

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by TA Securities Holdings Berhad as the Adviser to TFP Solutions Berhad (“TFP”) for the Proposed Share Capital Reduction (as defined herein).



TFP SOLUTIONS BERHAD
(Registration No. 200701015543 (773550-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF TFP OF RM24,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

 **TA SECURITIES**

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No.: 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“EGM”) and the Proxy Form are enclosed in this Circular. The EGM will be held as follows:

Venue of the EGM	:	TFP Experience Center, Ground floor, Wisma LMS, No. 6, Jalan Abd Rahman Idris, Off Jalan Raja Muda Aziz, 50300 Kuala Lumpur
Date and time of the EGM	:	Thursday, 3 November 2022 at 10.00 a.m.
Last date and time for lodging the Form of Proxy	:	Tuesday, 1 November 2022 at 10.00 a.m.

As a shareholder who is entitled to attend and vote at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. The Proxy Form must be deposited at our Company’s Share Registrar Office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor at least (48) hours before the time for holding the EGM or at any adjournment thereof. The Proxy Form once deposited will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 12 October 2022

DEFINITIONS

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

“18M-FPE”	:	18-months financial period ended
“TFP” or “Company”	:	TFP Solutions Berhad
“TFP Group” or “Group”	:	Our Company and our subsidiaries, collectively
“TFP Shares” or “Shares”	:	Ordinary shares in our Company
“Act”	:	Companies Act 2016
“Announcement”	:	The announcement of the Proposed Share Capital Reduction dated 23 September 2022
“Announcement LPD”	:	22 September 2022, being the latest practicable date prior to the Announcement
“BMS”	:	Business Management Solutions
“Board”	:	Board of Directors of our Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular to shareholders dated 12 October 2022 in relation to the Proposed Share Capital Reduction
“CIS”	:	Converged Infrastructure Solutions
“COVID-19”	:	Coronavirus disease 2019
“Director”	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary General Meeting of our Company
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending
“IT”	:	Information Technology
“LBT”	:	Loss before tax
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	7 October 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per Share
“Maximum Scenario”	:	Assuming all of the Treasury Shares are resold in the open market as well as all the outstanding Warrants are exercised prior to the implementation of the Proposed Share Capital Reduction

DEFINITIONS (CONT'D)

“Minimum Scenario”	:	Assuming none of the outstanding Warrants are exercised as well as none of the Treasury Shares are resold in the open market prior to the implementation of the Proposed Share Capital Reduction
“NA”	:	Net assets attributable to the owners of our Company
“PBT”	:	Profit before tax
“Private Placement”	:	Private placement of up to 62,020,100 new Shares of our Company, representing approximately 30% of the existing total number of issued shares in our Company as announced on 21 May 2020 and completed on 1 July 2021
“Proposed Share Capital Reduction”	:	Proposed reduction of the issued share capital of TFP of RM24,000,000 pursuant to Section 117 of the Act
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“TA Securities”	:	TA Securities Holdings Berhad
“Treasury Shares”	:	1,279,000 Shares held as treasury shares by our Company
“Warrants”	:	138,972,045 outstanding warrants in our Company at the exercise price of RM0.03 each (as constituted by the deed poll dated 13 August 2020 which will expire on 21 September 2025)

All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, are to our Group. All references to “you” in this Circular are references to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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

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NOTICE OF EGM **ENCLOSED****PROXY FORM** **ENCLOSED**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION CONTAINED IN THE MAIN CONTENT OF THIS CIRCULAR. PLEASE READ THE ENTIRE CIRCULAR CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED SHARE CAPITAL REDUCTION BEFORE VOTING.

We are asking our shareholders to vote on the matters below. Our Board recommends that you vote **FOR** the resolution in relation to the Proposed Share Capital Reduction to be tabled at our forthcoming EGM.

PROPOSED SHARE CAPITAL REDUCTION	
Details	<p>: Reduce our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's paid-up share capital of RM24,000,000 which will be used to set-off against the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company.</p> <p>Refer to Section 2 of this Circular for further details on the Proposed Share Capital Reduction.</p>
Rationale	<p>: • Eliminate our Company's accumulated losses via cancellation of our issued share capital and enhance our Company's ability to declare and pay dividends out of our retained earnings in the future when our Group returns to profitability, as and when appropriate.</p> <p>• Enhance our Group's credibility with its customers, financiers, suppliers and investors.</p> <p>Refer to Section 3 of this Circular for further details on the rationale of the Proposed Share Capital Reduction.</p>
Effects	<p>: The Proposed Share Capital Reduction will:</p> <ul style="list-style-type: none">• reduce and cancel RM24,000,000 of the issued share capital but it will not have any effect on the total number of issued Shares.• have no effects on the substantial shareholders' shareholdings in our Company as well as our Group's earnings and EPS for the FYE 30 June 2023.• not reduce the NA due to the cancellation of the issued share capital and accumulated losses of our Company, and will not have material effects on the NA per Share and gearing of our Group. <p>Refer to Section 4 of this Circular for further information on the effects of the Proposed Share Capital Reduction.</p>
Approvals	<p>: The Proposed Share Capital Reduction is subject to the following approvals being obtained from:</p> <ul style="list-style-type: none">(a) our shareholders at the forthcoming EGM; and(b) any other relevant parties/authorities, if required.



TFP SOLUTIONS BERHAD
(Registration No. 200701015543 (773550-A))
(Incorporated in Malaysia)

Registered Office:

Level 5, Block B, Dataran PHB
Saujana Resort
Section U2
40150 Shah Alam
Selangor

12 October 2022

Board of Directors

Datuk Seri Syed Ali Bin Abbas Alhabshee (*Non-Independent Non-Executive Chairman*)
YM Puteri Munawarah Syammiyah Binti Munir (*Executive Director*)
Kong Wei Peng (*Executive Director*)
Noor Shahwan Bin Saffwan (*Independent Non-Executive Director*)
Yeong Siew Lee (*Independent Non-Executive Director*)
Datuk Chu Boon Tiong (*Independent Non-Executive Director*)
Dato' Hussian @ Rizal Bin A. Rahman (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED SHARE CAPITAL REDUCTION

1. INTRODUCTION

On 23 September 2022, TA Securities had, on behalf of our Board, announced that we propose to undertake the Proposed Share Capital Reduction.

Further details of the Proposed Share Capital Reduction are set out in **Section 2** below.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SHARE CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED SHARE CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction entails the reduction of our Company's issued share capital pursuant to Section 117 of the Act via the cancellation of our Company's issued share capital of RM24,000,000. The corresponding credit of RM24,000,000 arising from such cancellation will be used to set-off against the accumulated losses of our Company while the balance will be credited to the retained earnings of our Company which shall be used in a manner to be determined by our Board at a later date and in the best interest of our Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

As at the LPD, our Company's issued share capital is RM31,173,953 comprising 585,874,890 Shares of which 1,279,000 Shares are held as Treasury Shares. Our Company has 138,972,045 outstanding Warrants as at the LPD.

For illustrative purposes only, the Proposed Share Capital Reduction will have the following effects:

	(Audited)		(Unaudited)	
	As at 31 December 2020		As at 30 June 2022⁽¹⁾	
	Company level	Group level	Company level	Group level
	RM	RM	RM	RM
Accumulated losses	(8,048,355)	(14,096,618)	(7,874,601)	(21,209,204)
Add: Credit arising from the Proposed Share Capital Reduction	24,000,000	24,000,000	24,000,000	24,000,000
Less: Estimated expenses for the Proposed Share Capital Reduction	(115,000)	(115,000)	(115,000)	(115,000)
Resultant retained earnings	15,836,645	9,788,382	16,010,399	2,675,796

Note:

(1) Our Company had on 24 December 2021 announced the change in financial year end of our Company. The next financial year will be commenced from 1 January 2021 to 30 June 2022, covering a period of 18 months. Thereafter, the subsequent financial years shall end on 30 June annually.

The summary and commentaries of the financial information of our Group for the past 3 FYEs 31 December 2018 to 31 December 2020 and the 18M-FPE 30 June 2022 are set out in **Appendix I** of this Circular.

Subject to and subsequent to the approval of the Proposed Share Capital Reduction by the shareholders of our Company at the forthcoming EGM, the Proposed Share Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in:

- (a) any adjustment to the share price of Shares;
- (b) any change in the total number of Shares in issue or the number of Shares held by our shareholders;
- (c) any payment to our shareholders; and
- (d) any cash outflow or change in the NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Share Capital Reduction which will be funded from our Company's internally-generated funds.

3. RATIONALE FOR THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction will enable our Company to eliminate our accumulated losses. The surplus after the elimination of our Company's accumulated losses shall be credited to the retained earnings of our Company which shall be used in such manners as our Board deems fit and as permitted by the relevant and applicable laws and the Listing Requirements. It will also enhance our Company's ability to declare and pay dividends out of our retained earnings in the future, as and when appropriate and when our Company returns to profitability. The Proposed Share Capital Reduction would also enhance our Group's credibility with its customers, financiers, suppliers and investors.

4. EFFECTS OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction will be undertaken based on the following scenarios:

Minimum Scenario	Assuming none of the outstanding Warrants are exercised as well as none of the Treasury Shares are resold in the open market prior to the implementation of the Proposed Share Capital Reduction.
Maximum Scenario	Assuming all of the Treasury Shares are resold in the open market as well as all the outstanding Warrants are exercised prior to the implementation of the Proposed Share Capital Reduction.

4.1 Share capital

The pro forma effects of the Proposed Share Capital Reduction on the issued share capital of our Company are illustrated as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	584,595,890	30,994,962	584,595,890	30,994,962
Assuming all the Treasury Shares are resold in the open market	-	-	1,279,000 ⁽¹⁾	178,991
To be issued assuming the full exercise of the outstanding Warrants	584,595,890	30,994,962	585,874,890	31,173,953
	-	-	138,972,045 ⁽²⁾	4,766,741
To be cancelled pursuant to the Proposed Share Capital Reduction	584,595,890	30,994,962	724,846,935	35,940,694
	-	(24,000,000)	-	(24,000,000)
After the Proposed Share Capital Reduction	584,595,890	6,994,962	724,846,935	11,940,694

Notes:

(1) Assuming all the 1,279,000 Treasury Shares amounting to RM178,991 are resold in the open market.

(2) Based on the exercise price of RM0.03 each and after crediting share capital for the corresponding reversal of warrants reserve.

4.2 Substantial shareholders' shareholdings

The Proposed Share Capital Reduction will not have any effect on our substantial shareholders' shareholdings.

4.3 Earnings and EPS

The Proposed Share Capital Reduction will not have any material effect on our Group's earnings and EPS for the FYE 30 June 2023.

4.4 NA and gearing

The pro forma effects of the Proposed Share Capital Reduction on the NA and gearing of our Group based on our audited consolidated financial statements as at 31 December 2020 are as follows:

Minimum Scenario

	(Audited) FYE 31 December 2020 RM'000	(Unaudited) As at the LPD RM'000	After the Proposed Share Capital Reduction RM'000
Share capital	22,637	31,174 ⁽¹⁾	7,174
Treasury shares	(179)	(179)	(179)
Warrant reserves	7,687	4,767	4,767
(Accumulated losses) / Retained earnings	(14,096)	(14,096)	9,789 ⁽²⁾
Shareholders' funds / NA	16,049	21,666	21,551
No. of Shares in issue (excluding Treasury Shares)	458,115	584,596	584,596
NA per Share (RM)	0.04	0.04	0.04
Total borrowings (RM)	-	-	-
Gearing (times)	-	-	-

Notes:

- (1) After adjusting for the:
- (i) exercise of 85,134,100 Warrants at the exercise price of RM0.03 each into 85,134,100 new Shares from 1 January 2021 up to the LPD and after crediting share capital for the corresponding reversal of warrants reserve.
 - (ii) The issuance of Shares pursuant to the Private Placement in the following tranches:

Listing date	No. of Shares issued	Issue price (RM)
20 April 2021	20,673,000	0.161
1 July 2021	20,674,100	0.130
Total	41,347,100	

- (2) After setting off RM24,000,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM115,000 in relation to the Proposed Share Capital Reduction.

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Maximum Scenario

	(Audited) FYE 31 December 2020 RM'000	(Unaudited) As at the LPD RM'000	(I) Assuming all the Treasury Shares are resold in the open market RM'000	(II) After (I) and assuming exercise of all outstanding Warrants RM'000	(III) After (II) and the Proposed Share Capital Reduction RM'000
Share capital	22,637	31,174 ⁽¹⁾	31,174	35,941 ⁽³⁾	11,941
Treasury shares	(179)	(179)	- ⁽²⁾	-	-
Warrant reserve	7,687	4,767	4,767	-	-
(Accumulated losses) / Retained earnings	(14,096)	(14,096)	(14,096)	(14,096)	9,789 ⁽⁴⁾
Shareholders' funds / NA	16,049	21,666	21,845	21,845	21,730
No. of Shares in issue	458,115	584,596	585,875	724,847	724,847
NA per Share (RM)	0.04	0.04	0.04	0.03	0.03
Total borrowings (RM)	-	-	-	-	-
Gearing (times)	-	-	-	-	-

Notes:

- (1) After adjusting for the:
 - (i) exercise of 85,134,100 Warrants at the exercise price of RM0.03 each into 85,134,100 new Shares from 1 January 2021 up to the LPD and after crediting share capital for the corresponding reversal of warrants reserve.
 - (ii) The issuance of Shares pursuant to the Private Placement in the following tranches:

Listing date	No. of Shares issued	Issue price (RM)
20 April 2021	20,673,000	0.161
1 July 2021	20,674,100	0.130
Total	41,347,100	

- (2) Assuming all the 1,279,000 Treasury Shares amounting to RM178,991 are resold in the open market as well as taking into account the reversal of Treasury Shares.
- (3) Based on the exercise price of RM0.03 each and after crediting share capital for the corresponding reversal of warrants reserve.
- (4) After setting off RM24,000,000 from our Company's accumulated losses due to the cancellation of our Company's issued share capital and deducting the estimated expenses of RM15,000 in relation to the Proposed Share Capital Reduction.

4.5 Convertible securities

Save for the 138,972,045 outstanding Warrants, our Company does not have any other convertible securities as at the LPD. The Proposed Share Capital Reduction will not result in any adjustment to the Warrants.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of TFP Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<u>2021</u>		
October	0.115	0.095
November	0.135	0.105
December	0.120	0.090
<u>2022</u>		
January	0.120	0.095
February	0.105	0.090
March	0.120	0.090
April	0.115	0.100
May	0.105	0.090
June	0.095	0.070
July	0.080	0.065
August	0.075	0.060
September	0.065	0.045

The last transacted market price of the Shares on 22 September 2022 (being the last trading date prior to the Announcement LPD) was RM0.055 each.

The last transacted market price of the Shares on 7 October 2022 (being the last trading date prior to the LPD) was RM0.045 each.

(Source: Bloomberg Finance L.P.)

6. APPROVAL/ CONSENT REQUIRED

The Proposed Share Capital Reduction is subject to the following approvals being obtained from:

- (a) our shareholders at the forthcoming EGM; and
- (b) any other relevant parties/authorities, if required.

7. CONDITIONALITY OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

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

None of our Directors, major shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Share Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Share Capital Reduction, including but not limited to the rationale and effects of the Proposed Share Capital Reduction, is of the opinion that the Proposed Share Capital Reduction is in the best interests of our Company and accordingly recommend you to vote in favour of the resolution in respect of the Proposed Share Capital Reduction to be tabled at our Company's forthcoming EGM.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Share Capital Reduction is expected to be completed in the 1st quarter of 2023. The indicative timetable of events in relation to the Proposed Share Capital Reduction is set out below:

Tentative timeline	Events
3 November 2022	• EGM
Early December 2022	• Lodgement of document with the Registrar of Companies for the Proposed Share Capital Reduction
End December 2022	• Effective date of the Proposed Share Capital Reduction

11. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held at TFP Experience Center, Ground floor, Wisma LMS, No. 6, Jalan Abd Rahman Idris, Off Jalan Raja Muda Aziz, 50300 Kuala Lumpur on Thursday, 3 November 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Share Capital Reduction.

If you are unable to attend and vote in person at our EGM, you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided therein so as to arrive at our Company's Share Registrar Office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor at least (48) hours before the time set for holding our EGM or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending our EGM and voting in person should you subsequently wish to do so.

12. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for additional information.

Yours faithfully,
For and on behalf of the Board
TFP SOLUTIONS BERHAD

Datuk Seri Syed Ali Bin Abbas Alhabshee
Non-Independent Non-Executive Chairman

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

The summary of the financial information of our Group for the audited FYEs 31 December 2018 to 31 December 2020 as well as unaudited 18-MPE 30 June FYEs 2022 are as follows:

	(Audited)			(Unaudited)
	FYE 31 December 2018 RM	FYE 31 December 2019 RM	FYE 31 December 2020 RM	18M-FPE 30 June 2022⁽²⁾ RM
Revenue	50,505,804	87,716,196	19,336,107	9,166,008
Loss before tax	(2,170,609)	(3,586,664)	(3,625,447)	(10,105,643)
LAT	(1,967,503)	(3,513,480)	(3,624,449)	(9,980,518)
Share capital	9,763,655	10,058,984	22,637,442	31,173,953
Shareholders' funds / NA attributable to the owners of our Company	10,408,840	7,190,690	16,048,674	14,654,018
No. of Shares in issue (including treasury shares)	205,059,645	208,012,945	459,393,690	585,874,890
Weighted average number of Shares in issue (excluding treasury shares)	203,780,645	206,326,022	455,473,899	543,347,927
NA per Share (sen)	5.08	3.46	3.49	2.50
Basic loss per Share (sen) ⁽¹⁾	(0.97)	(1.70)	(0.80)	(1.84)
Current assets	24,077,876	10,764,795	20,896,917	23,971,944
Current liabilities	13,892,346	5,040,523	5,839,259	11,182,891
Current ratio (times)	1.73	2.14	3.58	2.14
Borrowings	-	-	-	250,000
Gearing (times)	-	-	-	0.02

Notes:

- (1) Based on the weighted average number of Shares.
- (2) Our Group had changed our financial year end from 31 December to 30 June as announced on 24 December 2021.

Commentaries:**(i) 18M-FPE 30 June 2022 vs FYE 31 December 2020**

Our Group's revenue for the 18M-FPE 30 June 2022 decreased by RM10.17 million (or 52.58%) to RM9.17 million (the annualised revenue for the 18M-FPE 30 June 2022 was RM6.11 million, representing a decrease of RM13.23 million (or 68.41%) on an annualised basis) (FYE 31 December 2020: RM19.34 million). The decrease in revenue is mainly due to:

- (a) decrease in annualised revenue generated from the business management solutions segment in 18M-FPE 30 June 2022 to RM2.74 million, representing a decrease of RM2.63 million (or 48.98%) on an annualised basis (FYE 31 December 2020: RM5.37 million) due to reduction in demand for software implementation as well as maintenance services as a result of the restrictions imposed by the Government of Malaysia as a mitigating measure against COVID-19 pandemic; and
- (b) decrease in annualised revenue generated from the Fintech segment in 18M-FPE 30 June 2022 to RM3.55 million, representing a decrease of RM10.37 million (or 74.50%) on an annualised basis (FYE 31 December 2020: RM13.92 million) due to ceased in order of the mobile airtime reload by one of our Group's major customer and reduced in number of mobile starter packs sold during the 18M-FPE 30 June 2022.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

Our Group registered a higher LAT for the 18M-FPE 30 June 2022 by RM6.36 million (or 175.69%) to RM9.98 million (the annualised LAT for the 18M-FPE 30 June 2022 was RM6.65 million, representing an increase of RM3.03 million (or 83.70%) on an annualised basis) (FYE 31 December 2020: LAT of RM3.62 million) mainly due to additional working capital incurred (i.e., rental of additional office, purchase of equipment and payroll) as a result of additional employees hired in order to expand our Company's business development and technical support team as our Company focuses on obtaining more subscribers for the Fintech project during the 18M-FPE 30 June 2022.

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

Our Group's revenue for the FYE 31 December 2020 decreased by RM68.38 million (or 77.95%) to RM19.34 million (FYE 31 December 2019: RM87.72 million) mainly due to:

- (a) the absence of revenue from our CIS business (FYE 31 December 2019: RM26.70 million) as our Group is no longer involved in the CIS business segment following the disposal of Tech3 Solutions Sdn Bhd which was completed on 8 July 2019 ("**Disposal**"); and
- (b) decrease in mobile airtime reload by RM41.77 million (or 76.88%) to RM12.56 million (FYE 31 December 2019: RM54.33 million) as a result of the discontinuation of mobile airtime reload services by certain merchant due to the competitive pricing offered by other providers.

Our Group's LAT for the FYE 31 December 2020 increased by RM0.11 million (or 3.13%) to RM3.62 million (FYE 31 December 2019: LAT of RM3.51 million) mainly due to:

- (a) lower gross profit as a result of lower revenue as explained above; and
- (b) lower other income of RM0.28 million (FYE 31 December 2019: RM2.12 million) mainly due to the one-off gain on the Disposal of RM1.42 million in FYE 31 December 2019.

(iii) FYE 31 December 2019 vs FYE 31 December 2018

Our Group's revenue for the FYE 31 December 2019 increased by RM37.21 million (or 73.67%) to RM87.72 million (FYE 31 December 2018: RM50.51 million) mainly due to new revenue contribution from mobile phone prepaid airtime reload service of RM54.33 million (FYE 31 December 2018: Nil).

The higher revenue was partially offset by the lower revenue contribution from BMS of RM5.29 million (FYE 31 December 2018: RM17.12 million) as our Group secured fewer hardware contracts from new customers and lower maintenance services provided to our existing customers due to the Disposal.

Our Group's LAT for the FYE 31 December 2019 increased by RM1.54 million (or 78.17%) to RM3.51 million (FYE 31 December 2018: LAT of RM1.97 million) due to:

- (a) increase in direct costs to RM54.26 million (FYE 31 December 2018: Nil) due to the purchase of prepaid reload products for our Group's mobile airtime reload service;
- (b) increase in administrative expenses to RM8.04 million (FYE 31 December 2018: RM7.49 million) due to the consultation fee incurred of RM0.54 million (FYE 31 December 2018: RM0.12 million) on the engagement of system development consultancy services for the additional enhancement on our Group's Fintech mobile business plan and content aggregation operations; and
- (c) increase in other expenses to RM0.70 million (FYE 31 December 2018: RM0.14 million) due to the depreciation of plant and equipment and right-of-use assets of RM0.40 million (FYE 31 December 2018: RM0.10 million) and impairment loss on trade receivables of RM0.24 million (FYE 31 December 2018: Nil) for the outstanding trade receivables of more than 1 year arising from the delay in payment by our debtors mainly due the dispute with our customers on the completed Information and Communications Technology projects and cashflow issues faced by our debtors.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (CONT'D)

(iv) FYE 31 December 2018 vs FYE 31 December 2017

Our Group's revenue for the FYE 31 December 2018 decreased by RM20.24 million (or 28.61%) to RM50.51 million (FYE 31 December 2017: RM70.75 million) due to lower revenue for hardware and software maintenance services provided as our Group had not managed to renew contracts with our existing customers.

Our Group registered a higher LAT by RM1.24 million (or 169.86%) to RM1.97 million (FYE 31 December 2017: LAT of RM0.73 million) partly due to lower other income to RM0.43 million for the FYE 31 December 2018 (FYE 31 December 2017: RM1.01 million) due to decrease in partners' incentive received during the financial year, as our Group, being the authorised reseller for IT hardware principles, had not managed to achieve the sales target for Enterprise Systems.

However, the LAT during the FYE 31 December 2018 was partially offset by:

- (a) lower employee benefits expense to RM7.50 million for the FYE 31 December 2018 (FYE 31 December 2017: RM8.95 million) mainly due to reduction in salaries, allowances and bonus as well as lower other staff related expenses incurred during the financial year; and
- (b) lower administrative expenses to RM7.49 million (FYE 31 December 2017: RM8.87 million) as our Group had incurred a lower rental of premises and no impairment loss on trade receivables during the financial year.

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ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board, having seen, read and understood the contents of this Circular in relation to the Proposed Share Capital Reduction approves and, collectively and individually, accepts full responsibility for the accuracy of the information contained in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other material facts and information, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

TA Securities, as the adviser for the Proposed Share Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the adviser for the Proposed Share Capital Reduction.

4. MATERIAL CONTRACTS

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

- (i) On 23 April 2021, our Company entered into a shares sale agreement with Derrick Chia Kah Wai for the acquisition of 10,004,000 ordinary shares in Ace Innovate Asia Berhad (“**AIAB**”) for a consideration of RM3.551 million, which will be satisfied through the allotment of 17,757,100 Shares to Derrick Chia Kah Wai at an issue price of RM0.20 per Share. The acquisition was mutually terminated on 26 October 2021;
- (ii) On 23 April 2021, our Company entered into a shares sale agreement with Tan Sun Sun for the acquisition of the 8,996,000 ordinary shares in AIAB for a consideration of RM3.194 million, which will be satisfied through the allotment of 15,967,900 Shares to Tan Sun Sun at an issue price of RM0.20 per share. The acquisition was mutually terminated on 26 October 2021;
- (iii) On 23 April 2021, our Company entered into a shares sale agreement with ACE Dynamic Team Sdn Bhd for the acquisition of the 4,491,000 ordinary shares in AIAB for a consideration of RM1.594 million, which will be satisfied through the allotment of 7,971,525 Shares to ACE Dynamic Team Sdn Bhd at an issue price of RM0.20 per Share. The acquisition was mutually terminated on 26 October 2021;
- (iv) On 23 April 2021, our Company entered into a shares sale agreement with Liu Sing Kiat for the acquisition of the 3,509,000 ordinary shares in AIAB for a consideration of RM1.246 million, which will be satisfied through the allotment of 6,228,475 Shares to Liu Sing Kiat at an issue price of RM0.20 per Share. The acquisition was mutually terminated on 26 October 2021; and
- (v) On 23 April 2021, our Company entered into a shares sale agreement with Go Yoong Chang for the acquisition of the 3,000,000 ordinary shares in AIAB for a consideration of RM1.065 million, which will be satisfied through the allotment of 5,325,000 Shares to Go Yoong Chang at an issue price of RM0.20 per Share. The acquisition was mutually terminated on 26 October 2021.

ADDITIONAL INFORMATION (CONT'D)

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) our Group's audited financial statements for the FYEs 31 December 2018 to 31 December 2020 and the un-audited financial statements for 18M FPE 30 June 2022;
- (iii) the letter of consent and conflict of interest as referred to in **Sections 2 and 3 of this Appendix II**; and
- (iv) the material contracts referred to in **Section 4 of this Appendix II**.



TFP SOLUTIONS BERHAD
(Registration No. 200701015543 (773550-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of TFP SOLUTIONS BERHAD (“**TFP**” or the “**Company**”) will be held at TFP Experience Center, Ground floor, Wisma LMS, No. 6, Jalan Abd Rahman Idris, Off Jalan Raja Muda Aziz, 50300 Kuala Lumpur on Thursday, 3 November 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following special resolution:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF TFP OF RM24,000,000 PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)

“THAT subject to the approvals being obtained from all relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act, the Board of Directors of TFP (“**Board**”) be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM24,000,000 and for the credit arising from such cancellation to be used to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Share Capital Reduction with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Share Capital Reduction and to do all such things as the Board may consider necessary or expedient in the best interest of the Company.”

By Order of the Board

TAN TONG LANG (MAICSA 7045482) (SSM PRACTISING NO. 202208000250)
THIEN LEE MEE (LS0010621) (SSM PRACTISING NO. 201908002254)
Company Secretaries

Selangor

Date: 12 October 2022

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 October 2022 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.*
2. *A member is entitled to appoint one (1) or more proxies to attend and vote in his place. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid*
3. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the Meeting.*
4. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing and in the case of a corporate member, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Company’s Share Registrar Office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
7. *Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all resolutions set out in the Notice of Extraordinary General Meeting will be put to vote on a poll.*



TFP SOLUTIONS BERHAD
(Registration No. 200701015543 (773550-A))
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

*I / We..... *NRIC / Company No.
(Full Name in Block Letters)

of being a *Member / Members of
(Full Address)

TFP Solutions Berhad, hereby appoint (Proxy 1)
(Full Name in Block Letters)

*NRIC / Passport No. of
.....
(Full Address)

and* / or failing him/ her * (Proxy 2), *NRIC / Passport
(Full Name in Block Letters)

No of
(Full Address)

and*/or failing him*, the Chairman of the Meeting, as *my/ our proxy / proxies to attend and vote for *me/us and on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at TFP Experience Center, Ground floor, Wisma LMS, No. 6, Jalan Abd Rahman Idris, Off Jalan Raja Muda Aziz, 50300 Kuala Lumpur on Thursday, 3 November 2022 at 10.00 a.m, or at any adjournment thereof as indicated below:

AGENDA

Special Resolution	For	Against
1. Proposed Share Capital Reduction		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

Proxy 1	%
Proxy 2	%
	<u>100%</u>

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand this day of 2022.

* Strike out whichever is inapplicable

Signature of Member (s)/ Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 October 2022 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.
2. A member is entitled to appoint one (1) or more proxies to attend and vote in his place. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid



3. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the Meeting.*
4. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing and in the case of a corporate member, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Company's Share Registrar Office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
7. *Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all resolutions set out in the Notice of Extraordinary General Meeting will be put to vote on a poll.*

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AFFIX
STAMP

The Share Registrar of
TFP SOLUTIONS BERHAD
c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor

2nd Fold Here

Fold This Flap For Sealing
