

PRESS RELEASE

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TAFI INDUSTRIES BERHAD

OUTCOME OF EXTRAORDINARY GENERAL MEETING ON 21 JANUARY 2022

(i) PROPOSED BONUS ISSUE OF SHARES

- *Proposed bonus issue of 252,951,400 new ordinary shares in TAFI on the basis of two (2) Bonus Shares for every one (1) existing ordinary share held on an entitlement date to be determined and announced later (Entitlement Date).*

(ii) PROPOSED BONUS ISSUE OF WARRANTS

- *Proposed bonus issue of up to 63,237,850 warrants on the basis of one (1) Warrant for every two (2) existing TAFI Shares held on the Entitlement Date.*

(iii) PROPOSED NEW SHAREHOLDERS' MANDATE

- *Proposed new shareholders' mandate for recurrent related party transactions (RRPTs) of a revenue or trading nature.*

KUALA LUMPUR, 21 JANUARY 2022 – TAFI Industries Berhad (“TAFI” or “the Company”) is pleased to announce that the following resolutions set out in the Notice of Extraordinary General Meeting (“EGM”) dated 6 January 2022 had been tabled and approved at the EGM held on 21 January 2022:

- (i) proposed bonus issue of 252,951,400 new ordinary shares in TAFI on the basis of two (2) Bonus Shares for every one (1) existing ordinary share held on the Entitlement Date;
- (ii) proposed bonus issue of up to 63,237,850 warrants on the basis of one (1) Warrant for every two (2) existing TAFI Shares held on the Entitlement Date; and
- (iii) proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

All of the above three (3) Ordinary Resolutions were voted for and duly carried during the EGM. The results of the poll were validated by independent scrutineers, Quantegic Services Sdn. Bhd..

The Bonus Issue of Shares was undertaken to:-

- reward the Company's shareholders;
- improve the trading liquidity and marketability of TAFI shares; and
- result in the Bonus Shares being more affordable in order to appeal to a wider group of public shareholders and investors.

The Bonus Issue of Warrants was undertaken to:-

- reward the Company's shareholders by enabling them to participate in convertible securities of the Company which are tradeable in Bursa Securities without incurring any cost;
- provide existing shareholders of the Company with an opportunity to increase their equity participation in the Company through the exercise of Warrants at a pre-determined price during the tenure of the Warrants;
- allow existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants; and
- help to strengthen the Company's capital base and shareholders' funds as well as potentially providing additional working capital for the Group, as and when the Warrants are exercised.

The New Shareholders' Mandate for RRPTs are to meet the business needs of TAFI Group at the best possible terms. By transacting with the related parties, the Group would have an advantage of familiarity with the background, financial wellbeing and management of the related parties thus enabling more informed commercial decision to be made where all parties can benefit from conducting the RRPTs.

TAFI Group Chief Executive Officer, Dato' Sri Bryan Wong said that the New Shareholders Mandate for RRPTs will enable TAFI Group to widen its market and revenue base by tapping into opportunities to supply products such as furniture and construction related materials on either project or trading basis to related companies of the controlling shareholders of TAFI.

The exercise price for the bonus issue of up to 63,237,850 warrants with 5 years tenure commencing on and including the date of issuance of the warrants has been fixed at RM0.70 per warrant, which represent a discount of RM0.1575 or 18.37% over the theoretical ex-bonus price (TEBP) of TAFI Shares of RM0.8575, calculated based on the five (5)-day volume weighted average price (VWAP) up to and including 20 January 2022. TAFI will announce the entitlement date and issuance date in due course.

Based on the exercise price of RM0.70 per warrant and in the event the warrants are fully exercised, TAFI is expected to raise gross proceeds of up to approximately RM44.267 million (RM0.70 x 63,237,850 warrants). Such proceeds, if raised, will be used as working capital for TAFI which may include general administrative expenses and operating expenses for the Group's development projects under its property development business as well as payments to suppliers and for purchase of materials for its businesses.

Dato' Sri Bryan also said that management is confident and positive about the future and growth prospects of TAFI Group and anticipate that the warrant holders will eventually exercise the warrants to increase their equity participation in TAFI.

"TAFI Group will continue to grow the revenue and profit of its furniture business by tendering for more local government and non-government furniture supply contracts and also via marketing of furniture and related products via the strategic partnership with Signature Group and OMG Free Reno Sdn. Bhd.", added Dato' Sri Bryan.

Dato' Sri Bryan also said that TAFI's property development business is progressing well and TAFI will continue to seek and secure more joint ventures to further grow TAFI's property development business. TAFI currently has estimated total Gross Development Value in excess of RM1 billion from existing property development joint ventures which have been announced via Bursa filings previously.

“We expect all the necessary approvals for our maiden mixed-development project in Habu in the state of Pahang will be forthcoming in due course and we expect to commence construction works for the Habu mixed-development project in fourth quarter (Q4) of 2022”, said Dato’ Sri Bryan.

TAFI Group kick-started its construction business in November 2021 via TAFI’s wholly owned unit, TAFI Home & Office Sdn. Bhd. and has to-date secured construction contracts in excess of RM30 million which have been announced via press releases filed with Bursa previously.

Dato’ Sri Bryan said that TAFI Group is working towards securing more construction contracts to further grow the revenue stream of TAFI from construction contracts.

About TAFI Group

TAFI Group was publicly listed on Bursa Malaysia Securities under TAFI Industries Berhad in 2005.

The Group is principally involved in the manufacturing and trading of furniture for export and local market and had also diversified into property development and construction related businesses.

Furniture Business Segment

The manufacturing and trading of furniture is mainly carried out via wholly owned subsidiary T.A. Furniture Industries Sdn. Bhd. (TA).

Since its early beginning in 1989, TA has been operating as a wood-base panel system office furniture manufacturer. TA initially concentrated on the local market and started to venture into the export market in 1992.

TAFI Group’s furniture segment initially specialized in ergonomic and modernized designs of office furniture as well as providing quality and timely delivery of furniture to its customers. With the continuous efforts to improvise the office system designs, TAFI has successfully established itself as one of the pioneers in the manufacturing of wood-based panel system office furniture in Malaysia.

Leveraging on its extensive experience in office furniture, TAFI Group subsequently ventured into home furniture development specializing in wood-based panel system. TAFI’s home furniture includes products for living rooms, bedrooms and study rooms and they come in various sizes, shapes and designs along with specialized in OEM production for the local and global customers exclusively. TAFI’s furniture products are being exported to major target markets in USA, UK, Europe, Middle East and New Zealand.

In 2000, TA successfully obtained the prestigious ISO 9001:2000 in recognition of its quality management system and was updated to ISO 9001:2015 in 2018.

TA’s sustainable design of quality and durable products and services focus on reducing the use of non-renewable resources, minimizing environmental impacts and taking into great consideration people in their natural environment. TA obtained FSC (Forestry Stewardship Certification) in June 2008.

TA has been audited by independent third party for compliance to SMETA, RESA, FCCA etc.

Property Development and Construction Related Business Segment

The property development business of the Group is under wholly owned subsidiaries, TAFI Development Sdn. Bhd. and Gerak Mahir Sdn. Bhd. whilst the construction related business of the Group is under wholly owned subsidiary, TAFI Home & Office Sdn. Bhd. (formerly known as Home & Office Furniture Sdn. Bhd.).

For more information: <https://welcome.tafi.com.my/>

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