approval from the Malaysian Timber Industry Board on 13 April 2020 to resume its operations albeit at not more than 50% of its original workforce. On 30 April 2020, our Group was able to resume our normal manufacturing operations after receipt of approval from the Malaysian Timber Industry Board. These disruptions to our Group's operations had caused a reduction in our production rate and a corresponding decrease in our Group's revenue in the 6 months FPE 30 June 2020.

Due to the recent spike in COVID-19 cases in Malaysia, the Government had reintroduced MCO from 13 January 2021 to 26 January 2021 which was further extended to 4 March 2021 ("**MCO 2.0**"). Nevertheless, the furniture sector was listed as an essential service by the MITI and as such, our Group was able to continue our operations during MCO 2.0, subject to the SOP imposed by the Government. On 2 March 2021, the Government announced that the MCO 2.0 for the states of Selangor, Kuala Lumpur, Johor and Penang will be switched to the CMCO from 5 March 2021 to 31 March 2021 ("**CMCO 2.0**"). On 30 March 2021 and 12 April 2021, the Government had further announced that CMCO 2.0 will be extended to 14 April 2021 and 28 April 2021, respectively. Under the CMCO 2.0 our Group is allowed to continue normal operations, however, should the restrictions under CMCO 2.0 be further tightened and/or there is a breakout of COVID-19 cases among our Group's workforce, our Group's business and operations may be adversely impacted as it may lead to interruptions in our Group's manufacturing operations thus delaying the fulfilment of orders.

In view of the current negative impact of COVID-19 pandemic on the Malaysian and the global economy (as highlighted under Section 7.1 of this Abridged Prospectus), our Board remains cautious on the short-term prospects of the furniture industry and in turn the furniture segment of our Group. For the near term, our Group's focus is to rationalise our furniture segment including the evaluation and reassessment of our Group's customer base as well as our production cost with the objective to improve our Group's furniture segment financial performance by reducing our production cost and strive to maintain customers with a good credit profile.

To this end, our management will undertake various steps, which includes amongst others, diversifying our customer base to reduce our over-reliance on a few large customers, optimisation of raw materials with the product mix offered by our Group, enhance production efficiency by improving the production flow as well as to reduce the cost of raw materials by offering early settlement of our Group's outstanding amount owing to creditors and/or to purchase its raw materials via cash term which allow our Group to negotiate for more favourable terms from its suppliers moving forward.

Despite the COVID-19 pandemic and the temporary interruptions to our Group's business as detailed above, our Board is cautiously optimistic of the longer-term prospects of the furniture industry in view of the sustained global demand for furniture products, particularly the furniture consumption in the USA and global furniture e-commerce demand as highlighted in Section 7.4 of this Abridged Prospectus. Pursuant thereto, our Group intends to continue seeking for organic growth opportunities with the attempt to increase our sales order in the medium to long term, via amongst others, increasing our Group's product range by expanding our furniture offerings as well as to expand our Groups' original design manufacturing (ODM) segment and/or developing TAFI's in house furniture brand which provides a higher profit margin.

As highlighted above, whilst our Group seeks to improve its financial performance of our furniture segment, our Group had also recently diversified into property development activities to expand our revenue stream. At this juncture, our Group has embarked on its maiden property development project and is presently exploring opportunities to expand our property development segment via the Potential Land-banking Expansion.

Whilst our Board takes cognisance that the property market has been weakened by the negative pressures arising from the outbreak of the COVID-19 pandemic, such as reduced demand for new properties amidst the slowing economy, our Board is of the view that there is still resilience in the demand for residential properties within the low to medium pricing range located at urban areas or strategic locations with good connectivity. It is to be noted that, based on the Property Sales Data published by JPPH Malaysia for the year 2020, transactions on residential properties with pricing of below RM500,000 made up approximately 80% of the total residential property transactions in Malaysia during the period and the aforesaid segment recorded a smaller contraction of approximately 7% compared to the same period in 2019 vs residential properties with pricing of above RM500,000.

In respect thereto, our Group will be pursuing such target segment, after taking into consideration the expected gradual improvement in the Malaysian economy from the 2nd quarter of 2021 onwards as highlighted under Section 7.1 of this Abridged Prospectus, the historical transaction volume for residential properties within the low to medium pricing range, as well as the initiatives introduced by the Government under the Penjana programme.

In regards to the joint development project undertaken by our Group as announced on 5 November 2020, our management expects the preliminary construction work (including earthworks and clearing works) to commence in the 4th quarter of 2021 and the Habu Project to be launched in the 1st half of 2022. Nevertheless, our Group takes cognisance of the current property market situation caused by the COVID-19 pandemic and will monitor the progress of the recovery of the property industry in Malaysia and in turn time the launch of the Habu Project accordingly.

Although there are uncertainties and concerns in respect of the global economy, as highlighted in Section 7.1 of this Abridged Prospectus, the Government had introduced various measures to reduce the negative impact of the COVID-19 such as amongst others the Penjana, PRIHATIN Economic Stimulus Package and the National Economic Recovery Plan. However, the success of the aforesaid economic stimulus measures or any future measures which may be introduced by the Government cannot be ascertained at this juncture and the long-term impact on our Group's business operations and financial performance remains uncertain in these unprecedented times.

The extent to which COVID-19 impacts the financial performance of our Group will depend on future developments surrounding the pandemic situation and economic environment both locally and globally, which at this juncture are highly uncertain and unpredictable. Any adverse development may have a material impact to our Group's business operation, cash flows, financial condition as well as disruptions to our Group's production and/or development schedules, resulting in loss of revenue.

Accordingly, our Board will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of our Group's operations and financial performance as well as introduce measures to minimise our operating costs where required. Through this, we seek to reassess our monthly expenditure vis-à-vis our financial budget and performance as well as implement certain cost control measures throughout certain divisions or operations to offset any foreseeable potential loss of revenue.

Barring any unforeseen circumstances, after having considered all the relevant aspects including the current business operations and production and the outlook and prospects of the furniture and property development industry, the Rights Issue of Shares is expected to place our Group in a better financial footing moving forward as well as deliver greater value to the shareholders of our Company and to facilitate our Group in improving our financial position.

(Source: Management of TAFI)

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8. EFFECTS OF THE RIGHTS ISSUE OF SHARES

8.1 Share capital

The pro forma effects of the Rights Issue of Shares on the issued share capital of our Company as at the LPD is set out below:-

	No. of TAFI Shares	Share Capital (RM)
Issued share capital as at the LPD	80,000,000	42,809,166
Less: Treasury shares as at the LPD	(2,540,500)	(1,040,934)
	77,459,500	41,768,232
To be issued pursuant to the Rights Issue of Shares (i)	46,475,700	26,955,906
Enlarged issued share capital	**123,935,200**	**68,724,138**

Note:-
(i) Based on the issue price of RM0.58 per Rights Share.

8.2 NA and gearing

The proforma effects of the Rights Issue of Shares on the NA and gearing of TAFI based on the latest audited consolidated financial statements of TAFI for the FYE 31 December 2020 are set out below:-

	FYE 31 December 2020 *(RM'000)*	After the Rights Issue of Shares *(RM'000)*
Share capital	42,809	69,765
Treasury shares	(1,041)	(1,041)
Revaluation reserves	201	201
Accumulated losses	(10,483)	(10,983)(i)
Shareholders' fund / NA	**31,486**	**57,942**
No. of TAFI Shares in issue (ii)	77,459,500	123,935,200
NA per Share	0.41	0.47
Total borrowings	1,204	-(iii)
Gearing (times)	0.04	-

Notes:-
(i) Including the estimated expenses of RM0.50 million arising from the Rights Issue of Shares.
(ii) Excluding the Treasury Shares.
(iii) Assuming part of the proceeds raised from the Rights Issue of Shares is used to repay all outstanding borrowings of our Group, as set out under Section 4 of this Abridged Prospectus.

8.3 Substantial shareholders' shareholdings

The proforma effects of the Rights Issue of Shares on the shareholdings of the substantial shareholders of TAFI based on the following scenarios are shown below:-

Scenario 1 : Assuming all of the Entitled Shareholders and/or their renouncee(s) subscribe in full for their respective entitlements under the Rights Issue of Shares.

Scenario 2 : Assuming none of the Entitled Shareholders and/or their renouncee(s) (other than Armani Synergy) subscribes for their respective entitlements under the Rights Issue of Shares.

Accordingly, Armani Synergy will fully subscribe to all the Rights Shares issued under the Rights Issue of Shares.

Scenario 1

	As at the LPD				After the Rights Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of TAFI Shares	(1) %	No. of TAFI Shares	(1) %	No. of TAFI Shares	(2) %	No. of TAFI Shares	(2) %
Armani Synergy	40,132,008	51.81	-	-	64,211,213	51.81	-	-
Dato' Sri Wong	314,000	0.41	40,132,008(3)	51.81	502,400	0.41	64,211,213(3)	51.81
Dato' Sri Andrew	450,000	0.58	40,132,008(3)	51.81	720,000	0.58	64,211,213(3)	51.81
Dato' Sri Azlan	-	-	40,132,008(3)	51.81	-	-	64,211,213(3)	51.81
Arcadia Venture Sdn Bhd	6,000,000	7.75	-	-	9,600,000	7.75	-	-
Chua Lee Seng	4,193,400	5.41	-	-	6,709,440	5.41	-	-
Simfoni Semangat Sdn Bhd	4,250,000	5.49	-	-	6,800,000	5.49	-	-

Notes:-

(1) *Based on the total number of 77,459,500 issued TAFI Shares as at the LPD (excluding the Treasury Shares).*
(2) *Based on the enlarged issued share capital of TAFI amounting to 123,935,200 TAFI Shares after the Rights Issue of Shares.*
(3) *Deemed interested by virtue of his interest in Armani Synergy pursuant to Section 8 of the Act.*

Scenario 2

	As at the LPD				After the Rights Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of TAFI Shares	(1) %	No. of TAFI Shares	(1) %	No. of TAFI Shares	(2) %	No. of TAFI Shares	(2) %
Armani Synergy	40,132,008	51.81	-	-	86,607,708	69.88	-	-
Dato' Sri Wong	314,000	0.41	40,132,008(3)	51.81	314,000	0.25	86,607,708(3)	69.88
Dato' Sri Andrew	450,000	0.58	40,132,008(3)	51.81	450,000	0.36	86,607,708(3)	69.88
Dato' Sri Azlan	-	-	40,132,008(3)	51.81	-	-	86,607,708(3)	69.88
Arcadia Venture Sdn Bhd	6,000,000	7.75	-	-	6,000,000(4)	4.84	-	-
Chua Lee Seng	4,193,400	5.41	-	-	4,193,400(4)	3.38	-	-
Simfoni Semangat Sdn Bhd	4,250,000	5.49	-	-	4,250,000(4)	3.43	-	-

Notes:-

(1) *Based on the total number of 77,459,500 issued TAFI Shares as at the LPD (excluding the Treasury Shares).*
(2) *Based on the enlarged issued share capital of TAFI amounting to 123,935,200 TAFI Shares after the Rights Issue of Shares.*
(3) *Deemed interested by virtue of his interest in Armani Synergy pursuant to Section 8 of the Act.*
(4) *Arcadia Venture Sdn Bhd, Chua Lee Seng and Simfoni Semangat Sdn Bhd will no longer be deemed as substantial shareholders of TAFI under Scenario 2.*

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8.4 Earnings and LPS

The Rights Issue of Shares is expected to contribute positively to the future earnings of our Group for the FYE 31 December 2021 via the utilisation of proceeds as detailed under Section 4 of this Abridged Prospectus.

Subsequent to the completion of the Rights Issue of Shares, the EPS of TAFI Group shall be correspondingly diluted as a result of the increase in the number of TAFI Shares in issue arising from the issuance and allotment of the Rights Shares to successful Entitled Shareholders and/or their renouncee(s).

8.5 Convertible securities

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

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Group's current working capital is funded through a combination of internal and external sources of funds. The internal source is cash generated from our operating activities, whereas the external sources are credit terms granted by our suppliers and term loan from licensed financial institution as well as advances from our major shareholder.

Our Board is of the opinion that after taking into account the proceeds to be raised from the Rights Issue of Shares, cash position of our Group, the banking facilities available to our Group as well as the funds to be generated from our Group's operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings and funding

As at the LPD, the total outstanding borrowings of our Group is approximately RM1.20 million (all of which are interest bearing), the details of which are set out below:-

	Total outstanding amount (RM)
Short-term borrowing:-	
(i) Term Loan	843,384
(ii) Hire Purchase	34,821
Long-term borrowings:-	
(i) Term Loan	83,937
(ii) Hire Purchase	233,744
Total Borrowings	**1,195,886**

Our Group does not have any non-interest bearing borrowings and we do not have any borrowings that are denominated in foreign currency. For information purposes, as at the LPD, save for the above, whilst our Group does not have any other credit facilities and/or unutilised credit facilities, our Group had accepted a new facility from a financial institution for RM10.0 million which is currently pending fulfilment of conditions under the terms of the facility.

Our Group has not defaulted on payments of either interest or principal sums in respect of any borrowings for the FYE 31 December 2020 and up to the LPD.

9.3 Contingent liabilities

As at the LPD, our Board confirms that there are no material contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the profits or NA of TAFI Group.

9.4 Material commitments

Save as disclosed below, our Board confirms that there is no material commitments incurred or known to be incurred by our Group as at the LPD, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

Pursuant to the terms of the JDA, TAFI Group is required to make the following future payments to our joint venture partner, E Prompt Sdn Bhd:-

		(RM'000)
(i)	upon obtaining the Planning Permission's approval for the Habu Project	500
(ii)	upon the advertising permit and developers license (APDL) being obtained by TAFI Development for the Habu Project	1,000
		1,500

Our Group intends to fund the aforementioned future payments via internally generated funds and/or bank borrowings.

9.5 Material transactions

Our Board confirms that save for the Rights Issue of Shares, there are no other material transactions which may have a material effect on the operations, financial position and results of our Group since the date of the announcement of our Group's latest audited consolidated financial statement for the FYE 31 December 2020.

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

Full instructions for the acceptance of and payment for the Provisional Rights Shares as well as Excess Application and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptances and/or payments for the Provisional Rights Shares which do not conform strictly to the terms and conditions of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for under the terms and conditions of the Rights Issue of Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that you have been provisionally allotted as well as to apply for the Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

10.2 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications for the Rights Shares.

10.3 Methods of acceptance and application

You may subscribe for the Provisional Rights hares as well as apply for the Excess Rights Shares, if you may choose to do so, using either of the following methods:-

Methods	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

10.4 Procedures for acceptance and payment

10.4.1 By way of RSF

Acceptance of and payment for the Provisional Rights Shares allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may be rejected at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched **by ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, to the following address:-

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Or

Tricor Customer Service Centre
Unit G-3, Ground Floor Vertical Podium
Avenue 3, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Telephone No. : 03 2783 9299
Facsimile No. : 03 2783 9222

so as to arrive **not later than 5.00 P.M. on Monday, 31 May 2021**, being the Closing Date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares standing to the credit of more than one (1) CDS Account. The Rights Shares accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are standing to the credit.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 shares. Fractions of a Rights Share arising from the Rights Issue of Shares will be dealt with as our Board may at its absolute discretion deem fit, expedient and in the best interests of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and made payable to "**TAFI RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar **by 5.00 p.m. on Monday, 31 May 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF SHARES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF SHARES WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar **by 5.00 p.m. on Monday, 31 May 2021**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot any Rights Shares not taken up or not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 10.7 of this Abridged Prospectus.

10.4.2 By way of e-Subscription

You and/or your renouncee(s)/transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available from TIIH Online website at https://tiih.online. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

Subsequent to the Entitlement Date, our Company will, at its discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of e-Subscription for the Rights Issue on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for Excess Rights Shares by way of e-Subscription shall take note of the following:

(i) any e-Subscription received by the Share Registrar after the Closing Date for Acceptance, Excess Application and Payment shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar from you, is irrevocable and shall be binding on you;

(ii) you will receive notification to login to TIIH Online in respect of your shareholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe to the Rights Shares which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;

(iii) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at the sole discretion of our Company. Our Company reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed;

(iv) the number of Rights Shares you are entitled to under the Rights Issue of Shares is set out in the e-RSF. You are required to indicate the number of Rights Shares you wish to accept and number of Excess Rights Shares you wish to apply in the e-RSF;

(v) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;

(vi) a handling fee is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and

(vii) the new TAFI Shares arising from the Rights Shares accepted and Excess Rights Shares applied (if successful pursuant to Procedures for the Excess Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set below:

(i) Sign up as a user of TIIH Online

(a) Access TIIH Online at https://tiih.online.

(b) Under e-Services, select "Sign Up" – "**Create Account by Individual Holder**" which is applicable for individual shareholders. For corporation or institutional shareholders, its authorized or nominated representative is to select "Create Account by Representative of Corporate Holder". You may refer to the tutorial guide posted on the homepage for assistance.

(c) Registration will be verified and you will be notified by email within one to two market days.

(d) Proceed to activate your account with the temporary password given in the email and re-set your own password.

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent a Corporate Holder Account(s), please contact our Share Registrar for further details and requirements.

(ii) Procedures for e-Subscription

Individual Registered Entitled Shareholder

(a) Login to TIIH Online at https://tiih.online.

(b) Select the corporate exercise name: TAFI RIGHTS ISSUE.

(c) Read and agree to the Terms & Conditions and confirm the Declaration.

(d) Preview your CDS Account details and your Provisional Allotments.

(e) Select the relevant CDS Account and insert the number of Rights Shares to subscribe and the number of Excess Rights Shares to apply (if applicable) in the e-RSF.

(f) Review and confirm the number of Rights Shares which you are subscribing and the number of Excess Rights Shares you are applying (if applicable) and the total amount payable for the Rights Shares and Excess Rights Shares(if applicable).

(g) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable.

(h) Proceed to pay via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account.

(i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address.

(j) Print the payment receipt and your e-RSF for your record.

Corporation or Institutional Registered Entitled Shareholder

(a) Login to TIIH Online at https://tiih.online.

(b) Select the corporate exercise name: TAFI RIGHTS ISSUE.

(c) Agree to the Terms & Conditions and Declaration.

(d) Proceed to download the "e-RSF file of Provisional Allotments".

(e) Preview the respective CDS Account details and its Provisional Allotments.

(f) Prepare the submission of the e-RSF file on the acceptance of the Provisional Allotments and the excess Rights Shares by completing with the required information;

(g) Arrange to pay for the subscription of Rights Shares and Excess Rights Shares via telegraphic transfer into our designated bank account as follows:

Account Name:	TAFI RIGHTS ISSUE ACCOUNT	TAFI EXCESS RIGHTS ISSUE ACCOUNT
Bank:	Ambank Berhad	Ambank Berhad
Bank Account No.:	8881042313731	8881042313742

(h) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into our Share Registrar's bank account as follows:

Account Name:	TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Bank:	Malayan Banking Berhad
Bank Account No	514012025081

(i) Once payments are completed, login to TIIH Online, select corporate exercise name: TAFI RIGHTS ISSUE and proceed to upload the duly completed "e-RSF file on the Provisional Allotments";

(j) Select "Submit" to complete your submission;and

(k) Print the confirmation report of your submission for your record.

(iii) Terms and conditions for e-Subscription

The e-Subscription of Rights Shares and Excess Rights Shares (if successful), shall be made on and subject to the terms and conditions appearing herein:

(a) After logging into TIIH Online, you are required to confirm and declare the following information given are true and correct:

(i) you have attained 18 years of age as at the last day for subscription and payment;

(ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood;

(iii) you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;

(b) you agree and undertake to subscribe for and to accept the number of Rights Shares and Excess Rights Shares applied (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares that may be allotted to you.

(c) by making and completing your e-Subscription, you, if successful, request and authorise the Share Registrar or our Company to credit the Rights Shares allotted to you into your CDS Account;

(d) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or the Share Registrar and irrevocably agree that if:

(i) our Company or the Share Registrar does not receive your e-Subscription; or

(ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against our Company or the Share Registrar for the Rights Shares accepted and/or Excess Rights Shares applied for or for any compensation, loss or damage relating to the e-Subscription.

(e) you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.

(f) by making and completing an e-Subscription, you agree that:

(i) in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotments and Excess Rights Shares applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and

(ii) the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.

(g) the Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

(viii) notification on the outcome of your e-Subscription for the Rights Shares and Excess Rights Shares will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:

(ix) successful application - a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Rights Shares; or

(ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last day of application and payment for the Rights Shares.

The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on (closing), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

Our Board will then have the right to allot any Rights Shares not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 10.7 of this Abridged Prospectus.

10.5 Procedures for part acceptance

If you do not wish to accept the Provisional Rights Shares allotted to you in full, you are entitled to accept part of your entitlement of the Provisional Rights Shares that can be subscribed for / accepted PROVIDED ALWAYS that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share (wherein you must hold at least one (1) TAFI Share as at the Entitlement Date in order to be entitled to one (1) Rights Share).

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 10.4.1 of this Abridged Prospectus.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.6 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

YOU AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Sections 10.4.1 and 10.4.2 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.7 Procedures for the Excess Application

10.7.1 By way of RSF

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full and exact amount payable on the Excess Rights Shares applied for, to our Share Registrar so as to arrive **not later than 5.00 p.m. on Monday, 31 May 2021**, being the last time and date for Excess Application and payment.

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 10.4 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia be made payable to "**TAFI EXCESS RIGHTS ISSUE ACCOUNT**", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar **by 5.00 p.m. on Monday, 31 May 2021**. The payment must be made for the exact amount payable for the Excess Rights Shares applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

10.7.2 By way of e-Subscription

If you are an Entitled Shareholder and/or renouncee and/or transferee (if applicable) who is an individual, you may apply for the Excess Rights Shares via e-Subscription in addition to your Provisional Rights Shares. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 10.4.2 of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in Section 10.4.2 of this Abridged Prospectus.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Application applied for; and

(iv) fourthly, for allocation to transferee(s) and/or renouncee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Application applied for.

In the event there is any remaining balance of the Excess Rights Shares applied for by the Entitled Shareholders and/or renouncee(s)/transferee(s) who have applied for the Excess Rights Shares after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares to the Entitled Shareholders and/or renouncee(s)/ transferee(s) who have applied for the Excess Rights Shares until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) as our Board deems fit, expedient and in the best interests of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in steps (i) to (iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept any Excess Application in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

AN EXCESS APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS APPLICATION, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITTED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.8 Procedures to be followed by transferees and/or renouncees

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Rights Shares, applying for the Excess Rights Shares and/or payment are the same as that which are applicable to the Entitled Shareholders as described in Sections 10.4.1 and 10.4.2 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

TRANSFEREES AND/OR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall mean consent to receive such Rights Shares as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

All Excess Rights Shares allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribe for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

10.10 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue of Shares will not be made or offered or deemed made or offered for subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue of Shares to which this Abridged Prospectus relates is only available to the Entitled Shareholders receiving the Documents or otherwise within Malaysia.

As a result, the Documents and electronic notification of the e-Subscription have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue of Shares and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue of Shares and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue of Shares in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares to the extent that it would be lawful to do so, and our Company, our Board and officers, AmInvestment Bank and/or other advisers named herein ("**Parties**") would not, in connection with the Rights Issue of Shares, be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue of Shares would result in the contravention of the laws of the countries or jurisdictions to which he is or might be subject to.

The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares, be in breach of the laws of any jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to;

(ii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has complied with the laws to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to in connection with the acceptance or renunciation;

(iii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) deem necessary in connection with the Foreign Addressed Shareholder and/or his transferee and/or his renouncee's (if applicable) decision to subscribe for or purchase the Rights Shares; and

(vi) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

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11. TERMS AND CONDITIONS

The issuance of the Rights Shares is governed by the terms and conditions set out in the Documents.

12. FURTHER INFORMATION

Please refer to the attached Appendix for further information.

Yours faithfully
For and on behalf of the Board of
TAFI INDUSTRIES BERHAD

DATO' SRI ONG CHEE KEAN
Non-Independent Non-Executive Chairman

1. HISTORY OF THE BUSINESS AND PRINCIPAL ACTIVITIES

TAFI was incorporated on 29 January 2004 in Malaysia as a private company and converted to a public company limited by shares on 18 March 2004. TAFI was listed on the Second Board of Bursa Securities (now known as the Main Market of Bursa Securities) on 4 February 2005.

TAFI is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are (i) manufacturing, trading, marketing, exporting of furniture products and provision of related services and (ii) property development and construction activities.

Further details of the principal activities of our subsidiaries are disclosed in Section 4 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our Company's issued share capital is RM41,768,232 comprising 77,459,500 TAFI Shares (excluding the Treasury Shares).

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3. BOARD OF DIRECTORS

3.1 Details of our Directors

The particulars of our Board as at the LPD are as follows:-

Name *(Designation)*	**Age**	**Address**	**Nationality**
Dato' Sri Ong Chee Kean *(Non-Independent Non-Executive Chairman)*	36	No.156, Persiaran Merchu Indah 7, Taman Merchu Indah, 33000 Kuala Kangsar, Perak Darul Ridzuan, Malaysia	Malaysian
Dato' Sri Azlan *(Group Managing Director)*	45	No.1, Jalan BRP 2/1J, Ascot Hill, Bukit Rahman Putra, 40160 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Malaysian
Dato' Sri Wong *(Group Chief Executive Officer)*	45	No. 16, Jalan Teh Hawa, 30300 Ipoh, Perak Darul Ridzuan, Malaysia	Malaysian
Dato' Sri Andrew *(Executive Director)*	46	No. 81, Jalan Market, 30000 Ipoh, Perak Darul Ridzuan, Malaysia	Malaysian
Leong Boon Tik *(Senior Independent Non-Executive Director)*	41	A501, Kelana Puteri Condo, SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Malaysian
Leong Sher-How *(Independent Non-Executive Director)*	36	F-2-3, Vista Tasik, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Malaysian
Teh Soon Hin *(Independent Non-Executive Director)*	44	K-10-6, Perdana Puri Apartment, Jalan Puri, Desa Aman Puri, Kepong, 52100 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Malaysian

3.2 Director's shareholdings

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in our Company as at the LPD. The pro forma effects of the Rights Issue of Shares on the direct and/or indirect shareholdings of the Directors based on the following scenarios are as follows:-

Scenario 1 : Assuming all of the Entitled Shareholders and/or their renouncee(s) subscribe in full for their respective entitlements under the Rights Issue of Shares.

Scenario 2 : Assuming none of the Entitled Shareholders and/or their renouncee(s) (other than Armani Synergy) subscribes for their respective entitlements under the Rights Issue of Shares.

Accordingly, Armani Synergy will fully subscribe to all the Rights Shares issued under the Rights Issue of Shares.

(i) Scenario 1

	As at the LPD				After the Rights Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of TAFI Shares	(1) %	No. of TAFI Shares	(1) %	No. of TAFI Shares	(2)%	No. of TAFI Shares	(2)%
Dato' Sri Andrew	450,000	0.58	40,132,008(3)	51.81	720,000	0.58	64,211,213(3)	51.81
Dato' Sri Wong	314,000	0.41	40,132,008(3)	51.81	502,400	0.41	64,211,213(3)	51.81
Dato' Sri Azlan	-	-	40,132,008(3)	51.81	-	-	64,211,213(3)	51.81

Notes:-

(1) Based on the total number of 77,459,500 issued TAFI Shares as at the LPD (excluding the Treasury Shares).

(2) Based on the enlarged issued share capital of TAFI amounting to 123,935,200 TAFI Shares after the Rights Issue of Shares.

(3) Deemed interested by virtue of his interest in Armani Synergy pursuant to Section 8 of the Act.

(ii) **Scenario 2**

	As at the LPD				After the Rights Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of TAFI Shares	[(1)] %	No. of TAFI Shares	[(1)] %	No. of TAFI Shares	[(2)] %	No. of TAFI Shares	[(2)] %
Dato' Sri Andrew	450,000	0.58	40,132,008[(3)]	51.81	450,000	0.36	86,607,708[(3)]	69.88
Dato' Sri Wong	314,000	0.41	40,132,008[(3)]	51.81	314,000	0.25	86,607,708[(3)]	69.88
Dato' Sri Azlan	-	-	40,132,008[(3)]	51.81	-	-	86,607,708[(3)]	69.88

Notes:-

(1) Based on the total number of 77,459,500 issued TAFI Shares as at the LPD (excluding the Treasury Shares).

(2) Based on the enlarged issued share capital of TAFI amounting to 123,935,200 TAFI Shares after the Rights Issue of Shares.

(3) Deemed interested by virtue of his interest in Armani Synergy pursuant to Section 8 of the Act.

4. SUBSIDIARIES

As at the LPD, our subsidiaries are as follows:-

Company	Date of Incorporation	Place of Incorporation	Effective Equity Interest (%)	Issued Share Capital (RM)	Principal Activities
Direct subsidiaries					
TA Furniture	15 January 1982	Malaysia	100.0	3,000,000	Manufacturing and marketing of furniture products
TAFI Development	20 May 1994	Malaysia	100.0	1,500,000	Investment holdings, property development and construction activities
Home & Office Furniture Sdn Bhd	20 March 2007	Malaysia	100.0	750,000	General contractors and construction works and general trading, manufacturing and exporting furniture

APPENDIX I INFORMATION ON OUR COMPANY *(CONT'D)*

Company	Date of Incorporation	Place of Incorporation	Effective Equity Interest (%)	Issued Share Capital (RM)	Principal Activities
Indirect subsidiaries held through TA Furniture					
Penquo Resources Sdn Bhd	6 November 2000	Malaysia	100.0	300,000	Investment in properties
T.A. E-Furnishings Sdn Bhd	11 June 2008	Malaysia	100.0	3	Trading of furniture products and provision of related services
Indirect subsidiaries held through TAFI Development					
Gerak Mahir Sdn Bhd	23 August 1994	Malaysia	100.0	500,000	Property investment and trading of furniture

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5. PROFIT AND DIVIDEND RECORD

The following table summarises the relevant financial information based on our audited consolidated financial statements for the FYE 31 December 2018, FYE 31 December 2019 and FYE 31 December 2020.

(a) Historical financial performance:-

	< ----------- Audited FYE 31 December ----------- >		
	2018	**2019**	**2020**
	RM'000	**RM'000**	**RM'000**
Revenue	22,897	27,196	29,387
Cost of sales	(23,445)	(27,268)	(34,048)
Gross profit/(loss)	**(548)**	**(72)**	**(4,661)**
Other operating income	346	387	1,688
Selling and Distribution costs	(1,087)	(1,076)	(1,329)
Administrative expenses	(3,166)	(2,891)	(5,048)
Results from operating activities	**(4,455)**	**(3,652)**	**(9,350)**
Finance costs	(159)	(110)	(57)
Profit/(Loss) before tax	**(4,614)**	**(3,762)**	**(9,407)**
Tax expense	-	(49)	(40)
Profit/(Loss) for the year/period	**(4,614)**	**(3,811)**	**(9,447)**
Profit/(Loss) attributable to:			
Owners of the Company	(4,614)	(3,811)	(9,447)
Profit/(Loss) per ordinary share attributable to owners of the Company (sen)			
- Basic	(5.96)	(4.92)	(12.20)
- Diluted	N/A	N/A	N/A

(b) Historical financial position:-

	< ---------- Audited FYE 31 December --------- >		
	2018 RM'000	**2019 RM'000**	**2020 RM'000**
Total non-current assets	31,889	30,231	25,656
Total current assets	21,433	20,399	17,952
Total assets	**53,322**	**50,630**	**43,608**
Share Capital	42,809	42,809	42,809
Treasury shares, at cost	(1,041)	(1,041)	(1,041)
Other reserves	-	201	201
Retained earnings/ (Accumulated losses)	2,775	(1,036)	(10,483)
Total equity	**44,543**	**40,933**	**31,486**
Total non-current liabilities	1,296	409	650
Total current liabilities	7,483	9,288	11,472
Total liabilities	**8,778**	**9,697**	**12,122**
Total liabilities and equity	**53,322**	**50,630**	**43,608**
NA per share (RM)	**0.58**	**0.53**	**0.41**

(c) Historical cash flow:-

	< ---------- Audited FYE 31 December --------- >		
	2018 RM'000	**2019 RM'000**	**2020 RM'000**
Net cash from / (used in) operating activities	(2,834)	(2,234)	(2,509)
Net cash from/ (used in) investing activities	721	2,663	6,221
Net cash used in financing activities	(907)	(952)	(321)
Net increase/(decrease) in cash and cash equivalents	**(3,020)**	**(523)**	**3,391**
Effect of exchange rate	-(i)	4	(91)
Cash and cash equivalent in beginning of financial year/ period	5,112	2,092	1,572
Cash and cash equivalents at the end of financial year/ period	2,092	1,572	4,872

Note:-

(i) Negligible.

Commentary on financial performance

(i) FYE 31 December 2020 vs FYE 31 December 2019

For the FYE 31 December 2020, our Group's revenue recorded an increase of RM2.19 million or 8.06% compared to the corresponding FYE 31 December 2019 mainly due to receipt of sales order from a new major customer and increase in sales order from our existing customers in the USA which may be attributed to the increase in global demand for home furniture products arising from the "work-from-home" trend as a result of the COVID-19 pandemic.

Notwithstanding the increase in revenue, our Group's GL increased by RM4.59 million for the FYE 31 December 2020 mainly due to the following:-

(i) impairment for slow moving inventories of RM2.01 million due to the discontinuation of certain models in our office furniture product offering;

(ii) damaged inventories of RM1.27 million written off due to flood at our place of operation for our furniture segment located at Muar during the 3rd quarter of the financial year. For information purposes, our Group has successfully claimed against our insurance policy for the damages amounting to RM0.97 million; and

(iii) increase in repair and maintenance cost of certain machineries amounting to an aggregate of RM0.12 million and additional labour cost of RM0.42 million for the hiring of extra manpower as well as additional overtime claims for our Group to clear its backlog sales orders arising from the production halt during MCO period.

Our Group recorded a higher LBT of RM9.41 million in the FYE 31 December 2020 as compared to LBT of RM3.76 million for the FYE 31 December 2019 mainly due to the aforementioned impairment/expenses as well as our Group recording an impairment loss for our older furniture manufacturing machineries of RM1.58 million.

In view of our Group LAT of RM9.45 million for the FYE 31 December 2020, our Group's NA had correspondingly decreased from RM40.93 million as at 31 December 2019 to RM31.49 million in 31 December 2020.

The abovementioned impairment and inventories write-off had also resulted in our Group's total assets to decrease from RM50.63 million as at 31 December 2019 to RM43.61 million as at 31 December 2020.

Our Group's cash and cash equivalent increased by RM3.30 million (net of effect of exchange rate) in the FYE 31 Dec 2020 mainly due to the net cash generated from investing activities of RM6.22 million which mainly comprises receipt of advances from our major shareholders, proceeds from the redemption of investment management funds and proceeds received from disposal of a leasehold factory building located in the District of Tangkak, Johor, which was offset by the repayment of advances to our former directors. The net cash generated from investing activities were offset against (i) net cash used in operating activities of RM2.51 million mainly arising from the losses incurred from operating activities during the year as well as (ii) net cash used in financing activities of RM0.32 million for the repayment of term loan.

(ii) **FYE 31 December 2019 vs FYE 31 December 2018**

Our Group's revenue for the FYE 31 December 2019 recorded an increase of RM4.30 million or 18.78% as compared to the previous financial year mainly due to the introduction of knocked-down home furniture bedroom products, which enabled us to secure higher sales order from our customers in the Europe and USA during the year as well as the receipt of additional OEM orders from our existing customers in the USA.

The knocked-down home furniture products which incorporates production cost-saving features, allowed our Group to achieve higher margin which had resulted in our Group recording a lower GL from RM0.55 million (GL margin: 2.39%) in FYE 31 December 2018 to RM0.07 million (GL margin: 0.26%) in FYE 31 December 2019. In addition, the higher volume of OEM orders with shorter gestation period had also improved our production efficiency and has contributed to our Group's lower GL in FYE 31 December 2019.

The lower GL recorded in FYE 31 December 2019 coupled with lower administrative expenses incurred during the financial year primarily due to reduction in staff cost as a result resignation of management personnel, has resulted in our Group recording a lower loss after tax of RM3.81 million as compared to a loss after tax of RM4.61 million in the preceding year.

Our Group's NA decreased from RM44.54 million as at 31 December 2018 to RM40.93 million as at 31 December 2019 mainly due to the losses incurred during the year of RM3.61 million.

Our Group's total assets decreased by RM2.70 million mainly due to depreciation charges of RM2.26 million on our plant and machinery as well as the redemption of our investments in management funds of RM1.01 million. Our Group's total liabilities have remained relatively unchanged save for the increase in amount due to director of RM1.86 million during the year.

For the FYE 31 December 2019, our Group received directors' advances of RM1.87 million as well as proceeds from distribution of investment management funds of RM1.15 million which were mainly used to fund our Groups net cash from operating activities of RM2.23 million, repayment of borrowings of RM0.95 million as well as machineries and equipment of RM0.36 million. As a result, our Group's cash and cash equivalents have decreased from RM2.09 million as at 31 December 2018 to RM1.57 million as at 31 December 2019.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of TAFI Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are set out as below:-

Month	High RM	Low RM
2020		
April	0.280	0.185
May	0.205	0.180
June	0.390	0.175
July	0.585	0.285
August	0.600	0.400
September	0.670	0.510

Month	High RM	Low RM
October	0.575	0.510
November	0.680	0.535
December	0.720	0.560
2021		
January	0.720	0.590
February	0.660	0.605
March	0.720	0.615
April (up to the LPD)	0.680	0.640
Last transacted market price on 5 March 2021 (being the last Market Day prior to the announcement of the Rights Issue of Shares)		0.620
Last transacted market price as at the LPD		0.670
Last transacted market price on 7 May 2021 (being the last transacted Market Day prior to the ex-date for the Rights Issue of Shares)		0.655

(Source: Bloomberg)

7. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Board confirms that there are no material contracts (not being contracts in the ordinary course of business) which have been entered into by our Group during the past 2 years preceding the date of this Abridged Prospectus:-

(i) A sale and purchase agreement dated 25 June 2020 between TA Furniture (as vendor) and Tee Chin Hock, Perng Jun Chao and Tee Ai Leen (as purchasers) for the disposal of all that piece of land held under Title No. HS(D) 2131, Lot No. PTD 4564, Mukim Kesang, District of Tangkak, Negeri Johor measuring approximately 0.2023 hectares together with a unit of single storey leasehold factory building with a guard house and a TNB-substation erected thereon bearing postal address of K57, Jalan Perindustrian 8, Tanjung Agas Industrial Estate, 84000 Muar, Johor for a consideration of RM1,480,000.00. The sale and purchase transaction has been completed as at the LPD.

(ii) The JDA in respect of the development of the Habu Project. The JDA has yet to be completed as at the LPD.

(iii) A sale and purchase agreement dated 6 November 2020 between TA Furniture (as vendor) and Huan Kok Siang and Ng Chiew Hoon (as purchasers) for the disposal of all that piece of the following leasehold industrial lands for a total consideration of RM1,312,500.00:-

a) H.S.(D) 2266, P.T.D. 4798, Mukim Kesang, District of Muar, State of Johor, measuring approximately 687,947 square metres together with a factory building known as No. K 35, Jalan Tanjong Agas, Kawasan Industri Tanjong Agas, 84000 Muar, Johor.

b) H.S.(D) 2270, P.T.D. 4799, Mukim Kesang, District of Muar, State of Johor measuring approximately 687,947 square metres together with a factory building known as No. K 36, Jalan Tanjong Agas, Kawasan Industri Tanjong Agas, 84000 Kesang, Tangkak, Johor.

c) H.S.(D) 2274, P.T.D. 4800, Mukim Kesang, District of Muar, State of Johor measuring approximately 687,947 square metres together with a factory building known as No. K 37, Jalan Tanjong Agas, Kawasan Industri Tanjong Agas, 84000 Muar, Johor.

The sale and purchase transactions have been completed as at the LPD.

8. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board confirms that there are no proceedings pending or threatened against our Group, or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

9. CONSENTS

Our Principal Adviser, Solicitors for the Rights Issue of Shares, Share Registrar, Company Secretaries, Independent Market Researcher and Bloomberg Finance Singapore L.P. have given and have not subsequently withdrawn their written consent for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Monday to Friday (except public holidays) at our registered office for a period of six (6) months from the date of this Abridged Prospectus:-

(a) letter of undertaking by the Undertaking Shareholder dated 8 March 2021;

(b) the IMR Report referred to in Sections 7.2, 7.3 and 7.4 of this Abridged Prospectus;

(c) letters of consent as referred to in Section 9 of Appendix I of this Abridged Prospectus; and

(d) the material contracts referred to in Section 7 of Appendix I of this Abridged Prospectus.

11. RESPONSIBILITY STATEMENTS

(a) Our Directors have seen and approved all the Documents relating to the Rights Issue of Shares. They collectively and individually accept full responsibility for the accuracy of the information contained in the said Documents. Having made all reasonable enquiries, and to the best of their knowledge and belief, our Directors hereby confirm there is no false or misleading statements or other facts which, if omitted, would make any statement in this Abridged Prospectus false or misleading.

(b) AmInvestment Bank, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares.