

# P R O S P E C T U S

## TRI-MODE



Since 1992

### TRI-MODE SYSTEM (M) BERHAD

(Company No. 229265-X)  
(Incorporated in Malaysia under the Companies Act 1965)

PUBLIC ISSUE OF 43,207,000 NEW ORDINARY SHARES IN TRI-MODE SYSTEM (M) BERHAD ("TRI-MODE" OR THE "COMPANY") ("SHARES") IN CONJUNCTION WITH THE LISTING OF TRI-MODE ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) INSTITUTIONAL OFFERING OF 30,710,000 SHARES TO BE ALLOCATED IN THE FOLLOWING MANNER:
  - (A) 24,900,000 SHARES BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS; AND
  - (B) 5,810,000 SHARES BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA,
 AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- (II) RETAIL OFFERING OF 12,497,000 SHARES TO BE ALLOCATED IN THE FOLLOWING MANNER:
  - (A) 8,300,000 SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC; AND
  - (B) 4,197,000 SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE PERSONS (AS DEFINED IN THIS PROSPECTUS),

AT THE RETAIL PRICE OF RM0.61 PER SHARE ("RETAIL PRICE") PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS), IF THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUIVALENT TO THE LOWER OF (I) THE RETAIL PRICE; OR (II) THE INSTITUTIONAL PRICE.

**PRINCIPAL ADVISER, SPONSOR, MANAGING UNDERWRITER, JOINT UNDERWRITER AND PLACEMENT AGENT**



**FINANCIAL ADVISER**



**JOINT UNDERWRITER**



**TA SECURITIES HOLDINGS BERHAD** (14948-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**ZJ ADVISORY SON BHD** (645449-V)

**KENANGA INVESTMENT BANK BERHAD** (15678-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 40.

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISKS.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA ("SC"). THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, 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 PROSPECTUS.

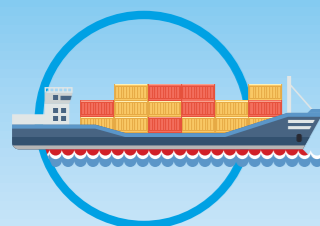
THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

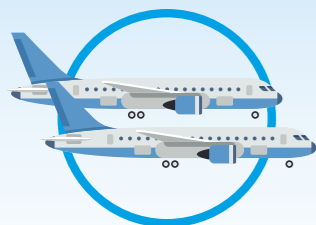
# P R O S P E C T U S



**TRI-MODE SYSTEM (M) BERHAD**  
(Company No. 229265-X)  
(Incorporated in Malaysia under the Companies Act 1965)



SEA FREIGHT



AIR FREIGHT



CONTAINER HAULAGE



WAREHOUSING



FREIGHT FORWARDING



### Tri-Mode System (M) Berhad

(Company No. 229265-X)  
(Incorporated in Malaysia under the Companies Act 1965)

Tri-Mode Building  
25 & 27, Jalan Berembang  
Off Jalan Kem  
Taman Seri Berembang  
42000 Port Klang  
Selangor Darul Ehsan  
Malaysia

Tel. No.: +603 3168 4548  
Fax. No.: +603 3168 4559  
Email: general@tmsgroup.com.my

(The graphics illustrate the business carried out by Tri-Mode and its subsidiaries. Certain assets and properties depicted in the graphics do not belong to Tri-Mode.)

THIS PROSPECTUS IS DATED 18 APRIL 2018

## **RESPONSIBILITY STATEMENTS**

The directors and promoters of our Company have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

TA Securities Holdings Berhad (“**TA Securities**”), being our Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO (as defined in this Prospectus).

## **STATEMENTS OF DISCLAIMER**

Companies listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) may have a limited operating history or may not have any profit track record prior to listing.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Our Company has obtained the approval from Bursa Securities for the Listing (as defined in this Prospectus) of and quotation for our Shares (as defined in this Prospectus). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this 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 Prospectus.

This Prospectus, together with the application form, has also been lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.

## **OTHER STATEMENTS**

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“**CMSA**”) for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the corporation.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriters and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

The distribution of this Prospectus is subject to Malaysian laws. Our Board, Promoters, Principal Adviser, Managing Underwriter, Joint Underwriters and Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit an IPO of our Shares in any jurisdiction other than Malaysia.

This Prospectus may not be used for an offer to sell or an invitation to buy our Shares in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to do so. Our Board, Promoters, Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriters and Placement Agent require you to inform yourself and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It will be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

Further, it will be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

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## ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files, information or other materials provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other materials provided by such parties; and
- (iii) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

Where an Electronic Prospectus is hosted on the website of an Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent that the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institution may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:

<b>Events</b>	<b>Tentative Dates</b>
Opening of Institutional Offering	18 April 2018
Issuance of Prospectus / Opening of the Retail Offering	10.00 a.m., 18 April 2018
Closing of the Retail Offering	5.00 p.m., 26 April 2018
Closing of the Institutional Offering	26 April 2018
Price Determination Date	27 April 2018
Balloting of the application for our IPO Shares under the Retail Offering	30 April 2018
Allotment of our IPO Shares to successful applicants	4 May 2018
Listing	11 May 2018

We will make the necessary disclosure and announcement in accordance with the CMSA should there be any changes in the timetable such as advertise the notice of extension in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia. Changes to the closing date of the application period will also result in changes to the dates of balloting, allotment and Listing.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “our Company” and “Tri-Mode” in this Prospectus are to Tri-Mode System (M) Berhad, while references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key senior management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “Promoters” are to Dato’ Hew Han Seng and Datin Sam Choi Lai, collectively and individually.

All references to “you” are to our prospective investors.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular will, where applicable include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus are references to dates and times in Malaysia.

Any reference to any enactment in this Prospectus will be a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus; provided that where no source is acknowledged, it can be assumed that the information originated from us.

In particular, certain information in this Prospectus is extracted or derived from the report prepared by Smith Zander International Sdn Bhd, an independent market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

You should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Prospectus.

This Prospectus contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – Risk Factors and Section 12 – Management Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus. We cannot give any assurance that the forward-looking statements made in the Prospectus will be realised.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION *(Cont'd)***

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These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained in this Prospectus.

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**DEFINITIONS**

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the content requires otherwise:

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Atama	:	Acquisition by Tri-Mode from Dato' Hew of 49% of the equity interest of Atama, comprising 93,100 Atama Shares for a purchase consideration of RM460,000 satisfied via the issuance of 920,000 new Shares at an issue price of RM0.50 each
Acquisition of Landbridge Haulage	:	Acquisition by Tri-Mode from Atama and Dato' Hew of the 31.6% equity interest of Landbridge Haulage, comprising 3,000,000 Landbridge Haulage Shares for a purchase consideration of RM6,300,000 satisfied via the issuance of 12,600,000 new Shares at an issue price of RM0.50 each
Acquisition of NV Freights	:	Acquisition by Tri-Mode from Dato' Hew and Datin Sam of the entire equity interest of NV Freights, comprising 100,000 NV Freights Shares for a purchase consideration of RM1,500,000 satisfied via the issuance of 3,000,000 new Shares at an issue price of RM0.50 each
Acquisition of Tri-Mode Johor	:	Acquisition by Tri-Mode from Dato' Hew of 40% equity interest of Tri-Mode Johor, comprising 20,000 Tri-Mode Johor Shares for a purchase consideration of RM240,000 satisfied via the issuance of 480,000 new Shares at an issue price of RM0.50 each
Acquisition of Tri-Mode Logistics	:	Acquisition by Tri-Mode from Dato' Hew of 20% equity interest of Tri-Mode Logistics, comprising 2,000 Tri-Mode Logistics Shares for a purchase consideration of RM175,000 satisfied via the issuance of 350,000 new Shares at an issue price of RM0.50 each
Acquisition of Tri-Mode Penang	:	Acquisition by Tri-Mode from Dato' Hew of 10% equity interest of Tri-Mode Penang, comprising 10,000 Tri-Mode Penang Shares for a purchase consideration of RM209,000 satisfied via the issuance of 418,000 new Shares at an issue price of RM0.50 each
Acquisitions	:	Collectively, the Acquisition of Landbridge Haulage, Acquisition of NV Freights, Acquisition of Tri-Mode Penang, Acquisition of Tri-Mode Johor, Acquisition of Tri-Mode Logistics and Acquisition of Atama
Act	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
Application Form	:	Application form for the application of the IPO Shares under the Retail Offering accompanying this Prospectus
ASEAN	:	Association of Southeast Asian Nations
Atama Shares	:	Ordinary Shares in Atama
ATM	:	Automated Teller Machine
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)



**DEFINITIONS (Cont'd)**

Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CAGR	:	Compound annual growth rate
Capitalisations	:	Collectively, the Landbridge Haulage Capitalisation and NV Freights Capitalisation
CCC	:	Certificate of Completion and Compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
Central Spectrum	:	Central Spectrum (M) Sdn Bhd (Company No. 183136-D)
Closing Date	:	The date adopted in this Prospectus as the last date for receipt of application for the subscription to our IPO Shares in respect of the Retail Offering
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Company or Tri-Mode	:	Tri-Mode System (M) Berhad (Company No. 229265-X)
Constitution	:	Constitution of Tri-Mode
Container Connection Shares	:	Ordinary shares in Container Connection
Customs	:	Royal Malaysian Customs Department
Datin Sam	:	Datin Sam Choi Lai
Dato' Hew	:	Dato' Hew Han Seng
Director(s)	:	Director(s) of our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortization
Electronic Participating Financial Institutions	:	Participating financial institutions for Electronic Share Application, as listed in Section 15.5.2 of this Prospectus
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs
Eligible Persons	:	Collectively, our Directors (other than Promoters) and eligible employees. Please refer to Section 3.4.1 of this Prospectus for further details
EPS	:	Earnings per share
ESA or Electronic Share Application	:	Application for our IPO Shares through an Electronic Participating Financial Institution's ATMs
Existing Bumiputera Shareholders	:	Collectively, Yahya Suban Bin Talib, Murni Binti Osman and Muzlina Binti Abd Hamid

**DEFINITIONS (Cont'd)**

Final Retail Price	: Final price per IPO Share to be paid by investors pursuant to the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FPE	: Financial period ended
FYE	: Financial year ended/ending, as the case may be
GDP	: Gross domestic product
Government	: Government of Malaysia
GP	: Gross profit
Group	: Collectively, Tri-Mode and our subsidiaries
GST	: Goods and services tax
ICT	: Information and communications technology
IMR Report	: Independent Market Research Report dated 21 March 2018 prepared by Smith Zander International Sdn Bhd relating to, among others, the logistics industry in Malaysia and prospect and outlook for our Group
Institutional Offering	: Offering of 30,710,000 IPO Shares at the Institutional Price comprising: <ul style="list-style-type: none"> <li>(i) 24,900,000 IPO Shares by way of private placement to institutional and selected investors; and</li> <li>(ii) 5,810,000 IPO Shares by way of placement to Bumiputera investors approved by the MITI,</li> </ul> subject to clawback and reallocation provisions. Please refer to Section 3.4.1 of this Prospectus for further details
Institutional Price	: Price per IPO Share to be paid by investors pursuant to the Institutional Offering, which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institutions	: Participating financial institutions for Internet Share Application, as listed in Section 15.6 of this Prospectus
IPO	: Initial public offering of our IPO Share
IPO Shares	: 43,207,000 new Shares, to be issued pursuant to the Public Issue in conjunction with our IPO
ISA or Internet Share Application	: Application for our IPO Shares through an Internet Participating Financial Institution
Issuing House or MIH	: Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
Joint Underwriter(s)	: Collectively, TA Securities and Kenanga Investment Bank Berhad
KLIA	: Kuala Lumpur International Airport
KLIA Cargo Complex	: The cargo complex of KLIA

**DEFINITIONS (Cont'd)**

Landbridge Haulage Capitalisation	: Collectively,  (i) the capitalisation of RM1,213,000 owing by Landbridge Haulage to Dato' Hew via the issuance of 1,213,000 new Landbridge Haulage Shares to our Company and in return for issuance of 2,426,000 Tri-Mode Shares to Dato' Hew at an issue price of RM0.50 each; and  (ii) the capitalisation of RM5,287,000 owing by Landbridge Haulage to our Company via the issuance of 5,287,000 new Landbridge Haulage Shares to our Company,  after the Share Split
Landbridge Haulage Shares	: Ordinary shares in Landbridge Haulage
Landbridge Warehouse	: Landbridge Warehouse (M) Sdn Bhd (Company No. 590236-X)
Listing	: Admission into the Official List and the listing of and quotation for our entire issued share capital, comprising 166,000,000 Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 20 March 2018, being the latest practical date prior to the issuance of this Prospectus
Malaysian Public	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day which Bursa Securities is open for trading of securities
MCMC	: Malaysian Communications and Multimedia Commission
MITI	: Ministry of International Trade and Industry
NA	: Net assets
NBV	: Net book value
NKEA	: National Key Economic Area
NLC	: National Land Code 1965
North Port	: Free Commercial Zone in North Port, Port Klang, Malaysia
NV Freights Capitalisation	: The capitalisation of RM4,049,000 owing by our Company to Datin Sam via the issuance of 8,098,000 new Tri-Mode Shares to Dato' Hew, being the nominee of Datin Sam to receive such new Tri-Mode Shares, at an issue price of RM0.50 each. RM4,049,000 became owing by our Company to Datin Sam pursuant to a settlement between our Company, NV Freights and Datin Sam whereby RM4,049,000 owing by our Company to NV Freights was contra against the equivalent amount owing by NV Freights to Datin Sam (arising from the dividend payable by NV Freights)
NV Freights Shares	: Ordinary shares in NV Freights

**DEFINITIONS (Cont'd)**

Official List	:	A list specifying all securities which have been admitted for listing on the ACE Market and not removed
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Form Shares	:	The 4,197,000 IPO Shares of our Company representing 2.53% of the enlarged total number of Shares at the Retail Price to be issued to the Eligible Persons
Pre-IPO Reorganisation	:	Collectively, the Capitalisations, Share Split, Subscriptions and Acquisitions
Price Determination Date	:	The date on which the Institutional Price and the Final Retail Price will be determined
Promoters	:	Collectively, Dato' Hew and Datin Sam
Proposed HQ and Distribution Hub	:	Future headquarters, warehouse and haulage operation yard of our Group to be constructed on the Pulau Indah Land. Please refer to Sections 3.9 and 6.17.1 of this Prospectus for further details
Prospectus	:	This prospectus dated 18 April 2018 in relation to our IPO
Public	:	All persons or members of the public but excluding our directors and substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	:	The public issue of 43,207,000 IPO Shares
Pulau Indah Land	:	2 pieces of land identified as Lots 45 and 48, Phase 3C, Pulau Indah Industrial Park, Pulau Indah, Klang, measuring approximately 517,928 sq ft in total, acquired by our Group for the purpose of setting up the Proposed HQ and Distribution Hub. As at the LPD, delivery of vacant possession of the Pulau Indah Land is still pending as the completion of the sale and purchase of the Pulau Indah Land has not taken place
PUSPAKOM	:	PUSPAKOM Sdn Bhd (Company No. 285985-U), a Malaysian computerised vehicle inspection company
Retail Offering	:	Offering of 12,497,000 IPO Shares at the Retail Price comprising: <ul style="list-style-type: none"> <li>(i) 8,300,000 IPO Shares made available to the Malaysian Public (of which at least 50% is reserved for subscription by Bumiputera Public); and</li> <li>(ii) 4,197,000 IPO Shares made available to Eligible Persons,</li> </ul> subject to clawback and reallocation provisions. Please refer to Section 3.4.1 of this Prospectus for further details
Retail Price	:	Initial Price of RM0.61 per IPO Share payable in full upon application and subject to refund of the difference between the Retail Price and Final Retail Price, if the Final Retail Price is less than the Retail Price. Please refer to Section 3.6.1 of this Prospectus for further details

**DEFINITIONS (Cont'd)**

RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
Share Split	:	The subdivision of every 2 Tri-Mode Shares as at 31 January 2018 into 21 Tri-Mode Shares, after the completion of the Subscription by Dato' Hew
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
SPAD	:	Land Public Transport Commission (Suruhanjaya Pengangkutan Awam Darat)
Sq ft	:	Square foot/feet
Subscription by Dato' Hew	:	Subscription of 4,000,000 new Shares by Dato' Hew for a cash consideration of RM2,000,000 at an issue price of RM0.50 each, before the Share Split
Subscription by Third Party	:	Subscription of 1,000 new Shares by an independent individual for a cash consideration of RM500 at an issue price of RM0.50 each to facilitate the Acquisitions, after the Share Split
Subscriptions	:	Collectively, the Subscription by Dato' Hew and Subscription by Third Party
TA Securities or Principal Adviser or Sponsor or Managing Underwriter or Joint Underwriter or Placement Agent	:	TA Securities Holding Berhad (Company No. 14948-M)
Tri-Mode Johor Shares	:	Ordinary shares in Tri-Mode Johor
Tri-Mode Logistics Shares	:	Ordinary Shares in Tri-Mode Logistics
Tri-Mode Penang Shares	:	Ordinary shares in Tri-Mode Penang
Tri-Mode Shares or Shares	:	Ordinary shares in our Company
Underwriting Agreement	:	Underwriting agreement dated 27 March 2018 between our Company, Managing Underwriter and Joint Underwriters for the underwriting of 12,497,000 IPO Shares
USA	:	United States of America
USD	:	U.S. Dollar, the lawful currency of USA
VWAP	:	Volume weighted average price
West Port	:	Free Commercial Zone in West Port, Port Klang, Malaysia
Yard 1	:	A piece of land measuring approximately 93,822.8 sq ft in Pulau Indah, Port Klang to be used as an office and vehicle depot for our Group's container haulage operations
Yard 2	:	A piece of land measuring approximately 79,714.8 sq ft in Pulau Indah, Port Klang to be used as a vehicle depot for our Group's container haulage operations

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**DEFINITIONS (Cont'd)**


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ZJ Advisory or Financial Adviser : ZJ Advisory Sdn Bhd (Company No. 645449-V)

**Subsidiaries**

Landbridge Haulage : Landbridge Haulage (M) Sdn Bhd (Company No. 574659-P)

NV Freights : NV Freights (M) Sdn Bhd (Company No. 518832-V)

Tri-Mode Johor : Tri-Mode System (JB) Sdn Bhd (Company No. 549088-K)

Tri-Mode Logistics : Tri-Mode Logistics (M) Sdn Bhd (Company No. 381754-H)

Tri-Mode Penang : Tri-Mode System (Penang) Sdn Bhd (Company No. 477149-D)

**Associate Companies**

Atama : Atama Logistics (M) Sdn Bhd (Company No. 252348-T)

Container Connections : Container Connections (M) Sdn Bhd (Company No.878678-K)

**Technical References**

Air waybill (AWB) : An air consignment document issued by the carrier or freight forwarder with all the details of the shipment that serves as a receipt, ownership and transport agreement

Bill of lading : A sea consignment document issued by the carrier or freight forwarder with all the details of the shipment that serves as a receipt, ownership and transport agreement

Consignee : The buyer in a contract of carriage

Consignment : Goods that are to be delivered

Consignment note : A document containing complete details of the shipment and which provides proof that the consignment has been received by the carrier for delivery

Consolidation : The process of combining multiple cargoes from different consignors to fit into a container for shipment

Deconsolidation : The process of separating a consolidated shipment into its original packages to be delivered

Delivered-at-place : A delivery agreement whereby the consignor sends the cargo to consignee's specified destination while bearing all the cost of transportation, risk and responsibility until the cargo are available to unload at the destination but the import custom clearance (import duty, taxes, customs cost) is to be made by the consignee

Delivered-duty-paid : A delivery agreement whereby the consignor sends the cargo to consignee's specified destination while bearing all the cost of transportation, risk and responsibility until the cargo are available to unload at the destination and the import custom clearance (import duty, taxes, customs cost) is made by the consignor

**DEFINITIONS (Cont'd)**

Demurrage fees	:	Charges payable to the shipping liner for the use of their containers due to the failure to pick up the container (for import) or to have the container shipped out (for export) because of non-courier related errors within the time agreed. Charges are applied for the storage of containers while in the port after the free time has expired and ends when the container has been picked up and leaves the port or when it is loaded onto the vessel
Detention charges	:	Charges payable to the shipping liner for the failure to return the containers to the port after the allotted free time
DG class / hazardous	:	Dangerous Goods class, being a category with 9 classes, used to differentiate and label the dangerous cargoes. The classes of dangerous goods are explosives, gases, flammable liquids, flammable solids, oxidizing substances, toxic and infectious substances, radioactive material, corrosives, and miscellaneous dangerous goods. It is also known as hazardous goods
“Door to door” shipment	:	A shipping approach where a party will manage and arrange the cargo shipment from seller (point-of-origin) to buyer (point-of-sale), where the point-of-origin refers to the location where a carrier collects cargo from the seller and point-of-sale refers to the location where a carrier delivers the cargo collected to the buyer
Electronic delivery order	:	A set of electronic PIN number issued to the customers/importers by the freight forwarder once the payment is received from the customers. The electronic PIN number is used to collect the cargoes
Ex-works	:	A delivery agreement whereby the buyer is in-charge and holds the responsibility starting from the loading of goods at the seller’s place while the seller’s duty ends when the goods are ready and available to load at their own place
Flat rack	:	A type of container with open top and without the side walls which enables the loading of heavy cargo from the top or the side
Flexibags	:	A morph-able package that is used for storage or transportation of non-hazardous liquid products
Free Commercial Zone	:	A geographical area where commercial activities are carried out with minimal custom control by the government
Free hand shipment	:	A delivery agreement where the seller will bear the freight cost, and the buyer will take the responsibility once the cargo is shipped
Free-into-store	:	A delivery method similar to delivered-duty-paid, where exporter is responsible for all delivery cost to the importer
Full container load/ FCL	:	A shipment or goods delivery method whereby a consignee occupies the entire container and they will be charged for the full amount of the container, regardless if the container is fully filled
GPS	:	Global positioning system, which is a radio navigation system that allows land, sea and airborne users to determine their exact location, velocity and time
GSM	:	Global system for mobile, a digital mobile telephony system which digitises and compresses data and sends it down a channel with 2 other streams of user data, each in its own time slot

**DEFINITIONS (Cont'd)**

ISO tanks	:	A tank container made by stainless steel and manufactured according to the International Organisation for Standardisation standard (ISO), which is designed to carry hazardous or non-hazardous liquid products
LCL	:	Less-than-container load, a shipment or goods delivery method which involves the coordination and consolidation of multiple small consignments from consignees into a container
M <sup>3</sup>	:	Cubic metre(s)
MT	:	Metric tonne(s)
Nomination shipment	:	A delivery mode whereby a freight forwarder is nominated by the overseas buyer to arrange for the delivery of goods from the seller's premise to the buyer's destination. The shipping carrier from port of loading to the final destination is normally decided by the buyer
NVOCC	:	Non-vessel operating common carrier, a company or an entity that arranges the shipment of goods from the seller to the buyer, without owning the vessel. Also known as freight forwarder
Open top	:	An open top container which is suitable for transporting out of gauge (height-wise) elements
Out-of-gauge containerised cargo	:	A load in which the dimensions exceed the container size
Prime mover	:	A vehicle that provides the motive power to haul a trailer
Reefer container	:	A refrigerated container used to carry cargoes that need to be stored under certain temperature
Stuffing	:	A process in which cargo is loaded into an empty container which is then sealed and transported to the carrier for loading onboard a ship
Switch bill of lading	:	A second set of bill of lading issued by the carrier or the carrier's agent to the buyer. Such situation occurs in a simple triangle trade where the goods are sold to the trader from the factory using the original bill of lading and the trader will sell the goods to the buyer using a second set of bill of lading
TEU	:	20 foot equivalent unit, an inexact unit of container capacity often used to describe the capacity of container
Trunk-radio system	:	A two-way radio system with multiple frequencies which allows semi-private conversations to take place by automatically assigning the particular group to a vacant channel
Unstuffing	:	The unloading of cartons containing goods from a packed container

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**TABLE OF CONTENTS**

	<b>Page</b>
<b>1. CORPORATE DIRECTORY</b>	<b>1</b>
<b>2. PROSPECTUS SUMMARY</b>	
2.1 History and business	7
2.2 Utilisation of proceeds	13
2.3 Promoters, substantial shareholders, Directors, key senior management and key technical personnel	13
2.4 Financial highlights	14
2.5 Dividend policy	15
2.6 Principal details of our IPO and Listing	15
<b>3. PARTICULARS OF OUR IPO</b>	
3.1 Introduction	17
3.2 Opening and closing of application period	19
3.3 Important tentative dates	19
3.4 Details of our IPO	19
3.5 Share capital, classes of shares and rankings	22
3.6 Basis of arriving at the Retail Price, Final Retail Price, Institutional Price and refund mechanism	23
3.7 Total market capitalisation upon Listing	27
3.8 Dilution	27
3.9 Utilisation of proceeds	29
3.10 Brokerage, underwriting commission and placement fees	35
3.11 Underwriting arrangement	35
<b>4. RISK FACTORS</b>	
4.1 Risks in relation to our business	40
4.2 Risks in relation to our industry	46
4.3 Risks in relation to our Shares and our IPO	49
<b>5. INFORMATION ON OUR GROUP</b>	
5.1 History	52
5.2 Major milestones and awards	54
5.3 Pre-IPO Reorganisation	55
5.4 Group structure	60
5.5 Share capital	63
5.6 Subsidiaries	65
5.7 Associate companies	68
<b>6. BUSINESS OVERVIEW</b>	
6.1 Overview	72
6.2 Principal activities and services	73
6.3 Principal places of business and operating facilities	83
6.4 Principal markets, including exports and revenue contributions by business segments and geographical locations	84
6.5 Seasonality of our business	85
6.6 Business interruptions	85
6.7 Sources and availability of inputs, and technology used	86
6.8 Operating mechanism (flowchart of operating processes)	87
6.9 Quality and safety management programs and procedures	91
6.10 Sales and marketing strategies	92
6.11 Research and development activities	94
6.12 Operating capacity and output	95
6.13 Major customers	96
6.14 Major suppliers	99
6.15 Dependency on contracts, agreements, documents or other arrangements	102
6.16 Competitive strengths and advantages	103

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

	<b>Page</b>
<b>6. BUSINESS OVERVIEW (Cont'd)</b>	
6.17 Future plans and strategies	105
6.18 Prospects of our Group	110
6.19 Approval, major licences, permits and registrations	111
6.20 Intellectual property rights	120
6.21 Properties	121
<b>7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT</b>	<b>128</b>
<b>8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL</b>	
8.1 Promoters and substantial shareholders	139
8.2 Directors	142
8.3 Audit and Risk Management, Nomination and Remuneration Committees	162
8.4 Key senior management and key technical personnel	166
8.5 Declarations by our Promoters, Directors and key senior management	171
8.6 Family relationships and/or association	171
8.7 Amounts or benefits paid or intended to be paid or given	172
8.8 Service agreements	172
8.9 Management succession plan	172
8.10 Information on our employees and training	173
8.11 Reporting structure	176
<b>9. APPROVALS AND CONDITIONS</b>	
9.1 Approvals and conditions	177
9.2 Moratorium on our Shares	180
<b>10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST</b>	
10.1 Related party transactions	182
10.2 Interests in similar businesses and other conflict of interest	187
10.3 Other transactions	188
10.4 Declarations by our advisers on conflict of interest	189
<b>11. HISTORICAL AND PRO FORMA FINANCIAL INFORMATION</b>	
11.1 Historical combined statements of profit or loss and other comprehensive income	191
11.2 Historical combined statements of financial position	193
11.3 Reporting Accountants' letter on pro forma consolidated financial information	194
11.4 Capitalisation and indebtedness	220
<b>12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b>	
12.1 Overview	222
12.2 Significant factors affecting our financial position and results of operations	225
12.3 Results of operations	226
12.4 Liquidity and capital resources	262
12.5 Key financial ratios	268
12.6 Trend information	273
12.7 Dividend policy	273
12.8 Order book	275
12.9 Taxation consideration to our shareholders	276
<b>13. ACCOUNTANTS' REPORT</b>	<b>277</b>
<b>14. STATUTORY AND OTHER GENERAL INFORMATION</b>	
14.1 Share capital	378
14.2 Constitution	378

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

	<b>Page</b>
<b>14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)</b>	
14.3 General information	385
14.4 Material contracts	385
14.5 Material litigation, claims and arbitration	392
14.6 Consents	392
14.7 Repatriation of capital and remittance of profit	392
14.8 Documents available for inspection	393
14.9 Responsibility statements	393
<b>15. PROCEDURES FOR APPLICATION AND ACCEPTANCE</b>	
15.1 Opening and closing of applications	394
15.2 Methods of application and category of investors	394
15.3 Procedures for application and acceptance	396
15.4 Procedures for application by way of an Application Form	397
15.5 Procedures for application by way of an Electronic Share Application	399
15.6 Procedures for application by way of an Internet Share Application	404
15.7 Terms and conditions	407
15.8 Authority of our Board and the Issuing House	410
15.9 Over/ Under-subscription	411
15.10 Unsuccessful/ Partially successful applicants	412
15.11 Successful/ Unsuccessful applicants	413
15.12 Enquiries	413

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name/ Designation</b>	<b>Address</b>	<b>Nationality</b>
Dato' Markiman Bin Kobiran <i>(Independent Non-Executive Chairman)</i>	Lot 740A, Kampung Sungai Rinching Hulu 43500 Semenyih Selangor Darul Ehsan Malaysia	Malaysian
Dato' Hew Han Seng <i>(Non-Independent Group Managing Director)</i>	No. 17, Jalan 5/155 B Bukit Jalil Golf & Country Resort 57000 Kuala Lumpur Malaysia	Malaysian
Datin Sam Choi Lai <i>(Non-Independent Executive Director)</i>	No. 17, Jalan 5/155 B Bukit Jalil Golf & Country Resort 57000 Kuala Lumpur Malaysia	Malaysian
Chiam Tau Meng <i>(Independent Non-Executive Director)</i>	C-32-9, 9 Bukit Utama No. 9 Persiaran Bukit Utama Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian
Wai Wah Kwan @ Wai Ah Har <i>(Independent Non-Executive Director)</i>	No. 6, Lorong Batai Tepi Damansara Heights 50490 Kuala Lumpur Malaysia	Malaysian

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**1. CORPORATE DIRECTORY (Cont'd)****AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chiam Tau Meng	Chairman	Independent Non-Executive Director
Dato' Markiman Bin Kobiran	Member	Independent Non-Executive Chairman
Wai Wah Kwan @ Wai Ah Har	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Markiman Bin Kobiran	Chairman	Independent Non-Executive Chairman
Chiam Tau Meng	Member	Independent Non-Executive Director
Wai Wah Kwan @ Wai Ah Har	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Wai Wah Kwan @ Wai Ah Har	Chairman	Independent Non-Executive Director
Chiam Tau Meng	Member	Independent Non-Executive Director
Dato' Markiman Bin Kobiran	Member	Independent Non-Executive Chairman

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

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- REGISTERED OFFICE** : Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2279 3080  
Fax. No.: (603) 2279 3090
- HEAD OFFICE** : Bangunan Tri-Mode  
25 & 27 Jalan Berembang  
Off Jalan Kem  
Taman Seri Berembang  
42000 Port Klang  
Selangor Darul Ehsan  
Malaysia  
Tel. No.: (603) 3168 4548  
Fax. No.: (603) 3168 4559  
Email: [general@tmsgroup.com.my](mailto:general@tmsgroup.com.my)  
Website: <http://www.trimode-malaysia.com.my>
- COMPANY SECRETARIES** : Tan Tong Lang (Malaysian Association of Company Secretaries  
("MAICSA") 7045482)  
No 1, Jalan SL 13/3  
Bandar Sungai Long  
43200 Kajang  
Selangor Darul Ehsan  
Malaysia  
Tel. No.: (603) 2279 3080  
Fax. No.: (603) 2279 3090  
Professional Qualification : MAICSA
- Chong Voon Wah (MAICSA 7055003)  
15-8, Jalan Puri 51  
Jalan Kampung Batu  
Batu 5 Jalan Ipoh  
51200 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2279 3080  
Fax. No.: (603) 2279 3090  
Professional Qualification : MAICSA
- AUDITORS AND REPORTING ACCOUNTANTS** : UHY Chartered Accountants (AF1411)  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2279 3088  
Fax. No.: (603) 2279 3099  
Partner in charge: Tan Tian Wooi

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

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- LEGAL ADVISER** : Wong Beh & Toh  
Peti #30, Level 19, West Block  
Wisma Selangor Dredging  
142-C Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2713 6050  
Fax. No.: (603) 2713 6052  
Partner in charge: Choo Shi Yi
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd (1058128-V)  
Suite 23-3, Level 23  
Office Suite, Menara 1MK  
1, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 6211 2121  
Partner in charge: Dennis Tan Tze Wen
- PRINCIPAL BANKERS** : AmBank Islamic Berhad (295576-U)  
22nd Floor, Bangunan AmBank Group  
No. 55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2036 2633  
Fax. No.: (603) 2032 1914
- AmBank (M) Berhad (8515-D)  
22nd Floor, Bangunan AmBank Group  
No. 55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2036 2633  
Fax. No.: (603) 2032 1914
- CIMB Bank Berhad (13941-P)  
17th Floor, Menara CIMB  
No. 1 Jalan Stesen Sentral 2  
50470 Kuala Lumpur  
Malaysia  
Tel. No. : (603) 2261 8888  
Fax. No. : (603) 2261 8899
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel. No.: (603) 7841 8289  
Fax. No.: (603) 7841 8150

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

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**SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel. No.: (603) 7849 0777  
Fax. No.: (603) 7841 8151/ 7841 8152

**FINANCIAL ADVISER** : ZJ Advisory Sdn Bhd (645449-V)  
Suite 27, 27th Floor  
Sunway Tower  
No. 86 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2032 2328  
Fax. No.: (603) 2032 1328  
Partner in charge: Cheah Eu Jin

Please refer to Section 10.4.2 of this Prospectus for its scope of work for our IPO.

**PRINCIPAL ADVISER,  
SPONSOR, MANAGING  
UNDERWRITER, JOINT  
UNDERWRITER AND  
PLACEMENT AGENT** : TA Securities Holdings Berhad (14948-M)  
32nd Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2072 1277  
Fax. No.: (603) 2026 0127

**JOINT UNDERWRITER** : Kenanga Investment Bank Berhad (15678-H)  
17th Floor, Kenanga Tower  
237 Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia  
Tel. No.: (603) 2172 2733/ 2172 2732  
Fax. No.: (603) 2172 2734

**LISTING SOUGHT** : ACE Market of Bursa Securities

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

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**Professional Experience**

**UHY CHARTERED ACCOUNTANTS**

UHY Chartered Accountants is part of UrbachHacker Young International, an association of independent Accounting and Consulting firms with offices in 325 major business centres in 99 countries, with over 7,850 staff. UHY Chartered Accountants offers, amongst others, audit and assurance services, due diligence, receivership and liquidation, corporate finance, forensic advisory and technical advice.

Mr. Tan Tian Wooi joined UHY in 2010 and was promoted to Managing Partner in 2016. He is a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Member of the Malaysian Institute of Accountants (MIA). Prior to joining UHY, he was attached with one of the international audit firm for 15 years. Mr. Tan has more than 24 years of experience in audits and other assurance services such as Reporting Accountant for initial public offering, corporate exercise and due diligence audits.

**SMITH ZANDER INTERNATIONAL SDN BHD**

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Dennis Tan Tze Wan ("**Dennis Tan**") is the Managing Partner of SMITH ZANDER. Dennis Tan has 20 years of experience in market research and strategy consulting, including over 15 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

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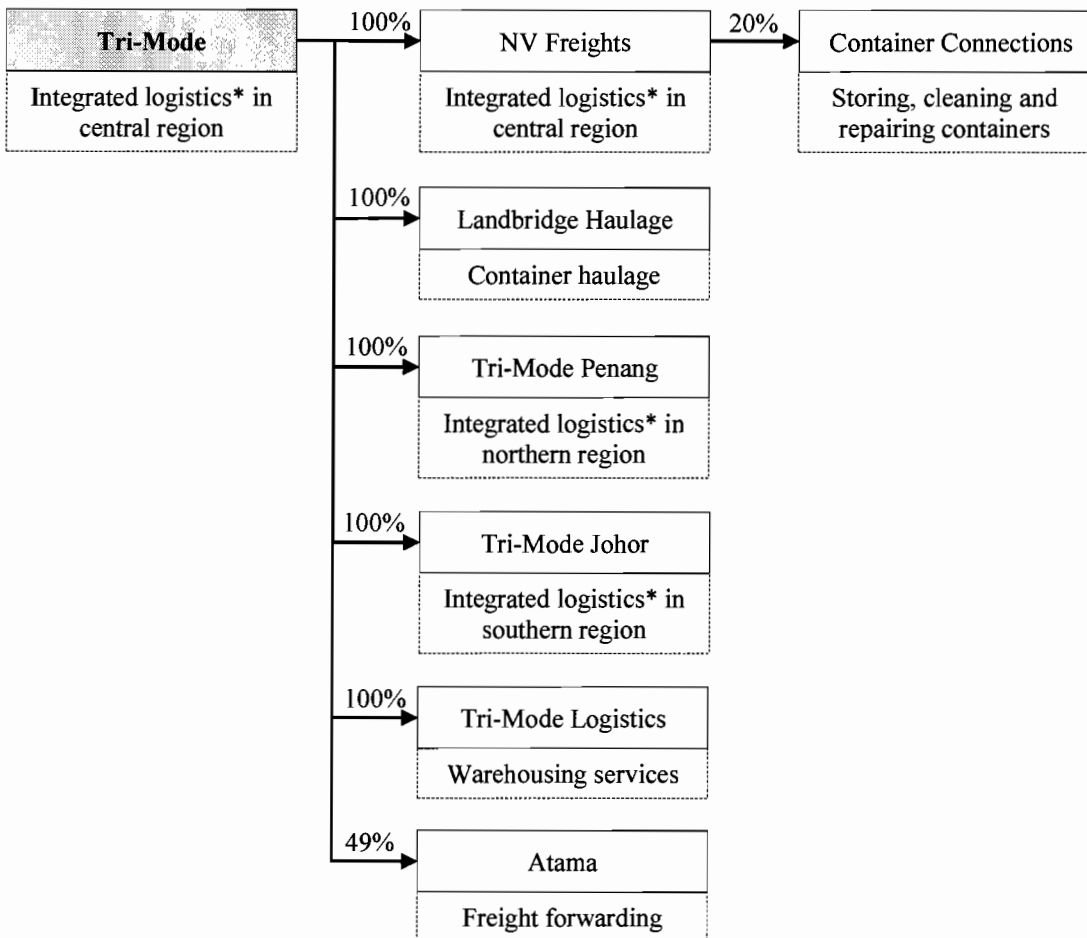
**2. PROSPECTUS SUMMARY**

**THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.**

**2.1 HISTORY AND BUSINESS**

Our Company is an investment holding company and we also engage in the provision of freight and logistics services. We commenced our business in 1992. Through our subsidiaries, we are a Malaysian based integrated logistics service provider, where our principal activities include provision of sea freight services, container haulage services, air freight services, freight forwarding services, warehousing services and marine insurance services. Our Company, subsidiaries and associate companies are all incorporated in Malaysia. Our Group’s principal market is in Malaysia. Please refer to Section 5.6 below for further details of the principal activities of our subsidiaries.

Our group structure as at the date of this Prospectus is as follows:



*Note:*

\* Includes sea freight services, container haulage services, air freight services, freight forwarding services, and marine insurance services.

**2. PROSPECTUS SUMMARY (Cont'd)**

Our key milestones since incorporation are as follows:

<b>Year</b>	<b>Key Milestones</b>
1991	<ul style="list-style-type: none"> <li>• Incorporation of Tri-Mode on 19 November 1991</li> </ul>
1992	<ul style="list-style-type: none"> <li>• Tri-Mode commenced operations in 1992 providing FCL and LCL shipments, and freight forwarding</li> </ul>
1994	<ul style="list-style-type: none"> <li>• All our customs-related services are handled through our associate company, Atama, after Atama obtained its customs licence from Customs as a forwarding agent</li> </ul>
1996	<ul style="list-style-type: none"> <li>• Began offering free zone warehousing services in North Port</li> </ul>
1999	<ul style="list-style-type: none"> <li>• Commenced the provision of freight services in the Northern region of Malaysia</li> </ul>
2000	<ul style="list-style-type: none"> <li>• Set up air freight office and commenced air freight operations at the KLIA Cargo Complex</li> </ul>
2001	<ul style="list-style-type: none"> <li>• Expanded our presence in the Southern region of Malaysia</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Landbridge Haulage secured its haulage licence from Lembaga Perlesenan Kenderaan Perdagangan on 8 October 2008</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Began providing container haulage services using our own fleet in Peninsular Malaysia, focusing primarily in the Central region of Malaysia</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Moved from North Port to a larger warehouse in the Free Commercial Zone in West Port to cater to our growing warehousing business</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Purchased of Pulau Indah Land for the purpose of setting up the Proposed HQ and Distribution Hub</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Further expanded our warehouse operations with another warehouse in the Free Commercial Zone in North Port</li> <li>• Landbridge Haulage obtained a non-universal service licence to provide international inbound courier services. Please refer to Section 6.19(b) of this Prospectus for further details of the non-universal service licence</li> </ul>

Please refer to Section 5 of this Prospectus for further information on our history and business.

Before investing in our Shares, you should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations. A summary of some of the important risk factors is set out below:

- (a) We depend on the continued services of our Executive Directors, namely Dato' Hew and Datin Sam, and key senior management, namely Tung Yoke Chan (Chief Financial Officer), Hew Yat Ming (Group General Manager), Lee Kiew Keong (General Manager of Sales and Marketing division), Loi Chee Hsien (Assistant General Manager of Finance, Administrative and Human Resource division) and Muhd Nur Azmi Subramaniam bin Abdullah (Assistant General Manager of Haulage division).

The loss of any of our Executive Directors and/or key senior management without suitable and timely replacement, or the inability to attract, hire and retain suitable candidates may adversely affect our continued ability to compete and expand in our business operations and subsequently impact our financial performance;

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**2. PROSPECTUS SUMMARY (Cont'd)**

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- (b) Our business operations depend on a number of major licences and permits from various governmental authorities as set out in Section 6.19 of this Prospectus. The revocation or non-renewal of such licences and permits may adversely affect our ability to continue operation and hence affect our financial performance;

- (c) We maintain insurance policies against, among others, risk of loss or damages to our office, public liability, personal accident(s), cargo liabilities, third party liabilities, error and omissions liabilities.

In the event of uninsured loss or loss in excess of insured limits, including those caused by natural disasters or other circumstances beyond our control, we may be required to bear such losses, damages or liabilities out of our own funds, which will have material adverse impact on our business, operations and financial performance;

- (d) We operate our business in a computerised environment and we are dependent on various computer systems and software such as the haulage management system, sea and air freight management system, electronic data interchange system as well as GPS system to ensure smooth operations.

Despite we have not encountered any material risk of disruption of computer and software systems during the past 3 financial years, we cannot assure you that disruption of computer and software systems will not occur in the future. A significant disruption may affect our business, which may consequently lead to economic losses to us and damage to our reputation, and may result in our business operations being adversely affected;

- (e) Our customers have varying degrees of creditworthiness which expose us to the risk of non-payment by them. In the event of a prolonged period of non-payment or default in payments by our customers, our operating cash flows, financial performance and result of operations would be materially and adversely affected.

We cannot guarantee you that our customers will be able to fulfil their debt obligations and we will not encounter problems in the future. Any default or delay in our collection of payment which lead to impairment losses on trade receivables or bad debts may have a material adverse impact on our financial performance;

- (f) We appoint overseas freight forwarders to manage our logistics business in overseas, subcontractors to carry out some of the transportation and overseas freight forwarding business as well as independent third party service providers to provide certain facilities and services required for our operations, including vehicle maintenance and IT support services.

Any failure by our business partners, overseas freight forwarders or independent third party service providers may have an adverse impact on our reputation, business, operations and financial performance;

- (g) As our business grows, we may rent additional warehouses or site offices. we cannot assure you that we will be able to renew the tenancy agreements on commercially favourable terms and conditions in the future. If the tenancies are not renewed or we are not able to secure new alternative tenancies at reasonable rates and strategic locations, our business operations would be disrupted and our profitability or the financial results may be adversely affected;

- (h) We are susceptible to fluctuations in interest rates for our bank borrowings. We may also face difficulties in obtaining additional financing from the financial institutions to fund our working capital requirements and future business expansion if we are unable to meet our repayment obligations.

We cannot assure you that our gearing level will remain the same in the future and our performance would remain favourable if there is an adverse change in interest rates in respect of new financing facilities that we procure;

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## 2. PROSPECTUS SUMMARY (Cont'd)

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- (i) Risks of cargo hijacking and theft incidents are inherent to the nature of our business. Our reputation, business and results of operations may be materially and adversely affected in the event of the occurrence of the cargo hijacking and theft incidents;
- (j) Any inaccurate, incomplete or insufficient disclosure of information pertaining to the goods of our customers may result in us, as the logistics service provider, being liable for loss, costs, obligation, liability or fine claimed by third parties or imposed by the relevant authorities. This may in turn damage our reputation and adversely affect our financial performance;
- (k) The provision of our container haulage services occasionally involves the transportation of hazardous materials such as industrial chemicals and explosive gases. As such, there is risk of chemical spillage, erosion and contamination which may be hazardous to the handling personnel and immediate surroundings.

In the event of accidents or injuries and we are required to make such compensation or reparations, our business, operations and financial performance may be adversely affected;

- (l) We derive a portion of our revenue from international operations. Quotes from suppliers are usually in USD for shipping cargo space and some of our customers pay us in USD. Approximately 6.8%, 9.7% and 6.6% of our cost of sales for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 respectively were settled in USD. Approximately 11.2%, 9.0% and 8.7% of our revenue for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 respectively were received in USD.

As we currently do not hedge foreign currency exposure in general, any significant volatility in foreign exchange rate which is unfavourable to us may negatively affect our financial performance;

- (m) The pricing of our freight services depends on, among others, the supply and demand of such services and volume of shipment. Despite the increase in freight costs will be passed on to our customers, we cannot guarantee that increase in freight costs can always be passed to our customers and if the increase in freight costs cannot be passed on to our customers, such increase in freight costs may have adverse impact on our financial performance;
- (n) Our business is exposed to the risk of fluctuation in fuel prices. Fuel prices are affected by various factors which are beyond our control such as changes in the global demand and supply conditions, government policies and level of global economic activity. Despite the increase in fuel prices will be passed on to our customers, we cannot guarantee you that increase in fuel prices can always be passed to our customers and if the increase in fuel prices cannot be passed on to our customers, such increase in fuel prices may have an adverse impact on our financial performance; and
- (o) Prior to our IPO, there has been no public market or public trading for our Shares. Accordingly, we cannot assure you that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. We cannot assure you that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing or the market price of our Shares will not decline below our IPO Price. We also cannot assure that there will be no event or occurrence that will result in adverse impact on the securities markets, our industry or us at any time in which these may directly affect the trading price of our Shares.

Please refer to Section 4 of this Prospectus for further details of the risk factors. You should note that the list above is not an exhaustive list of all the risks that we face or risks that may develop in the future.

## 2. PROSPECTUS SUMMARY (Cont'd)

Our Directors believe that our competitive strengths are as follows:

- (i) We provide integrated logistics services to our customers. Upon completion of our Proposed HQ and Distribution Hub, we will be able to further expand our offerings by providing door delivery distribution services.

Our prospects will remain in tandem with growth in the logistics industry and will continue to grow along with the growth in global trade. As an industry player with integrated logistics services, our Group is well-positioned to capitalise and leverage on further growth in the logistics industry, including capturing future growth opportunities the industry may offer and enabling our Group to continue our long-term growth and expansion;

- (ii) We have 26-year history and proven track record as an integrated logistics service provider. The reliability of our services is evidenced through our long-term relationship with our customers, some of whom have been with our Group for more than 10 years.

Our ability in securing and retaining our customers is a testament to our proven track record. We pride ourselves as a one-stop logistics service provider, helping our customers to plan, implement, manage and deliver their merchandise and goods to their end destinations, saving them the hassle of sourcing for multiple service providers for each shipment;

- (iii) We are led by an experienced senior management team with in-depth industry knowledge. Our Non-Independent Group Managing Director, Dato' Hew, has played a pivotal role in growing our business. He is responsible for our Group's strategic and business development and is actively involved in sales and marketing. Datin Sam, our Non-Independent Executive Director oversees day-to-day freighting operations particularly in export transactions.

Further, our Executive Directors are also assisted by experienced key senior management namely, the General Manager of our Group Sales and Marketing division (Lee Kiew Keong), Group General Manager (Hew Yat Ming) and the Assistant General Manager of our haulage division (Muhd Nur Azmi Subramaniam bin Abdullah) who have more than 20 years of experience in the logistics industry. In addition, our Group is also supported by the Chief Financial Officer (Tung Yoke Chan) who has accumulated over 33 years of experience in corporate finance, treasury management, tax planning, balance sheet management, and stockbroking operation and she is supported by our Assistant General Manager of Finance, Administrative and Human Resources division (Loi Chee Hsien) who has accumulated over 25 years of experience in the field of accounting, budgeting, auditing, risk and treasury management;

- (iv) As at the LPD, we have a total fleet of 99 prime movers, 505 trailers and 3 side-loaders. This enables us to plan our deliveries efficiently and effectively, optimising the delivery time for our customers. With our own fleet of haulage vehicles as an integrated logistics services provider, we believe that it gives us an advantage over other industry players who do not have their own fleet of haulage vehicles or with a smaller fleet of haulage vehicles as we are able to increase our delivery efficiency and undertake larger assignments; and
- (v) We have developed our network of suppliers for more than 2 decades. We have close working relationships with our suppliers such as the port terminals, major shipping liners, cargo airlines, overseas freight agents, prime mover and trailer manufacturers, fuel suppliers, spare parts providers as well as repair and maintenance workshops.

Our relationships with some of our overseas freight agents have spanned more than 20 years. In addition, our relationships with some of our key suppliers for our sea freight and container haulage business have spanned more than 10 years.

## 2. PROSPECTUS SUMMARY (Cont'd)

Our future plans and strategies are as follows:

- (i) Our Group had on 22 April 2016 entered into 2 sale and purchase agreements to acquire the Pulau Indah Land which is adjacent to the West Port for approximately RM25.4 million. We intend to set up our Proposed HQ and Distribution Hub with a target built-up area of approximately 80,000 sq ft on the Pulau Indah Land.

In view of our growing business, we intend to expand our warehousing functions to enhance our operations efficiency and to extend our existing warehousing services by providing door delivery distribution services at the Proposed HQ and Distribution Hub which is a new type of services to be provided via our distribution hub in future.

The Proposed HQ and Distribution Hub will enable us to increase our capacity to facilitate the future growth of our business. Further, it will also facilitate our objective in venturing into the e-commerce logistics industry.

- (ii) As at the LPD, we have a total of 99 prime movers, 505 trailers and 3 side-loaders for servicing our customers within Peninsular Malaysia.

For 2018, we plan to increase our total fleet size to 110 prime movers and 540 trailers (including 3 side-loaders) with a total estimated cost of RM4.5 million. This increase in our haulage fleet size is expected to be translated into increased revenue from container haulage services and improve the overall financial performance of our Group.

- (iii) Moving forward, we intend to expand our air freight business to further increase our Group's income and improve our overall financial performance via inbound or outbound of air freight business to Malaysia and from Malaysia.

We intend to put in place the following strategies for the proposed expansion of our air freight services:

- (i) To work closely with our current overseas freight agents to increase business opportunities;
- (ii) To further develop new overseas freight agent networks with major international trading partners;
- (iii) To increase the personnel of our air freight management team to handle and expand our air freight business;
- (iv) To conduct market research using air cargo statistics/data for market leads and strategic planning; and
- (v) To join overseas visitation with our overseas freight agents to expand and secure more business.
- (iv) In order to further expand our scope of logistics services, we aim to venture into the e-commerce logistics industry in Malaysia by providing courier services for the goods purchased by our customers from outside Malaysia through selected e-commerce platforms (i.e. online shopping) operated by third parties. Our e-commerce logistics platform will also enable consumers in Malaysia to place orders through our delivery platform for online purchases made outside Malaysia.

Please refer to Sections 6.16 and 6.17 of this Prospectus for further information on our competitive strengths as well as future plans and strategies.

## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.2 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM26.36 million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	RM	%	
Business expansion			
• Construction of the Proposed HQ and Distribution Hub	15,000,000	56.9	Within 30 months
• Purchase of prime movers and trailers	500,000	1.9	Within 24 months
Repayment of bank borrowings	5,000,000	19.0	Within 6 months
Working capital	2,356,270	8.9	Within 12 months
Estimated Listing expenses	3,500,000	13.3	Within 3 months
<b>Total</b>	<b>26,356,270</b>	<b>100.0</b>	

Please refer to Section 3.9 of this Prospectus for further information on the utilisation of proceeds.

### 2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

The details of our Promoters and substantial shareholders (both are Malaysian) are as follows:

Name	Before IPO <sup>(1)</sup>				After IPO <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Hew	83,136,275	67.7	36,305,025 <sup>(3)</sup>	29.6	83,136,275	50.1	36,305,025 <sup>(3)</sup>	21.9
Datin Sam	33,677,025	27.4	-	-	33,677,025	20.3	-	-

Notes:

- (1) Based on our share capital of 122,793,000 Shares after the Pre-IPO Reorganisation but before the Public Issue.
- (2) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue.
- (3) Deemed interest by virtue of the shareholdings held by his spouse, Datin Sam and his interest in Atama via our Company pursuant to Section 8 of the Act.

The details of our Directors and key senior management are as follows:

#### Director

Dato' Markiman Bin Kobiran	Independent Non-Executive Chairman
Dato' Hew	Non-Independent Group Managing Director
Datin Sam	Non-Independent Executive Director
Chiam Tau Meng	Independent Non-Executive Director
Wai Wah Kwan @ Wai Ah Har	Independent Non-Executive Director



**2. PROSPECTUS SUMMARY (Cont'd)****Key senior management**

Tung Yoke Chan	Chief Financial Officer*
Hew Yat Ming	Group General Manager
Lee Kiew Keong	General Manager of Sales and Marketing division
Loi Chee Hsien	Assistant General Manager of Finance, Administrative and Human Resources division
Muhd Nur Azmi Subramaniam Bin Abdullah	Assistant General Manager of Haulage division

Note:

\* Our Group is currently searching for suitable candidate to eventually assume the roles and responsibilities of Tung Yoke Chan as our Chief Financial Officer after considering that our Chief Financial Officer has reached the retirement age and is planning for her retirement. Nevertheless, we believe that there is no transition risk of the appointment of the new Chief Financial Officer considering that proper handover will be carried out by Tung Yoke Chan to our new Chief Financial Officer and the new Chief Financial Officer will be assisted by Loi Chee Hsien, our Assistant General Manager of Finance, Administrative and Human Resources division during the transition period.

For the avoidance of doubt, our Group does not have any key technical personnel as the nature of our business does not require any specific technical skill requirement.

Please refer to Section 8 of this Prospectus for further information on our Promoters, substantial shareholders, Directors and key senior management.

**2.4 FINANCIAL HIGHLIGHTS**

The following table summarised our audited combined statements of profit or loss and other comprehensive income for the past 3 FYE 31 December 2015 to FYE 31 December 2017, which have been prepared for illustration purpose only assuming that our Group had been existence throughout the financial years under review:

FYE 31 December	Audited		
	2015 RM	2016 RM	2017 RM
Revenue	78,693,180	71,381,312	85,505,271
Gross profit	16,891,215	17,772,178	19,454,331
<b>PBT</b>	<b>5,310,751</b>	<b>6,221,960</b>	<b>7,999,644</b>
<b>Net profit attributable to common controlling shareholders of the combining entities</b>	<b>3,259,126</b>	<b>4,667,628</b>	<b>5,997,055</b>
EBITDA (RM)	9,140,319	9,172,866	11,390,770
GP margin (%)	21.5	24.9	22.8
PBT margin (%)	6.7	8.7	9.4
Net profit margin (%)	4.1	6.5	7.0
Number of Shares in issue before our IPO	122,793,000	122,793,000	122,793,000
Net EPS (sen)	2.65	3.80	4.88
Enlarged number of Shares assumed in issue after our IPO	166,000,000	166,000,000	166,000,000
Diluted net EPS (sen)	1.96	2.81	3.61

For further discussion on our audited combined financial statements, please refer to Section 11 of this Prospectus.

## 2. PROSPECTUS SUMMARY *(Cont'd)*

### 2.5 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of the Board and any final dividend for the year is subject to shareholders' approval.

Our Board may recommend or declare the actual dividends in respect of any particular financial year or period subject to the factors outlined below:

- (i) the level of our cash, gearing, debt profile and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) our working capital requirements; and
- (v) any other factors our Board considers relevant.

Our Board intends to adopt a dividend pay-out ratio of at least 30% of our consolidated profit after taxation attributable to shareholders excluding non-recurring income, in each financial year beginning 1 January 2018, after taking into consideration the abovementioned factors, general financial condition and contractual restrictions.

Despite the above, the declaration of dividends is subject to the discretion of our Board and our Company's compliance with the requirements of the Act. In accordance with Section 131(1) of the Act, we can only make distribution of dividends to our shareholders out of our available profits if we are solvent. Pursuant to Section 132(3) of the Act, a company is regarded as solvent if it is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.

Please refer to Sections 4.3.4 and 12.7 of this Prospectus for information of the risk factor in relation to our dividend payments and detailed information on our dividend policy, respectively.

### 2.6 PRINCIPAL DETAILS OF OUR IPO AND LISTING

A summary of our IPO Shares allocated under the Retail Offering and Institutional Offering (subject to clawback and reallocation provisions set out in Section 3.4.3 of this Prospectus) is as follows:

	No. of Shares	% <sup>(1)</sup>
<b><u>Retail Offering</u></b>		
Malaysian Public <i>(via balloting)</i>		
• Bumiputera	4,150,000	2.50
• Non-Bumiputera	4,150,000	2.50
Eligible Persons	4,197,000	2.53
<b><u>Institutional Offering</u></b>		
Private placement to institutional and selected investors	24,900,000	15.00
Bumiputera investors approved by the MITI <i>(via placement)</i>	5,810,000	3.50
<b>Total</b>	<b>43,207,000</b>	<b>26.03</b>

**2. PROSPECTUS SUMMARY (Cont'd)**

Note:

(1) Based on our enlarged issued share capital of 166,000,000 Shares after our IPO.

Retail Price	:	RM0.61 per IPO Share. The Final Retail Price will be equivalent to the lower of the Institutional Price and the Retail Price
Institutional Price	:	To be determined by way of bookbuilding
Total proceeds from our IPO	:	The gross proceeds from our IPO amounting to RM26.36 million
Total enlarged issued share capital after Listing	:	RM47,502,770 comprising 166,000,000 Shares
Market capitalisation upon Listing	:	RM101,260,000, based on our assumed Institutional Price and Final Retail Price of RM0.61 per Share and our enlarged issued share capital of 166,000,000 Shares

Save for the Bumiputera investors who have been identified by our Group and approved by MITI, our Group has not identified any institutional and selected investors under the Institutional Offering as at the date of this Prospectus. The institutional and selected investors are expected to be identified by our Group between the opening date and closing date of Institutional Offering. The IPO Shares to be made available to institutional and selected investors will be allocated by the Placement Agent in consultation with the Board, after taking into consideration the background of investors, size of bids, their investment horizon and type of investors (i.e. reputable strategic, long-term investors, etc). Please refer to Section 3 of this Prospectus for further details of our IPO.

In accordance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

- (i) The moratorium applies to our Promoters' entire shareholding for a period of 6 months from the date of our admission to the official list of the ACE Market ("**First 6 Months Moratorium**");
- (ii) Upon expiry of the First 6 Months Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our issued share capital remain under moratorium for a further 6 months ("**Second 6 Months Moratorium**"); and
- (iii) Thereafter, the Promoters may sell, transfer or assign up to a maximum of 1/3 each year (on a straight-line basis) of the Shares held under moratorium.

A moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters according to the following:

	Shares subject to moratorium for the first 6 months from the date of our admission to the Official List		Shares subject to moratorium for subsequent 6 months	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Hew	83,136,275	50.1	49,322,975	29.7
Datin Sam	33,677,025	20.3	25,377,025	15.3
<b>Total</b>	<b>116,813,300</b>	<b>70.4</b>	<b>74,700,000</b>	<b>45.0</b>

Note:

(1) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue.

Please refer to Section 9.2 of this Prospectus for further details of the moratorium imposed on our Shares.

### **3. PARTICULARS OF OUR IPO**

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#### **3.1 INTRODUCTION**

This Prospectus is dated 18 April 2018. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the CCM. Neither the SC nor the CCM takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 15 January 2018, for, among others, our admission to the Official List of the ACE Market and for the permission to deal in and for the listing of and quotation for our entire enlarged issued share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction outside Malaysia and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with TA Securities as our Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by the law in certain other jurisdictions.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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**You must have a CDS Account when applying for our IPO Shares.** In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares. Please refer to Section 15.4 of this Prospectus for further details on the procedures for application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish your CDS Account number to the Electronic Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account and an existing banking account to their internet financial services with the Internet Participating Financial Institution can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institution by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner as described in Section 3.4 of this Prospectus.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF 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 ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

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### 3. PARTICULARS OF OUR IPO (*Cont'd*)

#### 3.2 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period under the Retail Offering will open at 10.00 a.m. on 18 April 2018 and will remain open until 5.00 p.m. on 26 April 2018.

We will make the necessary disclosure and announcement in accordance with the CMSA should there be any changes in the timetable such as advertise the notice of extension in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia. Changes to the closing date of the application period will also result in changes to the dates of balloting, allotment and Listing

#### 3.3 IMPORTANT TENTATIVE DATES

<b>Events</b>	<b>Tentative Dates</b>
Opening of Institutional Offering	18 April 2018
Issuance of Prospectus / Opening of the Retail Offering	10.00 a.m., 18 April 2018
Closing of the Retail Offering	5.00 p.m., 26 April 2018
Closing of the Institutional Offering	26 April 2018
Price Determination Date	27 April 2018
Balloting of the application for our IPO Shares under the Retail Offering	30 April 2018
Allotment of our IPO Shares to successful applicants	4 May 2018
Listing	11 May 2018

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures.

#### 3.4 DETAILS OF OUR IPO

##### 3.4.1 Public Issue

A total of 43,207,000 IPO Shares representing approximately 26.03% of our enlarged issued share capital are offered at our Institutional Price and Retail Price. Our Public Issue is subject to the terms and conditions of this Prospectus. The IPO Shares will be allocated in the following manner:

(a) Malaysian Public

8,300,000 IPO Shares (representing 5.0% of our enlarged total number of Shares) will be made available for application by the Malaysian Public through a balloting process, of which 4,150,000 IPO Shares are to be allocated to Bumiputera individuals, companies, societies, co-operatives and institutions. Any IPO Shares not subscribed by the Bumiputera investors will be made available for subscription by Malaysian Public.

(b) Eligible Persons

4,197,000 IPO Shares (representing 2.53% of our enlarged total number of Shares) will be made available for application by Eligible Persons.

**3. PARTICULARS OF OUR IPO (Cont'd)**

The Pink Form Shares will be allocated to our Independent Directors who wish to participate in the Pink Form Share allocation whilst eligible employees of our Group will be allocated Pink Form shares based on the following eligibility criteria as approved by our Board:

- (i) at least 18 years old;
- (ii) designation and position; and
- (iii) length of service.

Our Directors other than our Promoters who are entitled for the Pink Form Shares are as follows:

<b>Name of Directors</b>	<b>Designation</b>	<b>No. of Shares</b>
Dato' Markiman Bin Kobiran	Independent Non-Executive Chairman	150,000
Chiam Tau Meng	Independent Non-Executive Director	75,000
Wai Wah Kwan @ Wai Ah Har	Independent Non-Executive Director	75,000

Details of Pink Form Share allocation to the Eligible Persons are as follows:

	<b>Number of persons</b>	<b>Pink Form Share allocation</b>
Directors	3	300,000
Eligible employees, including our key senior management	164	3,897,000

Our key senior management who are entitled for the Pink Form Shares (which form part of the Eligible Persons) are as follows:

<b>Name of key senior management</b>	<b>Designation</b>	<b>No. of Shares</b>
Tung Yoke Chan	Chief Financial Officer	500,000
Hew Yat Ming	Group General Manager	250,000
Lee Kiew Keong	General Manager of Sales and Marketing division	110,000
Loi Chee Hsien	Assistant General Manager of Finance, Administrative and Human Resources division	100,000
Muhd Nur Azmi Subramaniam Bin Abdullah	Assistant General Manager of Haulage division	60,000

- (c) Private placement to institutional and selected investors

24,900,000 IPO Shares (representing 15.00% of our enlarged total number of Shares) will be made available by way of private placement to institutional and selected investors.

### 3. PARTICULARS OF OUR IPO (Cont'd)

Our Group has not identified any institutional and selected investors under the Institutional Offering as at the date of this Prospectus. The institutional and selected investors are expected to be identified between the opening date and closing date of Institutional Offering. The IPO Shares to be made available to institutional and selected investors will be allocated by the Placement Agent in consultation with the Board, after taking into consideration the background of investors, size of bids, their investment horizon and type of investors (i.e. reputable strategic, long-term investors, etc).

(d) Bumiputera Investors Approved by MITI

5,810,000 IPO Shares (representing 3.50% of our enlarged total number of Shares) will be placed to Bumiputera Investors approved by MITI.

The Public Issue will increase our issued share capital to RM47,502,770 comprising 166,000,000 Shares.

The basis of allocation for the IPO Shares shall take into account our Board's intention to distribute the IPO Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will result in an increase in the number of our IPO Shares.

#### 3.4.2 Summary of IPO Shares to be allocated

A summary of our IPO Shares allocated under the Retail Offering and Institutional Offering (subject to clawback and reallocation provisions set out in Section 3.4.3 below) is as follows:

	No. of Shares	% <sup>(1)</sup>
<b><u>Retail Offering</u></b>		
Malaysian Public ( <i>via balloting</i> )		
• Bumiputera	4,150,000	2.50
• Non-Bumiputera	4,150,000	2.50
Eligible Persons	4,197,000	2.53
<b><u>Institutional Offering</u></b>		
Private placement to institutional and selected investors	24,900,000	15.00
Bumiputera investors approved by the MITI ( <i>via placement</i> )	5,810,000	3.50
<b>Total</b>	<b>43,207,000</b>	<b>26.03</b>

Note:

(1) Based on our enlarged issued share capital of 166,000,000 Shares after our IPO.



### 3. PARTICULARS OF OUR IPO (Cont'd)

#### 3.4.3 Underwriting arrangement, clawback and reallocation

All IPO Shares made available for application under the Retail Offering have been fully underwritten by our Joint Underwriters.

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to Bumiputera investors approved by the MITI are not fully taken up, the IPO Shares which are not taken up may be reallocated to other institutional and selected investors under the Institutional Offering;
- (ii) subject to sub-paragraph (i) above, if there is an under-application of the Institutional Offering and there is an over-application in the Retail Offering, the IPO Shares not taken up may be clawed back from Institutional Offering and reallocated to the Retail Offering; and
- (iii) if there is an under-application of the Retail Offering and there is an over-application in the Institutional Offering, the IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering.

The clawback and reallocation provisions will not apply in the event there is an over-application in both the Retail Offering and the Institutional Offering.

Any IPO Shares allocated to Eligible Persons but not taken up by them shall be made available to other Eligible Persons who applied for excess IPO Shares (if any) (“**Reallocation**”) in addition to their pre-determined allocation of IPO Shares (“**Excess Shares**”). Such Excess Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:

- (i) firstly, allocation on a proportionate basis to Eligible Persons who have applied for Excess Shares based on the number of Excess Shares applied for; and
- (ii) secondly, to minimise odd lots.

Any allocated Pink Form Shares post the Reallocation not fully taken up by Eligible Persons will be made available for application by the Malaysian Public under the Retail Offering. Any IPO Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be taken up by our Joint Underwriters and/or its nominees in accordance with the terms and conditions of the Underwriting Agreement.

### 3.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our issued share capital would be as follows:

Details	No. of Shares	RM
Share capital as at the date of this Prospectus <sup>(1)</sup>	122,793,000	21,146,500
New IPO Shares to be issued pursuant to the Public Issue	43,207,000	26,356,270
<b>Enlarged issued share capital upon our Listing</b>	<b>166,000,000</b>	<b>47,502,770</b>

**3. PARTICULARS OF OUR IPO (Cont'd)**

Note:

- (1) The breakdown of movement of our issued share capital before and after the Pre-IPO Reorganisation is as follows:

<b>Details</b>	<b>No. of Shares</b>	<b>RM</b>
Share capital as at 31 December 2017	5,000,000	5,000,000
<i>Tri-Mode Shares issued pursuant to the Pre-IPO Reorganisation:</i>		
- Subscription by Dato' Hew	4,000,000	2,000,000
- Share Split	85,500,000	-
- Capitalisations	10,524,000	5,262,000
- Subscription by Third Party	1,000	500
- Acquisitions	17,768,000	8,884,000
<b>Share capital after the Pre-IPO Reorganisation</b>	<b>122,793,000</b>	<b>21,146,500</b>

Please refer to Section 5.5 of this Prospectus for the structure of our issued share capital since the date of our incorporation up to the date of this Prospectus.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank *pari passu* amongst one another.

The IPO Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy on a poll. Every shareholder present in person or by proxy shall have 1 vote for each ordinary share held by him. A proxy may but need not be a member of our Group.

### 3.6 BASIS OF ARRIVING AT THE RETAIL PRICE, FINAL RETAIL PRICE, INSTITUTIONAL PRICE AND REFUND MECHANISM

#### 3.6.1 Retail Price

Our Retail Price of RM0.61 was determined and agreed upon by us, TA Securities, as our Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Placement Agent and ZJ Advisory as our Financial Adviser after taking into consideration the following factors:

- (a) The PE Multiple of our Company of approximately 16.9 times which was computed based on our audited combined PAT of RM6.0 million for the FYE 31 December 2017 and our enlarged issued share capital of 166,000,000 Shares upon Listing (translates into a diluted net EPS of approximately 3.6 sen). Based on the CAGR of the PAT achieved by our Group for the past 3 financial years of approximately 35.7% and PAT margin recorded in the FYE 31 December 2017 of 7.0%, which is higher than the industry average PAT margin of 4.0% of the selected comparable companies as set out in Section 7 of this Prospectus with an average PE Multiple of 14.4 times (the details of the selected comparable companies listed on Bursa Securities are disclosed below), it is reasonable to accord a higher PE Multiple for Tri-Mode;

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- (b) The PE Multiple of our Company of approximately 12.5 times which was computed based on our audited combined PAT of RM6.0 million for the FYE 31 December 2017 and our existing issued share capital of 122,793,000 Shares (translates into a net EPS of approximately 4.9 sen);
- (c) Our Group's pro forma NA for each Share as at 31 December 2017 after our IPO and Public Issue of RM0.41 based on our Group's pro forma NA as at 31 December 2017 of approximately RM68.8 million and our enlarged issued share capital of 166,000,000 Shares upon Listing;
- (d) Our competitive strengths and advantages as set out in Section 6.16 of this Prospectus; and
- (e) Our future plans and strategies as further described in Section 6.17 of this Prospectus.

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**3. PARTICULARS OF OUR IPO (Cont'd)**

In relation to the PE Multiple in (a) above, we set out below the PE Multiple of selected public listed companies involved in similar business as our Group for your reference:

Name	Principal activities	Last traded price as at the LPD (RM)	EPS <sup>(1)</sup> (sen)	PE Multiple <sup>(2)</sup> (times)	Market capitalisation (RM million)
Freight Management Holdings Berhad	Principally engaged in the freight and forwarding industry	1.17	12.1	9.7	217.8
Tasco Berhad	Principally engaged in business as a total logistics solutions provider	1.81	15.9	11.4	362.0
Century Logistics Holdings Berhad	Principally involved in the provision of total logistics services and procurement logistics services	0.78	3.9	20.1	305.5
Xin Hwa Holdings Berhad	Principally involved in the provision of land transport services, warehousing and distribution services, freight forwarding and customs brokerage, manufacturing and fabrication of trailers, and B2B e-commerce	1.14	5.2	21.9	246.2
Complete Logistic Services Berhad	Principally involved in the provision of total logistics services, ship owners, provision of marine transportation services and general trading	0.72	5.4	13.4	89.1
Harbour-Link Group Berhad	Principally involved in the provision of shipping and marine services, logistics services and equipment rental, engineering works and property development	0.75	7.4	10.1	298.3
		High		21.9	
		Average		14.4	
		Low		9.7	
Tri-Mode	Principally engaged in the provision of freight and logistics services	0.61 <sup>(3)</sup>	3.6	16.9	101.3

Notes:

- (1) Based on the trailing 12-month net profit of the respective companies extracted from their quarterly results announced on Bursa Securities up to the LPD divided by outstanding shares.
- (2) PE Multiple is calculated based on the last traded price as at the LPD divided by EPS.
- (3) Being our Retail Price.

### 3. PARTICULARS OF OUR IPO (Cont'd)

The selected comparable public listed companies are industry players whose principal activity is in integrated logistics services. Integrated logistics service providers are defined as a provider that performs a variety of logistics service activities such as freight forwarding, customs clearance, transportation, warehousing and other functional activities that constitute a total service package.

Please refer to Section 7 “Competitive Overview” of this Prospectus for further details of the comparable companies. We have excluded certain companies such as Transocean Holdings Berhad and See Hup Consolidated Berhad Berhad as Transocean Holdings Berhad is a loss-making company for its trailing 12-month net profit, and as See Hup Consolidated Berhad with its PE Multiple which is above 75 times and thus is considered an outlier. Non-public listed companies were not selected in the comparable company analysis as there are no available market price for non-public listed companies.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be lower of:

- (i) the Retail Price of RM0.61 for each IPO Shares; or
- (ii) the Institutional Price,

subject to rounding to the nearest sen.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to successful applicants, without any interest thereon. Please refer to Section 3.6.3 below for further details on the refund mechanism.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM0.61 for each IPO Share.

The Institutional Price and Final Retail Price are expected to be announced within 2 Market Days from the Price Determination Date via Bursa Listing Information Network (“**Bursa LINK**”). In addition, all successful applicants will be given written notice of the Institutional Price and Final Retail Price, together with notices of allotment for the IPO Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after our Listing.

#### 3.6.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective Malaysian institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares they would be prepared to acquire and the price they would be prepared to pay for such IPO Shares in respect of the Institutional Offering. This bookbuilding process will commence on 18 April 2018 and will end on 26 April 2018. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors, Promoters and Placement Agent on the Price Determination Date.

**3. PARTICULARS OF OUR IPO (Cont'd)****3.6.3 Refund Mechanism**

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and Final Retail Price will be refunded to the successful applicants without any interest thereon. For applications made via the Application Form, the refund will be credited into the successful applicants' bank accounts for purposes of cash dividend/distribution if the successful applicants have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to the successful applicants' address maintained with Bursa Depository if the successful applicants have not provided such bank account information to Bursa Depository. For applications made via the Electronic Share Application or Internet Share Application, the refund will be credited into the accounts of the successful applicants with the Electronic Participating Financial Institution or the Internet Participating Financial Institution, respectively. All refunds will be made within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

Please refer to Section 15.11 of this Prospectus for further information on the refund mechanism.

**3.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our assumed Institutional Price and Final Retail Price of RM0.61 for each Share and our enlarged issued share capital of 166,000,000 Shares upon Listing, our total market capitalisation is estimated to be RM101,260,000 upon Listing.

**3.8 DILUTION**

Dilution is the amount by which our Institutional Price and Retail Price exceeds our Group's pro forma NA for each Share immediately after our IPO.

Our Group's pro forma NA for each Share as at 31 December 2017 and after the Pre-IPO Reorganisation is RM0.35. After the Pre-IPO Reorganisation, Public Issue and utilisation of proceeds, our Group's pro forma NA for each Share is RM0.39.

This represents an immediate increase in our Group's pro forma NA for each Share to our existing shareholders of RM0.04, and an immediate dilution in our Group's pro forma NA for each Share of RM0.22 to our new Public investors. The following table illustrates the effect in our Group's pro forma NA for each Share to our shareholders:

	<b>RM</b>
Assumed Institutional Price and Final Retail Price	0.61
Pro forma NA for each Share as at 31 December 2017 and after the Pre-IPO Reorganisation	0.35
Pro forma NA for each Share after the Pre-IPO Reorganisation, Public Issue and utilisation of proceeds	0.39
Increase in the pro forma NA for each Share attributable to existing shareholders	0.04
Dilution in the pro forma NA for each Share to our new public investors	0.22
Dilution in the pro forma NA for each Share as a percentage of our Institutional Price and Retail Price	36%

Please refer to Section 11.3 of this Prospectus for further details of our Group's pro forma NA for each Share as at 31 December 2017.

**3. PARTICULARS OF OUR IPO (Cont'd)**

Save as disclosed below, there has been no acquisition of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our Shares during the past 3 years up to the date of this Prospectus:

<b>Promoters, Directors and Substantial Shareholders</b>	<b>No. of Shares</b>	<b>Total consideration</b>	<b>Average effective cost for each Share</b>
		<b>RM</b>	<b>RM</b>
Dato' Hew <sup>(1)</sup>	83,107,058	12,136,650	0.15
Datin Sam <sup>(2)</sup>	33,496,242	1,020,000	0.03

Notes:

- (1) The breakdown of Shares acquired by Dato' Hew for the past 3 years up to the date of this Prospectus is provided as follows:

<b>Description</b>	<b>No. of Shares</b>	<b>Consideration</b>	<b>Average cost per Share</b>
		<b>RM</b>	<b>RM</b>
Bonus issue	1,867,733	Other than cash <sup>(1)</sup>	Not applicable <sup>(1)</sup>
Subscription by Dato' Hew	4,000,000	2,000,000	0.50
Share Split	56,876,025	Not applicable <sup>(2)</sup>	Not applicable <sup>(2)</sup>
Capitalisations	10,524,000	5,262,000	0.50
Acquisitions	9,749,300	4,874,650	0.50
	<b>83,107,058</b>	<b>12,136,650</b>	<b>0.15</b>

- (2) The breakdown of Shares acquired by Datin Sam for the past 3 years up to the date of this Prospectus is provided as follows:

<b>Description</b>	<b>No. of Shares</b>	<b>Consideration</b>	<b>Average cost per Share</b>
		<b>RM</b>	<b>RM</b>
Bonus issue	2,832,267	Other than cash <sup>(1)</sup>	Not applicable <sup>(1)</sup>
Share Split	28,623,975	Not applicable <sup>(2)</sup>	Not applicable <sup>(2)</sup>
Acquisitions	2,040,000	1,020,000	0.50
	<b>33,496,242</b>	<b>1,020,000</b>	<b>0.03</b>

Notes:

- (1) Issuance of bonus shares to existing shareholders through capitalisation of RM4,700,000 from the retained earnings account on the basis of 47 bonus shares for every 3 existing ordinary shares held.
- (2) Issued pursuant to the Share Split.

The average effective cost per Share held by Dato' Hew and Datin Sam for the past 3 years up to the date of this Prospectus was RM0.15 and RM0.03, respectively. The average cost per Share held by Dato' Hew and Datin Sam was significantly lower than the issue price of RM0.61 per Share for the Acquisitions as substantial portion of the Shares held by Dato' Hew and Datin Sam was allotted pursuant to the Share Split.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, at least 25.0% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. In the event that the public spread requirements of Bursa Securities are not met, our Listing will be aborted and monies paid in respect of any application for our IPO Shares will be returned in full, without interest. If such monies are not returned in full within 14 days after our Company becomes liable to do so, in accordance with the provision of Subsection 243(2) of the CMSA, our Company and the officers of our Company will be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

### 3. PARTICULARS OF OUR IPO (Cont'd)

#### 3.9 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM26.36<sup>(1)</sup> million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	Notes	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		RM	%	
Business expansion				
• Construction of Proposed HQ and Distribution Hub	(a)(i)	15,000,000	56.9	Within 30 months
• Purchase of prime movers and trailers	(a)(ii)	500,000	1.9	Within 24 months
Repayment of bank borrowings	(b)	5,000,000	19.0	Within 6 months
Working capital	(c)	2,356,270	8.9	Within 12 months
Estimated listing expenses	(d)	3,500,000	13.3	Within 3 months
<b>Total</b>		<b>26,356,270</b>	<b>100.0</b>	

Note:

(1) We have assumed that the Institutional Price and the Final Retail Price will equal the Retail Price of RM0.61 per Share in arriving at this figure.

Further details of the utilisation of proceeds are set out in the ensuing paragraphs:

(a) Business expansion

We intend to utilise approximately RM15.5 million or 58.8% of the proceeds arising from the Public Issue to defray the cost to be incurred for our business expansion for the next 30 months, which includes the following:

(i) Construction of the Proposed HQ and Distribution Hub

We intend to utilise RM15.0 million or 56.9% of our proceeds from the Public Issue to fund the estimated cost of construction of the Proposed HQ and Distribution on the Pulau Indah Land. The remaining funds of RM5.0 million required for the construction of the Proposed HQ and Distribution Hub will be financed through internally generated funds and/or bank borrowings.

The construction of the Proposed HQ and Distribution Hub is targeted to commence by 3<sup>rd</sup> quarter of 2019 and it is estimated to be completed by 3<sup>rd</sup> quarter of 2020. Please refer to Section 6.17.1 of this Prospectus for further details.

Generally, the Proposed HQ and Distribution Hub will enable our Group to consolidate our business operations under one roof which will result in cost saving and improved efficiency. The distribution hub is also expected to enable our Group to generate additional source of income from the expansion of warehousing services (i.e., value-added warehouse services and bonded warehouse services) and e-commerce logistics services. With the combination of cost saving and new stream of revenue, the Proposed HQ and Distribution Hub is expected to contribute positively to our Group's future earnings.



### 3. PARTICULARS OF OUR IPO (Cont'd)

The Proposed HQ and Distribution Hub is intended to include the following:

- (a) Prime movers and trailers parking area of approximately 7 acres from existing parking area of approximately 4 acres (aggregate of existing 2 yards);
- (b) New mechanical workshops for container haulage operations to cater for more in-house minor repairs and maintenance works such as fuel or engine oil change; and
- (c) A modernised warehouse equipped with bar-coding inventory monitoring and racking system.

The rationale for undertaking the Proposed HQ and Distribution Hub is mainly due to the following:

- (a) To centralise operations where practicable to achieve cost savings;
- (b) To cater for the expansion of container haulage operational capacity. With the growing numbers of prime movers and trailers, the current yards will not have sufficient space for parking; and
- (c) To expand our warehousing functions by providing distribution services at the Proposed HQ and Distribution Hub. The Proposed HQ and Distribution Hub will enable us to increase our capacity to facilitate the future growth of our business including the e-commerce logistics business.

With the Proposed HQ and Distribution Hub, the Group's warehouse functions can be expanded, in addition to its current operations, to include the following:

- (a) to act as warehouse and distribution center;
- (b) to provide value-added warehouse services such as re-labelling, repacking and sorting of consignments;
- (c) to provide door delivery distribution services for e-commerce related activities; and
- (d) to provide bonded warehouse services (subject to our Group procuring the relevant licences to operate such warehouse) which enable us to provide central storage for the distribution of bonded goods whereby the Customs' duties and taxes have not been paid.

The financial benefits of the Proposed HQ and Distribution Hub are expected to include the following:

- (a) Cost saving from:
  - centralisation of operational head quarter via reduced number of administrative staff;
  - elimination of costs to maintain 2 yards for Landbridge Haulage's operations;
  - elimination of transportation costs incurred by staff to travel between Landbridge Haulage's office/ container haulage's yards and our head office; and
  - reduction in administrative costs (such as despatch cost, telephone charges, photocopy cost) for coordination and movement of documents between Landbridge Haulage's office/ container haulage's yards and our head office.

### 3. PARTICULARS OF OUR IPO (Cont'd)

- (b) Positive contribution from new stream of revenue from the expansion of warehousing services.

The capacity and utilisation rates of our Group is expected to change with the completion of the Proposed HQ and Distribution Hub as follows:

	<u>As at the LPD</u>	<u>With the Proposed HQ and Distribution Hub</u>
Office space in headquarters	<ul style="list-style-type: none"> <li>Capacity: approximately 17,737 sq ft <sup>(1)</sup></li> <li>Utilisation rate: 100% <sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Capacity: approximately 25,000 to 30,000 sq ft</li> <li>Utilisation rate: The number of our employees is not expected to change significantly upon completion of the construction, however, it is expected to increase with our business expansion and consequently increases the utilisation rate of the office space</li> </ul>
Prime movers and trailers parking space	<ul style="list-style-type: none"> <li>Capacity: approximately 4 acres</li> <li>Utilisation rate: 100% <sup>(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Capacity: approximately 7 acres</li> <li>Utilisation rate: Given our current number of prime movers and trailers, the parking space utilisation rate is expected to be at least 70% upon completion of the construction and is expected to increase with our growing number of prime movers and trailers</li> </ul>
Warehouse size	<ul style="list-style-type: none"> <li>Capacity: approximately 11,804 sq ft</li> <li>Utilisation rate: Up to 100% as the goods storage is fast-moving in nature and hence the storage utilisation rate will fluctuate in tandem with the demand for warehousing services</li> </ul>	<ul style="list-style-type: none"> <li>Capacity: Approximately 50,000 to 55,000 sq ft in addition to existing free trade zone warehouse's capacity of approximately 11,804 sq ft</li> <li>Utilisation rate: Currently, our Group is not able to ascertain utilisation rate as further feasibility studies are necessary to be carried out and the layout plan of the warehouse is yet to be finalised at this juncture</li> </ul>

Notes:

- (1) The office space includes rented office space by Atama of 3,200 sq ft. and excludes the office space located in Penang and Johor.
- (2) The utilisation rate is considered 100% as office space in the headquarters is fully-occupied and for the fact that Tri-Mode is renting space used for document storage in addition to its owned commercial shop lots.

**3. PARTICULARS OF OUR IPO (Cont'd)**

(3) *There will be insufficient parking space if all of our prime movers and trailers were to be stationed at Yard 1 and Yard 2.*

**(ii) Purchase of prime movers and trailers**

We intend to utilise approximately RM0.5 million or 1.9% of our proceeds from the Public Issue to fund between 10% to 20% of the purchase price of approximately 10 units of prime movers and 50 units of trailers in the next 24 months as follow:

<u>Type of vehicles</u>	<u>No. of units</u>	<u>Average purchase price per unit</u> RM	<u>Total purchase price</u> RM
Prime movers	10	300,000	3,000,000
Trailers	50	35,000	1,750,000
<b>Total</b>	<b>60</b>	<b>N/A</b>	<b>4,750,000</b>

The remaining purchase price of each vehicle is expected to be financed through hire purchase.

For FYE 31 December 2017, the average utilisation rate for our prime movers stood at 88.1%. 1 unit of our prime mover had in February 2018 involved in a road accident and reported a total loss which resulted in the total number of our prime movers to decrease from 100 units to 99 units. The said prime mover is fully insured and we had on 24 February 2018 filed an insurance claim to our insurer. With the acquisition of 10 units of the new prime movers using our IPO proceeds as stated above and 1 additional unit of new prime mover to be purchased and replace the lost prime mover in February 2018 (of which will be funded via a combination of our internally generated funds, bank borrowings and/or insurance claim received from our insurer), our total number of prime movers will increase from 99 units to 110 units, representing a 11.1% increase in our fleet size. As the new addition of the prime movers is expected to take place over a period of 24 months and after considering the prospects of the container haulage business, we expect to achieve a similar utilisation rate at around 90.0%.

Please refer to Section 6.12 of this Prospectus for further details on the operating capacity and output of our container haulage operations.

**(b) Repayment of bank borrowings**

We intend to utilise RM5.0 million or 19.0% of our proceeds from the Public Issue to repay part of our bank borrowings as follows:

- RM1.5 million to partially repay our term loan facilities obtained from Malayan Banking Berhad and CIMB Bank Berhad for the acquisition of lands held by NV Freights (“**NV Freights Term Loans**”). As at 31 March 2018, the outstanding term loan for these facilities amounted to approximately RM1.6 million; and
- RM3.5 million to repay our bank overdraft facilities obtained from AmBank (M) Berhad, CIMB Islamic Bank Berhad and CIMB Bank Berhad, which were used to finance our working capital purposes. Save for the abovesaid banks, we do not have any other bank overdraft facilities as at the LPD. As at 31 March 2018, the outstanding bank overdraft facilities amounted to approximately RM3.6 million.

**3. PARTICULARS OF OUR IPO (Cont'd)**

Our bank borrowings comprise bank overdrafts and revolving credit used for our working capital purposes, as well as NV Freights Term Loans and term loan for the purchase of Pulau Indah Land (“**Pulau Indah Land Term Loan**”). The repayment of NV Freights Term Loans and bank overdrafts were proposed to be repaid ahead of our remaining bank borrowings such as Pulau Indah Land Term Loan and revolving credit after considering the following:

- (i) the NV Freights Term Loans and bank overdraft facilities were free from lock-up restriction, i.e. no penalty on early repayment;
- (ii) the Pulau Indah Land Term Loan has not been fully drawn down and is with lock-up restriction where penalty will be imposed by the lender for early repayment;
- (iii) our Group will immediately enjoy interest savings from the repayment on the outstanding amount of NV Freights Term Loans and bank overdraft facilities; and
- (iv) our Group is able to enjoy higher interest rate savings the from repayment of bank overdrafts as compared to other bank borrowings such as revolving credit.

With the full repayment of these term loans facilities, we expect to achieve interest savings of approximately RM0.1 million each year. The details of these term loan facilities are as follows:

<b>Lender</b>	:	Malayan Banking Berhad	CIMB Bank Berhad
<b>Maturity Date</b>	:	1 February 2024	1 April 2024
<b>Interest Rate</b>	:	Base lending rate (“BLR”) plus 1.25%	BLR minus 0.5%

With the repayment of overdraft facilities, we expect to achieve interest savings of approximately RM0.3 million each year. The details of these bank overdraft facilities are as follows:

<b>Lender</b>	:	Ambank (M) Berhad	CIMB Islamic Bank Berhad	CIMB Bank Berhad
<b>Interest Rate</b>	:	BLR plus 1.0%	(i) BLR plus 1.0%	BLR plus 1.5%
			(ii) BLR plus 1.5%	

The abovesaid bank overdraft facilities are used to finance our working capital for day to day operation.

For the avoidance of doubt, the borrowings incurred within the last 12 months consist of:

- (i) bank overdraft and revolving credit which were used to fund our Group’s working capital;
  - (ii) NV Freights Term Loans which was used for the acquisition of lands held by NV Freights; and
  - (iii) Pulau Indah Land Term Loans which was used for the purchase of Pulau Indah Land.
- (c) Working capital

We expect to utilise approximately RM2.4 million or 8.9% of the proceeds arising from the Public Issue as working capital to finance our Group’s future operations. The allocation for working capital will be used for day-to-day operations, including but not limited to, fuel purchase, hire purchase instalment, and payment of payroll and administrative expenses.

**3. PARTICULARS OF OUR IPO (Cont'd)**

## (d) Estimated Listing expenses

The estimated expenses and fees incidental to our Listing amounting to approximately RM3.5 million or 13.3% our proceeds from the Public Issue shall be borne by our Company, the details of which are as follow:

<b>Expenses</b>	<b>RM</b>
Professional fees <sup>(1)</sup>	2,480,000
Brokerage, placement fees and underwriting commission	650,000
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the Public Issue	290,000
Estimated regulatory fees <sup>(2)</sup>	80,000
<b>Total</b>	<b>3,500,000</b>

Notes:

- (1) Includes advisory fees for, among others, the Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriters, Placement Agent, Financial Adviser, Legal Adviser, Auditors and Reporting Accountants and Independent Market Researcher.
- (2) The detailed breakdown of the estimated regulatory fees is provided as follows:

<b>Name of authorities</b>	<b>Regulatory fees</b>
	<b>RM</b>
Bursa Securities	50,000
SC	15,500
CCM	1,000
Others	13,500
<b>Total</b>	<b>80,000</b>

Any surplus/shortfall in estimated regulatory fees in relation to the Listing will be adjusted accordingly with our working capital requirements.

We will bear all expenses and fees incidental to our Listing, which includes underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees, the aggregate of which is estimated to be approximately RM3.5 million. Pursuant to MFRS 132 Financial Instrument: Presentation, a total of RM1,211,000 is assumed to be directly attributable to the IPO and as such will be debited against the retained earnings in equity, and the remaining expenses of RM2,289,000 are assumed to be attributable to the Listing and as such will be expensed off to the statements of profit or loss and other comprehensive income. Any difference arising from the utilisation as set out above will be adjusted accordingly with our working capital requirements.

The exact amount of the gross proceeds to be raised from the Public Issue will depend upon the Institutional Price and Final Retail Price. Depending on the actual proceeds to be raised, the shortfall of proceeds raised from the Public Issue as compared to the abovesaid breakdown will be reduced in the following order:

- (i) working capital; and
- (ii) business expansion.

Pending the eventual utilisation of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds raised (including accrued interest, if any) or the balance thereof as deposits with banks or licenced financial institutions in Malaysia.

### 3. PARTICULARS OF OUR IPO (Cont'd)

Please refer to Section 11.3 of this Prospectus for the financial impact of the utilisation of our Listing proceeds from the Public Issue on our Pro forma Consolidated Statements of Financial Information.

#### 3.10 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

##### 3.10.1 Underwriting Commission

Each Joint Underwriter has agreed to underwrite 6,248,500 IPO Shares made available for application under the Retail Offering. We are obliged to pay our Managing Underwriter and Joint Underwriters a total managing underwriting fee and an underwriting commission calculated at the rate of 0.5% and 2.0% respectively based on the total value of the underwritten Shares at our Retail Price.

##### 3.10.2 Brokerage Fees

Brokerage is payable in respect of the IPO Shares made available for application under the Retail Offering at the rate of 1% of our Final Retail Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

##### 3.10.3 Placement fee

Our Placement Agent has agreed to place out 30,710,000 IPO Shares under the Institutional Offering.

We are obliged to pay a placement fee at the rate of 2.5% of the total value of the IPO Shares at Institutional Price successfully placed out to investors identified by our Placement Agent and a placement fee at the rate of 1.5% of the total value of the IPO Shares at Institutional Price successfully placed out to the investors identified by our Company. The placement fee is subject to GST.

#### 3.11 UNDERWRITING ARRANGEMENT

We had, on 27 March 2018, entered into the Underwriting Agreement with our Managing Underwriter and Joint Underwriter, to underwrite 12,497,000 IPO Shares under the Retail Offering (“**Underwritten Shares**”) as set out in Section 3.4 above.

The salient terms of the Underwriting Agreement are as follows:

- (i) *The obligation of our Joint Underwriters to underwrite the Underwritten Shares is conditional on the following:*
  - (a) *our Joint Underwriters receiving certificate in the form or substantially in the form contained in Schedule 2 (Certificate by Company) of the Underwriting Agreement, one dated the date of registration of the Prospectus and the other dated the closing date, both of which are to be signed by a Director of our Company (on behalf of the Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the representations, warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and Closing Date respectively that:*

### 3. PARTICULARS OF OUR IPO (Cont'd)

- *there is no occurrence of any material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole subsequent to the date of the Underwriting Agreement; or*
  - *there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings set out in the Underwriting Agreement untrue or inaccurate or result in a breach of the Underwriting Agreement by our Company;*
- (b) *the Underwriting Agreement being duly signed by all parties and stamped within the statutory time frame;*
- (c) *the issue of the Prospectus not later than 3 months from the date of the Underwriting Agreement or such later date as our Joint Underwriters and our Company may from time to time agree in writing;*
- (d) *the registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the CCM by the issuance of the Prospectus;*
- (e) *all necessary approvals (including the approvals by Bursa Securities, SC (Corporate Finance & Investment) and the directors of our Company) remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;*
- (f) *the approval of Bursa Securities for the admission of our Company to the Official List and our Listing being obtained on terms acceptable to our Joint Underwriters and the approvals of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;*
- (g) *our Joint Underwriters being satisfied that our Company will, following completion of our IPO, be admitted to the Official List and our enlarged issued share capital listed and quoted on the ACE Market no later than 3 months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;*
- (h) *the execution of the placement mandate and it has not been terminated or rescinded pursuant to the provisions thereof;*
- (i) *our Joint Underwriters receiving a copy duly certified by a director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of our Directors:*
- *approving the Prospectus (including a confirmation that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), the Underwriting Agreement and the transactions contemplated by it;*
  - *authorising the issuance of the Prospectus; and*
  - *authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;*

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**3. PARTICULARS OF OUR IPO (Cont'd)**


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- (j) *our IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with our IPO and/or our Listing have been obtained and are in force up to the Closing Date;*
- (k) *our Joint Underwriters being satisfied that our Company has complied with and that our IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and all revisions, amendments and/or supplements to it;*
- (l) *there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the Closing Date, which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue or inaccurate;*
- (m) *there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;*
- (n) *there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Joint Underwriters;*
- (o) *there having been, as at closing date, no registration or lodgement of any amendment, supplement, or replacement to the Prospectus with the SC or the CCM without the prior written approval of our Joint Underwriters; and*
- (p) *our Joint Underwriters being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.*

*Our Managing Underwriter or Joint Underwriters may, without prejudice to their power, rights and remedies under the Underwriting Agreement, at law or in equity, waive all or any of the conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement. Any condition so waived shall be deemed to have been satisfied in relation to it. For the avoidance of doubt, any such waiver by our Managing Underwriter or Joint Underwriters shall be without prejudice to their right to elect to treat any further or other breach, failure or event as releasing and discharging our Managing Underwriter or Joint Underwriters from their obligations under the Underwriting Agreement and shall be without prejudice to the right of our Managing Underwriter or Joint Underwriters to terminate the Underwriting Agreement by written notice given to our Company and in such event the provisions on termination as set out below shall apply.*

- (ii) *Notwithstanding anything contained in the Underwriting Agreement, our Managing Underwriter or Joint Underwriters may withdraw its obligations upon the occurrence of any of the following:*
  - (a) *there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or*
  - (b) *there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or*



**3. PARTICULARS OF OUR IPO (Cont'd)**

- (c) *there is withholding of information from our Company which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Managing Underwriter or Joint Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of our Shares issued or offered under our IPO; or*
- (d) *there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group; or*
- (e) *the closing date of the application of our IPO Shares does not occur within 3 months from the date of the Underwriting Agreement, subject to the extension of closing date which is approved by our Managing Underwriter and Joint Underwriters; or*
- (f) *the occurrence of any force majeure event including, but not limited to the following:*
- *any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice our IPO; or*
  - *any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group; or*
  - *any event or series of events beyond the reasonable control of our Managing Underwriter or Joint Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of our Underwritten Shares; or*
  - *any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or*
  - *any material adverse change in financial conditions as stated in the first force majeure event mentioned above to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the Kuala Lumpur Composite Index of Bursa Securities has dropped 10% between its index level on the date of the Underwriting Agreement and the Closing Date (both dates inclusive); or*
  - *any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of our Group; or*

**3. PARTICULARS OF OUR IPO (Cont'd)**

- (g) *in the event that our Listing is withdrawn or not procured or procured but subject to conditions (which does not include conditions already imposed on our Company prior to the issuance of this Prospectus) not acceptable to our Managing Underwriter or Joint Underwriters;*
- (h) *trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for 3 consecutive Market Days or more; or*
- (i) *if the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the reasonable opinion of the Managing Underwriter after having consulted our Company, impracticable to market the IPO or to allot our IPO Shares; or*
- (j) *any new law or regulation or change in law, regulation, directive, policy or ruling in Malaysia in the opinion of any of our Joint Underwriters may prejudice the success of our Listing or which would have or is reasonably likely to have the effect of making it impracticable to allot our Shares or making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms; or*
- (k) *the IPO is stopped or our Listing is delayed by our Company or regulatory authorities for any reason whatsoever (unless such delay has been approved by our Managing Underwriter and Joint Underwriters).*

*which, in the reasonable opinion of our Managing Underwriter or Joint Underwriters, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of our Group, the success of our IPO, or our Listing or market conditions generally or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.*

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#### **4. RISK FACTORS**

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**NOTWITHSTANDING OUR PROSPECTS AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS PRIOR TO INVESTING IN OUR SHARES.**

If you are in any doubt as to the information contained in this section, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers.

##### **4.1 RISKS IN RELATION TO OUR BUSINESS**

###### **4.1.1 We depend on the continued services of our Executive Directors and key senior management**

We believe that our continuing success and growth will depend to a large extent upon the continued services of our Executive Directors, namely Dato' Hew and Datin Sam and key senior management, namely Tung Yoke Chan (Chief Financial Officer), Hew Yat Ming (Group General Manager), Lee Kiew Keong (General Manager of Sales and Marketing division), Loi Chee Hsien (Assistant General Manager of Finance, Administrative and Human Resource division) and Muhd Nur Azmi Subramaniam bin Abdullah (Assistant General Manager of Haulage division).

Dato' Hew and Datin Sam are both instrumental to the growth and development of our Group and have been involved in our day-to-day operations since the commencement of our business in 1992 (about 26 years ago). The loss of either of our Executive Directors may adversely affect our Group's ability to maintain our business viability and financial performance in the future.

In addition, the loss of any of our Executive Directors and/or key senior management without suitable and timely replacement, or the inability to attract, hire and retain suitable candidates may adversely affect our continued ability to compete and expand in our business operations and subsequently impact our financial performance.

###### **4.1.2 We face risk of non-renewal or revocation of approvals, licences or permits**

We require approvals, licences and permits from various governmental authorities to carry out our business operations. Details of the approvals, major licences and permits obtained by us are set out in Section 6.19 of this Prospectus. Certain licences and permits are subject to renewal on periodic basis. The revocation or non-renewal of these approvals, licences and permits, or the variations, modifications or imposition of additional conditions by the regulatory authorities, may adversely affect our ability to continue operation and hence affect our financial performance.

Despite we have not encountered any difficulties in maintaining and renewing the relevant licences and permits in the past 3 financial years, we cannot assure you that the renewal of such permits and licences will not be subject to variation, modifications or imposition of additional conditions by the regulatory authorities in the future.

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

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**4.1.3 We may not have maintained adequate insurance coverage**

Despite we maintain insurance policies against, among others, risk of loss or damages to our office, public liability, personal accident(s), cargo liabilities, third party liabilities, error and omissions liabilities, we are still exposed to the risk that the insurance coverage may be insufficient to cover all the risks associated with our business and operations in the future. In the event of uninsured loss or loss in excess of insured limits, including those caused by natural disasters or other circumstances beyond our control, we may be required to bear such losses, damages or liabilities out of our own funds, which will have material adverse impact on our business, operations and financial performance. Even if the insurance coverage is adequate, we may be unable to take remedial action or other appropriate measures in a timely manner. Furthermore, the claim history and records may affect the premiums which insurance companies charge us in the future.

For the past 3 financial years, we have 1 incident of total loss of our prime mover with inadequate insurance coverage, which have resulted us to suffer a loss of RM28,033.

We cannot assure you that our insurance coverage would be sufficient to cover all potential losses and indemnify us against all possible liabilities arising from our operations as well as to offset the potential financial losses arising from public liability, fire, theft and personal accidents. Our business and financial performance may be adversely affected if that such claims exceed the coverage of our insurance policies.

**4.1.4 We may face risk of disruption of computer and software systems**

We operate our business in a computerised environment and we are dependent on various computer systems and software such as the haulage management system, sea and air freight management system, electronic data interchange system as well as GPS system to ensure smooth operations. However, such computer systems and software which are provided by third party service providers may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber-attacks and other malicious software programs. Failure of third party service providers to provide services or any disruption to our computer systems and software may compromise our operations as well as causing transaction errors, loss of data, processing inefficiencies or downtime. Despite we have not encountered any material risk of disruption of computer and software systems during the past 3 financial years, we cannot assure you that disruption of computer and software systems will not occur in the future. A significant disruption may affect our business, which may consequently lead to economic losses to us and damage to our reputation, and may result in our business operations being adversely affected.

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**4. RISK FACTORS (Cont'd)****4.1.5 We may face credit risk and our customers may default in payment**

Generally, the credit terms granted to our customers are up to 60 days from the date of invoice. Our customers have varying degrees of creditworthiness which expose us to the risk of non-payment by them. In the event of a prolonged period of non-payment or default in payments by our customers, our operating cash flows, financial performance and result of operations would be materially and adversely affected. The breakdown of impairment loss recognised and bad debts written off for the past 3 FYE 31 December 2015 to 31 December 2017 are as follows:

	FYE 31 December		
	2015	2016	2017
	RM	RM	RM
Impairment loss recognised <sup>(1)</sup>	-	29,504	274,276
Bad debts written off <sup>(2)</sup> :			
- third parties	27,635	78,147	-
- related parties	-	71,879	-

Notes:

- (1) *When there is doubt in terms of long overdue debt recoverability by the management after considering, amongst others, customers' historical ageing profile, past payment patterns, historical bad debts, customer creditworthiness and changes in the customers' payment terms.*
- (2) *Refers to debts which due more than 1 year and are not recoverable, and after issuance of letters of demand by our Group, or customer is being wound up and has no sign of recoverability as well as our related parties which are in the midst of undergoing de-registration process.*

The increase in impairment losses recognised from nil for the FYE 31 December 2015 to RM29,504 for the FYE 31 December 2016 was attributable to uncollectible trade receivables from 4 customers and letters of demand to these customers have been issued. The increase in impairment losses recognised from RM29,504 for the FYE 31 December 2016 to RM274,276 for the FYE 31 December 2017 was attributable to uncollectible trade receivables from a customer that is undergoing liquidation process.

The increase in bad debts written off from RM27,635 for the FYE 31 December 2015 to RM150,026 for the FYE 31 December 2016 was mainly attributable to non-recoverable advances to Tri-Mode Lines Sdn Bhd and NV Container Lines Sdn Bhd to finance their administrative expenses amounting to RM71,879 as those companies were formerly dormant subsidiaries of our Group. Both the companies have submitted the application for de-registration to CCM on 28 December 2017 and the de-registration is yet to be gazetted as at the LPD. The remaining bad debts written off are mainly due to non-recoverable trade receivables (by 5 of our customers, of which 3 of them are having financial problem and 2 of them have wound up) despite numerous follow-up via letters of demand to seek for payment of amount due.

We cannot guarantee you that our customers will be able to fulfil their debt obligations and we will not encounter problems in the future. Any default or delay in our collection of payment which lead to impairment losses on trade receivables or bad debts may have a material adverse impact on our financial performance.

**4. RISK FACTORS (Cont'd)****4.1.6 We rely on our business partners, overseas freight forwarders and other service providers**

We appoint overseas freight forwarders to manage our logistics business in overseas and subcontractors to carry out some of the transportation and overseas freight forwarding business. Details of the revenue contributions by our overseas freight forwarders for the FYE 31 December 2015 to 31 December 2017 based on geographical locations are as follows:

	<b>FYE 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Asia (outside Malaysia)	2,713,560	2,521,647	3,145,348
Europe	1,072,936	941,155	2,881,712
Australasia	2,568,876	1,717,688	1,073,596
North America	1,272,102	781,234	309,050
Africa	115,557	182,526	1,122
Central and South America	459,360	67,169	27,483
<b>Total</b>	<b>8,202,391</b>	<b>6,211,419</b>	<b>7,438,311</b>

We also engage independent third party service providers to provide certain facilities and services required for our operations, including vehicle maintenance and IT support services. Any failure by the independent third parties service providers engaged by us to perform their services or our failure to renew our contracts with the independent third party service providers or negotiate replacement contracts with other independent third party service providers at comparable or acceptable rates, upon the termination or expiration of such contracts, may affect our business operation. Any failure by our business partners, overseas freight forwarders or independent third party service providers may have an adverse impact on our reputation, business, operations and financial performance.

**4.1.7 Our existing tenancies may be terminated and we may not successfully renew our existing tenancies**

Presently, our warehouses and site offices at KLIA, North Port and West Port, Selangor are rented from third parties with tenancy terms of up to 3 years and will be expiring on 31 January 2019, 30 June 2020 and 31 October 2018 respectively. As our business grows, we may rent additional warehouses or site offices.

During the negotiations of renewing the existing tenancies with the respective landlords, the landlords will have the absolute right to review and revise the terms and conditions of the tenancy agreements. Despite we have not encountered any difficulties in renewing the tenancy agreements with the respective landlords for the past 3 financial years, we cannot assure you that we will be able to renew the tenancy agreements on commercially favourable terms and conditions in the future. If the tenancies are not renewed or we are not able to secure new alternative tenancies at reasonable rates and strategic locations, our business operations would be disrupted and our profitability or the financial results may be adversely affected.

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**4. RISK FACTORS (Cont'd)****4.1.8 We are subject to borrowings and interest rate risks**

As at 31 December 2017, we have a total short-term and long-term borrowings (including finance lease liabilities) amounting to approximately RM9.86 million and RM14.45 million, respectively. Our gearing ratio (i.e., total borrowings over total equity) for the past 3 FYE 31 December 2015 to 31 December 2017 is as follows:

	FYE 31 December		
	2015	2016	2017
Total borrowings (RM)	14,053,930	20,705,081	24,311,006
Total equity (RM)	29,035,441	28,763,069	34,760,124
<b>Gearing ratio</b>	<b>0.48</b>	<b>0.72</b>	<b>0.70</b>

Our cost of financing as at 31 December 2017 ranges from 6.25% to 8.25% each year (for bank borrowings) and industrial hire purchase rates of 2.26% to 3.54% each year (for industrial hire purchase financing). As a result, we are susceptible to fluctuations in interest rates for our bank borrowings. We may also face difficulties in obtaining additional financing from the financial institutions to fund our working capital requirements and future business expansion if we are unable to meet our repayment obligations.

We cannot assure you that our gearing level will remain the same in the future and our performance would remain favourable if there is an adverse change in interest rates in respect of new financing facilities that we procure.

**4.1.9 We face threat of cargo hijacking and theft incident**

Risks of cargo hijacking and theft incidents are inherent to the nature of our business. Since the commencement of our haulage operations in 2009, with our own fleets, there have been 2 theft incidents of which were reported in July 2009 and October 2017. In July 2009, 2 units of our prime movers together with 2 units of our containers containing aluminium and iron were stolen from Landbridge Haulage's vehicle depot. We did not suffer any losses (save for minor administration costs) from the said incident as the prime movers, the containers and most of the contents of the containers were subsequently recovered, and the contents of the containers were also insured by our customer.

In addition, Landbridge Haulage had on 2 October 2017 lodge a police report for 12 units of trailers which were stolen from its vehicle depot. As at the LPD, the case is still subject to police investigation notwithstanding that a progress letter has been issued by the police officer that suspect has been arrested for further investigation and the police will continue to identify if there is any witness for the incident. As a result, Landbridge Haulage had pursuant to MFRS 136 – Impairment of Assets, recorded a total impairment loss of RM245,436 for the stolen trailers, however, we have filed for insurance claim amount of RM282,875 (including the total value of the tyres for all of the trailers amounting to RM37,439, whereby the costs of the tyres were expensed off to the statements of profit or loss and other comprehensive income) and the claim is under process as at the LPD. For the avoidance of doubt, the lost of 12 units trailers are not expected to affect our future plans and strategies as mentioned in Section 6.17.2 of this Prospectus, considering that our Group intends to replace the stolen trailers via combination of insurance claim received from the insurer, bank borrowings and our internally generated funds.

We cannot guarantee you that such cargo hijacking or theft will not occur again in the future. The potential impact of cargo hijacking or theft includes reduction in demand for our services, the loss of traffic and revenues, increased security and insurance costs and delays due to tightened security. In such event, the reputation, business and results of operations may be materially and adversely affected.

**4. RISK FACTORS (Cont'd)****4.1.10 We are affected by breach of laws and regulations attributable to our customers**

Generally, we do not enter into a formal agreement with our customers unless such customers request for a formal agreement to be drawn up. In most cases, our customers will engage us by sending us a request for delivery. Our standard trading terms and conditions will then be furnished to them for confirmation together with our quotation for their acceptance. Among others, one of our standard trading terms and conditions requires our customers to provide us with accurate, complete and sufficient information in respect of the goods which our customers have engaged us to handle to ensure that we comply with all laws and regulations concerning, among others, the storage, handling and transporting of the goods as well as the applicable export control laws and regulations of the relevant jurisdictions. Any inaccurate, incomplete or insufficient disclosure of information pertaining to the goods of our customers may result us, as the logistics service provider, being liable for loss, costs, obligation, liability or fine claimed by third parties or imposed by the relevant authorities. This may in turn damage our reputation and adversely affect our financial performance.

**4.1.11 We face risk of chemical spillage, erosion and contamination as we may carry hazardous materials in the provision of our container haulage services**

The provision of our container haulage services occasionally involves the transportation of hazardous materials such as industrial chemicals and explosive gases. As such, there is risk of chemical spillage, erosion and contamination which may be hazardous to the handling personnel and immediate surroundings.

Despite there has not been any chemical spillage, erosion, contamination or accidents/injuries involving the transportation of hazardous materials which result in disruption to our business operations for the past 3 financial years, we cannot assure you that accidents or injury will not occur during transportation of such materials. Any damages caused or injuries sustained as a result of transportation of hazardous materials may result in compensation for damages and reparations. In the event of accidents or injuries and we are required to make such compensation or reparations, our business, operations and financial performance may be adversely affected.

**4.1.12 We are affected by unfavourable fluctuation in foreign exchange rate**

We derive a portion of our revenue from international operations. Quotes from suppliers are usually in USD for shipping cargo space and some of our customers pay us in USD. Approximately 6.8%, 9.7% and 6.6% of our cost of sales for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 respectively were settled in USD. Approximately 11.2%, 9.0% and 8.7% of our revenue for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 respectively were received in USD.

For the past 3 FYE 31 December 2015 to 31 December 2017, we recorded losses on foreign exchange as follows:

	<b>FYE 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Realised	-	24,462	258,727
Unrealised	137,953	27,616	21,683
<b>Total</b>	<b>137,953</b>	<b>52,078</b>	<b>280,410</b>

As we currently do not hedge foreign currency exposure in general, any significant volatility in foreign exchange rate which is unfavourable to us may negatively affect our financial performance.



#### 4. RISK FACTORS (Cont'd)

##### 4.2 RISKS IN RELATION TO OUR INDUSTRY

###### 4.2.1 We are exposed to the risk of increase in sea freight charges

The pricing of our freight services depends on, among others, the supply and demand of such services and volume of shipment. The sea freight charges accounted for approximately 23.8%, 19.7% and 23.6% of our Group's total cost of sales for the FYE 31 December 2015, 31 December 2016 and 31 December 2017, respectively. Despite the increase in freight costs will be passed on to our customers, we cannot guarantee that increase in freight costs can always be passed to our customers and if the increase in freight costs cannot be passed on to our customers, such increase in freight costs may have adverse impact on our financial performance.

###### 4.2.2 We are exposed to the risk of fluctuation in fuel prices

Our business is exposed to the risk of fluctuation in fuel prices. The cost of fuel accounted for approximately 8.8%, 8.7% and 9.8% of our total cost of sales of our Group for FYE 31 December 2015, FYE 31 December 2016 and FYE 31 December 2017, respectively. Fuel prices are affected by various factors which are beyond our control such as changes in the global demand and supply conditions, government policies and level of global economic activity. Since December 2014, fuel prices in Malaysia are determined by the managed float system and effective from April 2017, the fuel prices in Malaysia is subject to weekly fluctuation. Despite the increase in fuel prices will be passed on to our customers, we cannot guarantee you that increase in fuel prices can always be passed to our customers and if the increase in fuel prices cannot be passed on to our customers, such increase in fuel prices may have an adverse impact on our financial performance.

For the past 3 FYE 31 December 2015 to 31 December 2017, the average fuel costs per litre incurred by our Group are as follows:

	FYE 31 December		
	2015	2016	2017
Fuel costs incurred (RM)	5,430,715	4,670,903	6,452,233
Number of litres consumed (litre)	2,842,531	2,945,455	3,408,604
<b>Average cost per litre (RM)</b>	<b>1.91</b>	<b>1.59</b>	<b>1.89</b>

###### 4.2.3 We are reliant on manpower

Our business is reliant on manpower, particularly for the land transport segment, whereby drivers are needed to drive the haulage vehicles. As the standard of living in Malaysia improves over time, it may become increasingly difficult to hire local drivers as they may choose forms of employment that are more lucrative and/or with less demanding schedules.

As at the LPD, we have a total of 99 drivers is employed which accounted for approximately 41.4% of our total workforce. The number of drivers employed by our Group as at 31 December 2015, 31 December 2016 and 31 December 2017 is 86, 100 and 89, respectively. Any substantial shortage in the supply of drivers may lead to a disruption of our daily container haulage operations.

As at the LPD, we have not experienced any substantial shortage of drivers for our operations. However, we cannot assure you that we will continue to have enough drivers for our operations and any shortage of driver may adversely affect our operations and financial performance.

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

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**4.2.4 We are affected by road accidents and traffic interruptions**

Our business operations mainly consist of the provision of container haulage services which exposes us to the risk of road accidents or traffic interruptions and thus, disrupting our business operations. According to the Malaysian Institute Road Safety Research, in 2016, there were a total of 521,466 cases of road mishaps in Malaysia, of which 7,152 cases resulted fatalities. For the past 3 FYE 31 December 2015, 31 December 2016 and 31 December 2017, there have been 12, 20 and 12 reported road accident incidents involving our prime movers and/or trailers, respectively.

We cannot assure you that such incidents, should they occur, will not have a material adverse effect on our business operations and financial performance.

**4.2.5 We are exposed to the risk of disruption of gateways**

A significant portion of our operations is carried out at gateways such as airports, ports or terminals. As at the LPD, the transportation gateways where our business operates are North Port and West Port of Port Klang, Penang Port, Pasir Gudang Port, Tanjung Pelepas Port, KLIA, and Penang International Airport. We may suffer business interruptions or disruptions from a number of disruptive events taking place at the gateways such as accidents, fire, natural phenomena/ adverse weather conditions (such as flood or storm), industrial actions or strikes by the employees of the gateways or terrorist attacks, all of which are beyond our control. Any disruptive event at the gateway may cause damage or loss to our assets deployed to such gateways at the time when such disruptive event takes place as well as the goods of our customers, which may negatively affect our reputation. In addition, such disruptive events may result in closure of gateways or their facilities (including support facilities such as depots, control tower, transport link or other distributive facilities) and any damage to the gateways or their facilities resulting from any of the disruptive events may take considerable time to repair and may result in prolonged closure of such gateway or facilities. This may adversely affect our business operations and consequently affect our financial performance. For the past 3 financial years, we have not faced any such disruptive event that has material impact to our business.

**4.2.6 We face competition from other logistics service providers**

We operate in a fragmented and competitive industry which is characterised by industry players offering a different range of logistics services to various customers comprising, among others, air freight services and sea freight services, container haulage services, freight forwarding and general warehousing. We face competition from both local and international logistics service providers particularly in terms of pricing, quality and reliability of services. Some of our competitors may have greater financial resources which allow them to offer a diverse range of logistics services at a lower price to our customers.

The main barriers to entry for a company in the logistics and/or freight forwarding segment remain largely governed by establishment requirements set out by the Customs Act 1967. For example, establishments that wish to perform customs brokerage services must first obtain a customs agent licence from the Royal Malaysian Customs Department. This licence was previously only made to domestic logistics service providers until 2008 when the Integrated Logistics Services (“IILS”) scheme was introduced, allowing both domestic and international players to register, so long they were qualified as IILS providers as defined by the Malaysian Investment Development Authority. Any changes in government policies that would lower the barriers of entry may increase overseas freight forwarders participation in the local industry with risk of higher competition and lower profitability. However, we are not aware of any material change in the licensing requirements or arrangements for the logistics industry in Malaysia implemented in the past 3 financial years up to the LPD.

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


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Furthermore, in recent years, a large number of international logistic service providers have begun to undertake investment projects in Malaysia or equity participation in other local integrated logistics service providers which are our competitors as a result of liberalisation of the logistic industry in the ASEAN region after the Roadmap for the Integration of Logistics Services was adopted in 2007 to create an ASEAN single market, support the establishment and enhance the competitiveness of an ASEAN production base through the creation of an integrated ASEAN logistics environment via, among others, removal of substantially all restrictions on trade for logistics services and allowing foreign (ASEAN) equity participation of not less than 70% for the logistics sector, pursuant to the signing of the ASEAN Framework Agreement on Services on 15 December 1995. We expect more experienced international logistics service providers who have sufficient financial, managerial, marketing and other resources to be more competitive and enjoy better economies of scale to expand their operations in Malaysia.

Intense and increased competition from existing local and international competitors and potential new entrants to the industry may result in a reduction in our prices and profit margins as well as loss of market share in our existing markets which may materially affect our results of operation and financial performance.

**4.2.7 We are affected by political and social risk in Malaysia**

In general, political stability will affect Malaysia's overall economic condition. Any political instability could adversely affect the logistics industry as major upheavals such as change of government policy, terrorist acts and strikes could disrupt the economic operation due to the blockage or damage to certain areas caused by such act. For example, terrorist acts in major cities would obstruct the delivery of goods while a protest in places such as ports and airports would affect the country's international trades. In addition, it would also deplete Malaysia's resources to repair the damages which could have been used to facilitate international trades and aid the development of the logistics industry. In addition, social risks such as increase of minimum wage of labour could potentially affect our business operations and financial performance.

**4.2.8 We are affected by trade and economic risk**

Globalisation has resulted in the world becoming increasingly connected as goods, services, capital, people, technology and information can be traded freely between countries. Due to its operating nature, the logistics industry relies heavily on international trade and domestic trade to function. These trades on the other hand are dependent on a country's economy as the economic conditions drive the movement of the trades. A healthy economy will see a more active trade movement as countries have ample resources to facilitate the trade while a stagnant economy will see a slower trade movement between countries. Hence, the logistics industry is very much subjected to the risk from economic conditions and trade movement.

In addition, any widespread or prolonged economic slowdown may also negatively affect Malaysia and its key trading nations resulting in some business curtailing their procurement of products and services, thus affecting the demand for our container haulage and warehousing and distribution services.

**4.2.9 We are affected by regulatory risk**

The logistics industry is a regulated industry because of its involvement in the handling of export and import goods which are subjected to the international and domestic laws, rules, policies, customs duties, tax regulations, trade, fiscal and monetary policies. Any major changes to these regulations may affect the industry as a whole because it affects the trade movement between countries.

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

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**4.3 RISKS IN RELATION TO OUR SHARES AND OUR IPO****4.3.1 There is no prior market for our Shares**

Prior to our IPO, there has been no public market or public trading for our Shares. Accordingly, we cannot assure you that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. We cannot assure you that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing or the market price of our Shares will not decline below our IPO Price. We also cannot assure that there will be no event or occurrence that will result in adverse impact on the securities markets, our industry or us at any time in which these may directly affect the trading price of our Shares.

**4.3.2 Our Share price might be volatile**

The market price of our Shares may be volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) variations in our operating results and the differences between our actual financial operating results and those expected by you and analysts;
- (ii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iii) gain or loss of any important business relationships;
- (iv) success or failure of our management team in implementing business and growth strategies;
- (v) additions or departures of key personnel;
- (vi) changes in conditions affecting the industry, the general economic conditions or securities market sentiments or other events or factors;
- (vii) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;
- (viii) fluctuations in stock market prices and volume; or
- (ix) our involvement in litigation, adjudication or other forms of dispute resolution.

**4.3.3 There may be a delay or failure in our Listing**

Our Listing may be potentially delayed or aborted upon the occurrence of any one or more of the following events:

- (i) any or all of the identified investors fail to subscribe for our IPO Shares allocated to them; or
- (ii) the Joint Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or

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

- (iii) we are unable to meet the public spread requirement, that is, at least 25% of the total number of shares for which Listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares at the point of our admission to the ACE Market; or
- (iv) any force majeure event(s), which is beyond our control before the Listing.

In the event that our Listing is aborted, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

**4.3.4 We may not be able to pay dividend**

As highlighted in Section 12.7 of this Prospectus, it is the present intention of our Board to adopt a dividend pay-out ratio of at least 30% of our consolidated profit after taxation attributable to shareholders excluding non-recurring income, in each financial year beginning 1 January 2018, after taking into consideration the level of our cash, gearing, debt portfolio and retained earnings, our expected financial performance, our projected levels of capital expenditure and other investment plans, our working capital requirements and other factors considered relevant by our Board. The declaration of dividends is subject to the discretion of our Board and our Company's compliance with the requirements of the Act. In accordance with Section 131(1) of the Act, we can only make distribution of dividends to our shareholders out of our available profits if we are solvent. Pursuant to Section 132(3) of the Act, a company is regarded as solvent if it is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.

As part of our principal activities is investment holding, our income, and therefore our ability to pay dividends, is partially dependent upon the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable profits. In addition, covenants in the loan agreements, if any, for our subsidiaries may limit their liability to declare or pay cash dividends.

If we are unable to pay dividends at levels anticipated by you, the market price of our Shares may be negatively affected resulting in a reduction in the value of your investment in our Shares.

**4.3.5 Future fund raising exercises by us may dilute your equity and/or restrict our operations**

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity or restrictions imposed by additional debt funding.

Our capital requirements are dependent on, among others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our services. Thus, we may need additional capital expenditure for merges and acquisitions or investments. Any issue of our Shares or other securities to raise funds may dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by shareholders.

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

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Furthermore, an issue of our Shares below the then prevailing market price may also affect the value of our Shares then held by you. Dilution in your equity interests may occur even if the issue of our Shares is at a premium to the market price. In addition, any additional debt funding would increase our gearing ratio and may restrict our freedom to operate our business as it may have conditions that:

- (i) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (ii) increase our vulnerability to general adverse economic and industry conditions;
- (iii) require us to dedicate a portion of our cash flow from operations to repay our debts, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (iv) limit our feasibility in planning for, or reacting to, changes in our business and our industry.

If we fail to obtain additional funds to meet the requirements for our business, merger and acquisition plans or investments, we may not be able to implement future plans that are essential to our continuing growth.

**4.3.6 Disclosure regarding forward-looking statements in this Prospectus may not be accurate**

Certain statements on this Prospectus are based on historical data that may not be reflective of future results, whilst others are forward-looking in nature and are subject to uncertainties. All forward-looking statements are based on expectations and assumptions made by our Board and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied in such forward-looking statements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The inclusion of such forward-looking statements in this Prospectus should not be regarded as representations or warranties by us or our Principal Adviser, that our plans and objectives will be achieved.

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## 5. INFORMATION ON OUR GROUP

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### 5.1 HISTORY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 19 November 1991 as a private limited company under the name of Multrapac Container Line (M) Sdn Bhd by Lee Gim Leong and Lee Ah Kim @ Lee Gim Kiat, who are the shareholders of Multrapac Sdn Bhd (“**Multrapac**”)<sup>(1)</sup> (collectively referred to as the “**Subscriber’s Shareholders**”).

After the incorporation of Multrapac Container Line (M) Sdn Bhd, the Subscriber’s Shareholders invited Dato’ Hew who was working with Mac-Nels (M) Sdn Bhd (“**Mac-Nels**”) to participate in the business venture. Upon receiving confirmation from Dato’ Hew to participate in the business with them, the Subscriber’s Shareholders had on 3 March 1992, changed our Company name to Tri-Mode System (M) Sdn Bhd as proposed by Dato’ Hew to reflect his vision of the potential business model of the integrated logistics service provider, i.e. by sea, land and air of our Company. On 8 April 1992, the Subscriber’s Shareholders transferred the entire of their shareholdings in our Company to Multrapac.

On 9 April 1992, Dato’ Hew and Lim Tzyh Chang emerged as shareholders of our Company with 70% and 15% equity interest of our Company, respectively. Subsequently, on 10 November 1992, Multrapac disposed its entire equity interest in our Company to Dato’ Hew and Lim Tzyh Chang as it decided to focus on other business venture. On 22 January 1997, Lim Tzyh Chang sold his entire equity in our Company to Soon Lai Lan as he planned to venture into his own logistic business. Our Promoters had, on 7 February 2014, fully controlled the entire equity interest in our Company subsequent to the disposal of Soon Lai Lan’s entire equity shareholdings in our Company to Datin Sam as she planned to retire from participating in the equity interest of our Company. Subsequently, our Company was converted into a public company and assumed our present name on 15 September 2017 to facilitate our listing on the ACE Market of Bursa Securities.

None of our former shareholders, namely Lee Gim Leong, Lee Ah Kim @ Lee Gim Kiat, Multrapac, Lim Tzyh Chang, Soon Lai Lan and/or persons connected to them has any family relationships with our Promoters.

Tri-Mode commenced sea freight operations in 1992 in a rented office in Jalan Cungah, Port Klang, Selangor Darul Ehsan, Malaysia, where our business comprised FCL and LCL shipments.

In the same year, we expanded our services to freight forwarding, which includes customs brokerage and container haulage services through third-party service providers. After our associate company, Atama, obtained its customs licence from the Customs as a forwarding agent in September 1994, all customs brokerage services undertaken by our Group were handled through Atama including customs clearance of imported and exported goods.

In 1996, we further expanded our scope of services via Tri-Mode Logistics, which was incorporated on 29 March 1996, whereby we began providing free zone warehousing services in North Port, for the consolidation, deconsolidation and transhipment of goods.

On 8 March 1999, Dato’ Hew and Datin Sam acquired Tri-Mode Penang to provide sea freight, air freight and freight forwarding services to our customers in the Northern region of Malaysia.

On 3 July 2000, NV Freights was incorporated by Dato’ Hew and Datin Sam to provide sea freight services. Our sea freight services under NV Freights were initially focused on LCL shipments, but over the years have evolved to providing both FCL and LCL shipments to our customers. In the same year, we set up our own air freight office and commenced air freight operations at the KLIA Cargo Complex.

After 2 years of our expansion in the Northern region, we further expanded our presence to the Southern region of Malaysia following the incorporation of Tri-Mode Johor in Johor Bahru, Malaysia on 31 May 2001 by Dato’ Hew and Datin Sam.

On 22 March 2002, Landbridge Haulage was incorporated to provide container haulage services but it remained dormant until it secured its haulage licence issued by Lembaga Pelesenan Kenderaan Perdagangan (now managed by SPAD) on 8 October 2008.

## 5. INFORMATION ON OUR GROUP (Cont'd)

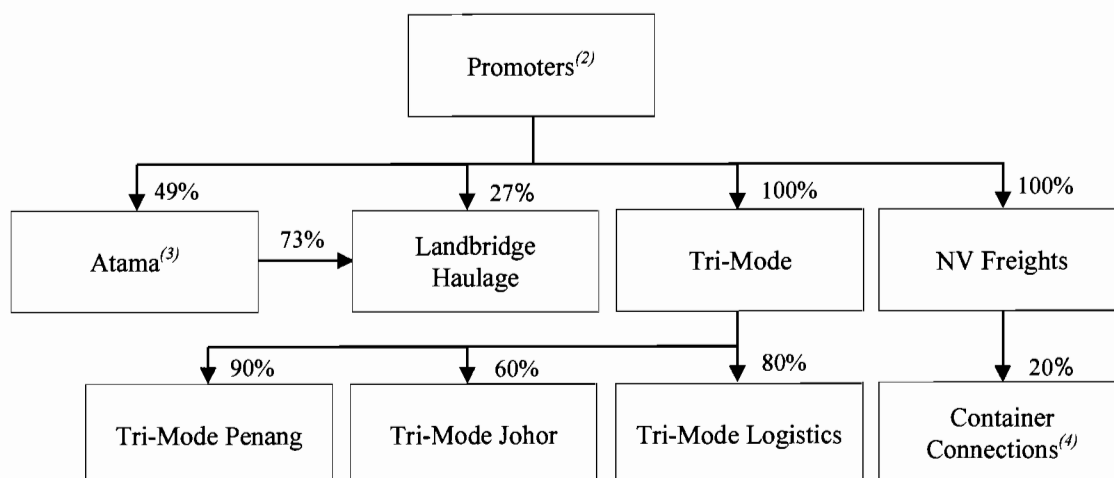
In 2008, NV Freights entered into an agreement to purchase Yard 1. Following that, Landbridge Haulage commenced operations in 2009 by providing container haulage services focusing primarily in the Central region of Malaysia using our own fleet of haulage vehicles.

In 2010, we moved our warehouse operations from North Port to West Port as we needed a larger warehouse to cater for our growing business. In 2011, NV Freights entered into an agreement to purchase Yard 2.

In 2016, our Group acquired the Pulau Indah Land for the purpose of setting up the Proposed HQ and Distribution Hub. Please refer to Sections 3.10 and 6.17 of this Prospectus for further details regarding the Proposed HQ and Distribution Hub.

Currently, our Company is an investment holding company and we also engage in the provision of freight and logistics services. Through our subsidiaries, we are a Malaysian based integrated logistics service provider, where our principal activities include provision of sea freight services, container haulage services, air freight services, freight forwarding services, warehousing services and marine insurance services. Please refer to Section 5.6 below for further details of the principal activities of our subsidiaries.

Our Group's corporate structure prior to the Pre-IPO Reorganisation, is set out below:



Notes:

- (1) *Multrapac is a customer of Mac-Nels which was served by Dato' Hew during his employment with the company.*
- (2) *With the exception of Datin Sam's 60.3% shareholdings in Tri-Mode and almost 100% shareholdings in NV Freights, the remaining shareholdings of the Promoters in our Group and Atama prior to the implementation of the Pre-IPO Reorganisation are held solely by Dato' Hew. Meanwhile, our Promoters do not hold directly any Container Connection Shares.*
- (3) *The remaining 51% Atama Shares are held directly by the Existing Bumiputera Shareholders, who are not nominee for any other parties, as follows:*

Name	No. of Shares	%
Yahya Suban bin Talib <sup>(a)</sup>	58,900	31.0
Murni binti Osman <sup>(b)</sup>	19,000	10.0
Muzlina binti Abd Hamid <sup>(c)</sup>	19,000	10.0
<b>Total</b>	<b>96,900</b>	<b>51.0</b>

- (a) *Yahya Suban bin Talib is a manager of Tri-Mode Logistics and a Non-Executive Director of Atama. He joined Tri-Mode Logistics since 1996 and was appointed as a Non-Executive Director of Atama since 2013.*



**5. INFORMATION ON OUR GROUP (Cont'd)**

- (b) *Murni binti Osman is an Executive Director cum import manager of Atama. Murni binti Osman has been employed with Atama since 1999 and was appointed as an Executive Director of Atama since 2015.*
- (c) *Muzlina binti Abd Hamid is a customer service manager of Tri-Mode and a Non-Executive Director of Atama. She joined Tri-Mode since 2006 and was appointed as a Non-Executive Director of Atama since 2015.*
- (4) *The remaining shares of Container Connections are held directly by Swift Haulage Sdn Bhd, Fabulous Global Link Sdn Bhd and Ong Chong Eng.*

**5.2 MAJOR MILESTONES AND AWARDS**

Our key milestones since incorporation are as follows:

<b>Year</b>	<b>Key Milestones</b>
1991	<ul style="list-style-type: none"> <li>• Incorporation of Tri-Mode on 19 November 1991</li> </ul>
1992	<ul style="list-style-type: none"> <li>• Tri-Mode commenced operations in 1992 providing FCL and LCL shipments, and freight forwarding</li> </ul>
1994	<ul style="list-style-type: none"> <li>• All our customs-related services are handled through our associate company, Atama, after Atama obtained its customs licence from Customs as a freight forwarding agent</li> </ul>
1996	<ul style="list-style-type: none"> <li>• Began offering free zone warehousing services in North Port</li> </ul>
1999	<ul style="list-style-type: none"> <li>• Commenced the provision of freight services in the Northern region of Malaysia</li> </ul>
2000	<ul style="list-style-type: none"> <li>• Set up air freight office and commenced air freight operations at the KLIA Cargo Complex</li> </ul>
2001	<ul style="list-style-type: none"> <li>• Expanded our presence in the Southern region of Malaysia</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Landbridge Haulage secured its haulage licence from Lembaga Perlesenan Kenderaan Perdagangan on 8 October 2008</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Began providing container haulage services using our own fleet in Peninsular Malaysia, focusing primarily in the Central region of Malaysia</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Moved from North Port to a larger warehouse in the Free Commercial Zone in West Port to cater to our growing warehousing business</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Purchase of Pulau Indah Land for the purpose of setting up the Proposed HQ and Distribution Hub</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Further expanded our warehouse operations with another warehouse in the Free Commercial Zone in North Port</li> <li>• Landbridge Haulage obtained a non-universal service licence to provide international inbound courier services. Please refer to Section 6.19(b) of this Prospectus for further details of the non-universal service licence</li> </ul>

**5. INFORMATION ON OUR GROUP (Cont'd)**

Our key awards are as follows:

<b>Year</b>	<b>Awards</b>	<b>Awarding Body</b>
2012	Grand Prize of Mercedes-Benz Commercial Vehicle Driver's League 2012	Mercedes-Benz Malaysia Sdn Bhd
2014	SME100 Awards 2014	Business Media International
2016	A-rating Forwarder for Forwarder Performance Rating 2016	Kraiburg TPE Technology (M) Sdn Bhd
2016	3 Star Rating for the Program SME Competitiveness Rating for Enhancement (SCORE)	SME Corporation Malaysia
2016	Driver Champion and League Champion	Mercedes-Benz Malaysia Sdn Bhd

**5.3 PRE-IPO REORGANISATION**

To facilitate our Listing, we have undertaken the following corporate exercises:

- (i) Subscription by Dato' Hew;
- (ii) Share Split;
- (iii) Landbridge Haulage Capitalisation;
- (iv) NV Freights Capitalisation;
- (v) Subscription by Third Party; and
- (vi) Acquisitions.

Further details of the Pre-IPO Reorganisation are as follows:

- (i) The Subscription by Dato' Hew which was completed on 30 January 2018, entails the subscription of 4,000,000 new Shares by Dato' Hew for a cash consideration of RM2,000,000 at an issue price of RM0.50 each in order to strengthen the share capital base of our Company. The cash consideration was funded via personal wealth of Dato' Hew. The proceeds from the Subscription by Dato' Hew was utilised as working capital for our Group. Upon completion of the Subscription by Dato' Hew, our share capital increased from 5,000,000 Shares to 9,000,000 Shares;
- (ii) The Share Split which was completed on 31 January 2018, entails the subdivision of every 2 Tri-Mode Shares as at 31 January 2018 into 21 Tri-Mode Shares, after the completion of the Subscription by Dato' Hew, in order to enlarge the share capital base (in terms of number of shares) to achieve a more affordable price per share for the IPO. The number of Shares held by our Promoters before and after the completion of the Share Split are as follows:

<b>Shareholders</b>	<b>No. of Tri-Mode Shares held after the Subscription by Dato' Hew</b>		<b>No. of Tri-Mode Shares held after the Share Split</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Dato' Hew	5,986,950	66.5	62,862,975	66.5
Datin Sam	3,013,050	33.5	31,637,025	33.5
<b>Total</b>	<b>9,000,000</b>	<b>100.0</b>	<b>94,500,000</b>	<b>100.0</b>

**5. INFORMATION ON OUR GROUP (Cont'd)**

- (iii) The Landbridge Haulage Capitalisation which was completed on 16 March 2018, after the Share Split, involving the following:
- (a) the capitalisation of RM1,213,000 amount owing by Landbridge Haulage to Dato' Hew via the issuance of 1,213,000 new Landbridge Haulage Shares to our Company and in return for the issuance of 2,426,000 Tri-Mode Shares to Dato' Hew at an issue price of RM0.50 each, in order to strengthen the share capital base of Landbridge Haulage and our Company as well as to settle the shareholder's advances provided by Dato' Hew. The said amount owing by Landbridge Haulage of RM1,213,000 was originally advanced by Dato' Hew to fund the container haulage operations; and
- (b) the capitalisation of RM5,287,000 amount owing by Landbridge Haulage to our Company via the issuance of 5,287,000 new Landbridge Haulage Shares to our Company, in order to strengthen the share capital base of Landbridge Haulage. The said amount owing by Landbridge Haulage of RM5,287,000 was recorded pursuant to the settlement of amount owing by Landbridge Haulage to Atama (being the former holding company of Landbridge Haulage prior to the Pre-IPO Reorganisation) against the amount owing by Atama to our Company. The said amount owing by Landbridge Haulage of RM5,287,000 was originally advanced by Atama to fund the container haulage operations, while concurrently there was cash advance by Tri-Mode to Atama for the said purpose as well as for Atama's working capital.

The share capital of Landbridge Haulage before and after the Landbridge Haulage Capitalisation is as follows:

Shareholders	No. of Landbridge Haulage Shares held before the Landbridge Haulage Capitalisation		No. of Landbridge Haulage Shares held after the Landbridge Haulage Capitalisation	
	No. of shares	%	No. of shares	%
Atama	2,190,000	73.0	2,190,000	23.1
Dato' Hew	810,000	27.0	810,000	8.5
Tri-Mode	-	-	6,500,000	68.4
<b>Total</b>	<b>3,000,000</b>	<b>100.0</b>	<b>9,500,000</b>	<b>100.0</b>

Upon completion of the Landbridge Haulage Capitalisation, our share capital increased from 94,500,000 Shares to 96,926,000 Shares. In addition, the Landbridge Haulage Capitalisation had resulted in Tri-Mode holding approximately 68.4% of the enlarged issued share capital of Landbridge Haulage;

- (iv) The NV Freights Capitalisation which entails the capitalisation of RM4,049,000 amount owing by our Company to Datin Sam via the issuance of 8,098,000 new Tri-Mode Shares to Dato' Hew, being the nominee of Datin Sam to receive such new Tri-Mode Shares, at an issue price of RM0.50 each which was completed on 16 March 2018. RM4,049,000 became amount owing by our Company to Datin Sam pursuant to a settlement between our Company, NV Freights and Datin Sam whereby same quantum of amount owing by our Company to NV Freights was contra against the equivalent amount owing by NV Freights to Datin Sam. The amount owing by NV Freights to Datin Sam arose from the dividend payable by NV Freights to Datin Sam which was declared on 30 December 2016, amounting to RM4,049,960.

The NV Freights Capitalisation was undertaken to strengthen the share capital base of NV Freights. Upon completion of the NV Freights Capitalisation, our share capital increased from 96,926,000 Shares to 105,024,000 Shares;

## 5. INFORMATION ON OUR GROUP (Cont'd)

- (v) The Subscription by Third Party which was completed on 20 March 2018 entails the issuance of 1,000 new Shares for a cash consideration of RM500 at an issue price of RM0.50 each to Loo Soo Woi, being an independent individual i.e. not a person connected to nor has any direct relationship with our Promoters, Directors and substantial shareholders. The Subscription by Third Party was undertaken to enable an independent shareholder to approve the Acquisitions, after the Share Split.

Pursuant to the Act, the approval of non-interested shareholder of our Company namely Loo Soo Woi, being the only non-interested shareholders of our Company is required for the implementation of the Pre-IPO Reorganisation, particularly in relation to the Acquisitions. In compliance with Sections 228(2)(b) and 228(4) of the Act, Dato' Hew and Datin Sam, being the interested shareholders, shall abstain from voting in the relevant shareholders' resolution pertaining to the Pre-IPO Reorganisation. Loo Soo Woi, being the independent shareholder, has on 21 March 2018 approved the implementation of the Acquisitions.

Upon completion of the Subscription by Third Party, our share capital increased from 105,024,000 Shares to 105,025,000 Shares;

- (vi) Pursuant to the Acquisitions, our Company has on 12 September 2017 entered into 6 share purchase agreements to acquire the equity interest in Tri-Mode Penang, Tri-Mode Johor, Tri-Mode Logistics, NV Freights, Landbridge Haulage and Atama. The purchase consideration for the Acquisitions will be satisfied entirely via issuance of new Tri-Mode Shares. The details of the Acquisitions are as follows:

- (a) Our Company has entered into a conditional share purchase agreement with Dato' Hew to acquire of 10,000 Tri-Mode Penang Shares (representing 10.0% of the issued share capital in Tri-Mode Penang) from Dato' Hew, for a purchase price of RM209,000 satisfied entirely via the issuance of 418,000 new Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share. The purchase price represents approximately 1.0 time of 10.0% of the audited NA of Tri-Mode Penang of RM208,545 as at 31 December 2016, which is equivalent to approximately 10% of the existing NBV of the assets of Tri-Mode Penang. The audited NA of Tri-Mode Penang as at 31 December 2016 of RM2,085,445. Our Company has held the remaining 90% of the issued share capital in Tri-Mode Penang prior to 2017;
- (b) Our Company has entered into a conditional share purchase agreement with Dato' Hew to acquire of 20,000 Tri-Mode Johor Shares (representing 40.0% of the issued share capital in Tri-Mode Johor) from Dato' Hew, for a purchase price of RM240,000 satisfied entirely via the issuance of 480,000 new Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share. The purchase price represents approximately 1.0 time of 40.0% of the audited NA of Tri-Mode Johor of RM239,160 as at 31 December 2016, which is equivalent to approximately 40% of the existing NBV of the assets of Tri-Mode Johor. The audited NA of Tri-Mode Johor as at 31 December 2016 of RM597,900. Our Company has held the remaining 60% of issued share capital in Tri-Mode Johor prior to 2017;
- (c) Our Company has entered into a conditional share purchase agreement with Dato' Hew to acquire of 2,000 Tri-Mode Logistics Shares (representing 20.0% of the issued share capital in Tri-Mode Logistics) from Dato' Hew, for a purchase price of RM175,000 satisfied entirely via the issuance of 350,000 Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share. The purchase price represents approximately 1.0 time of 20.0% of the audited NA of Tri-Mode Logistics of RM174,783 as at 31 December 2016, which is equivalent to approximately 20% of the existing NBV of the assets of Tri-Mode Logistics. The audited NA of Tri-Mode Logistics as at 31 December 2016 is RM873,916. Our Company has held the remaining 80% of the issued share capital in Tri-Mode Logistics prior to 2017;

**5. INFORMATION ON OUR GROUP (Cont'd)**

- (d) Our Company has entered into a conditional share purchase agreement with Dato' Hew and Datin Sam to acquire 100,000 NV Freights Shares (representing the entire issued share capital in NV Freights) from Dato' Hew and Datin Sam, for a total purchase price of RM1,500,000 satisfied entirely via the issuance of 3,000,000 new Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share, details of which are set out below:

<u>Vendors</u>	<u>No. of NV Freights Shares acquired</u>	<u>% of issued share capital in NV Freights</u>	<u>Purchase price</u> RM	<u>No. of Tri-Mode Shares issued</u>
Dato' Hew	1	0.001	15	30
Datin Sam	99,999	99.999	1,499,985	2,999,970 <sup>(1)</sup>
	<u>100,000</u>	<u>100.000</u>	<u>1,500,000</u>	<u>3,000,000</u>

Note:

- (1) Pursuant to a letter of nomination dated 18 September 2017, Datin Sam has nominated Dato' Hew to receive 959,970 new Tri-Mode Shares out of the 2,999,970 new Tri-Mode Shares to be issued to Datin Sam by our Company. With the nomination arrangement, the new Tri-Mode Shares which our Company will issue as consideration for the Acquisition of NV Freights will be issued to Dato' Hew and Datin Sam in the following proportion:

<u>Vendors</u>	<u>No. of Tri-Mode Shares</u>
Dato' Hew	960,000
Datin Sam	2,040,000

The purchase price represents approximately 1.0 time of the audited NA of NV Freights of RM1,441,983 as at 31 December 2016, which is approximately equivalent to the existing NBV of the assets of NV Freights;

- (e) Our Company has entered into a conditional share purchase agreement with Dato' Hew and Atama to acquire of 3,000,000 Landbridge Haulage Shares (representing approximately 31.6% of the enlarged issued share capital in Landbridge Haulage) by our Company from Dato' Hew and Atama for a total purchase price of RM6,300,000 satisfied entirely via the issuance of 12,600,000 new Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share ("Consideration Shares"), details of which are set out below:

<u>Vendors</u>	<u>No. of Landbridge Haulage Shares acquired</u>	<u>% of issued share capital of Landbridge Haulage <sup>(1)</sup></u>	<u>% of issued share capital of Landbridge Haulage <sup>(2)</sup></u>	<u>Purchase price</u> RM	<u>No. of Tri-Mode Shares issued</u>
Dato' Hew	810,000	27.0	8.5	1,701,000	3,402,000
Atama	2,190,000	73.0	23.1	4,599,000	9,198,000 <sup>(3)</sup>
	<u>3,000,000</u>	<u>100.0</u>	<u>31.6</u>	<u>6,300,000</u>	<u>12,600,000</u>

Notes:

- (1) Based on the issued share capital in Landbridge Haulage before the Landbridge Haulage Capitalisation of RM3,000,000.

**5. INFORMATION ON OUR GROUP (Cont'd)**

- (2) Based on the issued share capital in Landbridge Haulage after the Landbridge Haulage Capitalisation of RM9,500,000 as disclosed in Section 5.3(iii) of this Prospectus.
- (3) Pursuant to the share purchase agreement dated 12 September 2017 between Atama and Dato' Hew as the vendors and our Company as the purchaser in connection with the Acquisition of Landbridge Haulage, 6,570,000 Tri-Mode Shares out of the Atama's Consideration Shares had been issued to the following as nominated by Atama, in proportion to their respective shareholdings in Atama prior to the completion of the Acquisition of Atama:

<b>Shareholders</b>	<b>No. of Atama Shares held</b>	<b>% of Atama Shares held</b>	<b>No of Tri-Mode Shares</b>
Dato' Hew	93,100	49.0	3,219,300
Murni Binti Osman	19,000	10.0	657,000
Muzlina Binti Abd Hamid	19,000	10.0	657,000
Yahya Suban Bin Talib	58,900	31.0	2,036,700
<b>Total</b>	<b>190,000</b>	<b>100</b>	<b>6,570,000</b>

The remaining Atama's Consideration Shares of 2,628,000 Tri-Mode Shares were retained by Atama. Atama has informed of its intention to distribute or allocate such number of Tri-Mode Shares to its employees, the details of which is yet to be determined.

The purchase price represents approximately 1.0 time of 31.6% of the proforma NA of Landbridge Haulage of RM6,293,992 as at 31 December 2016\* after completion of the Landbridge Haulage Capitalisation (which resulted in Tri-Mode holding approximately 68.4% of the enlarged issued share capital in Landbridge Haulage), details of which are set out in Section 5.3(iii) of this Prospectus. The proforma audited NA of Landbridge Haulage as at 31 December 2016 and after completion of the Landbridge Haulage Capitalisation is RM19,917,696, which is equivalent to approximately 68.4% of the proforma NBV of the assets of Landbridge Haulage; and

Note:

- \* Based on the audited accounts of Landbridge Haulage for the FYE 31 December 2016 dated 16 June 2017 before taking into the effect of the prior year adjustments reflected in the audited account of Landbridge Haulage in respect of the net carrying amounts and depreciation expenses of prime movers and trailers when accounted for the change in respective useful lives and residual values of the prime movers and trailers in Landbridge Haulage, which was occurred during the FYE 31 December 2015.

Our Company has entered into a conditional share purchase agreement with Dato' Hew to acquire of 93,100 Atama Shares (representing approximately 49.0% of the issued share capital in Atama) by our Company from Dato' Hew for a purchase price of RM460,000 satisfied entirely via the issuance of 920,000 Tri-Mode Shares at an issue price of RM0.50 for each Tri-Mode Share. The purchase price represents approximately 1.0 time of 49.0% of the audited NA of Atama of RM455,207 as at 31 December 2016, which is equivalent to approximately 49% of the existing NBV of the assets of Atama. The audited NA of Atama as at 31 December 2016 is RM928,993.

After completion of the Pre-IPO Reorganisation, Atama will become the associate company of Tri-Mode Group only. In accordance with the requirements imposed by the Customs on the licence held by Atama as a forwarding agent, the Bumiputera's participation in Atama shall not in any event less than 51% (i.e. shareholders, directors, key management and support staffs). As such, any further increase of Tri-Mode's shareholdings in Atama will result in a non-compliance by Atama of its 51% Bumiputera's equity condition imposed by the said licence.

## 5. INFORMATION ON OUR GROUP (Cont'd)

The above Pre-IPO Reorganisation is not conditional upon the approval of the Listing by the relevant authorities. The Acquisitions were completed by us on 26 March 2018 subsequent to the fulfilment of conditions precedent pursuant to the share purchase agreements as disclosed in Section 14.4 of this Prospectus. Please refer to Section 14.4 of this Prospectus for the salient terms of the Acquisitions.

Upon completion of the Acquisitions, Tri-Mode Penang, Tri-Mode Johor, Tri-Mode Logistics, NV Freights and Landbridge Haulage became our wholly-owned subsidiaries, while Atama and Container Connections became our associate companies.

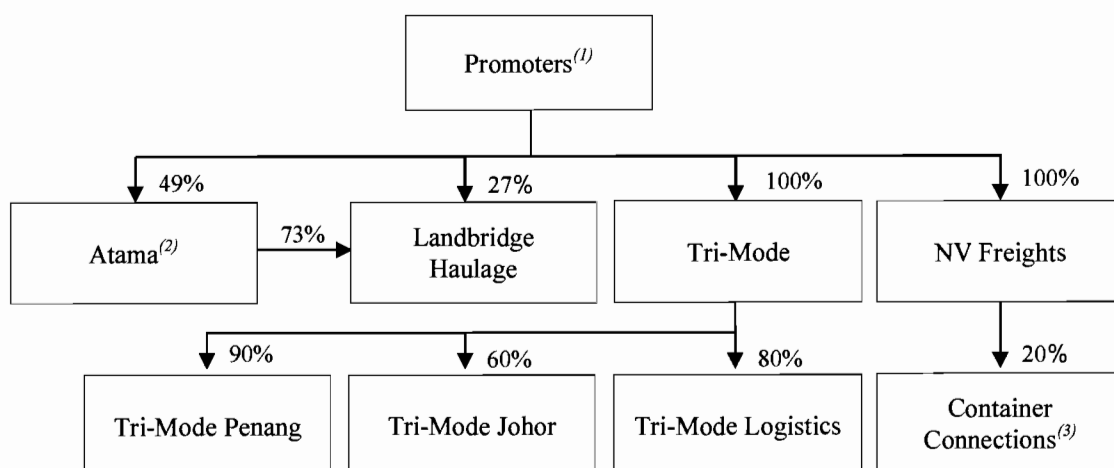
Container Connections, an associate company of NV Freights prior to the completion of the Acquisitions, has been excluded from the Acquisitions due to the following reasons:

- (a) Dato' Hew only has minority interests via NV Freights in Container Connections, holding 20% equity interest which he does not have control over the other shareholders in Container Connections as they are not related to the Promoters; and
- (b) the principal activities of Container Connections are not related to the core businesses of Tri-Mode Group.

There is presently no plan or intention to change the business directions and principal activities of our Group save for the future plans and strategies as disclosed in Section 6.17 of this Prospectus.

### 5.4 GROUP STRUCTURE

Our Group's corporate structure prior to the Pre-IPO Reorganisation, is set out below:



Notes:

- (1) With the exception of Datin Sam's 60.3% shareholdings in Tri-Mode and almost 100% shareholdings in NV Freights, the remaining shareholdings of the Promoters in our Group and Atama prior to the implementation of the Pre-IPO Reorganisation are held solely by Dato' Hew. Meanwhile, our Promoters do not hold directly any Container Connection Shares.
- (2) The remaining 51% Atama Shares are held directly by the Existing Bumiputera Shareholders, who are not nominee for any other parties, as follows:

Name	No. of Shares	%
Yahya Suban bin Talib <sup>(a)</sup>	58,900	31.0
Murni binti Osman	19,000	10.0
Muzlina binti Abd Hamid <sup>(b)</sup>	19,000	10.0
<b>Total</b>	<b>96,900</b>	<b>51.0</b>

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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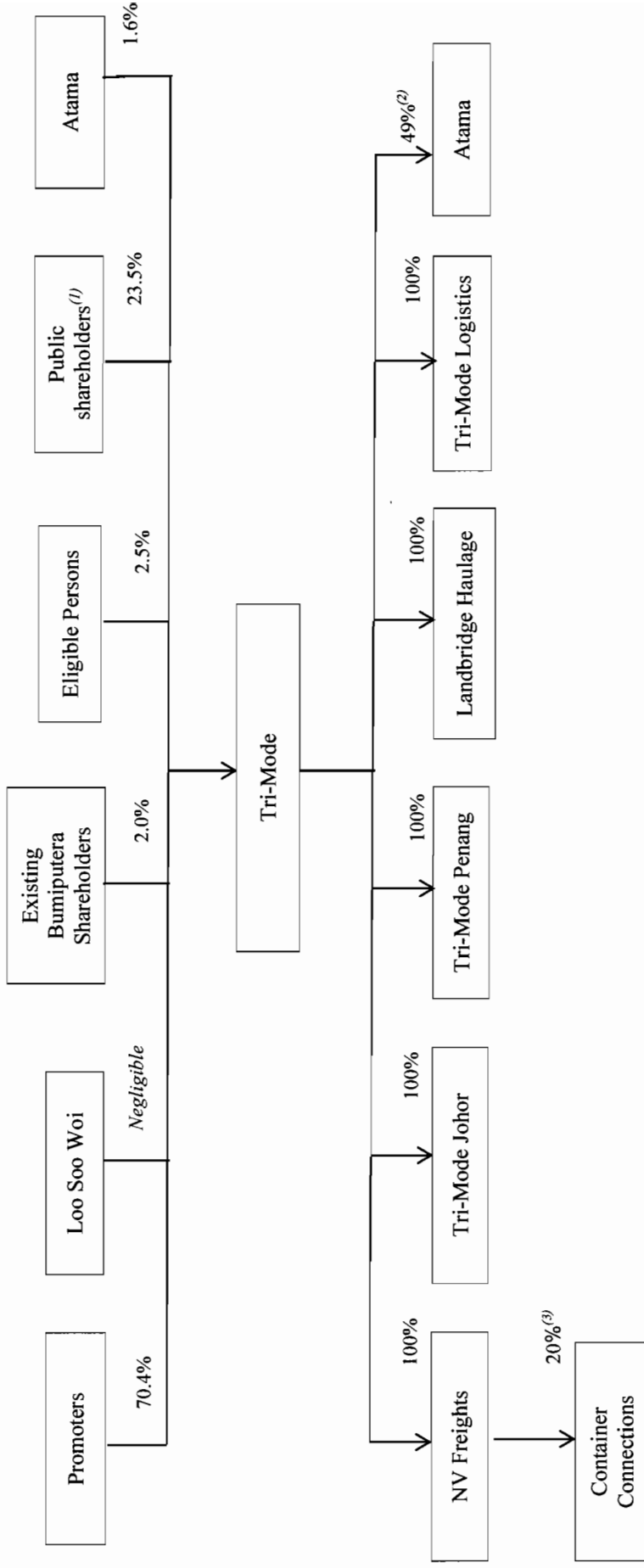
- (a) *Yahya Suban bin Talib is a manager of Tri-Mode Logistics and a Non-Executive Director of Atama. He joined Tri-Mode Logistics since 1996 and was appointed as a Non-Executive Director of Atama since 2013.*
  - (b) *Murni binti Osman is an Executive Director cum import manager of Atama. Murni binti Osman has been employed with Atama since 1999 and was appointed as an Executive Director of Atama since 2015.*
  - (c) *Muzlina binti Abd Hamid is a customer service manager of Tri-Mode and a Non-Executive Director of Atama. She joined Tri-Mode since 2006 and was appointed as a Non-Executive Director of Atama since 2015.*
- (3) *The remaining shares of Container Connections are held directly by Swift Haulage Sdn Bhd, Fabulous Global Link Sdn Bhd and Ong Chong Eng.*

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**5. INFORMATION ON OUR GROUP (Cont'd)**

Our Group's corporate structure upon the Listing is set out below:



Notes:

- (1) Via Institutional Offering and public balloting.
- (2) The remaining 51% Atama Shares are held directly by the Existing Bumiputera Shareholders, who are not nominee for any other parties. As there is no shareholder agreement entered into between the shareholders of Atama, any business decision and/or dispute which require the shareholders' attention will be decided/ resolved based on the provision of the Act and the constitution of Atama (i.e., voting by poll).
- (3) The remaining shares of Container Connections are held directly by Swift Haulage Sdn Bhd, Fabulous Global Link Sdn Bhd and Ong Chong Eng.

## 5. INFORMATION ON OUR GROUP (Cont'd)

Upon completion of the Pre-IPO Reorganisation, the Promoters will hold all the subsidiaries and associate companies of our Group through Tri-Mode which will be the listed company on the ACE Market of Bursa Securities. The remaining shareholdings in Atama and Container Connections will be held by the other non-related shareholders as mentioned above.

The shareholding structure of Tri-Mode upon Listing is tabulated as follows:

	No. of Tri-Mode Shares to be held	% <sup>(1)</sup>
Promoters	116,813,300	70.4
Loo Soo Woi <sup>(2)</sup>	1,000	Neg.
Eligible Persons (inclusive of Independent Directors)	4,197,000	2.5
Existing Bumiputera Shareholders <sup>(3)</sup>	3,350,700	2.0
Atama <sup>(3)(4)</sup>	2,628,000	1.6
Public shareholders via Institutional Offering and public balloting <sup>(5)</sup>	39,010,000	23.5
<b>Total</b>	<b>166,000,000</b>	<b>100.0</b>

Notes:

Neg. Negligible

(1) Based on our enlarged issued share capital of 166,000,000 Shares after our IPO.

(2) The introduction of an independent shareholder, namely Loo Soo Woi is required to approve the Acquisitions pursuant to Sections 228(2)(b) and 228(4) of the Act. Please refer to Section 5.3(v) of this Prospectus for further details.

(3) Pursuant to the Acquisition of Landbridge Haulage.

(4) Atama is not a promoter of our Company as it is our associate company and a shareholder of our Company which hold less than 5% of equity interest in our Company.

(5) Public shareholders via Institutional Offering and public balloting are as follow:

	No. of Tri-Mode Shares	% <sup>(a)</sup>
<b><u>Retail Offering</u></b>		
Malaysian Public (via balloting)		
• Bumiputera	4,150,000	2.5
• Non-Bumiputera	4,150,000	2.5
<b><u>Institutional offering</u></b>		
Private placement to institutional and selected investors	24,900,000	15.0
Bumiputera investors approved by MITI (via placement)	5,810,000	3.5
<b>Total</b>	<b>39,010,000</b>	<b>23.5</b>

### 5.5 SHARE CAPITAL

As at the date of this Prospectus, our issued share capital is RM21,146,500 comprising 122,793,000 Shares. Upon completion of our IPO, our enlarged issued share capital will be increased to RM47,502,770 comprising 166,000,000 Shares after the issuance of 43,207,000 IPO Shares.

**5. INFORMATION ON OUR GROUP (Cont'd)**

The changes in our issued share capital since the date of our incorporation and up to the date of this Prospectus are set out below:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Consideration</u>	<u>Issued share capital</u> RM	<u>Cumulative issued share capital</u> RM
19 November 1991	2	Cash	2	2
9 April 1992	99,998	Cash	99,998	100,000
8 December 1992	50,000	Cash	50,000	150,000
10 March 1995	50,000	Cash	50,000	200,000
29 February 1996	100,000	Cash	100,000	300,000
22 October 2015	4,700,000	Other than cash <sup>(1)</sup>	4,700,00	5,000,000
30 January 2018	4,000,000	Cash <sup>(2)</sup>	2,000,00	7,000,000
31 January 2018	85,500,000 <sup>(3)</sup>	Not applicable <sup>(3)</sup>	-	7,000,000
16 March 2018	8,098,000	Other than cash <sup>(4)</sup>	4,049,000	11,049,000
16 March 2018	2,426,000	Other than cash <sup>(5)</sup>	1,213,000	12,262,000
20 March 2018	1,000	Cash <sup>(6)</sup>	500	12,262,500
26 March 2018	17,768,000	Other than cash <sup>(7)</sup>	8,884,000	21,146,500
	<b>122,793,000</b>			

Notes:

- (1) Issuance of bonus shares to existing shareholders through capitalisation of RM4,700,000 from the retained earnings account on the basis of 47 bonus shares for every 3 existing ordinary shares held.
- (2) Issuance of 4,000,000 new Tri-Mode Shares at RM0.50 each pursuant to the Subscription by Dato' Hew.
- (3) Issued pursuant to the Share Split.
- (4) Issuance of 8,098,000 new Tri-Mode Shares at RM0.50 each pursuant to the NV Freights Capitalisation.
- (5) Issuance of 2,426,000 new Tri-Mode Shares at RM0.50 each pursuant to the Landbridge Haulage Capitalisation.
- (6) Issuance of 1,000 new Tri-Mode Shares at RM0.50 each pursuant to the Subscription by Third Party.
- (7) Issuance of 17,768,000 new Tri-Mode Shares at RM0.50 each pursuant to the Acquisitions.

Our issued share capital as at 31 December 2015, 31 December 2016 and 31 December 2017 is as follows:

	<u>No. of Shares</u>	<u>Issued share capital</u> RM
As at 31 December 2015	5,000,000	5,000,000
As at 31 December 2016	5,000,000	5,000,000
As at 31 December 2017	5,000,000	5,000,000

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

**5. INFORMATION ON OUR GROUP (Cont'd)****5.6 SUBSIDIARIES**

As at the date of this Prospectus, our subsidiaries are as follows:

<u>Name</u>	<u>Registration no.</u>	<u>Date/ Country of incorporation</u>	<u>Issued share capital</u> RM	<u>Effective equity interest</u> %	<u>Principal activities</u>
Landbridge Haulage	574659-P	22 March 2002/ Malaysia	9,500,000	100	Provision of container haulage services
NV Freights	518832-V	3 July 2000/ Malaysia	100,000	100	Provision of international freight forwarding services and acts as general insurance agent
Tri-Mode Penang	477149-D	11 February 1999/ Malaysia	100,000	100	Provision of international freight forwarding services
Tri-Mode Johor	549088-K	31 May 2001/ Malaysia	50,000	100	Provision of international freight forwarding services
Tri-Mode Logistics	381754-H	29 March 1996/ Malaysia	10,000	100	Provision of warehousing services

The principal place of activities of our subsidiaries are in Malaysia.

Save as disclosed above, we do not have any other subsidiary as at the date of this Prospectus. None of our subsidiaries is dormant as at the date of this Prospectus.

**5.6.1 Landbridge Haulage****(a) History and Business**

Landbridge Haulage was incorporated in Malaysia under the Companies Act 1965 on 22 March 2002 under its present name. Landbridge Haulage mainly provides container haulage services and commenced business in 2009.

**(b) Issued Share Capital**

As at the LPD, the share capital of Landbridge Haulage is RM9,500,000 comprising 9,500,000 Landbridge Haulage Shares.

The changes in the issued share capital of Landbridge Haulage for the past 3 years preceding the LPD are set out below:

<u>Date of allotment</u>	<u>No. of Landbridge Haulage Shares allotted</u>	<u>Consideration</u>	<u>Cumulative issued share capital</u> RM
16 March 2018	6,500,000	Other than cash <sup>(1)</sup>	9,500,000

Note:

(1) Issued pursuant to the Landbridge Haulage Capitalisation.

## 5. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Landbridge Haulage.

**(c) Shareholders**

As a result of the Acquisition of Landbridge Haulage which was completed on 26 March 2018, Landbridge Haulage is a wholly-owned subsidiary of our Company.

**(d) Subsidiary and Associate Company**

As at the LPD, Landbridge Haulage does not have any subsidiary or associate company.

### 5.6.2 NV Freights

**(a) History and Business**

NV Freights was incorporated in Malaysia under the Companies Act 1965 on 3 July 2000 as a private limited company under its present name. NV Freights mainly provides international freight forwarding services, and commenced its business in 2000.

**(b) Issued Share Capital**

As at the LPD, the issued share capital of NV Freights is RM100,000 comprising 100,000 NV Freights Shares.

There are no changes in the issued share capital of NV Freights for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in NV Freights.

**(c) Shareholders**

As a result of the Acquisition of NV Freights which was completed on 26 March 2018, NV Freights is a wholly-owned subsidiary of our Company.

**(d) Subsidiary and Associate Company**

As at the LPD, NV Freights has a 20% owned associate company, namely Container Connections. Save for Container Connections, it does not have any subsidiary company or associate company.

### 5.6.3 Tri-Mode Penang

**(a) History and Business**

Tri-Mode Penang was incorporated in Malaysia under the Companies Act 1965 on 11 February 1999 as a private limited company under the name of Nation Carriage Sdn Bhd. On 22 March 1999, Nation Carriage Sdn Bhd changed its name to Tri-Mode Concord (Penang) Sdn Bhd before assuming its present name on 15 September 2004. Tri-Mode Penang mainly provides international freight forwarding services and commenced its business in 1999.

**5. INFORMATION ON OUR GROUP (Cont'd)**

**(b) Issued Share Capital**

As at the LPD, the issued share capital of Tri-Mode Penang is RM100,000 comprising 100,000 Tri-Mode Penang Shares.

There are no changes in the issued share capital of Tri-Mode Penang for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tri-Mode Penang.

**(c) Shareholders**

As a result of the Acquisition of Tri-Mode Penang which was completed on 26 March 2018, Tri-Mode Penang is a wholly-owned subsidiary of our Company.

**(d) Subsidiary and Associate Company**

As at the LPD, Tri-Mode Penang does not have any subsidiary or associate company.

**5.6.4 Tri-Mode Johor**

**(a) History and Business**

Tri-Mode Johor was incorporated in Malaysia under the Companies Act 1965 on 31 May 2001 under the name of Tri-Mode Concord (JB) Sdn Bhd. On 26 November 2004, Tri-Mode Concord (JB) Sdn Bhd changed its name to its present name. Tri-Mode Johor mainly provides international freight forwarding services and commenced its business in 2001.

**(b) Issued Share Capital**

As at the LPD, the issued share capital of Tri-Mode Johor is RM50,000 comprising 50,000 Tri-Mode Johor Shares.

There are no changes in the issued share capital of Tri-Mode Johor for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tri-Mode Johor.

**(c) Shareholders**

As a result of the Acquisition of Tri-Mode Johor which was completed on 26 March 2018, Tri-Mode Johor is a wholly-owned subsidiary of our Company.

**(d) Subsidiary and Associate Company**

As at the LPD, Tri-Mode Johor does not have any subsidiary or associate company.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.5 Tri-Mode Logistics

#### (a) History and Business

Tri-Mode Logistics was incorporated in Malaysia under the Companies Act 1965 on 29 March 1996 and is deemed registered under the Act as a private limited company under its present name. Tri-Mode Logistics mainly provides warehousing services and commenced its business in 1996.

#### (b) Issued Share Capital

As at the LPD, the issued share capital of Tri-Mode Logistics is RM10,000 comprising 10,000 Tri-Mode Logistics Shares.

There are no changes in the issued share capital of Tri-Mode Logistics for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tri-Mode Logistics.

#### (c) Shareholders

As a result of the Acquisition of Tri-Mode Logistics which was completed on 26 March 2018, Tri-Mode Logistics is a wholly-owned subsidiary of our Company.

#### (d) Subsidiary and Associate Company

As at the LPD, Tri-Mode Logistics does not have any subsidiary or associate company.

## 5.7 ASSOCIATE COMPANIES

As at the date of this Prospectus, our associate companies are as follows:

<u>Name</u>	<u>Registration no.</u>	<u>Date/ country of incorporation</u>	<u>Issued share capital</u> RM	<u>Effective equity Interest</u> %	<u>Principal activities</u>
Atama	252348-T	7 November 1992/ Malaysia	190,000	49	Provision of freight forwarding services
Container Connections	878678-K	11 November 2009/ Malaysia	2,350,000	20	Provision of storing, cleaning, and repairing all types of containers and related products

The principal place of activities of our associated companies are in Malaysia.

Save as disclosed above, we do not have any other associate company as at the date of this Prospectus. None of our associate companies is dormant as at the date of this Prospectus.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.1 Atama

#### (a) History and Business

Atama was incorporated in Malaysia under the Companies Act 1965 on 7 November 1992 and is deemed registered under the Act as a private limited company under its present name. Atama commenced business in 1993 and currently mainly provides freight forwarding services.

#### (b) Issued Share Capital

As at the LPD, the issued share capital of Atama is RM190,000 comprising 190,000 Atama Shares.

There are no changes in the issued share capital of Atama for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Atama.

#### (c) Shareholders and Directors

Upon completion of the Acquisitions, Atama is our associate company and the shareholders of Atama are as follows:

Shareholder	No. of Atama Shares	%
Tri-Mode	93,100	49.0
Yahya Suban Bin Talib	58,900	31.0
Muzlina Binti Abd Hamid	19,000	10.0
Murni Binti Osman	19,000	10.0

As at the LPD, the directors of Atama are Dato' Hew, Ishak Bin Abdul Talib, Yahya Suban Bin Talib, Murni Binti Osman and Muzlina Binti Abd Hamid.

Save for Yahya Suban Bin Talib and Muzlina Binti Abd Hamid who are employees of our Group and Dato' Hew who is our Promoter, substantial shareholder and Director, none of the other shareholders (other than Tri-Mode) and directors of Atama has any relationship with our Group.

#### (d) Subsidiary and Associate Company

As at the LPD, Atama does not have any subsidiary or associate company.

### 5.7.2 Container Connections

#### (a) History and Business

Container Connections was incorporated in Malaysia under the Companies Act 1965 on 11 November 2009 and is deemed registered under the Act as a private limited company under the name of Container Connections (PK) Sdn Bhd. On 23 November 2009, Container Connections (PK) Sdn Bhd changed its name to its present name. Container Connections mainly provides storing, cleaning, and repairing all types of containers and related products. Container Connections commenced its business in 2010.



**5. INFORMATION ON OUR GROUP (Cont'd)****(b) Issued Share Capital**

As at the LPD, the issued share capital of Container Connections is RM2,350,000 comprising 2,350,000 ordinary shares.

There are no changes in the issued share capital of Container Connections for the past 3 years preceding the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Container Connections.

**(c) Shareholders and Directors**

As at 23 March 2018, Container Connections is our associate company and the shareholders of Container Connections are as follows:

Shareholder	No. of shares	%
NV Freights	470,000	20.0
Swift Haulage Sdn Bhd <sup>(1)</sup>	1,210,000	51.5
Fabulous Global Link Sdn Bhd <sup>(2)</sup>	470,000	20.0
Ong Chong Eng	200,000	8.5

Notes:

(1) Based on the search conducted at the CCM as at 23 March 2018, the corporate shareholders and directors of Swift Haulage Sdn Bhd are as follows:

(i) Corporate shareholders of Swift Haulage Sdn Bhd:

1. Laserforms Sdn Bhd;
2. Glory Portfolio Sdn Bhd;
3. Persada Bina Sdn Bhd;
4. Kenanga Nominees (Tempatan) Sdn Bhd;
5. Bluefin Bidco Limited;
6. Kumpulan Wang Persaraan (Diperbadankan); and
7. Angka Dayamas Sdn Bhd.

(The above shareholders hold in aggregate 99.9% of shareholding in Swift Haulage Sdn Bhd. The rest of the shareholding is held by an individual.)

(ii) Directors of Swift Haulage Sdn Bhd:

1. Dato' Md Yusoff @ Mohd Yusoff Bin Jaafar;
2. Zulkifli Bin Sarkam;
3. Syed Mohd Isa Bin Syed Mahdhar;
4. Loo Yong Hui; and
5. Srisant Chitvaranund.

(2) Based on the search conducted at the CCM as at 23 March 2018, the shareholding of Fabulous Global Link Sdn Bhd is held by 2 individuals and its directors are as follows:

(i) Directors of Fabulous Global Link Sdn Bhd:

1. Yap Sze Kam; and
2. Neo Poh Gek Nancy.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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As at the LPD, the directors of Container Connections are Dato' Hew, Ong Chong Eng and Loo Yong Hui.

Save for Dato' Hew who is our Promoter, substantial shareholder and Director, none of the other shareholders (other than NV Freights) and directors of Container Connections has any relationship with our Group. In addition, none of the corporate shareholders and directors of Swift Haulage Sdn Bhd and Fabulous Global Link Sdn Bhd has any relationship with our Group.

**(d) Subsidiary and Associate Company**

As at the LPD, Container Connections does not have any subsidiary or associate company.

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## 6. BUSINESS OVERVIEW

### 6.1 OVERVIEW

Our Group is a Malaysian-based integrated logistics service provider, where our principal business activities are the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

For the FYE 31 December 2017, our sea freight services accounted for 59.0% of our Group's audited combined revenue, followed by container haulage services at 34.2% and other business activities at 6.8%.

Our customers mainly consist of local and multinational companies, and importers and exporters from various industries which include textiles, insulation materials, paper products, gloves, building materials, plastic products, automotive parts, packaging materials, rubber products, furniture, home and electronic appliances, chemical products and edible oils.

Our revenue contribution analysed by industry for the FYE 31 December 2016 and FYE 31 December 2017<sup>(1)</sup> is as follows:

Industry	% of our Group's revenue	
	FYE 31 December 2016	FYE 31 December 2017
Packaging materials	12.4	11.6
Textile related products	9.1	8.0
Rubber related products	3.8	6.3
Chemical products	4.2	5.7
Building construction materials	10.7	5.5
Food and beverages	3.6	3.0
Edible oils	1.6	2.7
Furniture and related products	1.6	2.4
Electrical and electronic products	3.0	2.2
Others <sup>(2)</sup>	33.8	36.3
Unallocated revenue <sup>(3)</sup>	16.2	16.3
	<b>100.0</b>	<b>100.0</b>

Notes:

- (1) Information regarding the revenue contribution analysed by industry for the FYE 31 December 2015 is not available as we did not track such records in the prior years.
- (2) Inclusive of products such as automotive parts, timber products, minerals, metal ingots, paper products, resin and machineries and parts.
- (3) Unallocated revenue comprises customers from various industries which consignments are secured through overseas' agents, as well as cash customers.

Our revenue contributions analysed by geographical locations (in percentage based on our Group's revenue) for the financial years under review are as follows:

Location	FYE 31 December		
	2015 %	2016 %	2017 %
Malaysia	89.6	91.3	91.3
Asia (outside Malaysia)	3.4	3.5	3.7
Europe	1.4	1.3	3.4
Australasia	3.3	2.4	1.2
North America	1.6	1.1	0.4
Africa	0.1	0.3	*
Central and South America	0.6	0.1	*
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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**6. BUSINESS OVERVIEW (Cont'd)**

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*Note:*

\* *Less than 0.1%*

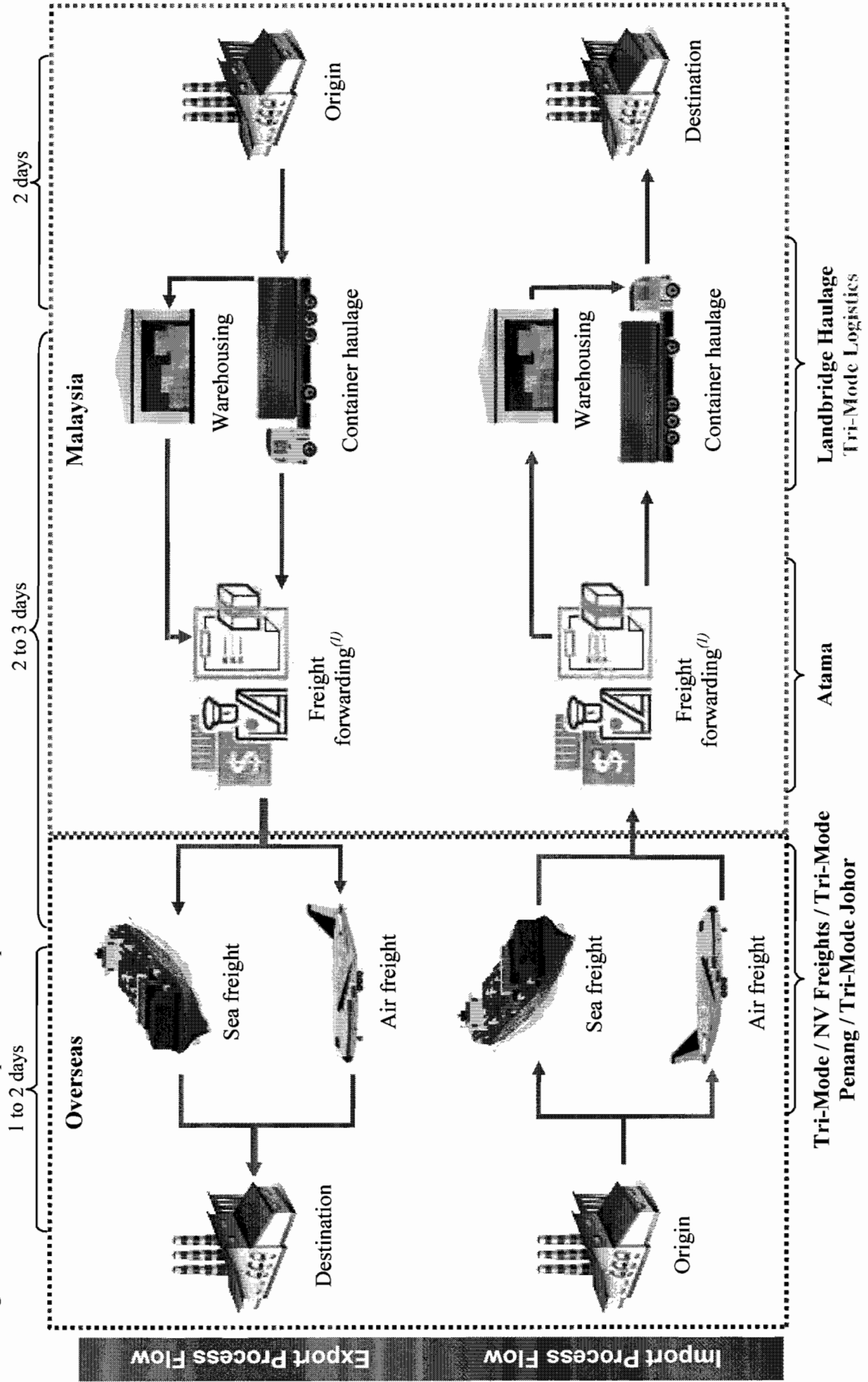
**6.2 PRINCIPAL ACTIVITIES AND SERVICES**

Our Group is principally involved in the provision of integrated logistics services, where we carry out the provision of sea freight services, container haulage services, air freight services, freight forwarding services, warehousing services and marine insurance services predominantly at the major transportation gateways in Peninsular Malaysia namely Port Klang, Penang Port, Pasir Gudang Port, Port of Tanjung Pelepas, KLIA and Penang International Airport.

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6. BUSINESS OVERVIEW (Cont'd)

The diagrams in relation to our Group's business operations are as follows:



**6. BUSINESS OVERVIEW (Cont'd)**

Services provided by	(i) Tri-Mode (ii) Tri-Mode Penang (iii) Tri-Mode Johor (iv) NV Freights	Tri-Mode Logistics	Landbridge Haulage
Principal activities	Operating as a freight agent <sup>(2)</sup> between our customers/ overseas freight agents and ship liners/ airlines for freight arrangement	Freight forwarding is supported by forwarding agents <sup>(3)</sup> including Atama <sup>(4)</sup> to liaise with Customs, port authorities trade authorities and agencies for Custom's clearance	Provide warehousing services to our customers mainly for LCL. Generally for FCL, the cargo will be delivered directly to customers without the need of our warehousing services
			Provide haulage transportation to our customers to pick up and deliver cargo

*Notes:*

- (1) *Services carried out by either Atama or other freight forwarders appointed by the respective customers. Currently, the freight forwarding services of our Group are supported by Atama. However, there are more than 600 available freight forwarders in Malaysia of which Tri-Mode Group can substitute the services provided by Atama, if necessary.*
- (2) *Freight agents (i.e. Tri-Mode, Tri-Mode Penang, Tri-Mode Johor and NV Freights) act as operator between customers' overseas freight agents and ship liners/ airlines as well as deal with the Customs in matters related to the inbound and outbound of sea/ air freights arrangement.*
- (3) *Forwarding agents/ freight forwarders (i.e. Atama) act as licenced Customs agent/ broker which provide services such as shipping document preparation, liaising with Government agencies for inspection, permit application and Customs clearance.*
- (4) *Atama is the major customer of our Group as our subsidiary, Landbridge Haulage, has provided container haulage services to some of its customers for the last 8 years. As a customer of Landbridge Haulage, Atama will bill its customers directly for container haulage services provided by Landbridge Haulage. In return, Landbridge Haulage will charge Atama for the container haulage services rendered to those customers. In addition, Atama is also our major supplier which provides freight forwarding services such as shipping document preparation, liaising with Government agencies for inspection, permit application and Customs clearance to our Group.*

For the avoidance of doubt, there are no contractual obligations for our customers to engage us for the full range of services offered by our Group (i.e., generally the customers are free to engage any of the abovesaid component of services offered by us).

**6. BUSINESS OVERVIEW (Cont'd)**

Our customers mainly consist of local and multinational companies, and importers and exporters from various industries which include textiles, insulation materials, paper products, gloves, building materials, plastic products, automotive parts, packaging materials, rubber products, furniture, home and electronic appliances, chemical products and edible oils.

Our revenue contribution analysed by industry for the FYE 31 December 2016 and FYE 31 December 2017<sup>(1)</sup> is as follows:

<b>Industry</b>	<b>% of our Group's revenue</b>	
	<b>FYE 31 December 2016</b>	<b>FYE 31 December 2017</b>
Packaging materials	12.4	11.6
Textile related products	9.1	8.0
Rubber related products	3.8	6.3
Chemical products	4.2	5.7
Building construction materials	10.7	5.5
Food and beverages	3.6	3.0
Edible oils	1.6	2.7
Furniture and related products	1.6	2.4
Electrical and electronic products	3.0	2.2
Others <sup>(2)</sup>	33.8	36.3
Unallocated revenue <sup>(3)</sup>	16.2	16.3
	<b>100.0</b>	<b>100.0</b>

Notes:

- (1) Information regarding the revenue contribution analysed by industry for the FYE 31 December 2015 is not available as we did not track such records in the prior years.
- (2) Inclusive of products such as automotive parts, timber products, minerals, metal ingots, paper products, resin and machineries and parts.
- (3) Unallocated revenue comprises customers from various industries which consignments are secured through overseas agents, as well as cash customers.

The business activities of our Group and associate companies are as follows:

<b>Company name</b>	<b>Business activities</b>
Tri-Mode	Provides integrated logistics services for the central region in Peninsular Malaysia
Landbridge Haulage	Provides container haulage services for Peninsular Malaysia
NV Freights*	Provides integrated logistics services for the central region in Peninsular Malaysia
Tri-Mode Penang	Provides integrated logistics services for the northern region in Peninsular Malaysia
Tri-Mode Johor	Provides integrated logistics services for the southern region in Peninsular Malaysia
Tri-Mode Logistics	Provides free trade zone warehousing services
Atama	Provides freight forwarding services
Container Connections	Storing, cleaning and repairing all types of containers and related products

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**6. BUSINESS OVERVIEW (Cont'd)**


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*Note:*

- \* *NV Freights was initially set up to focus on LCL, but over the years it has developed its own clientele and agency network.*

Our integrated logistics services can be segmented into the following categories:

**(i) Provision of sea freight services**

We are a NVOCC whereby we organise inbound and outbound shipments for customers and overseas freight agents. Our services include planning and managing bookings of container and cargo space for shipment by sea.

Our sea freight services include primarily LCL and FCL. We also handle over-sized cargoes which do not fit into a standard shipping container. In addition, our Group also handles consignments in flexibags, ISO tanks, dangerous goods (such as caustic soda liquid, chlorine gas and calcium nitrate) and out-of-gauge containerised cargo. These consignment cargoes usually require special handling, additional documentation procedures from relevant parties and/or authorities and different types of operational requirements as compared to shipping through standard containers.

LCL services involve the coordination and consolidation of multiple small consignments from exporters into a container which is designated for multiple overseas consignees. These LCL consignments reduce overall logistics cost for our customers as the total freight cost would have been spread out by multiple consignees in a single container. On the other hand, FCL services refer to the arranging of shipments into full container loads, i.e. 20-foot, 40-foot and 45-foot containers.

For the past 3 FYE 31 December 2015 to FYE 31 December 2017, we handled 29,625 TEU, 26,875 TEU and 27,686 TEU in each of the financial year respectively of sea freight which included both FCL and LCL containers and comprised both imported and exported goods.

Over-sized cargo is usually handled by heavy equipment or large machinery such as boilers and tanks which require special handling by third party transporter and carrier with special equipment. Given the special handling required, our knowledge and experience in managing and coordinating the work processes needed in handling various types of special consignments provide our Group the advantage in developing a broader scope of services to our customers.

We also secure periodic service agreements from some of our customers. These agreements are not contractual arrangements to procure our services but are indications from the customers on their intention to work with our Group during the period of time as specified in the agreements.

We have established an extensive sea freight network since 1992 with the presence of our agents worldwide. As at the LPD, we have agents located in 53 countries across Asia, Europe, North America, South America, Africa and Australasia. This enables us to provide comprehensive shipping coverage to our customers and to handle "door to door" shipments including delivered-at-place / delivered-duty-paid / free-into-store / ex-works around the world. With our current international network, we are able to handle "Triangular Trades" whereby port of loading and port of discharge are outside of Malaysia but shipment nomination and sea freight are prepaid in Malaysia by way of switch bill of lading/ air waybill. Our overseas freight agents will procure and liaise with customers for the sea freight services relating to their export to Malaysia and we will handle the sea freight services required for their export upon arrival at Malaysia's seaports.

We procure container space for our customers from major container carriers globally, including Mitsui O.S.K Lines (Japan), Yang Ming Marine Transport Corporation (Taiwan), China Shipping Agency (China), CMA CGM (France), Hyundai Merchant Marine (South Korea) and Mediterranean Shipping Company (Italy) through their offices in Malaysia which enable us to provide shipments to major ports worldwide.

At the request of our customers, we provide other value added services such as fumigation, container pre-inspection and submission of certificates of origin on behalf of our customers.



**6. BUSINESS OVERVIEW (Cont'd)****(ii) Provision of container haulage services**

We arrange haulage transportation for our customers which entails the transportation of commodities and merchandise goods and cargo to/from a designated point based on our customers' requirements within Peninsular Malaysia. Occupying 2 pieces of land with a total area of 173,537.6 sq ft, our container haulage operations are located in Pulau Indah Industrial Park with close proximity to the West Port.

Our fleet of haulage vehicles has an average age of less than 4 years. Our haulage vehicles are serviced at regular intervals at the manufacturer's authorised workshops in order to minimise downtime on the road.

As at the LPD, our container haulage division has a team of 133 personnel, including an in-house emergency technical team of 5 staff who are available on-call after working hours to liaise with our appointed vehicle breakdown rescue vendors to attend to any vehicle breakdown.

Some of our drivers, in particular new recruits, are trained by Mercedes-Benz Malaysia Sdn Bhd to ensure they have the right skills and knowledge in handling the vehicles. The quality and capability of our drivers are evidenced through the Mercedes-Benz Commercial Driver's League 2012 when we won the Grand Prize and subsequently received the Driver Champion and League Champion in the 2016 competition organised by Mercedes-Benz Malaysia Sdn Bhd. These competitions evaluated the drivers' technical knowledge of the vehicle, driving skills, safety awareness as well as fuel efficiency.

In addition, our haulage software system is connected to major port terminals, i.e. North Port and West Port with real time shipment information on vessel and container status such as discharging time for imported containers and vessels cut-off time in receiving export containers. As such, we are able to plan and arrange for pre-loading of containers for our customers and minimise their port charges such as demurrage fees and detention charges. Demurrage fees are applied after the free time allocated by the ship liner has expired, and ends the day when the container has been picked up and gated out from the port terminal. Detention charges apply when our customer holds onto the ship liner's container outside of the port terminal or depot beyond the free time that is allocated by the ship liner. The demurrage fees and detention charges incurred by our Group for the past 3 FYE 31 December 2015 to 31 December 2017 are as follows:

	<b>FYE 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Demurrage fees	465,902	(22,280)*	150,915
Detention charges	189,309	57,980	139,100

*Note:*

\* *Mainly due to reversal of demurrage fees amounting to RM39,378 over accrued in prior years.*

As at the LPD, we have a fleet of 99 prime movers, 505 trailers and 3 side-loaders to support our container haulage services. Our prime movers are installed with a real-time fuel monitoring system which enables us to assess the performance and manage the fuel efficiency of each vehicle. Our prime movers are equipped with GPS and GSM tracking technology to keep track of their locations and trunk-radio system to facilitate communications between our operations and drivers. With these equipment, our operations are able to monitor the position of the goods and provide immediate and accurate update on the status and location of good which we carry to our customers.

During the FYE 31 December 2017, our container haulage division handled 56,001 TEU of container.

## 6. BUSINESS OVERVIEW (Cont'd)



*(The above photograph illustrates our container haulage operations at West Port. Other than the prime movers and trailers, the assets depicted in the photograph do not belong to our Group.)*

Our Group's policy for upkeep and maintenance for our prime movers and trailers is as follows:

- (a) we carry out routine maintenance for each prime mover for every 25,000 to 50,000 kilometres travelled, depending on the model of the prime mover;
- (b) all repair and maintenance performed must be requested in writing in accordance with the prescribed procedures and to be approved by the technical head of department; and
- (c) maintenance and repair only to be performed by our authorised workshop.

For the FYE 31 December 2017, we recorded an average downtime of 28 working days for each prime mover for the repair and maintenance of our prime mover (excluding routine PUSPAKOM inspection once every 6 months which generally takes about 6 working days for each inspection).

### (iii) Provision of air freight services

We manage inbound and outbound air freight shipments for our customers and overseas freight agents. Our services include planning and managing bookings of cargo space for their air shipments. Generally, these items are light and require speedy delivery as compared to sea freight.

We liaise with our international air freight agents for arrangement of air cargo. As at the LPD, we have agents located in 53 countries across Asia, Europe, North America, Central and South America, Africa and Australasia. This enables us to provide air freight coverage to our customers worldwide. Our overseas freight agents will procure and liaise with customers for the air freight services relating to their export to Malaysia and we will handle the air freight services required for their export upon arrival at Malaysia's airports.

We procure cargo space for our customers from major carriers such as Malaysia Airlines, Emirates Airlines and China Airlines through their respective agents in Malaysia, which enables us to provide air freight services to our customers.

During the FYE 31 December 2017, our air freight division handled 747 MT of imported and exported goods.

At the request of our customers, we provide other value-added services such as fumigation, cargo pre-inspection and submission of Certificates of Origin on behalf of our customers.

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**6. BUSINESS OVERVIEW (Cont'd)**

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**(iv) Provision of freight forwarding services**

We carry out freight forwarding services in Malaysia mainly through our associate company, Atama. Such services include shipping document preparation, liaising with Government agencies for inspection, permit applications and customs clearance. Customs clearance involves clearing of goods in accordance to customs rules and regulations. For freight forwarding services performed in the northern and southern regions of Peninsular Malaysia, Atama has nominated our employees in the respective offices of Tri-Mode Penang and Tri-Mode Johor as authorised personnel under the Customs to perform such freight forwarding services.

Atama acts as a liaison and communicates with other freight forwarding companies, Customs, port authorities, trade authorities and agencies, shipping agents and carriers throughout the shipping process to ensure smooth delivery of the goods and/or cargo for customers.

Atama has subscribed to a tariff finder software which enables it to advise and provide Harmonized System Code (“**HS Code**”) to customers, defining the type of goods and tax rate (if any) as well as advising on other requirements by relevant authorities such as the required permits and licences for import and export and at the same time, assisting customers on such applications.

Atama is also familiar with the Customs, port authorities and banking procedures where they are able to prepare and submit documents electronically to such parties. Any payment duties and taxes will also be made electronically via electronic fund transfers from banks to the Customs.

Atama has been able to renew its forwarding licence for the maximum tenure of 2 years from the Customs for each renewal period since it first obtained its forwarding licence in 1994. Its eligibility and accreditation are endorsed through the customs broker licensure examination, namely Kursus Ejen Kastam.

Atama’s compliance with the Safety of Life at Sea (SOLAS) Regulation issued by International Maritime Organization on the Verified Gross Mass of a Container Carrying Cargo (a document specifying the actual weight of the cargo declared onboard) allows Atama to comply with the most recent changes to the laws, rules and regulatory requirements regulating the import and export of goods. Sometimes such changes can be complex and may affect the smoothness of customs clearance. As such, Atama helps customers to understand regulatory requirements in relation to transportation of goods and arranging for customers’ goods to reach its destination timely and safely.

Our sea/air freight forwarding division and container haulage division operate closely with Atama to ensure smooth and timely delivery of cargoes. Atama will perform freight forwarding and custom clearance for our Group’s customers in addition to the container haulage and sea/air freight services provided.

About 45% of our container haulage services were carried out by Landbridge Haulage through Atama (as our major customer), being a licenced freight forwarding agent (“**Container Haulage Services for Atama**”). For the FYE 31 December 2017, about 88% of Container Haulage Services for Atama is for Tri-Mode and NV Freights’ customers whereby Atama acts as the freight forwarding agent for our customers, and the remaining 12% of Container Haulage Services for Atama is provided to Atama’s other direct customers.

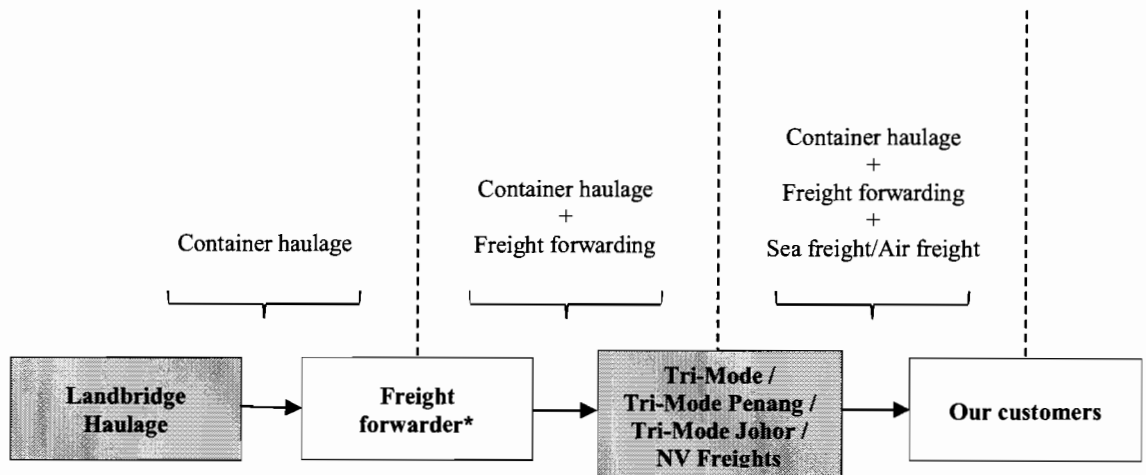
The balance of 55% of our container haulage services carried out by Landbridge Haulage is for other licensed freight forwarding agents or engaged directly by our customers.

For the 88% of Container Haulage Services for Atama, Atama acts as the freight forwarding agent for our customers who engage our sea freight services through Tri-Mode or NV Freights. In addition, we also engaged Atama’s forwarding services for other sea freight and air freight consignments undertaken by Tri-Mode and NV Freights which did not involve the engagement of container haulage services provided by Landbridge Haulage. These arrangements constituted about 87% of Atama’s revenue of RM20.8 million for the FYE 31 December 2017.

## 6. BUSINESS OVERVIEW (Cont'd)

From our customers' perspective, they will receive integrated logistics services which comprise sea freight, container haulage and freight forwarding services via the services provided by Tri-Mode or NV Freights together with Landbridge Haulage and Atama. Nonetheless, our customers who require sea transportation services are not obliged to engage all of our services such as container haulage, sea freight, marine insurance as well as the freight forwarding services to be provided by Atama.

Our business/ operational arrangements with Atama which will continue post Listing, can be diagrammatically illustrated as follows:



\* Currently, the freight forwarding services of our Group are supported by Atama. However, there are more than 600 available freight forwarders in Malaysia of which Tri-Mode Group can substitute the services provided by Atama, if necessary.

### (v) Provision of warehousing services

We offer warehousing services to support our customers in terms of storage needs and related services. Our warehousing services include general cargo storage, consolidation and deconsolidation services, transshipment services, project cargo handling and inventory management, as well as storage for dangerous goods (such as caustic soda liquid, chlorine gas and calcium nitrate).

As at the LPD, we operate at 3 Free Commercial Zone warehouses, located in West Port and North Port for sea-bound cargo, and the KLIA Cargo Complex for air-bound cargo. Our Free Commercial Zone warehouses, including office space, have a total area of 11,804.3 sq ft. With this we were able to handle 49,658 M<sup>3</sup> of cargoes in the FYE 31 December 2017.

The advantage of a Free Commercial Zone is that it allows services like transshipment, re-exports, trading, storage, relabeling, repacking, and break-bulking of dutiable goods to be carried out or stored temporarily without duty or taxes, which lowers logistics cost for our customers.

Our warehouses are equipped with cargo and goods handling equipment and facilities such as 24-hour security surveillance system managed by the terminal operators, forklift and pallets jack. Further, the Free Commercial Zone warehouses provide benefits to our customers, which include the following:

- (a) direct connections to port terminals (sea and air);
- (b) all import and export activities are carried out using information processing system maintained by the terminal operators; and

**6. BUSINESS OVERVIEW (Cont'd)**

- (c) compliance to international standards for cargo and goods security, safety and storage environment.



*(The above photograph illustrates our warehousing operations at Free Commercial Zone located in North Port rented by our Group from the terminal operator. Other than the wood pallets, the assets depicted in the photograph do not belong to our Group.)*

**(vi) Provision of marine insurance services**

We are a general insurance agent for Lonpac Insurance Berhad and MSIG Insurance (Malaysia) Berhad, via NV Freights, where we provide marine insurance services on the cargoes handled by our Group.

Our marine insurance services enable Tri-Mode, Tri-Mode Penang and Tri-Mode Johor to assist our customers in purchasing insurance for their commodities and merchandised goods which are essential for our customer's protection in the event of unforeseen losses or damages to their cargoes.

We provide marine insurance services to our customers as a supporting or complementary service to ease the logistics arrangement for our customers and at the same time, providing insurance services to meet our customer's needs.

As a general insurance agent, we do not assume any responsibilities/ exposure of the goods insured by our customers arising from losses or damages involved in the transportation process. However, we may assist our customers in handling the administration and documentation required in the event of claim occurred. Accordingly, we are not exposed to any risks associated with the provision of marine insurance services.

Save for the international sea freight and air freight agents, our Group does not engage any agents/brokers in securing customers.

**6. BUSINESS OVERVIEW (Cont'd)****6.3 PRINCIPAL PLACES OF BUSINESS AND OPERATING FACILITIES**

Details of our principal places of business are set out below:

<b>Company</b>	<b>Location</b>	<b>Main Function</b>
Tri-Mode NV Freights Atama (3 <sup>rd</sup> Floor)	25 & 27, Lorong Berembang Off Jalan Kem Taman Seri Berembang 42000 Port Klang Selangor Darul Ehsan Malaysia	Head/Management office
Tri-Mode	Lot No F1-39 Post Aviation Forwarder Building Pos Aviation Complex KL International Airport 64000 Sepang Selangor Darul Ehsan Malaysia	Warehouse and operation
Tri-Mode Logistics	CFS2, Container Freight Station 2 Container Terminal Westports 42009 Pulau Indah, Port Klang Selangor Darul Ehsan Malaysia	Warehouse and operation
	Warehouse B2, Container Terminal 1 Jalan Pelabuhan Pelabuhan Utara 42000 Port Klang Selangor Darul Ehsan Malaysia	Warehouse and operation
Landbridge Haulage	Lot 79, Jalan Perigi Nenas 8/11 Taman Perindustrian Pulau Indah (Fasa 1) 42920 Pelabuhan Klang Selangor Darul Ehsan Malaysia	Container haulage operation and yard
	Lot 56, Jalan Perigi Nenas 8/7 Taman Perindustrian Pulau Indah (Fasa 1) 42920 Pelabuhan Klang Selangor Darul Ehsan Malaysia	Container haulage yard
Tri-Mode Johor	Unit 301-C, Level 3, Wisma Daiman No 64, Jalan Sulam Taman Sentosa 80150 Johor Bahru Johor Darul Takzim Malaysia	Office for Southern region, Malaysia
Tri-Mode Penang	No.18, Lorong Kampung Jawa 12000 Butterworth Penang Malaysia	Office for Northern region, Malaysia

**6. BUSINESS OVERVIEW (Cont'd)**

<u>Company</u>	<u>Location</u>	<u>Main Function</u>
Container Connections	Lot 18, Lebu Sultan Mohamed I Kawasan Perusahaan Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan Malaysia	Office and depot

**6.4 PRINCIPAL MARKETS, INCLUDING EXPORTS AND REVENUE CONTRIBUTIONS BY BUSINESS SEGMENTS AND GEOGRAPHICAL LOCATIONS**

The breakdown of our Group's revenue by business segment for the past 3 FYE 31 December 2015 to 31 December 2017 is as follows:

	FYE 31 December					
	2015		2016		2017	
	RM	%	RM	%	RM	%
Sea freight	43,219,985	54.9	39,805,101	55.8	50,477,467	59.0
Container haulage	30,266,559	38.5	27,661,342	38.7	29,197,100	34.2
Air freight	4,284,561	5.4	2,999,237	4.2	4,647,898	5.4
Freight forwarding	248,419	0.3	285,995	0.4	271,707	0.3
Warehousing	515,506	0.7	491,171	0.7	771,609	0.9
Marine insurance	158,150	0.2	138,466	0.2	139,490	0.2
<b>Total</b>	<b>78,693,180</b>	<b>100.0</b>	<b>71,381,312</b>	<b>100.0</b>	<b>85,505,271</b>	<b>100.0</b>

Our revenue is generated from local and overseas customers. Our local customers contributed 89.6%, 91.3% and 91.3% of our Group's revenue for the past 3 FYE 31 December 2015 to FYE 31 December 2017, respectively. Our overseas customers are companies who have local presence or business dealings in Malaysia and our billing is billed to the customer based in overseas. Our revenue from overseas customers accounted for 10.4%, 8.7% and 8.7% of our Group's revenue for the past 3 FYE 31 December 2015 to FYE 31 December 2017 respectively.

The breakdown of our Group's revenue by markets within Malaysia and from overseas for the past 3 FYE 31 December 2015 to FYE 31 December 2017 are as follows:

	FYE 31 December					
	2015		2016		2017	
	RM	%	RM	%	RM	%
Malaysia	70,490,789	89.6	65,169,893	91.3	78,066,960	91.3
Overseas <sup>(1)</sup>						
- Asia (outside Malaysia)	2,713,560	3.4	2,521,647	3.5	3,145,348	3.7
- Europe	1,072,936	1.4	941,155	1.3	2,881,712	3.4
- Australasia	2,568,877	3.3	1,717,688	2.4	1,073,596	1.2
- North America	1,272,102	1.6	781,234	1.1	309,050	0.4
- Africa	115,557	0.1	182,526	0.3	1,122	*
- Central and South America	459,359	0.6	67,169	0.1	27,483	*
	8,202,391	10.4	6,211,419	8.7	7,438,311	8.7
<b>Total</b>	<b>78,693,180</b>	<b>100.0</b>	<b>71,381,312</b>	<b>100.0</b>	<b>85,505,271</b>	<b>100.0</b>

**6. BUSINESS OVERVIEW (Cont'd)**

Notes:

(1) Overseas revenue is recognised based on the location of our customers and international forwarding agents' base of operation in respective country.

\* Less than 0.1%

Our Group generated revenue from 53 countries across Asia, Europe, North America, South America, Africa and Australasia, including amongst others, Austria, Australia, United Arab Emirates, Taiwan, Hong Kong, USA, Georgia, Vietnam, China, Netherland, Romania and Singapore. The top 5 countries (determined based on their revenue contributions for the FYE 31 December 2017) from which our overseas revenue is generated and their respective revenue contributions for the past 3 FYE 31 December 2015 to FYE 31 December 2017 are as follows:

	FYE 31 December					
	2015		2016		2017	
	RM	% <sup>(1)</sup>	RM	% <sup>(1)</sup>	RM	% <sup>(1)</sup>
Austria	366,801	4.5	574,957	9.3	2,162,121	29.1
Australia	2,446,322	29.8	1,636,021	26.3	1,040,296	14.0
United Arab Emirates	258,301	3.1	386,556	6.2	1,028,952	13.8
Taiwan	1,064,023	13.0	722,010	11.6	719,907	9.7
Hong Kong	457,248	5.6	415,036	6.7	458,281	6.2

Note:

(1) Calculated based on the Group's overseas revenue for the respective financial years.

Our Group's revenue generated from Austria increased from RM0.4 million in the FYE 31 December 2015 to RM2.2 million in the FYE 31 December 2017 mainly due to the increase in revenue from air freight segment mainly attributable to the increased orders through Gebruder Weiss Group.

Our Group's revenue generated from Australia decreased from RM2.4 million in the FYE 31 December 2015 to RM1.0 million in the FYE 31 December 2017 mainly due to the discontinued orders placed by one of our overseas freight agents (Rohlig group) following its establishment of their logistics division in Malaysia during 2016.

Our Group's revenue generated from United Arab Emirates increased from RM0.3 million in the FYE 31 December 2015 to RM1.0 million in the FYE 31 December 2017 mainly attributable to the increase in revenue from sea freight segment as a result of increased orders from our customers, among others, the Sharaf Shipping Agency.

Our Group's revenue generated from Taiwan decreased from RM1.1 million in the FYE 31 December 2015 to RM0.7 million in the FYE 31 December 2017 mainly due to lower revenue contribution from sea freight segment, particularly the import shipments.

Our Group's revenue generated from Hong Kong remained constant for the past 3 financial years under review.

**6.5 SEASONALITY OF OUR BUSINESS**

We experience sales fluctuations in our business during festive periods such as Hari Raya and Chinese New Year. Our revenue is lower during festive periods as compared to our average monthly revenue as there are lesser working days during festive periods. For example, for the FYE 31 December 2017, our revenue during the months of Hari Raya and Chinese New Year is lower by about 7.1% and 11.3% respectively as compared to our average monthly revenue.

**6.6 BUSINESS INTERRUPTIONS**

We did not experience any material interruptions in our business activities, which had a significant effect on our operations, during the past 12 months prior to the date of this Prospectus.



**6. BUSINESS OVERVIEW (Cont'd)****6.7 SOURCES AND AVAILABILITY OF INPUTS, AND TECHNOLOGY USED**

As an integrated logistics service provider, we mainly utilise prime movers, trailers, side loaders, forklifts, equipment, consumables and services as our main inputs to facilitate the provision of our services.

**6.7.1 Type, sources and availability of inputs**

Our main purchases of inputs comprised of fuels and upkeep and maintenance (including tyres, repair and maintenance of spare parts, insurance, road tax, SPAD's licence renewal fees, and inspection fees) of our prime movers trailers, side loaders and forklifts and the details of these inputs for the past 3 FYE 31 December 2015 to 31 December 2017 are as follows:

Inputs	FYE 31 December					
	2015		2016		2017	
	RM	% <sup>(1)</sup>	RM	% <sup>(1)</sup>	RM	% <sup>(1)</sup>
Fuel						
(i) Container haulage segment	5,420,365	8.8	4,663,928	8.7	6,446,105	9.8
(ii) Warehousing segment	10,350	*	6,975	*	6,128	*
<b>Total fuel costs</b>	<b>5,430,715</b>	<b>8.8</b>	<b>4,670,903</b>	<b>8.7</b>	<b>6,452,233</b>	<b>9.8</b>
Upkeep and maintenance						
(i) Container haulage segment						
(a) Tyres for prime movers, trailers and side loaders	1,346,040	2.2	1,500,532	2.8	1,593,875	2.4
(b) Repair and maintenance for prime movers, trailers and side loaders	2,710,111	4.4	2,805,492	5.2	2,925,630	4.4
(c) Other upkeep and maintenance, including insurance, road tax, SPAD's licence renewal fees, and inspection fees	1,492,838	2.4	1,327,465	2.5	1,374,297	2.1
	<b>5,548,989</b>	<b>9.0</b>	<b>5,633,489</b>	<b>10.5</b>	<b>5,893,802</b>	<b>8.9</b>
(ii) Warehousing segment						
(a) Repair and maintenance for forklifts	4,018	*	1,911	*	1,000	*
<b>Total upkeep and maintenance</b>	<b>5,553,007</b>	<b>9.0</b>	<b>5,635,400</b>	<b>10.5</b>	<b>5,894,802</b>	<b>8.9</b>
	<b>10,983,722</b>	<b>17.8</b>	<b>10,306,303</b>	<b>19.2</b>	<b>12,347,035</b>	<b>18.7</b>

Notes:

(1) Computed as a percentage over our Group's cost of sales.

\* Less than 0.1%.

Our total purchases of inputs remained constant at approximately RM10 million to RM12 million each year for the past 3 FYE 31 December 2015 to 31 December 2017. More than 99% of our purchases of inputs are for container haulage operations.

Our fuel costs are subject to fluctuation of our sales volume under container haulage segment and the movements in diesel pump price in Malaysia. The diesel pump price for the past 3 FYE 31 December 2015 to FYE 31 December 2017 fluctuated between the range of RM1.35 per litre and RM2.26 per litre.

## 6. BUSINESS OVERVIEW (Cont'd)

We have not experienced any shortages in the availability of inputs required by our Group over the last 12 months from the LPD.

### 6.7.2 Technologies used

#### (i) Operations software

In our business operations, we use system application software such as SysFreight Enterprise System for our freight forwarding operations and accounting system while our container haulage operations use Maslog Haulage System to manage container haulage activities. Maslog invoicing data can be transferred to SysMagic Accounts Receivable module for monitoring of debtor ageing and credit control purpose.

#### (ii) Vehicle tracking and fuel management software

Our fleet of prime movers are installed with web-based GPS tracking and mobile trunk-radio systems for real time container delivery monitoring and are also equipped with fuel sensors for fuel monitoring. The use of GPS tracking and mobile trunk-radio systems in our prime movers enable us to monitor fuel consumption costs and to track the location and status (moving, idle, engine turned off) of vehicles to provide real-time updates to our customers.

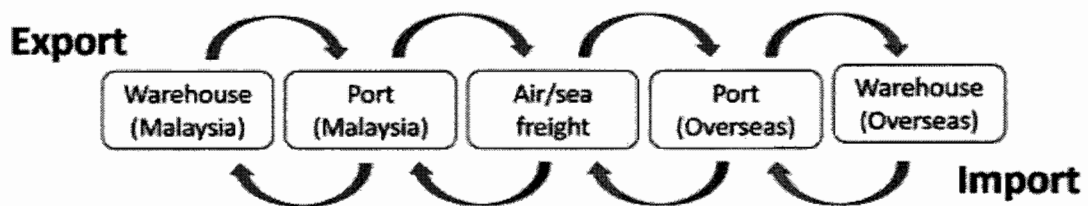
#### (iii) Vehicle maintenance software

We utilise a cloud-based (third party server) vehicle maintenance system to manage our prime movers and trailers' repair works and maintenance, including tyre and spare parts inventory management. This system is expected to improve the overall asset utilisation efficiency of our haulage vehicles and reduce operating costs.

Our technologies used are made available by the software/ system providers via agreements and some of which are with user licence.

## 6.8 OPERATING MECHANISM (FLOWCHART OF OPERATING PROCESSES)

Our general flow of goods in and out of Malaysia for both imports and exports are as depicted in the diagram below:



As illustrated above, the flow of goods for export generally starts from the customer's warehouse or designated location in Malaysia whereby the goods will be transported to the port by container haulage service providers. At the same time, the sea/air freight forwarder will make bookings with the respective carriers and prepare all the necessary documents for customs clearance in order to get the goods shipped to its destination.

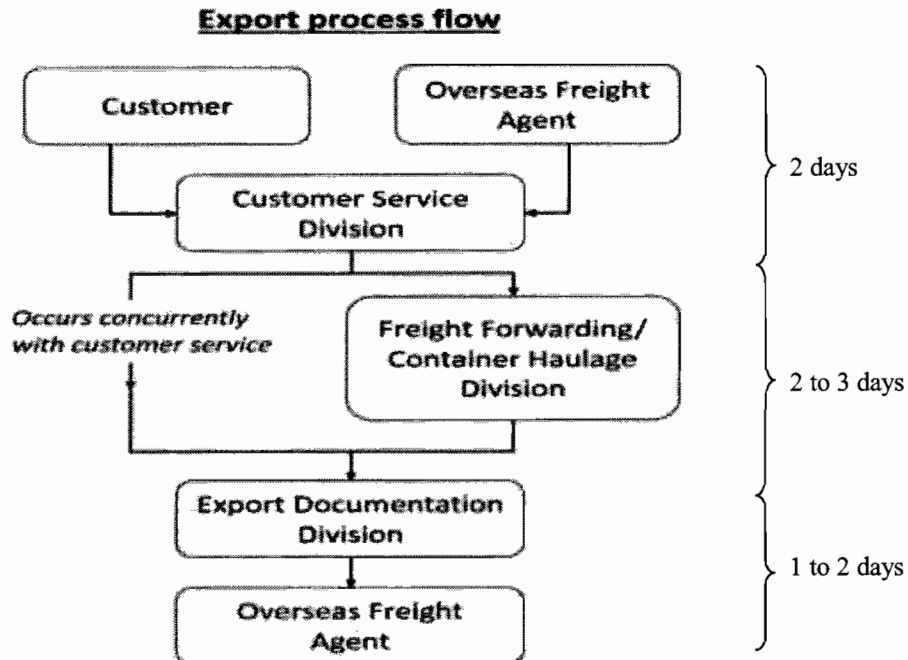
Upon arrival at its designated port, the respective overseas freight agent will have all the necessary documents ready in order to collect the goods from the carriers as well as for customs clearance. The overseas freight agent will then arrange for the goods to be transported to the designated warehouse or destination.

## 6. BUSINESS OVERVIEW (Cont'd)

The process of import is identical to the process of export but in the opposite flow whereby shipment starts from the overseas designated location or warehouse and ends at the customer's warehouse or destination in Malaysia.

A more detailed explanation of the overall export and import process flow conducted by our Group is shown below:

### (a) Export Process Flow



(i) **Receive enquiry from customer/ overseas freight agent, source for suppliers, prepare quotation to customer/ overseas freight agent and issue booking confirmation**

- Our export customer service personnel will receive an enquiry from our customer by way of telephone, fax or email. Upon receipt of the enquiry, our export customer service personnel will compare rates quoted by our suppliers and prepare a quotation for our customer.
- Once our customer has agreed on the quotation and confirmed the booking and shipping schedule, our export customer service personnel will obtain the following information from our customer via fax or email:
  - port of loading
  - port of discharge
  - shipment volume
  - shipment dates
  - shipment terms
  - commodity
- If the shipment is under special equipment, such as open top / flat rack / reefer container / DG class / hazardous, additional information such as type of cargo, cargo dimension, Material Safety Data Sheet ("MSDS") and packing details will be required before booking.
- Thereafter, the booking will be placed with the respective sea/air carriers as per our customer's requirement.

**6. BUSINESS OVERVIEW (Cont'd)**

- Subsequently, our export customer service personnel will issue a booking confirmation and cross-check the information stated therein with the booking confirmation issued by the respective carriers to ensure the information matches.
- The booking confirmation will be issued to our customer and our export customer service personnel will follow up with our customer on the pick-up date.
- A copy of the booking confirmation will be released to the freight forwarder, and our export documentation personnel respectively.
- The freight forwarder will handle export customs clearance documents while our export documentation personnel will handle other export documentation such as bill of lading. The freight forwarder will also liaise with our container haulage personnel to schedule for pick-up of goods from the customer's designated location when it is ready.

**(ii) Schedule for collection of goods, loading of goods and delivery of goods**

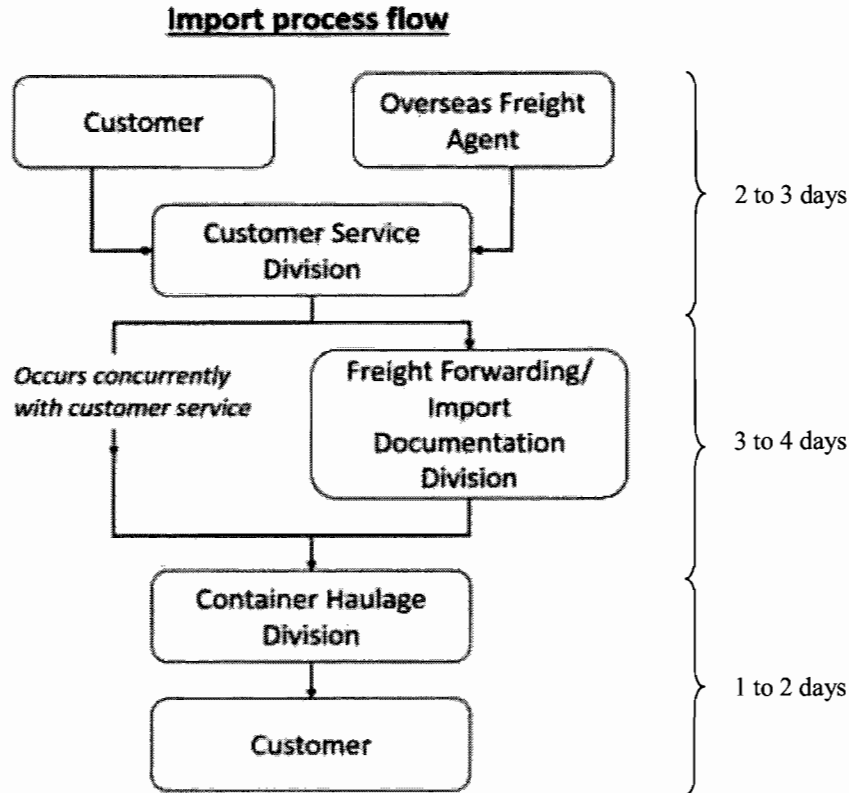
- Our container haulage personnel will receive a request from the freight forwarder for transportation service with a copy of the booking confirmation. Our container haulage personnel will prepare a confirmation of acceptance of collection order along with a confirmed quotation to the freight forwarder via fax or email.
- Our container haulage personnel will prepare a consignment note which will be handed over to the assigned driver for the collection of goods.
- A date will be arranged for the pick-up and delivery of goods and details of the transportation used for the collection will be provided to the customer. The collection of goods is considered complete when it is safely delivered to the designated port and the consignment note is signed off by the customer.
- In the case of FCL shipment, our container haulage personnel will arrange and monitor the collection of goods including the drop-off of empty container and pick-up of loaded container. Our export customer service personnel will receive notification from the customer when the loaded container is ready for collection. Upon delivery of the container at the port, our export customer service personnel will inform the customer on the number of days that the container is allowed to be placed at the port for loading purpose and will monitor the timeline.
- At the same time, our export customer service personnel will request for the invoice and packing list from the customer which will be handed over to the freight forwarder for preparation of customs and other relevant documents.
- Our export documentation personnel will prepare the bill of lading for the customer and check with the sea/air carrier on the expected time of departure and expected time of arrival.

**(iii) Send pre-alert to customer or overseas freight agent**

- After the goods have been loaded onto the carrier and departed from the port of loading, our export customer service personnel will then send a pre-alert shipping notice to the customer or overseas freight agent to notify them on the expected time of arrival.

## 6. BUSINESS OVERVIEW (Cont'd)

### (b) Import Process Flow



#### (i) Receive enquiry from customer/ overseas freight agent, prepare quotation to customer/ overseas freight agent and receive booking confirmation

- For free hand shipment, our import customer service personnel will receive pre-alerts from the overseas freight agent by way of telephone, fax or email. Our import customer service personnel will receive the bill of lading, invoice and packing list.
- For nomination shipment, our import customer service personnel will receive an enquiry from our customer by way of telephone, fax or email. We will then request for a quotation from our overseas freight agent and prepare a quotation for our customer. Once confirmation is made, we will inform our overseas freight agent to contact the carrier for shipping arrangement and to request for bill of lading, invoice and packing list from our overseas freight agent.
- Thereafter, our import customer service personnel will follow up with the carrier on the expected time of arrival of goods of our customer.
- Information such as bill of lading, invoice and packing list will be handed over to the freight forwarder for the preparation of customs documents. The freight forwarder also liaise with our container haulage personnel to schedule for pick-up of goods from the port of discharge and to deliver the goods to the customer's designated location upon arrival of goods.

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**6. BUSINESS OVERVIEW (Cont'd)**


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**(ii) Schedule for collection of goods, unloading of goods, delivery of goods**

- Prior to the arrival of goods, our import documentation personnel will prepare an import summary to facilitate make payment to the carrier.
- At the same time, our import documentation personnel will issue notice of arrival to the customer and request payment from our customer. An electronic delivery order will be released to our customer once payment is received.
- Upon clearance from Customs, our container haulage personnel will prepare a request for transportation service and will prepare a confirmation of acceptance of delivery order alongside a confirmed quotation to the freight forwarder via fax or email.
- Thereafter, our container haulage personnel will receive a consignment note from the freight forwarder which will be handed over to the assigned driver for the delivery of goods from the port to our customer's designated location.
- In the case of FCL delivery, a grace period of 5 to 7 days will be given by the carrier to our customer to empty out the container. Once unloading of the goods is finished, our customer will notify the freight forwarder to pick-up the empty container and it will be delivered back to the vehicle depot.

**6.9 QUALITY AND SAFETY MANAGEMENT PROGRAMS AND PROCEDURES**

In order to ensure all goods are delivered safely by our haulage division, we adhere to stringent selection criteria for our drivers, including possession of valid Goods Driver's Licence, valid port pass and approved medical check-up by our panel doctors.

Further, our haulage division will arrange practical driving tests for the drivers before our Group makes a hiring decision. After hiring, we will conduct a background checks on the drivers by vetting through security and police records of the drivers. In the case of false declaration of information, the affected driver will face immediate termination by our Group.

We place high priority on our Internal Safety Policy whereby training sessions for our drivers are conducted by external professional driving instructors to enhance their driving skills and safety awareness. In addition, the GPS systems installed in our prime movers allow us to monitor the driving behaviour of our drivers, delivery status of the containers and to provide instant alert on speeding and deviation from assigned delivery routes of the drivers, thereby ensuring operation efficiency and effectiveness. The GPS systems is also equipped with fuel sensors to monitor fuel consumption cost, detect fuel theft manipulation and fuel idling. Notwithstanding the measures taken, our Group was issued a total number of traffic offence summons of 51, 56, and 36 in the FYE 31 December 2015, FYE 31 December 2016 and FYE 31 December 2017, respectively.

We will also ensure that all our warehouse workers abide by the rules and regulations of the warehouse as implemented by the port authorities to create a safe working environment for everyone. Below is the list of guidelines:

- Safety helmet, shoes and safety jacket must be worn by workers working within the warehouse at all times;
- Workers must ensure the cleanliness of the surrounding environment and to dispose debris in a systematic way;
- Workers must ensure that the fire extinguishers are functional and to take note of their expiry dates;
- Workers and visitors are not allowed to smoke within the vicinity of the warehouse;

**6. BUSINESS OVERVIEW (Cont'd)**

- Workers are not allowed to consume and to own drugs and alcohol as well as to fight or play within the vicinity of the warehouse or to use mobile phones while carrying out operational activities;
- Visitors are not allowed to take any pictures within the warehouse area;
- In the event of a fire, workers must only retrieve important documents and evacuate the scene immediately to an open area as per the fire evacuation plan; and
- Workers must cooperate with the port authorities to make sure that all rules and regulations are adhered to.

As part of our quality and safety management procedures, we have purchased insurance coverage from TT Club Mutual Insurance Ltd in order to mitigate our exposure due to claims arising from transportation liabilities and from external parties such as cargoes damage due to accidents and loss of cargoes resulting from theft or hijacking incidences.

**6.10 SALES AND MARKETING STRATEGIES****6.10.1 We have established networks with our customers, suppliers and overseas freight agents**

Our history in the logistics industry in Malaysia can be traced back to 1992 whereby we have established networks with our suppliers, customers as well as the overseas freight agents. Therefore, we are able to leverage on our relationships with our existing customers, suppliers and overseas freight agents to obtain new customers.

Our overseas freight agents are also our customers who contribute to our Group's revenue, in particular for customers and business opportunities from overseas. In international trade, we require our overseas freight agents to make arrangements for the transportation of goods depending on the demands and expectations of our customers. As such, our continuous efforts in strengthening the relationship with our overseas freight agents will strengthen our business, and will enhance our Group's financial performance and contribute positively to our growth. Save for the overseas freight agents for our overseas sales, we do not rely on any local freight agent for domestic sales in Malaysia as we have our in-house sales and marketing team to develop new business opportunities in Malaysia.

The breakdown of our Group's revenue contributed by our overseas freight agents for the FYE 31 December 2015, 31 December 2016 and 31 December 2017 is as follows:

	FYE 31 December 2015			FYE 31 December 2016			FYE 31 December 2017		
	RM	% <sup>(1)</sup>	% <sup>(2)</sup>	RM	% <sup>(1)</sup>	% <sup>(2)</sup>	RM	% <sup>(1)</sup>	% <sup>(2)</sup>
Overseas freight agents	7,975,025	97.2	10.1	6,133,062	98.7	8.6	7,366,587	99.0	8.6

Notes:

(1) Percentage over our Group's overseas revenue for the respective financial year.

(2) Percentage over our Group's total revenue for the respective financial year.

The decline in revenue contributed by our overseas freight agents in the FYE 31 December 2016 was mainly attributable to the reduction in air freight revenue due to discontinued orders placed by one of our overseas freight agents (Rohlig group). The increase in revenue contributed by our overseas freight agents in the FYE 31 December 2017 is mainly due to increase in sea freight rate charged by the ship liners resulting from better demand as compared to the fleet supply (by tonnage) for container shipments as well as increased orders from one of our overseas freight agents.

**6. BUSINESS OVERVIEW (Cont'd)**

In addition, we have global partnerships with Gebruder Weiss Group, one of the oldest international logistics transportation companies in Eastern and Central Europe for the Europe market; Oriental Logistics Group for the Asia and Asia Pacific markets; and Sharaf Shipping Agency for the Middle East market.

Since 2012, we have been a registered member of the World Cargo Alliance (“WCA”) agency network which comprises more than 6,000 registered members from 193 countries worldwide. Through this network, we have accessibility to market opportunities outside Malaysia, where the international freight agents will be able to locate us when such opportunities arise. For instance, we have been able to provide our integrated logistics services to customers from Eastern and Northern Europe, USA, Turkey, India, Australia, China, Taiwan, Indonesia, Thailand, Vietnam and Cambodia as a member of WCA.

Moving forward, we intend to continue to be part of WCA in order for us to capture opportunities globally and to target other potential markets such as Latin America, the Mediterranean region and Africa.

**6.10.2 We have offices in the Central, Northern and Southern regions of Peninsular Malaysia**

We have presence in Port Klang and KLIA (Central region), Penang (Northern region) and Johor Bahru (Southern region) where the main gateways of Peninsular Malaysia are located, i.e. West Port and North Port, KLIA, Penang Port, Johor Port and Port of Tanjung Pelepas.

**6.10.3 We carry out publicity and promotional events to market our Group**

We promote our services through the display of our company name, logo and contacts on our fleet of prime movers, marketing our Group at all times when our vehicles are on the road.

We have been attending Mercedes-Benz Malaysia Sdn Bhd’s annual event, Malaysia Truck Driver’s League, since 2009. This event gives us publicity and provides us an opportunity to demonstrate the quality of our haulage services particularly from the drivers’ perspective. We were awarded the Grand Prize of Mercedes-Benz Commercial Vehicle Driver’s League in 2012, and Driver Champion and League Champion in 2016.

**6.10.4 We have a customer-oriented sales and marketing team**

Our business development, sales and marketing strategies are mainly driven by our Non-Independent Group Managing Director, Dato’ Hew, who has over 30 years of experience in the logistics industry. Dato’ Hew is assisted by the General Manager of our Sales and Marketing Division, Lee Kiew Keong, who started his career in the logistics industry in 1977. Over many years, they have established in-depth industry experience and customer networks in the industry.

Our sales and marketing division comprises sales personnel and customer service personnel excluding key senior management. The number of sales personnel and customer service personnel as at 31 December 2015, 31 December 2016, 31 December 2017 and the LPD is as follows:

	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>	<b>As at 31 December 2017</b>	<b>As at the LPD</b>
Sales personnel	8	8	7	6
Customer service personnel	24	24	23	24
<b>Total</b>	<b>32</b>	<b>32</b>	<b>30</b>	<b>30</b>



**6. BUSINESS OVERVIEW (Cont'd)**

Our sales and marketing team is responsible for establishing and maintaining relationships with our customers, preparing price quotations and understanding customers' needs. The feedback from our customers will be highlighted and discussed in our weekly sales meeting in order to improve our quality of services.

Our sales and marketing team also conducts joint sales with our overseas freight agents to meet with existing and potential customers worldwide from time to time.

The experience and knowledge carried by our sales and marketing team enables us to identify potential clients through various platforms such as embassies, associations, exhibitions and events.

**6.10.5 We attend trade exhibitions and events**

We attend trade exhibitions and events locally and overseas where we interact with potential customers.

We acknowledge that trade exhibitions and events are an effective way to showcase our services and capabilities to the right market. The trade exhibitions and events usually attract participation of many foreign companies and the manufacturers and exporters in Malaysia. Hence, it enables us to promote ourselves and reach out to our potential customers.

The following are examples of the major trade exhibitions and events that we have participated:

<u>Year</u>	<u>Name of Trade Exhibition/Event</u>	<u>Organiser</u>	<u>Location</u>
2014	WCA Worldwide Conference 2014	World Cargo Alliance	Hong Kong
2017	Malaysian International Furniture Fair 2017	UBM Malaysia	Kuala Lumpur

Such participations allow us to stay updated on relevant market trends and technical information, and expand our business networking within the logistics industry. Additionally, our participation in these trade exhibitions and events enhances our brand visibility and presence.

**6.11 RESEARCH AND DEVELOPMENT ACTIVITIES**

As an integrated logistics service provider, we are not required to undertake, and have not undertaken, any research and development in connection with our business operations.

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**6. BUSINESS OVERVIEW (Cont'd)****6.12 OPERATING CAPACITY AND OUTPUT**

The capacity of our container haulage operations in the past 3 FYE 31 December 2015 to FYE 31 December 2017 and as at the LPD are as follows:

	FYE 31 December			LPD
	2015	2016	2017	
Total no. of working days <sup>(1)</sup>	291	295	293	64
No. of prime movers available in any day <sup>(2)</sup> (units)	80-85	84-90	90-100	99-100
Average no. of prime movers under repair or maintenance <sup>(3)</sup> (units)	7	9	9	6
Average no. of prime movers in PUSPAKOM <sup>(4)</sup> (units)	2	3	4	2
Average no. of prime movers ready for deployment <sup>(5)</sup> (units) [A]	72	73	84	91
Average no. of prime movers deployed <sup>(6)</sup> (units) [B]	66	66	74	70
<b>Utilisation rate (%) [B]/[A]</b>	<b>91.7</b>	<b>90.4</b>	<b>88.1</b>	<b>76.9</b>

Notes:

- (1) Actual number of working days after deducting total number of Sundays, public holidays and non-working days declared by our Group.
- (2) The number of prime movers owned on each working day.
- (3) The average number of prime movers that undergo repair and/or maintenance on each working day.
- (4) The average number of prime movers that undergo PUSPAKOM inspection on each working day.
- (5) Calculated based on the aggregate number of prime movers ready to be deployed on each working day divided by the total working days in a year/ period. The number of prime movers ready to be deployed on each working day is derived after deducting the number of prime movers that are under repair or maintenance or PUSPAKOM inspection from the total number of prime movers available on each working day.
- (6) The average number of prime movers that was deployed on each working day.

Our utilisation rate illustrated above does not take into consideration certain factors such as the number of trips made every day by each prime mover, volume hauled every day by each prime mover, distance travelled per trip, and the availability of drivers. These factors would vary based on the number and volume of orders secured from our customers. Hence, only the total number of working days and the total number of prime movers available are taken into consideration in determining the capacity of our Group's container haulage services.

Our prime movers are subject to routine inspection at the PUSPAKOM in order to certify our compliance with the Road Transport Act, 1987. During this inspection, PUSPAKOM will check the legality and roadworthiness of our prime movers.

**6. BUSINESS OVERVIEW (Cont'd)**

As at the LPD, the average utilisation rate for our prime movers stood at 76.9%. The lower average utilisation rate as compared to previous year was mainly due to higher number of newly recruited drivers who undergo trainings during this period. After considering the prospects of the container haulage business, we expect to achieve a similar utilisation rate at around 90.0% for our prime movers for the FYE 31 December 2018.

**6.13 MAJOR CUSTOMERS**

Our Group's revenue from our customers varies from year to year depending on the services performed for our customers.

Our top 5 major customers for the past 3 FYE 31 December 2015 to FYE 31 December 2017 are as follows:

Major customers	Audited				Type of services	Length of relationship		
	FYE 31 December 2015	FYE 31 December 2016	FYE 31 December 2017	% of revenue				
Atama	RM 14,457,692	RM 11,599,139	RM 11,893,061	18.4	16.2	13.9	Container haulage services	9 years
Recron Malaysia Sdn Bhd	6,255,668	6,069,489	6,590,711	7.9	8.5	7.7	Sea freight and container haulage services	More than 10 years*
Issagami Sdn Bhd	3,987,247	3,778,560	3,422,475	5.1	5.3	4.0	Container haulage services	9 years
Gebruder Weiss Group	755,833	713,670	2,716,850	1.0	1.0	3.2	Sea freight and air freight services	More than 10 years*
Scientex Packaging Film Sdn Bhd	1,358,741	1,710,652	2,129,202	1.7	2.4	2.5	Sea freight and container haulage services	More than 10 years*
Rockwood Malaysia Sdn Bhd	3,336,746	2,972,145	1,909,780	4.2	4.2	2.2	Sea freight and container haulage services	More than 10 years*
Malaysian Newsprint Industries Sdn Bhd	2,545,151	2,135,509	-	3.2	3.0	-	Sea freight and container haulage services	More than 10 years*

Note:

\* The exact number of years of relationship between our Group and the above major customers are not available as we are unable to retrieve the relevant records after we had undergone several accounting system upgrades in the past.

**6. BUSINESS OVERVIEW (Cont'd)**

Atama's relationship with our Group as a customer for container haulage services commenced in 2009 when our Group started our container haulage business under Landbridge Haulage after it commenced business in the same year. Pursuant to the abovesaid business arrangement, Atama on behalf of its customers has engaged our container haulage services which contributed more than 10% of our Group's revenue for the past 3 FYE 31 December 2015 to FYE 31 December 2017.

Apart from acting as the appointed licenced freight forwarding agent for the clearance of goods/ cargoes with the Customs for our customers, Atama has the obligation to monitor the movement of cargoes which is part of the compliance works as required under the rules and regulations of the Customs. As such, despite the containers haulage services are carried out by Landbridge Haulage and the administrative requirement to track the movement of the goods/ cargoes by Atama, Atama will charge its fees directly to the customers as a packaged service which inclusive of its services as licenced freight forwarding agent as well as coordinating the movement of goods/ cargoes via our container haulage services. In return, Landbridge Haulage will charge Atama for the container haulage services rendered to those customers, thus resulting in Atama being a major customer of our Group.

Despite the substantial revenue contribution from Atama during the financial years under review, about 45% of our container haulage services of Landbridge Haulage were carried out through Atama via the business arrangement as described in Section 6.2(iv) above. The remaining container haulage services were carried out through other freight forwarding agents directly engaged by our Group's customers. Landbridge Haulage has 22, 25 and 22 customers (excluding Atama) for the FYE 31 December 2015, FYE 31 December 2016 and 31 December 2017 respectively, and handled more than 100 customers through Atama.

Further, we wish to highlight that out of the RM11.9 million container haulage services charged by Landbridge Haulage to Atama for the FYE 31 December 2017, 87% of the revenue become part of the cost of sale of Atama which will be charged to Tri-Mode or NV Freights' customers as part of the services rendered by Atama in addition to the freight forwarding charges imposed by Atama. Hence, Atama become our major supplier as disclosed in Section 6.14 of this Prospectus.

Taking into consideration this value-chain offered by our Group to our customers as disclosed in Section 6.2 of this Prospectus, our direct relationships with the ultimate customers and availability of other freight forwarding agents in the logistics industry, we are not dependent on Atama as freight forwarding is only an intermediate value-added service within the value chain of integrated logistics services and can be easily substituted and/or outsourced to other third party suppliers. Nevertheless, we have only engaged Atama for the forwarding services as it is our associate company, and thus we have no direct engagement with any other third party forwarding agents in Malaysia. For the financial years under review, our Group has not encountered any collection issue from Atama.

In addition, all transactions conducted between our Group and Atama are at an arm's length basis and on normal commercial terms which are not more favourable than those generally available to third parties, and are not detrimental to our Group.

The revenue generated from Recron Malaysia Sdn Bhd remained almost constant for the past 3 FYE 31 December 2015 (RM6.3 million) to FYE 31 December 2017 (RM6.6 million).

The revenue generated from Issagami Sdn Bhd remained almost constant for the FYE 31 December 2015 (RM4.0 million) and FYE 31 December 2016 (RM3.8 million). The revenue generated from Issagami Sdn Bhd decreased from RM3.8 million in the FYE 31 December 2016 to RM3.4 million in the FYE 31 December 2017 mainly due to reduce in sales volume by Issagami Sdn Bhd to our Group.

The revenue generated from Gebruder Weiss Group remained constant for the FYE 31 December 2015 (RM0.8 million) and FYE 31 December 2016 (RM0.7 million). Nevertheless, the revenue generated from Gebruder Weiss Group increased significantly from RM0.7 million in the FYE 31 December 2016 to RM2.7 million in the FYE 31 December 2017 mainly due to the increase in sales volume by Gebruder Weiss Group (in particular for the air freight segment) coupled with an increase in air freight charges by our Group to Gebruder Weiss Group during the FYE 31 December 2017.

**6. BUSINESS OVERVIEW (Cont'd)**

The revenue generated from Scientex Packaging Film Sdn Bhd grew from RM1.3 million in FYE 31 December 2015 to RM2.1 million in FYE 31 December 2017 was mainly due to increase in business volume from Scientex Packaging Film Sdn Bhd to our Group.

The revenue generated from Rockwool Malaysia Sdn Bhd declined from RM3.3 million in FYE 31 December 2015 to RM1.9 million in FYE 31 December 2017 was mainly due to increased production in a plant of Rockwool Malaysia Sdn Bhd located in Klang since 2<sup>nd</sup> quarter of FYE 31 December 2016, resulting in more short haul trips for the container haulage from Rockwool Malaysia Sdn Bhd to our Group, as compared to more medium haul trips in the FYE 31 December 2015 and 1<sup>st</sup> quarter of FYE 31 December 2016 from its plant located in Melaka.

The revenue generated from Malaysian Newsprint Industries Sdn Bhd declined from RM2.5 million in FYE 31 December 2015 to RM2.1 million in FYE 31 December 2016 due to decline in business volume from the company and it ceased transaction with our Group in the FYE 31 December 2017 due to the company is undergoing winding-up process during the financial year.

We have a wide customer base in the freight and logistics industries, with a total of more than 2,500 customers from private sector companies, public-listed companies and multinational companies as well as government-linked corporations. We have established good business relationships with these customers and this will provide the opportunity for us to secure more businesses from these customers for our continuing business growth. Further, we also diversify our customer's portfolio by exploring for new customer from time to time.

Due to our efforts to diversify our customers' portfolio such as securing new customers from various industries via networking events and conferences organised by business association including but not limited to WCA, referral from our existing customers, offering competitive rate to attract new customers (especially for those who engaged us for complete intergrated logistics services) and increase in our prime movers' capacity to facilitate sales orders from new customers in the past 3 financial years under review, the percentage contribution of revenue generated from our top 3 customers, namely Atama, Recron Malaysia Sdn Bhd and Issagami Sdn Bhd, has decreased from 18.4%, 7.9% and 5.1% in the FYE 31 December 2015 to 13.9%, 7.7% and 4.0% in the FYE 31 December 2017, respectively notwithstanding that our Group has recorded an increase in total revenue from RM78.7 million in the FYE 31 December 2015 to RM85.5 million in the FYE 31 December 2017 as a result of increase in revenue contributed by other existing and new customers.

Despite the competitive rate offered to our new customers, the anticipated higher sales orders secured from the new customers is expected to contribute positively to our financial performance.

In addition, the revenue generated from 4 out of 7 of the abovesaid customers from various industries are only ranging between 2.2% to 3.2% of our Group's total revenue in the FYE 31 December 2017 and hence our Group deems the risk of dependency is mitigated.

In view of these, we are of the opinion that we are not dependent on any single customer.

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**6. BUSINESS OVERVIEW (Cont'd)****6.14 MAJOR SUPPLIERS**

Our Group's purchases from our suppliers vary from year to year depending on the amount of goods or services purchased from our suppliers.

Our top 5 major suppliers for the past 3 FYE 31 December 2015 to FYE 31 December 2017 are as follows:

Major suppliers	Audited						Type of services (inclusive of container haulage services)	Length of relationship
	FYE 31 December 2015 RM	% of purchases	FYE 31 December 2016 RM	% of purchases	FYE 31 December 2017 RM	% of purchases		
Atama	17,968,888	29.1	14,377,498	26.8	18,032,686	27.3	Forwarding and customs clearance services	24 years
Shell Malaysia Trading Sdn Bhd	-	-	3,094,954	5.8	6,248,349	9.5	Diesel supply	2 years
Mitsui O.S.K. Lines (M) Sdn Bhd	7,783,314	12.6	5,101,405	9.5	5,803,905	8.8	Container shipment	More than 10 years*
Yang Ming Marine Transport Corporation (Taiwan)	3,796,135	6.1	3,949,701	7.4	5,085,308	7.7	Container shipment	More than 10 years*
Oriental Logistics Group Ltd	3,379,217	5.5	3,094,954	5.8	3,640,784	5.5	Container shipment	11 years
Petron Fuel International Sdn Bhd	3,067,249	5.0	2,187,239	4.1	195,750	0.2	Diesel supply	8 years

Note:

\* The exact number of years of relationship between our Group and the above major suppliers are not available as we are unable to retrieve the relevant records after we had undergone several accounting system upgrades in the past.

**6. BUSINESS OVERVIEW (Cont'd)**

Atama's relationship with our Group as a supplier for forwarding and customs clearance services commenced in 1994 when Atama started its freight forwarding services upon securing its customs licence.

As disclosed in Sections 6.2(iv) and 6.13 of this Prospectus, about 45% of our container haulage services were carried out by Landbridge Haulage through Atama. For the FYE 31 December 2017, about 88% of Container Haulage Services for Atama is for Tri-Mode and NV Freights' customers whereby Atama acts as the freight forwarding agent for our customers, and the remaining 12% of Container Haulage Services for Atama is provided to Atama's other direct customers.

This arrangement with us together with other freight forwarding services provided by Atama (whereby our customers engaged Tri-Mode or NV Freights' services but not Landbridge Haulage's services) constituted about 87% of Atama's revenue of RM20.8 million for the FYE 31 December 2017.

Generally, the purchases from Atama for the financial years under review are higher than the revenue generated from Atama as the fees charged for services provided by Atama to our Group include the following:

- (i) the mark-up on the container haulage services provided by Landbridge Haulage and/or other third party trucking/ haulage services; and
- (ii) forwarding services as licenced Customs agent/ broker which provide services such as shipping document preparation, liaising with Government agencies for inspection, permit application and Customs clearance.

The services of Atama, Shell Malaysia Trading Sdn Bhd, Mitsui O.S.K. Lines (M) Sdn Bhd, Yang Ming Marine Transport Corporation (Taiwan), Oriental Logistics Group Ltd and Petron Fuel International Sdn Bhd can be easily substituted, thus we are not dependent on any of them. In addition, we have a wide potential supplier base in the freight and logistics industry including private sector companies, public-listed companies as well as multinational companies.

As at to date, we have only engaged Atama for our forwarding services if our customers wish to engage our freight forwarding services, and thus resulting in Atama being a major supplier of our Group. Despite we have no direct engagement with any other third party freight forwarding agents in the past, there are more than 600 other freight forwarding agents available in the freight and logistics industry in Malaysia should their services are required in the future.

Notwithstanding lower rate charged by Atama to our Group which is mainly due to long term working relationship with recurring freight forwarding assignments referred by our Group to Atama, our management is of the opinion that the transactions of our Group with Atama are at an arm's length basis as compared to services provided by third parties freight forwarding agents as our Group is able to negotiate and secure the competitive rates of forwarding services provided by such freight forwarding agents upon the establishment of the long term relationship as well as taken into consideration the recurring volume of assignment referred to the freight forwarding agents in long term.

Our Group has changed our diesel supplier to Shell Malaysia Trading Sdn Bhd in February 2016 as the company is able to provide storage equipment such as diesel skid tank for our fuel storage to be used by our prime movers. As a result of increase in the business volume of Landbridge Haulage, increase in number of prime movers in the FYE 31 December 2017 coupled with the increase in average diesel price, our purchases from Shell Malaysia Trading Sdn Bhd increased from RM3.1 million in the FYE 31 December 2016 to RM6.2 million in the FYE 31 December 2017. Meanwhile, our Group's purchases from Petron Fuel International Sdn Bhd decreased from RM3.1 million in the FYE 31 December 2015 to RM0.2 million in the FYE 31 December 2017 mainly due to shift of main diesel supplier to Shell Malaysia Trading Sdn Bhd.

**6. BUSINESS OVERVIEW (Cont'd)**

Our Group's purchases with Mitsui O.S.K Lines (M) Sdn Bhd decreased from RM7.8 million in the FYE 31 December 2015 to RM5.1 million in the FYE 31 December 2016 mainly due to a drop in sea freight rate offered by ship liners as a result of an oversupply of fleets (by tonnage) as well as reduction in business volume mainly export volume handled by us. The purchases from Mitsui O.S.K Lines (M) Sdn Bhd increased from RM5.1 million in the FYE 31 December 2016 to RM5.8 million in the FYE 31 December 2017 mainly due to increase in sea freight rate charged by the said company.

Our purchases from Yang Ming Marine Transport Corporation (Taiwan) remain constant for the FYE 31 December 2015 and FYE 31 December 2016. However, our purchases from Yang Ming Marine Transport Corporation (Taiwan) increased from RM3.9 million in the FYE 31 December 2016 to RM5.8 million in the FYE 31 December 2017 as a result of prudent risk management strategy adopted by our Group to diversify our purchase order to more ship liners, among others, Yang Ming Marine Transport Corporation (Taiwan).

Our purchases from Oriental Logistics Group Ltd decreased from RM3.4 million in the FYE 31 December 2015 to RM3.1 million in the FYE 31 December 2016 mainly due to a drop in sea freight rate offered by ship liners as a result of an oversupply of fleets (by tonnage). Our purchases from Oriental Logistics Group Ltd increased from RM3.1 million in the FYE 31 December 2016 to RM3.6 million in the FYE 31 December 2017 mainly due to the impact of diversify our purchase order in order to mitigate the risk of dependency on an individual ship liner.

Over the years, our Group has built good business relationships with our suppliers and has active business dealings with 38 ship liners as at the LPD. As our Group has on-going business dealings with these ship liners, our management does not foresee to incur any potential switching cost for the change of suppliers should the needs arise considering that the services provided by the ship liners are similar and we are able to negotiate for competitive rate from the respective ship liners based on our recurring purchase orders. Further thereto, our strategy to mitigate the risk of dependency on 1 particular ship liner such as limit the purchase orders granted to 1 particular ship liner and exploring for new ship liners has resulted in the decrease in purchases from Mitsui O.S.K Lines (M) Sdn Bhd from RM7.8 million in the FYE 31 December 2015 to RM5.8 million in the FYE 31 December 2017 and the relocation of these purchases to other ship liners, amongst others, Yang Ming Marine Transport Corporation (Taiwan) and Oriental Logistics Group Ltd from RM3.8 million and RM3.4 million in the FYE 31 December 2015 to RM5.1 million and RM3.6 million in the FYE 31 December 2017, respectively.

Meanwhile, we are of the opinion that these ship liners also depend on our established network in the logistics industry to purchase their services. Thus, in the unlikely event that these ship liners discontinue their business dealings with us, they will also suffer a similar loss in sales and will likely to take time to re-establish new network with new intergrated logistic service providers. In addition, our network in 53 countries and recurring purchase orders on behalf of customers will entice the business dealings with the existing and potential ship liners with us.

As for our major suppliers for diesel, namely Shell Malaysia Trading Sdn Bhd and Petron Fuel International Sdn Bhd, we are of the opinion that the alternative suppliers are easily sourced in the market while the cost of switching of suppliers is minimum, thus we are not dependent on them.

In addition, as a testament to our Group's established track records with our suppliers, 4 out of 6 of our top 5 suppliers for the financial years under review have been dealing with us for more than 10 years.

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**6. BUSINESS OVERVIEW (Cont'd)****6.15 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS**

As at the LPD, save for the operator licence to provide goods vehicles services in Peninsular Malaysia issued by SPAD to Landbridge Haulage and Customs licence issued by Customs to act as freight forwarding agent for the clearance of goods/ cargoes with the Customs, our Group is not highly dependent on any material contracts, agreements, documents or other arrangements including patents or licences, industrial, commercial or financial contracts which are material to our Group's business or profitability.

Atama, being an associate company of our Group is a licensed freight forwarding agent recognised by the Customs and the detail of the Customs licence held by Atama is as follows:

<b>Subject matter/ Purpose</b>	<b>Issue/ Renewal date</b>	<b>Expiry date/ Validity period</b>	<b>Major conditions imposed</b>	<b>Status of compliance</b>
Approval to operate as forwarding agent	1 September 2016	31 August 2018	<p>(i) The company must have a Bumiputera participation of not less than 51% in its shareholding, directorship, management and support staff.</p> <p>(ii) The company shall not change its name or address, sell, transfer or hand over its shares or business to any parties without the permission of the Customs.</p> <p>(iii) The company shall submit the supporting documents to the State Customs Director within 7 days should there be any changes made to the company's information such as company's name, shareholdings, board of directors or employees of the company or related matters.</p>	Complied as 51% of the Atama Shares are held directly by Bumiputera shareholders being Yahya Suban bin Talib, Murni binti Osman and Muzlina binti Abd Hamid. Atama had also received the permission from the Customs via a letter dated 3 January 2018 for the change of shareholdings pursuant to the Acquisition of Atama and the appointment of Hew Yat Ming as director of Atama. On 27 March 2018, Atama had notified the Customs on the change of shareholdings and appointment of Hew Yat Ming as director of Atama.

Nevertheless, we are not dependent on Atama who are holding the Customs licence and acting as freight forwarding is only an intermediate value-added service within the value chain of integrated logistics services and can be substituted and/or outsourced to other third party suppliers. Further thereto, there are more than 600 other freight forwarding agents available in the freight and logistics industry in Malaysia of which our Group is able to engage with, should their services are required in the future.

Please refer to Section 6.19(b) of this Prospectus for the salient terms of the operator licence issued by SPAD to Landbridge Haulage.

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**6. BUSINESS OVERVIEW (Cont'd)**

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**6.16 COMPETITIVE STRENGTHS AND ADVANTAGES****6.16.1 We are well-positioned to capitalise on the growth in the logistics industry in Malaysia particularly with our Proposed HQ and Distribution Hub**

According to the IMR report, the logistics industry in Malaysia, measured by the GDP for transportation and storage activities in the country, grew from RM30.6 billion in 2011 to RM41.9 billion in 2017 at a CAGR of 5.4%. In 2017, transportation and storage activities contributed 3.6% of Malaysia's total GDP, signifying its importance to the overall economic development.

We provide integrated logistics services to our customers. Upon completion of our Proposed HQ and Distribution Hub, we will be able to further expand our offerings by providing door delivery distribution services. Please refer to Sections 3.9 and 6.17.1 of this Prospectus for further details of our Proposed HQ and Distribution Hub.

The future growth in the logistics industry is expected to be driven by, among other, the growth of the economy particularly in Asia, increase in the global trade, Government-driven initiatives and growth in the manufacturing sector in Malaysia. Please refer to the chapter on Cargo and Container Growth in Malaysia – Key Growth Drivers in the IMR report set out in Section 7 of this Prospectus for further details.

Our prospects will remain in tandem with growth in the logistics industry and will continue to grow along with the growth in global trade. Notwithstanding the competitiveness and increase in number of industry players over the years, we have not noted any entrance of new competitors providing integrated logistics services of similar or larger size (in terms of revenue) as compared to our Group in the last 3 financial years. Therefore, as an industry player with integrated logistics services, our Group is well-positioned to capitalise and leverage on further growth in the logistics industry, including capturing future growth opportunities the industry may offer and enabling our Group to continue our long-term growth and expansion.

**6.16.2 We have a long operating history and proven track record**

We have 26-year history and proven track record as an integrated logistics service provider. We have successfully grown our business over the years from a sea freight service provider to a fully integrated logistic service provider. The reliability of our services is evidenced through our long-term relationship with our customers, some of whom have been with our Group for more than 10 years. Notwithstanding this, save for Atama, none of our customers individually contributed to more than 10.0% of our Group's revenue. Despite the contribution of revenue generated from Atama of more than 10% of our Group's revenue, we are not dependent on Atama, details of which have been disclosed in Section 6.13 of this Prospectus.

Our ability in securing and retaining our customers is a testament to our proven track record. We pride ourselves as a one-stop logistics service provider, helping our customers to plan, implement, manage and deliver their merchandise and goods to their end destinations, saving them the hassle of sourcing for multiple service providers for each shipment. By providing our integrated services, we are able to benefit from multiple revenue sources in the logistics value chain.

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**6. BUSINESS OVERVIEW (Cont'd)**

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**6.16.3 We have an experienced management team with strong industry expertise**

We have been operating our business for more than 25 years, and we are led by an experienced senior management team with in-depth industry knowledge.

Our Non-Independent Group Managing Director, Dato' Hew, has played a pivotal role in growing our business. He is responsible for our Group's strategic and business development and is actively involved in sales and marketing. Datin Sam, our Non-Independent Executive Director oversees day-to-day freighting operations particularly in export transactions.

Further, the General Manager of our Group Sales and Marketing division, Lee Kiew Keong, has over 38 years of sales and marketing experience in the logistics industry and he is in charge of sales and marketing activities of our Group.

In addition, our Group General Manager, Hew Yat Ming, who has over 20 years of experience in the logistics industry, oversees overall our Group operations with focus on freight forwarding and container haulage operations. The container haulage operations are further supported by the Assistant General Manager of our haulage division, Muhd Nur Azmi Subramaniam bin Abdullah, who has over 30 years of experience in the logistics industry.

Our Group are also supported by our Chief Financial Officer (Tung Yoke Chan) who has accumulated over 33 years of experience in corporate finance, treasury management, tax planning, balance sheet management, and stockbroking operation. On the finance, administrative and human resource area, our Chief Financial Officer is supported by Loi Chee Hsien, our Assistant General Manager of our Finance, Administrative and Human Resource division, who has accumulated over 25 years of experience in the field of accounting, budgeting, auditing, risk and treasury management.

The experience of our Directors and key senior management team has provided us with in-depth industry knowledge and capabilities, and from which we have established strong relationships with our customers. Our capabilities have also enabled us to renew our relevant licences, when required, from the relevant authorities.

**6.16.4 We have our own fleet of haulage vehicles to increase delivery efficiency**

As at the LPD, we have a total fleet of 99 prime movers, 505 trailers and 3 side-loaders. This enables us to plan our deliveries efficiently and effectively, optimising the delivery time for our customers. At the same time, we can eliminate the need to rely on third party haulage service providers. With our own fleet of haulage vehicles as an integrated logistics services provider, we believe that it gives us an advantage over other industry players who do not have their own fleet of haulage vehicles or with a smaller fleet of haulage vehicles as we are able to increase our delivery efficiency and undertake larger assignments.

We started our haulage division in 2009 with a fleet of 20 prime movers and 100 trailers. As at the LPD, we have registered a growth of more than 400% for our prime movers and trailers over the 8-year period. According to the IMR report, in the month of January 2018, Landbridge Haulage was ranked 13<sup>th</sup> out of 223 haulage service providers listed by the Association of Malaysian Hauliers, based on the total volume of container hauled (i.e. TEU) in Port Klang.

All our prime movers are equipped with GPS fleet tracking systems which allows our operations personnel to track the location of vehicles. Coupled with the trunk-radio systems, we are able to monitor the status of container delivery at all times. The GPS system is also equipped with fuel sensor monitoring system to monitor each vehicle's fuel consumption while moving and idling, as well as detect fuel theft manipulation and other security features such as instant alert on speeding and deviation from assigned delivery routes.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.16.5 We have a well-established network of suppliers worldwide

We have developed our network of suppliers for more than 2 decades. We have close working relationships with our suppliers such as the port terminals, major shipping liners, cargo airlines, overseas freight agents, prime mover and trailer manufacturers, fuel suppliers, spare parts providers as well as repair and maintenance workshops. Our relationships with some of our overseas freight such as Gebruder Weiss Group, one of the oldest international logistics transportation companies in Eastern and Central Europe for Europe market, Oriental Logistics Group for Asia and Asia Pacific market, and Sharaf Shipping Agency for East Asia and Middle East market have spanned more than 20 years.

International shipping liners such as Mitsui O.S.K Lines (Japan), Yang Ming Marine Transport Corporation (Taiwan), China Shipping Agency (China), CMA CGM (France) and Hyundai Merchant Marine (South Korea) have been our suppliers for more than 10 years. Further, Mercedes-Benz Malaysia Sdn Bhd and/or through their authorised dealer, has been our key supplier for prime movers since we started our haulage operations in 2009.

Established relationships with suppliers are important in our business as we work closely with them to provide our integrated logistics services to our customers. Having an established network of suppliers worldwide has given us the credentials to secure even more customers over the years, and moving forward will help us expand our customer base and contribute to the on-going growth and expansion on our business.

## 6.17 FUTURE PLANS AND STRATEGIES

### 6.17.1 We intend to set up the Proposed HQ and Distribution Hub in West Port

Our Group had on 22 April 2016 entered into 2 sale and purchase agreements with Central Spectrum to acquire the Pulau Indah Land which is adjacent to the West Port for approximately RM25.4 million. We intend to set up our Proposed HQ and Distribution Hub with a target built-up area of approximately 80,000 sq ft on the Pulau Indah Land.

In view of our growing business, we intend to expand our warehousing functions to enhance our operations efficiency and to extend our existing warehousing services by providing door delivery distribution services at the Proposed HQ and Distribution Hub which is a new type of services to be provided via our distribution hub in future. Currently, our warehouse services comprise mainly general cargoes, consolidation, deconsolidation, transshipment, project cargo handling and conventional inventory management.

The Proposed HQ and Distribution Hub is intended to include the following:

- (i) prime movers and trailers parking area of approximately 7 acres from existing parking area of approximately 4 acres (aggregate of existing 2 yards);
- (ii) new mechanical workshops for container haulage operations to cater for more in-house minor repairs and maintenance works such as fuel or engine oil change; and
- (iii) a modernised warehouse equipped with bar-coding inventory monitoring and racking system.

The rationale for undertaking the construction of the Proposed HQ and Distribution Hub is mainly due to the following:

- (a) to centralise operations where practicable to achieve cost savings;

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**6. BUSINESS OVERVIEW (Cont'd)**


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- (b) to cater for the expansion of container haulage operational capacity. With the growing numbers of prime movers and trailers, the current yards will not have sufficient space for parking; and
- (c) to expand our warehousing functions by providing distribution services at the Proposed HQ and Distribution Hub. The Proposed HQ and Distribution Hub will enable us to increase our capacity to facilitate the future growth of our business including the e-commerce logistics business.

With the Proposed HQ and Distribution Hub, the Group's warehouse functions can be expanded, in addition to its current operations, to include the following:

- (i) to act as warehouse and distribution center;
- (ii) to provide value added warehouse services such as re-labelling, repacking and sorting of consignments;
- (iii) to provide door delivery distribution services for e-commerce related activities; and
- (iv) to provide bonded warehouse services (subject to our Group procuring the relevant licences to operate such warehouse) which enable us to provide central storage for the distribution of bonded goods whereby the Customs' duties and taxes have not been paid.

The total construction cost, excluding land price, is estimated to be at RM20 million, of which RM15 million is intended to be financed by the proceeds from our IPO and the balance to be funded through our internal cashflow or bank borrowings.

As at the LPD, the Proposed HQ and Distribution Hub is pending the delivery of vacant possession for the Pulau Indah Land from Central Spectrum which is expected to be handed over to our Group by the 2<sup>nd</sup> quarter of 2019. However, we intend to appoint a consultant in the 2<sup>nd</sup> quarter of 2018 to prepare the building plan and relevant documents for submission to the relevant authorities immediately upon the delivery of vacant possession for the Pulau Indah Land in the 2<sup>nd</sup> quarter of 2019. Upon receipt of the relevant approval on the building plan which generally takes approximately 2 to 3 months from the date of submission to the relevant authorities, we expect to commence the construction of our Proposed HQ and Distribution Hub by the 3<sup>rd</sup> quarter of 2019. After taking into consideration the estimated construction period of our Proposed HQ and Distribution Hub of up to 12 months time and the estimated timeframe required for the approval of the CCC of approximately 3 months from the completion of the construction of the Proposed HQ and Distribution Hub, our Proposed HQ and Distribution Hub is expected to be ready for operation in the 3<sup>rd</sup> quarter of 2020. Upon the commencement of operations of the Proposed HQ and Distribution Hub, our existing headquarter together with Yard 1 and Yard 2 will be made available for sale or rental. Save for our existing headquarter, Yard 1 and Yard 2, there will be no change in occupancy or function of the properties owned and leased by our Group as disclosed in Section 6.21.1 of this Prospectus.

The Proposed HQ and Distribution Hub will enable us to increase our capacity to facilitate the future growth of our business. Further, it will also facilitate our objective in venturing into the e-commerce logistics industry. Please refer to Section 6.17.5 below for further details on our plans to venture into the e-commerce logistics industry.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.17.2 We intend to expand our container haulage business through the expansion of our fleet of haulage vehicles

As at the LPD, we have a total of 99 prime movers, 505 trailers and 3 side-loaders for servicing our customers within Peninsular Malaysia.

With an existing 105 permits from SPAD for prime movers and 530 permits for trailers (including permits which also applicable for side-loaders). We intend to fully utilise all the permits granted by purchasing an additional 6 prime movers and 22 trailers in 2018 (including the replacement of 1 unit of prime mover<sup>(1)</sup> and 12 units of trailers<sup>(2)</sup>). To further enhance our security of our trailers, our Group has installed a boom gate (security barrier) at the entrance of our vehicle depot in Yard 1 and Yard 2 to prevent unauthorised access. We have also reviewed our internal control policy and undertake the necessary steps to enhance our security gate pass procedures which includes enforcement on drivers to produce the gate pass approved by authorised officers to the security guards prior to moving any trailers out from the yards, recording and monitoring the transfer of trailers from Yard 1 to Yard 2 for repair and maintenance, as well as perform daily physical stock take within Yard 1 and Yard 2. In addition, our management will conduct random check on the security guards at the yards to ensure they follow strictly the gate pass procedures. Ad-hoc vetting on our drivers' criminal record will also be carried out by our Group as and when is required. For the avoidance of doubt, the permits attached to the lost prime mover and stolen trailers can be reused by the additional prime mover and trailers to be acquired.

Notes:

- (1) *The prime mover had in February 2018 involved in a road accident and reported a total loss. The said prime mover is fully insured and we had on 24 February 2018 filed an insurance claim to our insurer.*
- (2) *Landbridge Haulage had on 2 October 2017 lodged a police report for 12 units of trailers which were stolen from its vehicle depot. As at the LPD, the case is still subject to police investigation notwithstanding that a progress letter has been issued by the police officer that suspect has been arrested for further investigation and the police will continue to identify if there is any witness for the incident. As a result, Landbridge Haulage had pursuant to MFRS 136 – Impairment of Assets, recorded a total impairment loss of RM245,436 for the stolen trailers, however, we have filed for insurance claim amount of RM282,875 (including the total value of the tyres for all of the trailers amounting to RM37,439, whereby the costs of the tyres were expensed off to the statements of profit or loss and other comprehensive income) and the claim is under process as at the LPD.*

The total loss of the abovesaid prime mover and 12 units of stolen trailers are not expected to affect our Group business plan to expand our container haulage business as our Group will replace the prime mover and trailers via claims received from insurers, bank borrowings and internally generated fund.

In addition, we intend to write to SPAD to apply for additional permits pursuant to the operator licence granted by SPAD as set out in Section 6.19(b) of this Prospectus to further expand our fleet size moving forward and facilitate our expansion plan to increase our total fleet size to 110 prime movers and 540 trailers (including 3 existing side-loaders which are currently using the permits of trailers) with a total estimated cost of RM4.5 million in 2018. The process of application of additional permits from SPAD is expected to take 2 months from the date of application before the permits are granted while the expansion of our fleet size is expected to be partially funded by the proceeds from our IPO and the balance through hire purchase financing. Please refer to Note 1 of Section 6.19(b) for the information in relation to operator licence and permits granted by SPAD.

The purchase of additional prime movers and trailers will enable us to increase our container haulage operating capacity. For FYE 31 December 2017, the average utilisation rate for our prime movers stood at 88.1% and with the addition of 10 units of prime movers, our total number of prime movers will increase from 99 units to 110 units, representing a 11.1% increase in our fleet size. As the new addition of the prime movers is expected to take place over a period of 24 months and after considering the prospects of the container haulage business, we expect to achieve a similar utilisation rate at around 90.0%.

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**6. BUSINESS OVERVIEW (Cont'd)**


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This increase in our haulage fleet size is expected to be translated into increased revenue from container haulage services and improve the overall financial performance of our Group.

**6.17.3 We intend to expand our air freight business**

Our air freight business contributed to 5.4%, 4.2% and 5.4% of our Group revenue in the FYE 31 December 2015 to FYE 31 December 2017 respectively. Moving forward, we intend to expand our air freight business to further increase our Group's income and improve our overall financial performance via inbound or outbound of air freight business to Malaysia and from Malaysia.

We intend to put in place the following strategies for the proposed expansion of our air freight services:

- (i) To work closely with our current overseas freight agents to increase business opportunities;
- (ii) To further develop new overseas freight agent networks with major international trading partners;
- (iii) To increase the personnel of our air freight management team to handle and expand our air freight business;
- (iv) To conduct market research using air cargo statistics/data for market leads and strategic planning; and
- (v) To join overseas visitation with our overseas freight agents to expand and secure more business.

**6.17.4 We will continue to seek market opportunities and strengthen our market presence in Malaysia**

Currently it is our Group's main focus to further strengthen our market presence in Malaysia only via leveraging on our track record and market reputation to tap into future growth opportunities in the logistics industry in Malaysia as our Group has no intention to expand our market presence in overseas market within the next 5 years. According to the IMR report, container throughput for sea freight in Malaysia is forecast to grow at a CAGR of 2.0%, from 24.0 million TEUs in 2018 to 25.0 million TEUs in 2020. On the other hand, total cargo throughput for air freight is forecast to grow from 880,744 MT in 2017 to 901,986 MT in 2019, at a CAGR of 1.2% while container haulage traffic is forecast to grow from 3.5 million TEUs in 2018 to 3.7 million TEUs in 2020, at a CAGR of 3.2%.

We will continue to seek opportunities in the import and export markets to Malaysia and from Malaysia for both domestic and foreign customers. With our track record and market reputation in the integrated logistics industry in Malaysia, we are well-placed to continue growing our market presence and increase our overall market share in Malaysia. We will remain focused on our core offerings by continuing the provision of integrated logistics services to our customers.

To achieve this, we will increase our sales and marketing activities as outlined in Section 6.10 above. We will also further expand our network of partnering agents to secure more businesses from potential overseas customers.

**6.17.5 We aim to venture into the e-commerce logistics industry in Malaysia**

We aim to venture into the e-commerce logistics industry in Malaysia by providing courier services for the goods purchased by our customers from outside Malaysia through selected e-commerce platforms (i.e. online shopping) operated by third parties, to further expand our scope of logistics services. Our e-commerce logistics platform will also enable consumers in Malaysia to place orders through our delivery platform for online purchases made outside Malaysia.

**6. BUSINESS OVERVIEW (Cont'd)**

According to the IMR report, the electronic commerce or e-commerce market in Malaysia, measured in terms of gross value added<sup>(1)</sup>, increased from RM44.6 billion in 2011 to RM74.6 billion in 2016 at a CAGR of 10.8%. E-commerce retailers may choose to manage the delivery of products either in-house or through a third party such as a logistics service provider or a courier service provider. Thus, the growth in the e-commerce industry in Malaysia is expected to drive future demand for logistics services.

Currently, we are working with a third party who operates an e-commerce logistics platform outside Malaysia to secure an exclusive right to use the e-commerce logistics platform in Malaysia to cater for inbound courier services. This platform will allow our customers to obtain information such as price quotations and delivery time for online purchases made outside Malaysia for selected e-commerce platforms. This e-commerce logistics platform has been successfully implemented outside Malaysia. Notwithstanding this, in the event if any adverse issues in relation to the roll-out of our e-commerce logistics platform, support or guidance from the said platform owner will be sought.

As at the LPD, we are not aware of any other integrated logistics service providers in Malaysia that operates similar e-commerce logistics platform from point-of-origin to final destination in Malaysia. Presently, our closest competitors who provide e-commerce logistics services are mainly international courier service providers.

Based on the feasibility study conducted by our Group, the e-commerce logistic services involving the delivery from point of origination (ie. e-commerce seller) to the final destination in Malaysia (ie. the customers) are performed by multiple operators/intermediaries i.e., the sea freight and air freight services, freight forwarding services, warehousing, door delivery to the customers will be carried out by different parties.

As compared to our proposed e-commerce logistics platform, our Group intends to provide integrated logistics services which include our e-commerce logistics platform, inbound sea freight/air freight services, freight forwarding services and door delivery distribution service to the final destination in Malaysia. Nevertheless, the actual volume of transaction to be generated from the e-commerce logistics platform is unable to quantify at this juncture.

The cost of setting up our e-commerce logistics platform is estimated to range between RM1.0 million and RM1.5 million which mainly consists of software, hardware and marketing costs and is expected to be funded by our internally generated funds.

On 1 September 2017, a non-universal service licence has been issued by the MCMC to Landbridge Haulage to provide international inbound courier services. Please refer to Section 6.19(b) of this Prospectus for the details of non-universal service licence.

As at the LPD, our Group is in the midst of negotiation to enter into agreement for rights to use the e-commerce logistics platform in Malaysia. In addition, we are in the midst of assessing the needs to include additional language for the platform to cater for Malaysia market. Upon implementation of the e-commerce platform, our expansion into the e-commerce logistics industry is targeted to commence in the second half of 2018.

*Note:*

(1) *The gross value added of e-commerce is the measure of the value of e-commerce products and services produced. It is derived as the difference between the value of gross output and intermediate input.*



## 6. BUSINESS OVERVIEW *(Cont'd)*

### 6.18 PROSPECTS OF OUR GROUP

Our Board is positive over our Group's prospects, after taking into consideration our future plans and strategies as set out in Section 6.17 of this Prospectus, our competitive strengths and advantages as set out in Section 6.16 of this Prospectus and the outlook on the logistics industry in Malaysia, cargoes and container growth in Malaysia and global trade analysis in the IMR report set out in Section 7 of this Prospectus.

The logistics industry in Malaysia is an important industry to overall economic development. The logistics industry in Malaysia, measured by the GDP for transportation and storage activities in the country, contributed 3.6% of Malaysia's total GDP in 2017.

Driven by the following factors, the logistics industry in Malaysia grew at a CAGR of 5.4% from 2011 to 2017:

- The growth in Malaysia's external trade, comprising total imports and total exports, grew at a CAGR of 5.7% from 2011 to 2017. The logistics industry plays an important role in supporting trade, as it facilitates the transportation of goods across international borders;
- Government-driven initiatives are also expected to spur the logistics industry. The Government targets to achieve an annual growth rate of 8.5% for the transport and storage subsector under the 11MP as well as being committed to continue improving the logistics infrastructure in the country through The Logistics and Trade Facilitation Masterplan (2015 – 2020);
- The continued development of the manufacturing sector, as well as the growth of the economy, will provide growth opportunities for the logistics industry in Malaysia; and
- The growth of the e-commerce industry in Malaysia is expected to drive future demand for logistics services which is in line with our Group's future plan to venture into e-commerce logistics market in Malaysia.

According to the IMR Report, the prospects and outlook of Tri-Mode Group's 3 largest revenue contributors, namely the sea freight, air freight and container haulage (land transport) businesses, is expected to be supported by the above drivers and the following projected growth:

- Sea freight cargo throughput and container throughput to grow at a CAGR of 2.0% respectively between 2018 and 2020, while container throughput for imports and exports excluding trans-shipment is forecast to grow at a CAGR of 3.4% during the same period;
- Air freight cargo throughput is forecast to grow at a CAGR of 1.2% between 2017 and 2019; and
- Container haulage for FCL in Port Klang to grow at a CAGR of 3.2% between 2018 and 2020.

The logistics industry in Malaysia is fragmented, with approximately 600 logistics and freight forwarding companies in Malaysia. Approximately 300 are integrated logistics service providers. Notwithstanding this, Landbridge Haulage was ranked 13<sup>th</sup> out of 256 haulage service providers as listed by the Association of Malaysian Hauliers from January to December 2017, based on the total volume of container hauled in Port Klang, with a market share of 1.55%. Landbridge Haulage was ranked 13<sup>th</sup> out of 223 haulage service providers listed by the Association of Malaysian Hauliers based on the total volume of container hauled in Port Klang in the month of January 2018. In terms of sea freight, Tri-Mode Group registered a market share of 0.35% for sea freight in Malaysia in 2017.

In view of the forecasted growths in sea freight, air freight and container haulage mentioned above, we intend to expand our container haulage business through the expansion of our fleet of haulage vehicles and expand our air freight business through new business strategies, the details of which have been disclosed in Sections 6.17.2 and 6.17.3 of this Prospectus respectively. Further, we will continue to seek new market opportunities and strengthen our market presence in Malaysia by focusing on our core offerings of providing integrated logistics services to our customers.

**6. BUSINESS OVERVIEW (Cont'd)****6.19 APPROVAL, MAJOR LICENCES, PERMITS AND REGISTRATIONS**

As at the LPD, we hold the following major licences, permits and registrations for our business operations:

**(a) Tri-Mode**

Licence no./ Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
10450701038320 174	Majlis Perbandaran Klang	Business and licence signboard	23 November 2017	31 December 2018	-	Not applicable
KE.BB(80)001/0 3-652/Klt.2(27)	Customs	Approval to operate as shipping agent	1 October 2016	30 September 2021	(i) The company shall not change its name or address, sell, transfer or hand over its shares or business to any parties without the permission of the Customs.  (ii) The company shall submit the supporting documents to the State Customs Director within 7 days should there be any changes made to the company's information, such as shareholdings, board of directors or employees of the company and other related matters.	Complied as Tri-Mode had on 9 March 2018 and 27 March 2018 notified the Customs on the change of directors and changes in shareholdings respectively.

**6. BUSINESS OVERVIEW (Cont'd)**

<b>Licence Reference no.</b>	<b>Issuing authority</b>	<b>Subject matter / Purpose</b>	<b>Issue / Renewal date</b>	<b>Expiry date / Validity period</b>	<b>Major conditions imposed</b>	<b>Status of compliance</b>
KE.BB(80)001/04-BD0216(27)	Customs	Direct user licence	18 November 2016	17 November 2018	The company shall inform Pengarah Kastam Negeri of any change in name, company address, board of directors and shareholders of the company.	Complied as Tri-Mode had on 9 March 2018 and 27 March 2018 notified the Customs on the change of directors and changes in shareholdings respectively.
FCZ OL 0260	Malaysia Airports (Sepang) Sdn Bhd	Free commercial zone operating licence	1 February 2018	31 January 2019	-	Not applicable

## 6. BUSINESS OVERVIEW (Cont'd)

## (b) Landbridge Haulage

Licence Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
B.PGK.SEL / 02832	Ministry of Domestic Trade, Co-operatives and Consumerism	Approval for the purchase and storage of diesel, being a controlled item at PT64382, Jalan Perigi Nenas 8/7, Taman Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan	31 January 2018	30 January 2019	<p>(i) The permit holder is not allowed to store the scheduled controlled item at any place other than the one stipulated in the individual licence unless a written approval is obtained from the controller.</p> <p>(ii) The permit holder must not have in his possession or control the scheduled controlled item exceeding the quantity (i.e. 19,000 litres) as stipulated in the individual licence.</p> <p>(iii) The permit is non-transferrable.</p> <p>(iv) Controlled items as stipulated in the individual licence are for own use and not for sale.</p> <p>(v) The permit holder must keep proof of purchase of the controlled items upon inspection.</p>	Complied as Landbridge Haulage only stores the scheduled control item (below 19,000 litres) at the stipulated location for its own use. In addition, Landbridge Haulage also keeps the proof of purchase of the controlled scheduled item and labelled the skid tank.

**6. BUSINESS OVERVIEW (Cont'd)**

Licence Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
					(vi) The skid tank where the controlled items are stored must be labelled.	
					(vii) The permit is valid for period issued and any renewal must be made one month prior to its expiration.	
					(viii) The permit holder is bound by the Controlled Item Act 1961 and any subsidiary laws made therein.	
					(ix) If the permit holder is no longer using the scheduled controlled item as stipulated in the individual licence, the permit holder must return the permit to the controller.	
					(x) If the permit holder is found to give false information or violate any of the aforementioned conditions, this permit may be revoked immediately.	

## 6. BUSINESS OVERVIEW (Cont'd)

Licence Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
574659P(LA) <sup>(1)</sup>	SPAD	Operator licence to provide goods vehicle services in Peninsular Malaysia	4 June 2017	2 November 2020	(i) Foreign equity ownership of up to 49% of is allowed.  (ii) If there is any change to the equity structure, the value shares held by Bumiputera shall not be less than the original value of the shares held by Bumiputera.	Complied with condition (i) as Landbridge Haulage is a wholly-owned subsidiary of our Company while condition (ii) is not applicable to companies nor subsidiaries of companies listed on Bursa Securities.
LS 0869	Majlis Perbandaran Klang	Business licence	28 January 2018	27 July 2018 <sup>(2)</sup>	-	Not applicable
LPP-1/2017/B/9 (2)	MCMC	Non-universal service licence (for courier service Class B) <sup>(3)</sup>	1 September 2017	31 August 2020	(i) The licence holder shall immediately notify MCMC of any change of directors, chief executive officer and substantial shareholding structure of the licence holder.  (ii) The licence holder shall notify MCMC of any joint venture or consortium undertaken by the licence holder.	Complied as Landbridge Haulage had on 27 March 2018 notified the MCMC on the change in shareholdings.

**6. BUSINESS OVERVIEW (Cont'd)**

Licence Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
					(iii) The licence holder shall notify MCMC of any change of addresses of the company, its branches and its agents.	

*Notes:*

(1) Landbridge Haulage has obtained the operator licence ("Licence") which is the main licence that allows Landbridge Haulage to provide goods vehicle services in Peninsular Malaysia. The Licence holder is eligible to apply permit(s) for each prime movers and trailers under haulage operation. Hence, with the Licence, Landbridge Haulage will be able to apply multiple permit(s) depending on the operational requirements prior to the purchase of additional prime movers and/or trailers.

There is no restriction to the number of permits which can be applied under the Licence. However, Landbridge Haulage can apply for additional permit(s) only after it almost fully utilised all permits granted by SPAD under the previous application. All the permit(s) issued by SPAD have expiry dates and they must be utilised before the expiry dates, failing which, it may affect the future application made by the operators. Therefore, Landbridge Haulage will normally apply for 10 permits under 1 application.

Pursuant to the Land Public Transport Act 2010, the licenced operator (or its drivers) may face fine and/or imprisonment in the event of a breach of conditions imposed by the Land Public Transport Act 2010 or the licence itself. SPAD may revoke or suspend the operator's Licence due to frequency of the breach or to the breach having been committed wilfully or the danger to the public involved in the breach. However, for the past 3 financial years under review, our drivers have not committed any serious traffic offences save for some minor traffic offences which will not have any impact to our Group's business and Licence, other than minor financial impact to our Group. Nonetheless, traffic penalty (i.e. from speeding and disobeying other traffic rules) will be borne by the respective drivers if they are found negligent.

(2) The expiring permit/ licence will be applied for renewal within 1 month prior to its expiry date.

(3) A non-universal service licence entitles its holder to provide postal services that may be provided to consumers at rates other than the prescribed rates of the universal service while a universal service licence entitles its holder to provide postal services, which include basic postal services determined by the MCMC to be provided to consumers throughout Malaysia, at the prescribed rates.

The scope of services of the non-universal service licence granted by MCMC to Landbridge Haulage are as follows:

- (i) international inbound courier service;
- (ii) domestic courier service in Malaysia; and
- (iii) other related services.

**6. BUSINESS OVERVIEW (Cont'd)**

*As a holder of non-universal service licence for courier service Class B, Landbridge Haulage can only offer inbound courier to facilitate the provision of courier services for the goods purchased by Malaysian customers from outside Malaysia through the e-commerce platform (i.e. online shopping) operated by third parties. As such, Landbridge Haulage is not able to carry out the outbound courier services considering that it does not have the non-universal service licence for courier service Class A which allows the licence holder to provide both international inbound and outbound courier service. It is our management current business decision to focus on inbound courier services at this point of time as provision of e-commerce logistics service is a new business venture by our Group. Notwithstanding this, our Group will review the business performance of our e-commerce from time to time and assess the need to apply for universal service licence for courier service Class A of which the licensing fee cost RM30,000 per year as compared to RM10,000 per year for non-universal service licence for courier service Class B. In view of this, our Group did not apply for the non-universal service licence for courier service Class A.*

**(c) Tri-Mode Penang**

Licence no. / Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
34/220690/1186 9	Majlis Perbandaran Seberang Perai	Business licence to operate an office at 18 Lorong Kampung Jawa, Off Jalan Bagan Luar, 12000 Butterworth	5 January 2018	31 December 2018	-	Not applicable

**(d) Tri-Mode Johor**

Licence no./ Reference no.	Issuing authority	Subject matter / Purpose	Issue/ Renewal date	Expiry date/ validity period	Major conditions imposed	Status of compliance
47/30/1744	Majlis Perbandaran Johor Bahru	Business licence to operate as transportation and shipping agency	1 January 2018	31 December 2018	-	Not applicable



**6. BUSINESS OVERVIEW (Cont'd)****(e) Tri-Mode Logistics**

Licence Reference no.	Issuing authority	Subject matter / Purpose	Issue/ date	Renewal	Expiry date/ Validity period	Major conditions imposed	Status of compliance
BW 0282	Pihak Berkuasa Zon Bebas Lembaga Pelabuhan Klang	Approval to carry out business, break bulk cargo, grading, relabeling and repacking in the free commercial zone, CFS2, Container Freight Station 2, Westport Malaysia, Container Terminal, Pulau Indah and Northport CFS CTI (B2), Off Jalan Tenggara, Pelabuhan Utara, 42005 Pelabuhan Klang, Selangor	12 December 2017	12 December 2017	31 December 2018	Operators shall notify the Free Zone Authority in the event of any change or changes regarding company information such as name of the company, address of the company, members of the board of directors and other related matters.	Complied as Tri-Mode Logistics had on 2 April 2018 notified the Pihak Berkuasa Zon Bebas Lembaga Pelabuhan Klang on the change of shareholdings.
10879901162720 177	Majlis Perbandaran Klang	Business and signboard licence	23 November 2017	23 November 2017	31 December 2018	-	Not applicable

Note:

(1) The expiring permit/ licence will be applied for renewal within 1 month prior to its expiry date.

**6. BUSINESS OVERVIEW (Cont'd)****(f) NV Freights**

Licence Reference no.	Issuing authority	Subject matter/ Purpose	Issue/ Renewal date	Expiry date/ Validity period	Major conditions imposed	Status of compliance
10543101038120 171	Majlis Perbandaran Klang	Business Licence	23 November 2017	31 December 2018	-	Not applicable

As at the LPD, all major conditions imposed by the authorities on the licences, permits and registrations obtained by our Group have been duly complied.

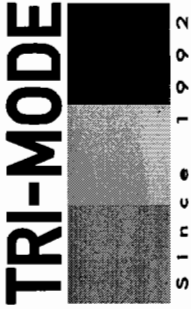
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**6. BUSINESS OVERVIEW (Cont'd)**

**6.20 INTELLECTUAL PROPERTY RIGHTS**

**6.20.1 Trademarks**

As at the LPD, our Group has made an application on 29 September 2017 for the registration of the following trademark with the Intellectual Property Corporation of Malaysia:

<b>Trademark logo</b>	<b>Applicant</b>	<b>Class no.</b>	<b>Description</b>	<b>Application no.</b>	<b>Status as at the LPD</b>
	Tri-Mode	39	Air transport; barge transport; collection of recyclable good for transport; courier services; delivery of goods; delivery of goods by mail order; freight for shipping of goods; freight forwarding; freight brokerage; freighting; hauling; marine transport; packaging of goods; parcel delivery; physical storage of electronically stored data or documents; removal services; rescue operation for transport; ship brokerage; storage of goods; storage / warehousing; storage information; rental of storage containers; transport; transport brokerage; transportation logistics; transporting furniture; unloading cargo; rental of warehouses; wrapping of goods; all included in class 39.	2017069019	Full examination completed

**6. BUSINESS OVERVIEW (Cont'd)****6.21 PROPERTIES****6.21.1 Owned and leased properties**

As at the LPD, we own the following properties:

<b>Registered owner</b>	<b>Title/ Location</b>	<b>Tenure</b>	<b>Description and existing use</b>	<b>Built-up area/ Land area (sq ft)</b>	<b>Date of certificate of fitness/ CCC</b>	<b>Encumbrances</b>	<b>Audited NBV as at 31 December 2017 (RM)</b>
Tri-Mode	HSD 13537, Lot PT 206 Seksyen 4, Bandar Port Swettenham, Daerah Klang, Negeri Selangor Darul Ehsan / Lot 25, Lorong Berembang, Off Jalan Kem, Taman Seri Berembang, 42000 Port Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 25 August 2080 (unexpired term of approximately 62 years)	A four-storey commercial shop lot occupied as our headquarter	6,400/ 1,600	6 January 2000	Charged to CIMB Bank Berhad by Tri-Mode pursuant to presentation no 92264/2007	448,933
Tri-Mode	HSD 13538, Lot PT 207 Seksyen 4, Bandar Port Swettenham, Daerah Klang, Negeri Selangor Darul Ehsan / Lot 27, Lorong Berembang, Off Jalan Kem, Taman Seri Berembang, 42000 Port Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 25 August 2080 (unexpired term of approximately 62 years)	A four-storey commercial shop lot occupied as our headquarter	6,400/ 1,600	6 January 2000	Charged to CIMB Bank Berhad by Tri-Mode pursuant to presentation no 92265/2007	458,451

## 6. BUSINESS OVERVIEW (Cont'd)

Registered owner	Title/ Location	Tenure	Description and existing use	Built-up area/ Land area (sq ft)	Date of certificate of fitness/ CCC	Encumbrances	Audited NBV as at 31 December 2017 (RM)
NV Freights	HSD 67678, Lot PT 64406, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan / Lot 79, Jalan Perigi Nenas 8/11, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 30 March 2097 (unexpired term of approximately 79 years)	A piece of industrial land comprising a single-storey office, container cabin <sup>(1)</sup> converted into resting area for drivers, parking yard, and in-house tyre workshop <sup>(1)</sup> rented to Landbridge Haulage to be used as the management office and operating base of Landbridge Haulage	3,337/ 93,823	19 July 2017	Charged to Malaysian Banking Berhad by NV Freights pursuant to presentation number 15522/2009	2,664,932
NV Freights	HSD 67654, Lot PT 64382, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan / Lot 56, Jalan Perigi Nenas 8/7, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 30 March 2097 (unexpired term of approximately 79 years)	A piece of industrial land comprising a parking yard and diesel skid tank rented to Landbridge Haulage to be used as depot of Landbridge Haulage	- / 79,715	N/A <sup>(2)</sup>	Charged to CIMB Bank Berhad by NV Freights pursuant to presentation no 39397/2012	2,732,571

**6. BUSINESS OVERVIEW (Cont'd)**

Registered owner	Title/ Location	Tenure	Description and existing use	Built-up area/ Land area (sq ft)	Date of certificate of fitness/ CCC	Encumbrances	Audited NBV as at 31 December 2017 (RM)
Tri-Mode Penang	GRN 40064, Lot 2794 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang and GRN 40065, Lot 2795 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang/ 18, Lorong Kampung Jawa, Off Jalan Bagan Luar, 12000 Butterworth	Freehold	A four-storey commercial shop lot being used as the management office of Tri-Mode Penang	4,564 /1,141	20 April 1980	-	473,420

**Notes:**

- (1) Based on the confirmation dated 18 August 2017 from Arkitek Axis, the container cabin located at Yard 1 is considered a temporary mobile structure which does not require any building permit or approval. Further, as per the same letter, the in-house tyre workshop is within the set-back of the property boundary although the location has been relocated to the center of the rear portion. This was acceptable by Majlis Perbandaran Klang during the CCC inspection and no further action is required. Based on the feedback from the Legal Adviser, they have concurred with the view of Arkitek Axis that the container cabins and tyre workshop are not in breach of any building law and regulations.
- (2) CCC is not required as it is an empty land used for trailers parking, repairs and maintenance with no fixed building structure.

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**6. BUSINESS OVERVIEW (Cont'd)**

As at the LPD, we have rented the following properties for our operations:

Tenant	Landlord	Location	Description and existing Use	Approximate rented area (sq ft)	Rental rate (per month) (RM)	Rental/ Lease period
Tri-Mode	Pos Aviation Sdn Bhd	Lot No. F1-39, Post Aviation Forwarder Building, Pos Aviation Complex, KL International Airport 64000, Sepang, Selangor Darul Ehsan	Warehouse cum office in the KLIA Free Zone area for providing consolidation, deconsolidation and transhipment	1,314	7,229	1 February 2017 to 31 January 2019
Tri-Mode	Ong Kien Guan	No. 19A, Lorong Berembang, off Jalan Kem, Taman Berembang, 42000, Port Klang, Selangor Darul Ehsan	One single-floor of a 4-storey commercial shop lot used for document storage	1,600	1,000	1 July 2017 to 30 June 2019
Tri-Mode Johor	Daiman Properties Sdn Bhd	Room 301C, Level 3, Wisma Daiman, Johor Bahru, Johor Darul Takzim	One unit of office space at level 3 of a commercial building used as the management office of Tri-Mode Johor	731	1,279	1 October 2017 to 30 September 2020
Tri-Mode Logistics	Westports Malaysia Sdn Bhd	Container Freight Station 2, Westport Container Terminal, Selangor Darul Ehsan	Warehouse cum office in the West Port Free Zone area for providing consolidation, deconsolidation and transhipment of goods	5,300	7,950	1 November 2015 to 31 October 2018
Tri-Mode Logistics	Northport (Malaysia) Berhad	Warehouse B2, Container Terminal 1, North Port, Jalan Pelabuhan, 42000 Port Klang Selangor Darul Ehsan	Warehouse cum office in the North Port terminal 1, Free Zone area for providing consolidation, deconsolidation and transhipment of goods	5,190	9,380	1 July 2017 to 30 June 2020

**6. BUSINESS OVERVIEW (Cont'd)****6.21.2 Properties purchased by our Group which completion of the purchase is still pending**

As at the LPD, our Group has entered into sales and purchase agreements to purchase the following properties which the completion of the purchase is still pending:

<b>Purchaser</b>	<b>Vendor</b>	<b>Location</b>	<b>Tenure</b>	<b>Description and existing use</b>	<b>Built-up area/ Land area (sq ft)</b>	<b>Date of certificate of fitness/ CCC</b>	<b>Encumbrances</b>	<b>Purchase Price<sup>(4)</sup> (RM)</b>
Tri-Mode	Central Spectrum	PN 112454, Lot 104621, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan <sup>(1)</sup> / Lot 45, Phase 3C, Pulau Indah Industrial Park, Pulau Indah, Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 30 March 2097 (unexpired term of approximately 80 years)	Vacant land on which the Proposed HQ and Distribution Hub will be constructed	- / 258,311	N/A	Master title is charged to Bank Islam Malaysia Berhad by Central Spectrum pursuant to presentation no 12730/2016	12,657,229
Tri-Mode	Central Spectrum	PN 112454, Lot 104621, Mukim Klang, Daerah Klang, Negeri Selangor Darul Ehsan <sup>(1)</sup> / Lot 48, Phase 3C, Pulau Indah Industrial Park, Pulau Indah, Klang, Selangor Darul Ehsan	Leasehold for 99 years expiring on 30 March 2097 (unexpired term of approximately 80 years)	Vacant land on which the Proposed HQ and Distribution Hub will be constructed	- / 259,618	N/A	Master title is charged to Bank Islam Malaysia Berhad by Central Spectrum pursuant to presentation no 12730/2016	12,721,262



**6. BUSINESS OVERVIEW (Cont'd)**

Purchaser	Vendor	Location	Tenure	Description and existing use	Built-up area/ Land area (sq ft)	Date of certificate of fitness/ CCC	Encumbrances	Purchase Price <sup>(4)</sup> (RM)
Tri-Mode	Senja Aman Holdings Sdn Bhd ("Senja Aman")	HSM 160, Lot PT 118, Mukim 2, Tempat Teluk Bahang, Daerah Barat Daya, Negeri Pulau Pinang <sup>(2)</sup>  Unit A-12-3A, The Project Angsana Telok Bahang, Pulau Pinang	Leasehold for 99 years expiring on 20 March 2114 (unexpired term of approximately 97 years)	An apartment, being an investment property, under construction and will be leased to hotel operator to generate income upon completion. In addition, there will be free stay to be made available as staff welfare post completion of the said property	1,109/163,353 <sup>(3)</sup>	N/A	Master title was charged to United Overseas Bank (Malaysia) Berhad by Senja Aman pursuant to presentation no 0705SC2016000478	2,793,300

**Notes:**

- (1) *Acquired pursuant to a sale and purchase agreement dated 22 April 2016 entered into between Tri-Mode and Central Spectrum ("Central Spectrum SPA"). Under the Central Spectrum SPA, vacant possession of the property is expected to be delivered to Tri-Mode within 36 months from the date of the Central Spectrum SPA.*
- (2) *Acquired pursuant to a sale and purchase agreement dated 30 June 2014 between Tri-Mode and Senja Aman ("Senja Aman SPA"). Under the Senja Aman SPA, vacant possession of the property is expected to be delivered to Tri-Mode within 48 months from the date of the Senja Aman SPA.*
- (3) *Represents the land area of the master land held under the master title.*
- (4) *Based on the purchase price stated in the relevant sale and purchase agreement.*

Save for the Pulau Indah Land and Senja Aman apartment and the material plant and equipment as disclosed in Section 6.21.3, there is no other material investment during the past 3 FYE 31 December 2015 to 31 December 2017 and up to the LPD. The Pulau Indah Land and Senja Aman apartment are funded by internally generated fund and term loan.

As at the LPD, our Group has complied with all regulatory requirements and has not experienced any environmental issues which may materially affect our operations and utilisation of assets. Please refer to Section 7 of this Prospectus for further details of the regulatory requirements.

**6. BUSINESS OVERVIEW (Cont'd)****6.21.3 PLANTS AND EQUIPMENT**

The material plants and equipment used and owned by our Group for the 3 FYE 31 December 2015 to 31 December 2017 and as at the LPD are as follows:

Plant and equipment	FYE 31 December 2015		FYE 31 December 2016		FYE 31 December 2017		As at the LPD	
	Units	NBV	Units	NBV	Units	NBV	Units	NBV
		RM		RM		RM		RM
Prime movers	85	18,111,194	90	19,852,230	100	21,729,011	99	21,182,255
Trailers	417	9,218,169	457	10,003,578	505	11,137,312	505	11,015,687
Side loaders	3	507,000	3	413,400	3	319,800	3	296,400
<b>Total</b>		<b>27,836,363</b>		<b>30,269,208</b>		<b>33,186,123</b>		<b>32,494,342</b>

The material plant and equipment was funded via internally generated fund and hire purchase. Please refer to Note (3) of Section 13 for the details of funding of the material plant and equipment.

Save as disclosed above, all other plant and equipment of our Group are individually immaterial to the operations of our Group to be disclosed separately. Our Directors are of the opinion that our Group has sufficient capacity to carry our operations.

As at the LPD, there are no other material properties owned or occupied by our Group other than those listed in Section 6.21 above.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

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T +603 6211 2121  
www.smith-zander.com

SMITH ZANDER

Date: 03 APR 2018

The Board of Directors  
**Tri-Mode System (M) Berhad**  
Tri-Mode Building  
25 & 27, Jalan Berembang  
Off Jalan Kem  
Taman Seri Berembang  
42000 Port Klang  
Selangor Darul Ehsan

**Attn: Dato' Hew Han Seng**

Dear Sir,

**INDUSTRY OVERVIEW OF THE LOGISTICS INDUSTRY IN MALAYSIA, CARGO AND CONTAINER GROWTH IN MALAYSIA AND GLOBAL TRADE ANALYSIS**

This Industry Overview of the Logistics Industry in Malaysia, Cargo and Container Growth in Malaysia and Global Trade Analysis has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Tri-Mode System (M) Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

Yours faithfully,  
For and on behalf of  
**Smith Zander International Sdn Bhd**

  
DENNIS TAN  
MANAGING PARTNER

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The research for this Industry Overview was completed on 21 March 2018.

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**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 20 years of experience in market research and strategy consulting, including over 15 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*

## 1 INTRODUCTION

### Objective of the Study

This Industry Overview has been extracted from the Independent Market Research Report by SMITH ZANDER in conjunction with the listing of Tri-Mode System (M) Berhad ("Tri-Mode") on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this Industry Overview is to provide an independent view of the industry and market(s) in which Tri-Mode and its subsidiaries ("Tri-Mode Group") operate in and to offer a clear understanding of the industry and market dynamics.

### Rationale and Scope of Work

Tri-Mode Group is principally involved in the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance services.

The scope of work for this Industry Overview will thus address the following areas:

- (i) The Logistics Industry in Malaysia, being the industry in which Tri-Mode Group operates;
- (ii) Cargo and Container Growth in Malaysia, to demonstrate the outlook and prospects in cargo and container throughput; and
- (iii) Global Trade Analysis, as a key driver of logistics services.

## 2 THE LOGISTICS INDUSTRY IN MALAYSIA

### Definitions and Segmentation

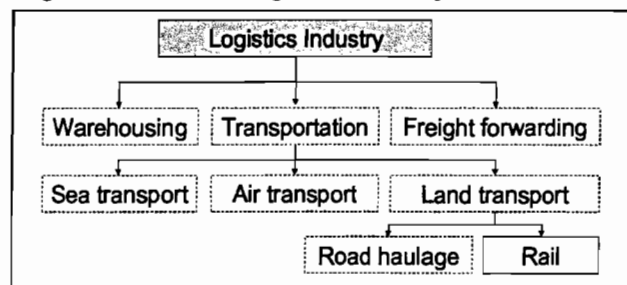
Logistics is a part of supply chain management, and is a process of planning, implementing and controlling procedures for the movement and storage of goods between the point of origin and the point of consumption in order to meet customer requirements. Logistics can be broadly divided into inbound and outbound logistics. Inbound logistics involves the movement of materials from suppliers and vendors into the production process or storage facilities while outbound logistics involves the movement and storage of products from the end of the production line to the end user.

Logistics activities may be either outsourced to professional logistics service providers or performed internally as in-house logistics by manufacturers and distributors. A logistics service provider is able to carry out supply chain planning, sourcing activities, assembly and kitting, storage and customisation, and delivery and returns.

The logistics industry typically encompasses warehousing, transportation and freight forwarding. The modes of transportation used in logistics include sea, air and land. Situations where more than one mode of transport is used to transport goods is referred to as intermodal freight transport, whereby a container is used for transfer across different modes of transportation without requiring unloading and reloading of the cargo.

Tri-Mode Group is a Malaysian-based integrated logistics services provider, where its principal business activities are the provision of sea freight, container haulage, air freight, freight forwarding, warehousing and marine insurance.

### Segmentation of the logistics industry



Note:

[ ] denotes the industry segments where Tri-Mode Group competes in.

Source: SMITH ZANDER

### Industry Performance, Size and Growth

The logistics industry in Malaysia, measured by the gross domestic product ("GDP") for transportation and storage activities in the country, grew from RM30.6 billion in 2011 to RM41.9 billion in 2017 at a compound annual growth rate ("CAGR") of 5.4%. As at 2017, transportation and storage activities contributed 3.6% of Malaysia's total GDP, signifying its importance to overall economic development.

#### Key economic statistics of the transportation and storage industry (Malaysia), 2011-2017

Year	National GDP <sup>a</sup> (RM million)	Transportation and storage industry GDP <sup>a</sup> (RM million)	Transportation and storage industry's contribution to national GDP (%)
2011	864,920	30,630	3.5
2012	912,261	32,089	3.5
2013	955,080	33,561	3.5
2014	1,012,449	35,359	3.5
2015	1,063,355	37,368	3.5
2016	1,108,227	39,476	3.6
2017	1,173,632	41,909	3.6

Note:

<sup>a</sup> GDP at constant 2010 prices.

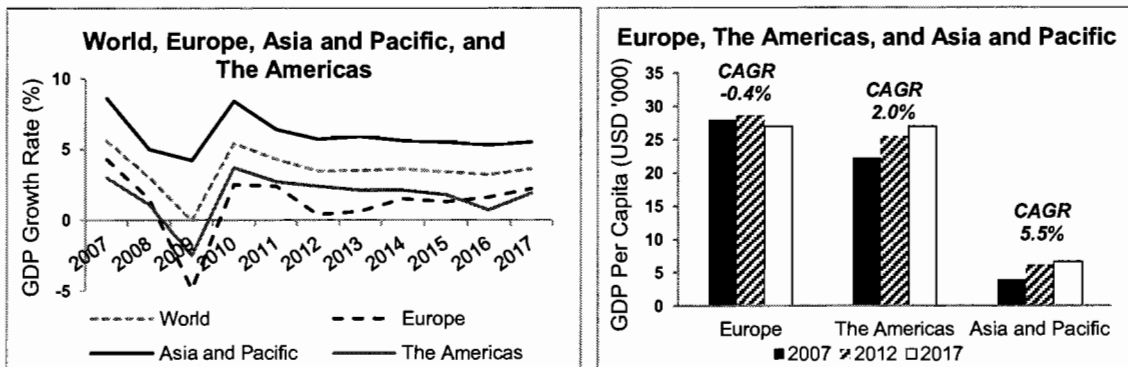
Source: Department of Statistics Malaysia, Bank Negara Malaysia, SMITH ZANDER

### Demand Conditions: Key Demand Drivers

#### Continued growth in the global economy, leading to greater demand for logistics services

Overall, the GDP in most economies have been growing, albeit a dip in 2008 and 2009 due to the global financial crisis during that period. Higher growth is witnessed in Asia, as many countries within this region are emerging and developing economies. The following chart illustrates the GDP growth rates for the World, Europe, Asia and Pacific, and the Americas between 2007 and 2017, and the GDP per capita in 2007, 2012 and 2017 for Europe, the Americas, and Asia and Pacific.

#### GDP growth rates and GDP per capita in selected economies, 2007-2017



Notes:

- GDP growth rates are based on GDP in constant prices.
- CAGRs in the GDP per capita chart pertain to the period from 2007 to 2017.
- Data in the GDP per capita chart is based on GDP per capita data in current prices in USD.

Source: International Monetary Fund

#### Growth in the trade sector presents demand potential for logistics services

The logistics industry plays an important role in supporting trade, as it facilitates the transportation of goods across international borders. Freight transport accelerates convergence with global supply chains and helps key export industries connect with international markets, while contributing to operational efficiency by reducing the time and cost for goods to reach consumers. Malaysia's external trade, comprising total imports and total exports, increased from RM1.3 trillion in 2011 to RM1.8 trillion in 2017, at a CAGR of 5.7%.

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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**Government-driven initiatives to spur the logistics industry**

In May 2015, the government of Malaysia ("Government") tabled the Eleventh Malaysia Plan (2016 – 2020) ("11MP") which outlined the nation's development expenditure until 2020. As the trade industry in Malaysia plays a significant role in the country's economic growth, movement of goods and the logistics industry is becoming increasingly important. Under the 11MP, Malaysia is targeting an 8.5% annual growth rate for the transport and storage subsector, along with a place in the top 10 of the World Bank Logistics Performance Index by 2020. Among some of the Government's initiatives which have been introduced are as follows:

**(i) Initiatives announced under the 11MP, specific to the logistics industry in Malaysia**

Focus area	Description
Building an integrated need-based transport system	<ul style="list-style-type: none"> <li>The National Port Policy will be implemented to foster systematic development and growth of ports and jetties by introducing comprehensive strategy and policy measures.</li> <li>Accessibility to major ports will be improved to cater for bigger vessels through channel deepening works. Port operators will undertake capacity expansion, which includes building additional berths and wharfs.</li> </ul>
Unleashing growth of logistics and enhancing trade facilitation	<ul style="list-style-type: none"> <li>Collaboration between the Royal Malaysian Customs Department and permit issuing agencies will be strengthened to shorten cargo clearance processing time without compromising security.</li> <li>The last-mile connectivity to Port Klang, Selangor via road and rail will be improved to cope with the rise in container volume.</li> </ul>

Source: Economic Planning Unit Malaysia

In October 2017, the Government announced the Budget 2018. In an effort to increase exports, the Government will allocate RM150 million to MATRADE, MIDA, and SME Corp to implement export promotional programmes and expand export markets, and the Export-Import Bank of Malaysia will provide RM200 million for financing and insurance credit facilities with coverage up to RM1 billion for small and medium-sized enterprises, thereby enhancing the country's credit guarantee facility for trade.

**(ii) Development of the logistics industry in Malaysia through the Logistics and Trade Facilitation Masterplan**

The Logistics and Trade Facilitation Masterplan (2015 – 2020) was developed to provide strategic directions for the development of the logistics industry to further improve its productivity and competitiveness. The Government aims to develop Malaysia as "The Preferred Logistics Gateway to Asia" through the implementation of 5 strategies under the Logistics and Trade Facilitation Masterplan. These strategies include strengthening the institutional and regulatory framework; enhancing trade facilitation mechanisms; developing infrastructure and freight demand; strengthening technology and human capital; and internationalising logistics services.

	2015 to 2016	2016 to 2019	2020 and beyond
<b>Action Items</b>	<b>Debottlenecking</b>	<b>Enhancing domestic growth</b>	<b>Create regional footprint</b>
	<ol style="list-style-type: none"> <li>Ministry of Transport ("MOT") as champion.</li> <li>Create National Logistics Taskforce.</li> <li>Improve last mile connectivity to Port Klang.</li> <li>Address bottlenecks in Padang Besar.</li> <li>Enhance efficiency of import/export process including security.</li> <li>Regulate and monitor warehouse and off-dock depots development.</li> <li>Enhance road freight transport productivity.</li> <li>Streamline processes and procedures related to licensing and air freight.</li> <li>Establish national freight data program.</li> <li>Increase quality of goods vehicles drivers.</li> <li>Review Malaysian Ship Registry structure.</li> </ol>	<ol style="list-style-type: none"> <li>Create an integrated hub and spoke model - Develop KLIA as air cargo hub and Port Klang as maritime centre.</li> <li>Enhance capabilities of logistics service providers.</li> <li>Increase compliance levels with trade partner market regulations.</li> <li>Develop freight hubs.</li> <li>Establish Public Private Partnership for rail operations and infrastructure.</li> </ol>	<ol style="list-style-type: none"> <li>Leverage on the potential of e-commerce</li> <li>Provide green initiatives support</li> <li>Promote efficient urban logistics</li> <li>Undertake R&amp;D on supply chain innovation</li> <li>Enhance convergence of global supply chain</li> </ol>

Source: Logistics and Trade Facilitation Masterplan

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The Logistics and Trade Facilitation Masterplan will be implemented in 3 phases, and the above chart sets out the phases and the action items carried out and to be carried out. Debottlenecking involves addressing the root causes which have held back the development of the logistics industry. Enhancing domestic growth involves strengthening the connectivity and integration of transport services and the capability and competitiveness of logistics service providers. Creating a regional footprint involves leaving an imprint on the region with frontier logistics services that are of high quality and value, thus creating a regional footprint and this phase will be implemented in 2020.

**Manufacturing growth signifies opportunities for the logistics industry**

Globally, manufacturing activities have been increasing over the years, as a result of an increase in demand for products contributed by the growth in world population. Global manufacturing activities have increased by a CAGR of 3.2%, from USD9.6 trillion in 2009 to USD11.6 trillion in 2015<sup>1</sup>. In Malaysia, GDP from the manufacturing industry has grown from RM203.0 billion in 2011 to RM270.0 billion in 2017, registering a CAGR of 4.9%. The continued development of the manufacturing sector, as well as the growth of the economy, will provide growth opportunities for the logistics industry.

**Electronic commerce (“e-commerce”) drives the growth of the logistics industry**

The e-commerce industry in Malaysia, measured in terms of gross value added<sup>2</sup>, increased from RM44.6 billion in 2011 to RM74.6 billion in 2016<sup>3</sup> at a CAGR of 10.8%. In e-commerce, logistics management is required to ensure the proper and timely delivery of products to customers. E-commerce retailers may opt to manage the delivery of products either in-house or through a third party, such as a logistics service provider or a courier service provider.

E-commerce continues to witness strong growth rates as the number of consumers gaining access to the internet has risen. Internet sales benefit consumers and retailers alike, allowing consumers to compare prices and widening purchasing options, including purchasing from overseas.

Technology has also been a key factor affecting retail sales and has broadened distribution channels, with internet-savvy youths and young adults contributing to growth in online retail transactions through various e-commerce platforms. Internet retailing is becoming a significant retail channel for non-grocery products and there are a large number of internet retailers that carry out business transactions via social media channels such as Facebook, Twitter and Pinterest, as well as online shopping platforms such as Lazada and 11street. Thus, the growth of the e-commerce industry in Malaysia is expected to drive future demand for logistics services.

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<sup>1</sup> Latest available data as at 21 March 2018.

<sup>2</sup> Value added is the increment to the value of commodities and services contributed by the manufacturing establishment. Value added is derived as the difference between value of gross output and intermediate output.

<sup>3</sup> Data is based on the latest published report available (Information and Communication Technology Satellite Account 2016) as at 21 March 2018.



7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

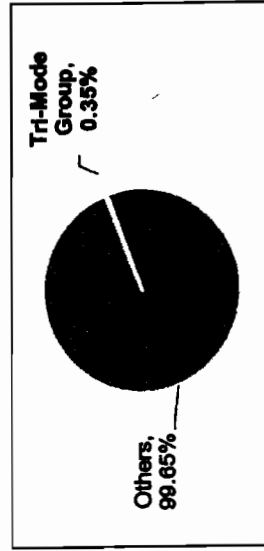
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Competitive Overview

Market Share

Tri-Mode Group's market share is measured based on its 3 largest revenue contributors:

i) Sea freight<sup>4</sup> market share, 2017



Source: Tri-Mode Group, Ministry of Transport Malaysia, SMITH ZANDER

Tri-Mode Group registered a total of 27,686<sup>5</sup> twenty-foot-equivalent units ("TEU") of sea freight containers handled for imports and exports in the FYE 31 December 2017. With an industry total of 7,953,251 TEU of sea freight container throughput (imports and exports excluding trans-shipment) in Malaysia in 2017, this gave Tri-Mode Group a market share of 0.35% for sea freight in Malaysia in 2017.

Based on the total volume of container hauled in Port Klang, Landbridge Haulage, a wholly-owned subsidiary of Tri-Mode, was ranked 13<sup>th</sup> out of 256 players<sup>8</sup> as listed by AMH from January to December 2017. In the month of January 2018, Landbridge Haulage was ranked 13<sup>th</sup> out of 223 players<sup>9</sup> as listed by AMH, based on the total volume of container hauled in Port Klang. Please refer to Chapter 3 – Cargo and Container Growth in Malaysia for further information on container throughput, air cargo throughput, and container haulage in Malaysia.

<sup>4</sup> Figures for the volume of sea freight container handled by individual companies are not publicly available and hence, there is no ranking available for Tri-Mode.

<sup>5</sup> Figures are for import and export (excluding trans-shipment) as Tri-Mode is not involved in trans-shipment services.

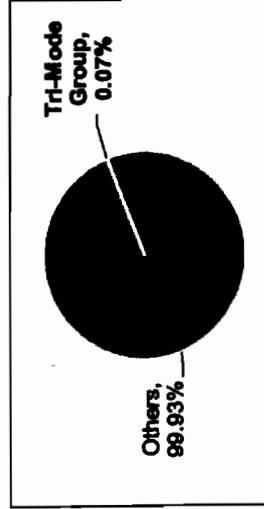
<sup>6</sup> Figures for the volume of air freight cargo handled by individual companies are not publicly available and hence, there is no ranking available for Tri-Mode.

<sup>7</sup> Year 2016 is the latest available full year data for air freight as at 21 March 2018.

<sup>8</sup> Based on the total number of hauliers that entered Port Klang in December 2017.

<sup>9</sup> Based on the total number of hauliers that entered Port Klang in January 2018.

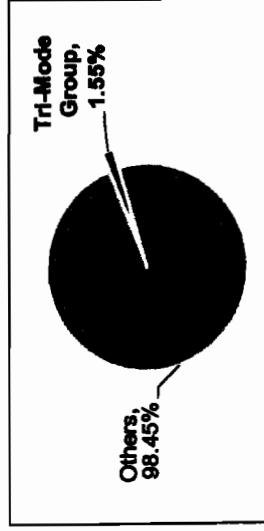
ii) Air freight<sup>6</sup> market share, 2016<sup>7</sup>



Source: Tri-Mode Group, Ministry of Transport Malaysia, SMITH ZANDER

Tri-Mode Group registered a total of 610 metric tonnes ("MT") of air cargo handled in the FYE 31 December 2016. With an industry total of 872,548 MT of air cargo throughput in Malaysia in 2016, this gave Tri-Mode Group a market share of 0.07% for air freight in Malaysia in 2016.

iii) Container haulage market share, 2017



Source: Tri-Mode Group, Association of Malaysian Hauliers ("AMH"), SMITH ZANDER

Tri-Mode Group registered a total of 52,058 TEU of container hauled in Port Klang, measured by full-container-load ("FCL") haulage, in the FYE 31 December 2017. With an industry total of 3,367,496 TEU of container hauled in Port Klang in 2016, this gave Tri-Mode Group a market share of 1.55% for container haulage in Port Klang in 2017.

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

## SMITH ZANDER

## Key Findings

The logistics industry in Malaysia is fragmented, with approximately 600 logistics and freight forwarding companies in Malaysia. Approximately 300 are integrated logistics service providers. Integrated logistics service providers are defined as a provider that performs a variety of logistics service activities such as freight forwarding, customs clearance, transportation, warehousing and other functional activities that constitute a total service package.

Among the integrated logistics service providers, 8 industry players whose principal activity is in integrated logistics services are listed on the Main Market of Bursa Malaysia Securities Berhad. The following sets out the latest available revenue and profit of these companies:

Company Name	Latest Available Financial Year	Segmental revenue for logistics (RM million)	Group Revenue (RM million)	Gross profit ("GP") (RM million)	GP margin (%)	Profit after tax ("PAT") (RM million)	PAT margin (%)
Tasco Berhad	31 March 2017	584.4	584.4	143.8	24.6	30.9	5.3
Freight Management Holdings Berhad	30 June 2017	444.5	461.3	131.5	28.5	21.0	4.6
Century Logistics Holdings Berhad	31 December 2016	250.4 <sup>a</sup>	300.3	80.9	26.9	20.3	6.8
Harbour-Link Group Berhad	30 June 2017	146.0 <sup>b</sup>	525.7	77.7	14.8	31.8	6.0
Xin Hwa Holdings Berhad	31 March 2017	128.7 <sup>c</sup>	128.7	48.2	37.5	12.7	9.9
Complete Logistics Services Berhad	31 March 2017	98.8	117.4	21.0	17.9	9.7	8.3
See Hup Consolidated Berhad	31 March 2017	81.2 <sup>d</sup>	87.9	N/A <sup>e</sup>	N/A <sup>e</sup>	(0.3)	(0.3)
Transocean Holdings Bhd	31 December 2016	17.0	26.3	10.1	38.4	0.8	3.0

Notes:

<sup>a</sup> Segmental revenue consists of revenue from logistics services and marine transportation services (oil logistics).

<sup>b</sup> Segmental revenue consists of revenue from logistics services and equipment rental.

<sup>c</sup> Segmental revenue consists of revenue from logistics services and manufacturing and fabrication of trailers. Revenue is based on a 15-month period.

<sup>d</sup> Segmental revenue consists of revenue from logistics services as well as hiring of cranes, forklifts, heavy equipment and machinery, servicing and maintenance of heavy vehicles and forklifts.

<sup>e</sup> Gross profit information cannot be derived and extracted from the audited financial statements.

Source: Companies' annual reports

Among privately held companies, the following sets out major integrated logistics service providers, selected based on revenue greater than RM50.00 million in their latest available financial year:

Company Name	Latest Available Financial Year	Revenue (RM million)	GP (RM million)	GP margin (%)	PAT (RM million)	PAT margin (%)
Schenker Logistics (M) Sdn Bhd	31 December 2016	654.7	199.1	30.4	27.2	4.2
DHL Global Forwarding (Malaysia) Sdn Bhd	31 December 2016	585.5	94.9	16.2	20.0	3.4
Nippon Express (Malaysia) Sdn Bhd	31 December 2016	365.5	71.1	19.5	12.4	3.4
Pos Logistics Berhad (previously known as Konsortium Logistik Berhad)	31 March 2017	351.9	35.1	10.0	(35.8)	(10.2)

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

## SMITH ZANDER

Company Name	Latest Available Financial Year	Revenue (RM million)	GP (RM million)	GP margin (%)	PAT (RM million)	PAT margin (%)
Kuehne + Nagel Sdn Bhd	31 December 2016	321.6	67.0	20.8	11.8	3.7
Agility Logistics Sdn Bhd	31 December 2016	298.9	60.5	20.2	2.4	0.8
Swift Haulage Sdn Bhd	31 December 2016	173.3 <sup>a</sup>	73.5	42.4	101.3	58.5
Kontena Nasional Global Logistics Sdn Bhd (subsidiary of MMC Corporation Berhad)	31 December 2016	162.6	42.5	26.1	14.4	8.9
Total Logistic Services (M) Sdn Bhd	31 March 2017	158.9 <sup>b</sup>	9.4	5.9	1.0	0.6
Nistrans (M) Sdn Bhd	31 December 2016	147.6	14.0	9.5	(0.9)	(0.6)
Infinity Logistics & Transport Sdn Bhd	31 December 2016	140.9	35.1	24.9	3.8	2.7
Hitachi Transport System (M) Sdn Bhd	31 March 2017	137.5	59.0	42.9	6.3	4.6
PKT Logistics (M) Sdn Bhd	30 September 2016	134.2	42.8	31.9	9.3	6.9
Freight Mark (M) Sdn Bhd	31 March 2017	114.9	16.0	13.9	0.7	0.6
Forward Freight Services Sdn Bhd	31 December 2016	94.6	9.6	10.1	2.4	2.5
Kerry Logistics (Malaysia) Sdn Bhd	31 December 2016	91.4	16.8	18.4	1.3	1.4
Interway Transport Sdn Bhd	31 December 2016	86.9	18.7	21.5	5.6	6.4
Tri-Mode System (M) Berhad	31 December 2017	85.5	19.5	22.8	6.0	7.0
Dimerco Express (M) Sdn Bhd	31 December 2016	81.5	13.7	16.8	(1.4)	(1.7)
Kontena Nasional Berhad (subsidiary of MMC Corporation Berhad)	31 December 2016	81.5	36.3	44.5	(25.6)	(31.4)
BDP (Malaysia) Sdn Bhd	31 December 2016	63.9	15.5	24.3	3.0	4.7
Multi-Trans Sdn Bhd	31 December 2016	51.5	10.3	20.0	0.7	1.4

## Notes:

<sup>a</sup> Group revenue includes RM6.4 million from vehicles trading and services.

<sup>b</sup> Revenue is based on a 15-month period.

The major identified integrated logistics service providers include industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to confirm that this list of industry players includes all integrated logistics service providers in Malaysia.

Source: Suruhanjaya Syarikat Malaysia

Based on Tri-Mode Group's revenue in FYE 2017, it ranked 7<sup>th</sup> among the 9 integrated logistics service providers (inclusive of Tri-Mode Group) who are listed on the Main Market of Bursa Malaysia Securities Berhad<sup>10</sup>. Among the 22 major privately held integrated logistics service providers (inclusive of Tri-Mode Group), as identified in this report, Tri-Mode Group ranked 18<sup>th</sup> in terms of revenue.

<sup>10</sup> based on the latest available segmental revenue for logistics of the public listed industry players

## SMITH ZANDER

On average, the GP margin and PAT margin of the industry players stood at 23.5% and 4.0% respectively, based on financial information from the latest financial year that is available. The industry GP margin and PAT margin is derived by taking the average GP margin and PAT margin respectively, of both the public listed and privately held companies listed in the tables above.

Tri-Mode Group's revenue increased from FYE 2015 to FYE 2017. Its GP margin also increased from 21.5% to 22.8% during the same period while its PAT margin had increased from 4.2% to 7.0%. Despite having a relatively lower revenue among the industry players listed in the tables above, Tri-Mode Group's GP margin of 22.8% in FYE 2017 was close to the industry average of 23.5%, and Tri-Mode Group's PAT margin of 7.0% in FYE 2017 was higher than the industry average PAT margin of 4.0%.

### 3 CARGO AND CONTAINER GROWTH IN MALAYSIA

#### Industry Performance, Size and Growth

##### *Sea freight*

In 2016, world container traffic was estimated at 770.1 million TEU, growing from 472.3 million TEU in 2009, at a CAGR of 7.2%. This indicates the growth of the global trade industry, as containers are the primary medium to move goods worldwide. Growth in the global and local economy will increase demand for freight transport as a way to facilitate cost-effective movement of goods across international borders. The growth in global trade is indicated by cargo and container throughput, which measures the volume of goods transported internationally.

Over the period of 2011 to 2017, Malaysia's sea freight cargo throughput comprising dry cargo, liquid cargo, general cargo and container cargo increased from 494.5 million freightweight tonnes ("FWT") to 533.6 million FWT at a CAGR of 1.3%.

During the same period, container throughput in Malaysia increased from 19.8 million TEU in 2011 to 23.5 million TEU in 2017 at a CAGR of 2.9%. Container throughput for imports and exports excluding trans-shipment increased from 6.6 million TEU in 2011 to 8.0 million TEU in 2017 at a CAGR of 3.1%.

Moving forward, SMITH ZANDER forecasts cargo throughput to grow at a CAGR of 2.0%, from 544.5 million FWT to 566.9 million FWT between 2018 and 2020, while container throughput is also forecast to grow at a CAGR of 2.0%, from 24.0 million TEU to 25.0 million TEU, during the same period. Meanwhile container throughput for imports and exports excluding trans-shipment is forecast to grow at a CAGR of 3.4%, from 8.2 million TEU to 8.8 million TEU during the same period.

##### *Air freight*

Air cargo refers to domestic and international cargo handled at airports. In 2010, domestic cargo throughput was 166,168 MT, increasing to 188,174 MT by 2016 at a CAGR of 2.1%. International cargo throughput registered a negative CAGR of 1.4%, from 743,252 MT to 684,374 MT over the same period. In total, cargo throughput fell from 909,419 MT in 2010 to 872,548 MT in 2016, at a negative CAGR of 0.7%.

Domestic cargo throughput and international cargo throughput are forecast to grow at a CAGR of 1.8% and 1.0% respectively during the period between 2017 and 2019. In total, cargo throughput is forecast to grow from 880,744 MT in 2017 to 901,986 MT in 2019, at a CAGR of 1.2%.

##### *Land freight – Container haulage*

Land freight in this context refers to container haulage. Container haulage for FCL in Port Klang, which is the base location for Tri-Mode, grew at a CAGR of 4.1% from 2.6 million TEU in 2011 to 3.4 million TEU in 2017. Moving forward, SMITH ZANDER forecasts the container haulage for FCL in Port Klang to grow from 3.5 million TEU in 2018 to 3.7 million TEU in 2020, at a CAGR of 3.2%.

##### **Key Growth Drivers**

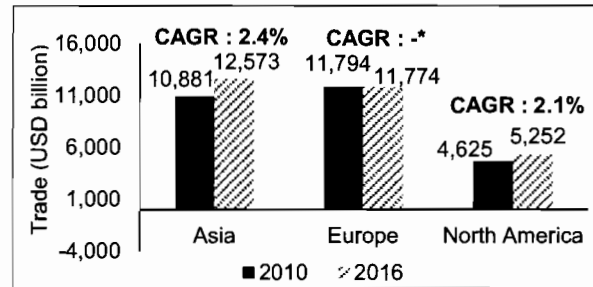
Please refer to **Chapter 2 – The Logistics Industry in Malaysia (Demand Conditions: Key Demand Drivers)** for details on the key growth drivers of the logistics industry, as these factors also drive cargo and container growth.

## 4 GLOBAL TRADE ANALYSIS

### Industry Performance, Outlook and Prospects

Global trade, measured by total imports and total exports, grew at a CAGR of 0.9% between 2010 and 2016, from USD30.4 trillion to USD32.0 trillion. Global trade is driven by trade in the Asia region, which is the largest in value and experienced the highest growth between 2010 and 2016 from USD10.9 trillion in 2010 to USD12.6 trillion in 2016, at a CAGR of 2.4%. In 2016, trade in Asia contributed to 39.3% of total global trade. In Europe, regional trade remained at USD11.8 trillion. In North America, regional trade grew from USD4.6 trillion to USD5.3 trillion at a CAGR of 2.1%.

### Regional trade (Asia, Europe and North America), 2010 and 2016<sup>10</sup>



Note: \* negligible as figure is smaller than 0.1%.

Source: International Trade Centre, SMITH ZANDER

## 5 PROSPECTS AND OUTLOOK FOR TRI-MODE GROUP

The logistics industry in Malaysia is an important to overall economic development. The logistics industry in Malaysia, measured by the GDP for transportation and storage activities in the country, contributed 3.6% of Malaysia's total GDP in 2017. Driven by the following factors, the logistics industry in Malaysia grew at a CAGR of 5.4% from 2011 to 2017:

- The growth in Malaysia's external trade, comprising total imports and total exports, grew at a CAGR of 5.7% from 2011 to 2017. The logistics industry plays an important role in supporting trade, as it facilitates the transportation of goods across international borders;
- Government-driven initiatives are also expected to spur the logistics industry. The Government targets to achieve an annual growth rate of 8.5% for the transport and storage subsector under the 11MP as well as being committed to continue improving the logistics infrastructure in the country through The Logistics and Trade Facilitation Masterplan (2015 – 2020);
- The continued development of the manufacturing sector, as well as the growth of the economy, will provide growth opportunities for the logistics industry in Malaysia; and
- The growth of the e-commerce industry in Malaysia is expected to drive future demand for logistics services.

The prospects and outlook of Tri-Mode Group's 3 largest revenue contributors, namely the sea freight, air freight and container haulage (land transport) businesses, is expected to be supported by the above drivers and the following projected growth:

- Sea freight cargo throughput and container throughput to grow at a CAGR of 2.0% respectively between 2018 and 2020, while container throughput for imports and exports excluding trans-shipment is forecast to grow at a CAGR of 3.4% during the same period;
- Air freight cargo throughput to grow at a CAGR of 1.2% between 2017 and 2019; and
- Container haulage for FCL in Port Klang to grow at a CAGR of 3.2% between 2018 and 2020.

The logistics industry in Malaysia is fragmented, with approximately 600 logistics and freight forwarding companies in Malaysia. Approximately 300 are integrated logistics service providers. Landbridge Haulage was ranked 13<sup>th</sup> out of 256 players<sup>11</sup> as listed by AMH from January to December 2017, based on the total volume of container hauled in Port Klang, with a market share of 1.55%. Landbridge Haulage was ranked 13<sup>th</sup> out of 223 players<sup>12</sup> as listed by AMH, based on the total volume of container hauled in Port Klang, in the month of January 2018. In terms of sea freight, Tri-Mode Group registered a market share of 0.35% for sea freight in Malaysia in 2017.

<sup>10</sup> Latest available data as at 21 March 2018.

<sup>11</sup> Based on the total number of hauliers that entered Port Klang in December 2017.

<sup>12</sup> Based on the total number of hauliers that entered Port Klang in January 2018.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

### 8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 8.1.1 Shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name	Nationality	Before IPO <sup>(1)</sup>		After IPO <sup>(2)</sup>					
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares				
		%	%	%	%				
<b>Promoter and substantial shareholder</b>									
Dato' Hew	Malaysian	83,136,275	67.7	36,305,025 <sup>(3)</sup>	29.6	83,136,275	50.1	36,305,025 <sup>(3)</sup>	21.9
Datin Sam	Malaysian	33,677,025	27.4	-	-	33,677,025	20.3	-	-

Notes:

- (1) Based on our share capital of 122,793,000 Shares after the Pre-IPO Reorganisation but before the Public Issue.
- (2) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue.
- (3) Deemed interest by virtue of the shareholdings held by his spouse, Datin Sam and his interest in Atama via our Company pursuant to Section 8 of the Act.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Dato' Hew is the spouse of Datin Sam and a director cum shareholder of Atama with 49.0% equity interest in Atama. There is no direct relationship between Datin Sam and Atama. The breakdown of the direct and indirect shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO is as follows:

Name	Before IPO <sup>(1)</sup>		After IPO <sup>(2)</sup>	
	No. of Shares	%	No. of Shares	%
<b><u>Dato' Hew</u></b>				
Direct	83,136,275	67.7	83,136,275	50.1
Indirect held through:				
- Datin Sam	33,677,025 <sup>(3)</sup>	27.4	33,677,025 <sup>(3)</sup>	20.3
- Atama	2,628,000 <sup>(4)</sup>	2.2	2,628,000 <sup>(4)</sup>	1.6
	36,305,025	29.6	36,305,025	21.9
<b><u>Datin Sam</u></b>				
Direct	33,677,025	27.4	33,677,025	20.3
Indirect	- <sup>(5)</sup>	-	- <sup>(5)</sup>	-

Notes:

- (1) Based on our share capital of 122,793,000 Shares after the Pre-IPO Reorganisation but before the Public Issue.
- (2) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue.
- (3) Deemed interest pursuant to Section 8 of the Act as Dato' Hew is the spouse of Datin Sam and Datin Sam is accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Dato' Hew in relation to the Shares held by Datin Sam.
- (4) Deemed interest pursuant to Section 8 of the Act as Dato' Hew is entitled to control the exercise of 49.0% voting interest in Atama via our Company.
- (5) Datin Sam does not have any indirect interest in our Company. Dato' Hew is not accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Datin Sam in relation to the Shares held by Dato' Hew.

### 8.1.2 Profile

#### (i) Dato' Hew

Dato' Hew, aged 51, a Malaysian, is our Promoter and substantial shareholder.

Please refer to Section 8.2.2 below for the profile of Dato' Hew.

#### (ii) Datin Sam

Datin Sam, aged 51, a Malaysian, is our Promoter and substantial shareholder.

Please refer to Section 8.2.2 below for the profile of Datin Sam.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.1.3 Significant Changes in Shareholdings

The significant changes in the shareholdings of our Promoters and substantial shareholders in our Company in the past 3 years and as at the date of this Prospectus are as follows:

Name	As at 31 December 2015 <sup>(1)</sup>			As at 31 December 2016 <sup>(2)</sup>			As at 31 December 2017 <sup>(5)</sup>		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Hew	1,986,950 <sup>(3)</sup>	3,013,050 <sup>(7)</sup>	39.7	1,986,950	3,013,050 <sup>(7)</sup>	60.3	1,986,950	3,013,050 <sup>(7)</sup>	39.7
Datin Sam	3,013,050 <sup>(4)</sup>	-	60.3	3,013,050	-	60.3	3,013,050	-	60.3

### Before the IPO and as at the date of this Prospectus<sup>(6)</sup>

Name	Before the IPO			After IPO		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Hew	83,136,275	36,305,025 <sup>(8)</sup>	67.7	83,136,275	36,305,025 <sup>(8)</sup>	50.1
Datin Sam	33,677,025	-	27.4	33,677,025	-	20.3

#### Notes:

- (1) Based on our share capital of 300,000 Shares as at 31 December 2015.
- (2) Based on our share capital of 5,000,000 Shares as at 31 December 2016.
- (3) After taking into consideration of the issuance of 1,867,733 Shares to Dato' Hew pursuant to the bonus issue on the basis of 47 bonus shares for every 3 ordinary shares held.
- (4) After taking into consideration of the issuance of 2,832,267 Shares to Datin Sam pursuant to the bonus issue on the basis of 47 bonus shares for every 3 ordinary shares held.
- (5) Based on our share capital of 5,000,000 Shares as at 31 December 2017.
- (6) Based on our share capital of 122,793,000 Shares after the Pre-IPO Reorganisation.
- (7) Deemed interest by virtue of the shareholdings held by his spouse, Datin Sam pursuant to Section 8 of the Act.



## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(8) *Deemed interest by virtue of the shareholdings held by his spouse, Datin Sam and his interest in Atama via our Company pursuant to Section 8 of the Act.*

Save for the Pre-IPO Reorganisation, there is no other events which had led to any changes in substantial shareholders in the past 3 financial years up to the date of this Prospectus. Nevertheless, the number of Tri-Mode Shares held by Dato' Hew and Datin Sam has increased by 1,867,733 Shares and 2,832,267 Shares, respectively during the FYE 31 December 2015 as a result of the issuance of 4,700,000 bonus shares through capitalisation of RM4,700,000 from the retained earnings account on the basis of 47 bonus shares for every 3 existing ordinary shares held.

### 8.1.4 Voting rights of substantial shareholders and Promoters in our Company

The substantial shareholders and Promoters do not have different voting rights from the other shareholders of our Company.

## 8.2 DIRECTORS

Our Board believe that our current Board composition provides the appropriate balance in terms of skills, knowledge, experience and diversity to promote the interest of all shareholders and to govern our Group effectively.

### 8.2.1 Particulars and Shareholdings

The details of our Directors and their shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Age	Before IPO <sup>(1)</sup>			After IPO <sup>(2)</sup>		
			Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Dato' Markiman Bin Kobiran	Chairman/ Independent Non-Executive Director	60	-	-	-	150,000	0.1	-
Dato' Hew	Non-Independent Group Managing Director	51	83,136,275	67.7	36,305,025 <sup>(3)</sup>	83,136,275	50.1	36,305,025 <sup>(3)</sup>
Datin Sam	Non-Independent Executive Director	51	33,677,025	27.4	-	33,677,025	20.3	-
Chiam Tau Meng	Independent Non-Executive Director	64	-	-	-	75,000	*	-
Wai Wah Kwan @ Wai Ah Har	Independent Non-Executive Director	75	-	-	-	75,000	*	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Notes:

- (1) *Based on our share capital of 122,793,000 Shares after the Pre-IPO Reorganisation.*
- (2) *Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue and assuming our Directors fully subscribed for their respective allocation under the Pink Form Allocation.*
- (3) *Deemed interest by virtue of the shareholdings held by his spouse, Datin Sam and his interest in Atama via our Company pursuant to Section 8 of the Act.*

\* *Less than 0.1%*

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**8.2.2 Profiles of Directors**

The profiles of our Directors are as follows:

**(i) Dato' Markiman Bin Kobiran**

Dato' Markiman Bin Kobiran, aged 60, a Malaysian, is our Independent Non-Executive Chairman. He was appointed to our Board on 7 March 2018.

He obtained a Diploma in Public Administration from the Institut Teknologi MARA (now known as Universiti Teknologi MARA ("UiTM")) in 1979 and later obtained a Bachelor of Law (LLB. Hons) from the University of Malaya in 1984.

In 1979, Dato' Markiman Bin Kobiran started his career as an enforcement officer in the Road Transport Department of Selangor and Wilayah Persekutuan. Subsequently in 1984, after graduation from Bachelor of Law, he joined UiTM as a law lecturer. In 1985, he left UiTM and joined Messrs Abraham & Partners as a pupil in chambers and was admitted as an Advocate and Solicitor of the High Court of Malaya and a member of Bar Council Malaysia in 1986 upon which he commenced his career as an advocate and solicitor with Messrs Abraham & Partners. In 1989, he started Messrs Markiman & Associates (formerly known as Messrs Markiman & Halim) as the principal partner, a position which he still holds until today. Then, in 2015, Dato' Markiman Bin Kobiran started Marvel Security Sdn Bhd as a Chief Executive Director, a position he still holds as at the until today.

He was also the Member of Parliament of Hulu Langat from 2004 to 2008, Chairman of Lembaga Pelesenan Kenderaan Perdagangan of Peninsular Malaysia from 2006 to 2009 and Political Secretary to the Home Affairs Minister and the Defence Minister from 2009 to 2014.

Apart from corporate sector, Dato' Markiman Bin Kobiran is also UMNO Deputy Chief, Hulu Langat division since 2004 until the LPD.

Please refer to Section 8.2.5 below for details of Dato' Markiman Bin Kobiran's principal directorships in other corporations and principal business activities performed outside our Group.

**(ii) Dato' Hew**

Dato' Hew, aged 51, a Malaysian, is our founder and Non-Independent Group Managing Director. He was appointed to our Board on 9 April 1992. He currently spearheads our Group business direction and overall strategies and policies.

He obtained a Bachelor's Degree in Business Administration from the University of Toledo, Ohio, USA in 1988.

Upon graduation, he started his career as a management trainee in Lion Suzuki Motor Sdn Bhd in 1988. In the same year, he joined Mac-Nels (M) Sdn Bhd, a Singapore-based freight forwarding company as a Sales Executive and left the company as a Branch Manager in 1992. Upon his departure, he ventured into logistics business via Tri-Mode. Over the course of his career, he has accumulated over 29 years of relevant experience in the logistics industry.

He is the spouse of Datin Sam, a brother of Hew Yat Ming, and a nephew-in law of Tung Yoke Chan.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Please refer to Section 8.2.5 below for details of Dato' Hew's principal directorships in other corporations and principal business activities performed outside our Group.

**(iii) Datin Sam**

Datin Sam, aged 51, a Malaysian, is our co-founder and Non-Independent Executive Director. She was appointed to our Board on 10 September 1998.

She obtained her Sijil Pelajaran Malaysia upon completing her secondary education at Sekolah Sri Inai, Ampang Ulu Klang, Selangor in 1984. In 1989, she obtained a certificate in Hotel and Catering Management conferred by the Stamford Group of Colleges of Further Education in Singapore & Malaysia. In the same year, she was also conferred certificates by the Educational Institute of the American Hotel & Motel Association upon completing courses in Front Officer Procedures and Food and Beverage Management.

She commenced her career in 1990 when she joined KT Trading, a sole proprietor involved in the trading of stationery, as an assistant handling general administrative matters until 1992. She joined our Company in 1993 as a sales co-ordinator and held various senior positions such as customer service manager and senior manager (export division) before being promoted to her current position in 2013. She currently oversees the day-to-day freighting operation of our Group. Over the course of her career, she has accumulated over 25 years of experience in the logistics industry.

She is the spouse of Dato' Hew, a niece of Tung Yoke Chan, and a sister-in-law of Hew Yat Ming.

Please refer to Section 8.2.5 below for details of Datin Sam's principal directorships in other corporations and principal business activities performed outside our Group.

**(iv) Chiam Tau Meng**

Chiam Tau Meng, aged 64, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 7 March 2018.

Chiam Tau Meng obtained a Bachelor of Commerce Degree majoring in Accountancy from the University of Otago, Dunedin, New Zealand in 1977. He is an Associate Chartered Accountant with the New Zealand Institute of Chartered Accountants ("NZICA") since 1980 and the Institute of Chartered Accountants Australia and New Zealand since 2013 upon the merger of NZICA and the Institute of Chartered Accountants Australia. Chiam Tau Meng is also a Chartered Accountant with the Malaysian Institute of Accountants since 1988.

Following his graduation in 1977, Chiam Tau Meng started his career as a Corporate Accountant in Tolley Industries Ltd (New Zealand). Upon returning to Malaysia in 1979, he joined Malaysian Containers Bhd as a Finance Manager cum Company Secretary until 1984. In 1984, he joined Menang Corporation (M) Bhd as a General Manager of Corporate Services. Subsequently in 1989, he left Menang Corporation (M) Bhd and joined Bee Hin Holdings Sdn Bhd as a General Manager of Corporate Finance. In 1993, he joined BDO Binder Management Consultants Sdn Bhd as a Director until 1994. In the same year, he incorporated CTM Consulting as a Principal, a position he still holds until today.

Please refer to Section 8.2.5 below for details of Chiam Tau Meng's principal directorships in other corporations and principal business activities performed outside our Group.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**(v) Wai Wah Kwan @ Wai Ah Har**

Wai Wah Kwan @ Wai Ah Har, aged 75, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 7 March 2018.

He started his career as a general clerk in Messrs Cheong Hing from 1960 to 1969. He obtained a certificate for the Examination for call to the Bar from The Council of Legal Education, United Kingdom in 1973. In 1973, he was called to the English Bar and admitted as a member of the Society of the Inner Temple, United Kingdom. In the same year, he joined Messrs Allen & Gledhill as pupil in chambers and was admitted as a member of Bar Council Malaysia in 1974.

Subsequently, he worked as a legal assistant at Messrs Hisham Sobri & Kadir from 1974 until 1976. In 1976, he set up Messrs Kassim Tadin, Wai & Co. as a partner, a position he still holds until today.

Please refer to Section 8.2.5 below for details of Wai Wah Kwan @ Wai Ah Har's principal directorships in other corporations and principal business activities performed outside our Group.

Dato' Markiman Bin Kobiran became acquainted with Dato' Hew through the application of container haulage licence\* by Landbridge Haulage to the Lembaga Pelesenan Kenderaan Perdagangan (which was subsequently replaced by SPAD in 2010) in 2008 during which Dato' Markiman Bin Kobiran was the Chairman of Lembaga Pelesenan Kenderaan Perdagangan of Peninsular Malaysia from 2006 to 2009. Chiam Tau Meng came into acquaintance with Dato' Hew through introduction by friends. Wai Wah Kwan @ Wai Ah Har became acquainted with Dato' Hew from his engagement for legal service with Messrs. Kassim Tadin Wai & Co., in which Wai Wah Kwan @ Wai Ah Har is a partner of the said legal firm.

*Note:*

\* *The container haulage licence is an operator licence for Landbridge Haulage to provide goods vehicle services in Peninsular Malaysia which required to be renewed prior to expiry. In view that Landbridge Haulage has made several renewals of the said licence from SPAD after Dato' Markiman Bin Kobiran left Lembaga Pelesenan Kenderaan Perdagangan in 2009 (latest renewal was made on 4 June 2017 with validity period up to 2 November 2020), the appointment of Dato' Markiman Bin Kobiran as our Non-Independent Non-Executive Chairman will not result in any potential conflict of interest with his previous involvement in Lembaga Pelesenan Kenderaan Perdagangan.*

Further thereto, please refer to Section 8.9 of this Prospectus for the management succession plans of our Group. We will also continue to identify suitable individuals for the appointment of non-independent directors for our Group, should the need arises post Listing.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.2.3 Directors' Term of Office

The date of expiration of the current term of office for each of our Directors and the period that each of them has served in that office is as follows:

<u>Name</u>	<u>Date of appointment as Director</u>	<u>Approximately no. of months in office up to the LPD</u>	<u>Date of expiration of the current term of office</u>
Dato' Markiman Bin Kobiran	7 March 2018	Less than 1 month	Subject to rotation at the AGM in year 2020
Dato' Hew	9 April 1992	25 years and 11 months	Subject to rotation at the AGM in year 2019
Datin Sam	10 September 1998	19 years and 6 months	Subject to rotation at the AGM in year 2020
Chiam Tau Meng	7 March 2018	Less than 1 month	Subject to rotation at the AGM in year 2021
Wai Wah Kwan @ Wai Ah Har	7 March 2018	Less than 1 month	Subject to rotation at the AGM in year 2019

### 8.2.4 Directors' and Key Senior Management's Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 31 December 2017 and FYE 31 December 2018 are as follows:

<u>FYE 31 December 2017</u>	<u>Directors' fees</u>	<u>Salaries</u>	<u>Bonuses</u>	<u>Statutory Contributions</u>	<u>Benefits-in-kind and allowance</u>	<u>Total</u>
<u>Director</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dato' Markiman Bin Kobiran	-	-	-	-	-	-
Dato' Hew	-	960	305	186	56	1,507
Datin Sam	-	440	140	85	40	705
Chiam Tau Meng	-	-	-	-	-	-
Wai Wah Kwan @ Wai Ah Har	-	-	-	-	-	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Proposed for the FYE 31 December 2018	Directors' fees	Salaries	Bonuses	Statutory Contributions	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Markiman Bin Kobiran	50	-	-	-	2	52
Dato' Hew	-	1,044	87	162	56	1,349
Datin Sam	-	480	160	91	40	771
Chiam Tau Meng	25	-	-	-	2	27
Wai Wah Kwan @ Wai Ah Har	25	-	-	-	2	27

Moving forward, the remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be recommended by our Remuneration Committee and subject to approval by our Board. Our Directors' fees must be further approved by our shareholders in a general meeting.

The remuneration of Executive Directors paid in the FYE 31 December 2017 as compared to the PBT of our Group is as below:

	<u>Remuneration</u> RM'000
Total remuneration of the Executive Directors (A)	2,212
PBT (B)	8,000
Remuneration ratio (A) / (B) (time)	0.28

The remuneration ratio of our Executive Directors stood at 0.28 times for the FYE 31 December 2017.

Based on the estimated remuneration of our Executive Directors for the FYE 31 December 2018 as compared to the PBT of the Group for the FYE 31 December 2017, the indicative remuneration ratio is expected to decrease from 0.28 to 0.27 times.

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 31 December 2017 and FYE 31 December 2018 are as follows:

<b>Key senior management</b>	<b>Remuneration band (in bands of RM50,000)</b>	
	<b>FYE 31 December 2017</b>	<b>Estimated for FYE 31 December 2018</b>
	<b>RM</b>	<b>RM</b>
Tung Yoke Chan	150,000 to 200,000	150,000 to 200,000
Hew Yat Ming	50,000 to 100,000 <sup>(1)</sup>	50,000 to 100,000 <sup>(1)</sup>
Lee Kiew Keong	100,000 to 150,000	150,000 to 200,000
Loi Chee Hsien	100,000 to 150,000	150,000 to 200,000
Muhd Nur Azmi Subramaniambin Abdullah	100,000 to 150,000	100,000 to 150,000

*Note:*

(1) *Hew Yat Ming is also an Executive Director in Atama earning remuneration in the band of RM50,000 to RM100,000.*

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**8.2.5 Principal Directorships in Other Corporations and Principal Business Activities Performed Outside our Group**

The principal business activities outside our Group performed by our Directors as at the LPD and the directorship of our Directors outside of our Group at present and in the past 5 years preceding the LPD are as follows:

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
Dato' Markiman Bin Kobiran	<u>Present Involvement</u> Kanger International Bhd	Malaysia	Investment holding involving in research, development, manufacture and trade of bamboo flooring and related products	Independent Non-Executive Director	8 June 2015	-
	Kumpulan Hartanah Melayu Sepang Bhd	Malaysia	To develop and turn to account any land acquired by the company; business of property developers and building contractors; and international traders	Non-Executive Director Shareholder (0.3% direct interest)	28 July 1997	-
	KSB Properties Sdn Bhd	Malaysia	Building contractor, property development, trading and plantation	Non-Executive Director	9 September 1999	-
	Marvel Security Sdn Bhd	Malaysia	Private security activities	Executive Director Shareholder (35% direct interest)	12 February 2015	-
	Sim Yew Enterprise Sdn Bhd	Malaysia	Providing inland transportation using box trucks and curtain sider trucks, and warehousing services	Non-Executive, Director, Chairman	12 August 1995	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	Galaksi Emas Sdn Bhd	Malaysia	General trading, investment and properties (in the process of being struck off under Section 550 of the Act)	Shareholder (10% direct interest)	-	-
	Zicron Security Sdn Bhd	Malaysia	Dormant (in the midst of preparation for deregistration)	Non-Executive Director Shareholder (40% direct interest)	28 October 2014	-
	Markiman & Associates	Malaysia	Provision of legal services	Partner	29 May 1989	-
	Yayasan TKUB	Malaysia	To foster, develop, promote and improve the charity and wellbeing of deserving persons in any condition whatsoever; to assist in the provision of materials and/or equipment, guidance assistance necessary for the pursuing of any charity, training, exposure, business with a view of enabling such persons to be able to develop skills and to be reliant and self dependent; and to promote entrepreneur and business networking activities by collaborating with any bodies/ group	Director	15 November 2017	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	<u>Past Directorship</u> Galaksi Emas Sdn Bhd	Malaysia	General trading, investments and properties (in the process of being struck off under Section 550 of the Act)	Non-Executive Director	1 October 2014	18 September 2016
	Pembinaan Maha Dynamik Sdn Bhd	Malaysia	Dormant	Non-Executive Director	19 September 2014	18 September 2016
	Konsortium Sepang Bhd	Malaysia	Investment holding company involving in engineering equipment and supplies	Non-Executive Director	15 July 1992	25 November 2015
Dato' Hew	<u>Present Involvement</u> Oriental Logistics Group Inc.	USA	Air and sea freight consolidating services	Shareholder (10% direct interest)	-	-
	PT Oriental Logistics Indonesia	Indonesia	Local logistics services customs brokerage, import consolidating, local conventional transport and freighting	Shareholder (19% direct interest)	-	-
	Han & Jun (Cambodia) Transport Co. Ltd.	Cambodia	Customs brokerage and haulage transportation	Shareholder (20% direct interest)	-	-
	Oriental Logistics Group (Thailand) Co. Ltd.	Thailand	Export freight and import consolidating	Shareholder (25% direct interest in preference shares)	-	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	New World Limosin (M) Sdn Bhd	Malaysia	Dormant (its intended business activity was the provision of limousine services). On 12 February 2018, the notice of strike-off has been issued by CCM. As at the LPD, the de-registration has yet to be gazetted. <sup>(4)</sup>	Non-Executive Director Shareholder (66.67% direct interest)	8 January 2014	-
	Centralprop Development Sdn Bhd	Malaysia	Dormant (its intended business activity was property development). As at the LPD, there is no plan for the company to undertake any business <sup>(5)</sup>	Non-Executive Director Shareholder (50% direct interest)	9 December 2013	-
	Landbridge Warehouse	Malaysia	Investment holding earning interest income (formerly involved in the business of warehouse operator prior to 2016). As at the LPD, Landbridge Warehouse is dormant and expected to be deregistered <sup>(6)</sup>	Executive Director Shareholder (70% direct interest)	22 August 2002	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	Tri-Mode Lines Sdn Bhd	Malaysia	Dormant (its intended business activity was to act as a shipping agency), and the application for deregistration has been submitted to CCM on 28 August 2017. On 18 December 2017, the notice of strike-off has been issued by CCM. As at the LPD, the de-registration has yet to be gazetted. <sup>(7)</sup>	Non-Executive Director Shareholder (100% direct interest)	14 July 1992	-
	Atama Container Connections	Malaysia	Freight forwarding services	Executive Director	13 September 1996	-
	NV Container Lines Sdn Bhd	Malaysia	Provision of storing, cleaning, and repairing of all types of containers and related products	Non-Executive Director	30 December 2016	-
		Malaysia	Dormant (its intended business activity was to act as a shipping agency), and the application for deregistration has been submitted to CCM on 28 August 2017. On 11 December 2017, the notice of strike-off has been issued by CCM. As at the LPD, the de-registration has yet to be gazetted. <sup>(7)</sup>	Non-Executive Director Shareholder (100% direct interest)	8 October 2016	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	<u>Past Directorship</u> Oriental Logistics Group Inc.	USA	Air and sea freight consolidating services	Non-Executive Director Shareholder (10% direct interest)	2 February 2012	24 August 2017
	PT Oriental Logistics Indonesia	Indonesia	Local logistics services customs brokerage, import consolidating, local conventional transport and freighting	Commissioner (Non-Executive) Shareholder (19% direct interest)	12 March 2012	24 August 2017
	Han & Jun (Cambodia) Transport Co. Ltd.	Cambodia	Customs brokerage and haulage transportation	Non-Executive Director Shareholder (20% direct interest)	12 November 2013	11 September 2017
	Oriental Logistics Group (Thailand) Co. Ltd.	Thailand	Export freight and import consolidating	Committee (Non-Executive) Shareholder (25% direct interest in preference shares)	14 January 2016	28 August 2017
	Tri-Mode Freight System Sdn Bhd	Malaysia	Dissoved on 9 September 2016	Director <sup>(2)</sup>	18 March 2002	9 September 2016
	Landbridge Logistics Centre Sdn Bhd	Malaysia	Dissoved on 19 March 2014	Director <sup>(2)</sup>	2 December 2005	19 March 2014

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
Datin Sam	<u>Present Involvement</u> Centralprop Development Sdn Bhd	Malaysia	Dormant (its intended business activity was property development). As at the LPD, there is no plan for the company to undertake any business <sup>(5)</sup>	Non-Executive Director Shareholder (50% direct interest)	9 December 2013	-
	Landbridge Warehouse	Malaysia	Investment holding earning interest income (formerly involved in the business of warehouse operator prior to 2016). As at the LPD, Landbridge Warehouse is dormant and expected to be deregistered <sup>(6)</sup>	Non-Executive Director Shareholder (30% direct interest)	16 August 2011	-
	<u>Past Directorship</u> Tri-Mode Freight System Sdn Bhd	Malaysia	Dissolved on 9 September 2016	Director <sup>(2)</sup>	18 March 2002	9 September 2016
Chiam Tau Meng	<u>Present Involvement</u> Hovid Bhd	Malaysia	Manufacturing of pharmaceutical and herbal products	Independent Executive Director	7 April 2014	-
	SC Estate Builder Bhd	Malaysia	Investment holding, provision of construction and project management services, and building materials supplier	Independent Executive Director	23 September 2016	-

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
	Menang Corporation (M) Malaysia Bhd	Malaysia	Investment holding, letting out of properties and provision of management services	Independent Non-Executive Director	21 October 2005	-
	Theatre Management Malaysia Associates Sdn Bhd	Malaysia	Theatre management and consultancy	Non-Executive Director	20 January 2014	-
	Hope Dynasty Sdn Bhd	Malaysia	Short term investment in listed securities	Non-Executive Director Shareholder (99% direct interest)	12 December 2010	-
	Wangi KMB Bhd	Malaysia	Property development	Non-Executive Director	17 February 2011	-
	Syarikat Kayu Wangi Bhd	Malaysia	Sawmill and related operations, timber merchants and construction activities	Non-Executive Director	11 January 2011	-
	CTM Consulting	Malaysia	Business consulting services	Principal	14 November 1994 <sup>(3)</sup>	-
	<u>Past Directorship</u> Damar Global Holdings Bhd	Malaysia	Investment holding with subsidiaries involved in the manufacturing of synthetic resins	Non-Executive Director	15 May 2014	3 August 2017



**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

<b>Director</b>	<b>Company/ Partnership <sup>(1)</sup></b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Involvement/ Position held/ Percentage of direct interest</b>	<b>Appointment date</b>	<b>Resignation date/ Cessation date</b>
	Seremban Engineering Bhd	Malaysia	Engaged in the fabrication of process equipment and metal structures and the provision of maintenance, repair and shut down works	Independent Non-Executive Director	3 September 2009	22 April 2016
	KYM Holdings Bhd	Malaysia	Investment holding with subsidiaries involved in the manufacturing and sales of high quality multi-wall industrial paper sacks and corrugated carton box	Independent Non-Executive Director	27 April 2009	8 July 2014
	Success Transformer Corporation Bhd	Malaysia	Investment holding and provision of management services, with subsidiaries mainly involved in the manufacturing and trading of transformer, electrical apparatus and industrial lightings	Independent Non-Executive Director	15 August 2008	22 April 2016
	Ibisco Brands (M) Sdn Bhd	Malaysia	Dormant	Non-Executive Director	1 August 1996	3 October 2013

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Director	Company/ Partnership <sup>(1)</sup>	Country of incorporation	Principal activity	Involvement/ Position held/ Percentage of direct interest	Appointment date	Resignation date/ Cessation date
Wai Wah Kwan @ Wai Ah Har	<u>Present Involvement</u> Kassim Tadin, Wai & Co. EW Music Publishing (M) Sdn Bhd	Malaysia Malaysia	Provision of legal services Engage in the business of providing songs, lyrics and fitting up of temporary or permanent stages	Partner Non-Executive Director Shareholder (33.33% direct interest)	2 September 1976 20 August 2001	- -
	<u>Past Directorship</u> Uni-City Office Malaysia Automation Sdn Bhd	Malaysia	Dissolved on 27 December 2013	Director <sup>(2)</sup>	5 March 1985	27 December 2013

## Notes:

- (1) Excludes shares in public listed companies held by our Directors as minority shareholder (less than 1% of the issued share capital of a public listed company) with no directorship, for trading and personal investment purposes.
- (2) The nature of directorships (i.e. executive and non-executive) is not disclosed as the company is dissolved.
- (3) Based on the date of registration of CTM Consulting.
- (4) While pending for the deregistration of the company, the Promoters have provided the undertaking that the company which is currently dormant with its intended business activity of the provision of limousine services will not commence any business activities in the future.
- (5) There is no similarity between the company name and nature of the principal activities between our Group and Centralprop Development Sdn Bhd and therefore there should be no confusion as to whether Centralprop Development Sdn Bhd is part of our Group.
- (6) Upon completion of the statutory audit for the FYE 31 December 2017, the deregistration procedures will be carried out to strike-off Landbridge Warehouse which has ceased its warehousing business. As such, the Promoters have provided the undertaking that Landbridge Warehouse is not expected to reactivate its business in the future.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

- (7) *While pending for the deregistration of the company, the Promoters have provided the undertaking that the company which is currently dormant with its intended business activity of shipping agency will not commence any business activities in the future.*

None of our Executive Directors are involved in the day-to-day activities and operations of the abovementioned business and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as the Executive Directors of our Group.

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Save for Dato' Hew's interest in Oriental Logistics Group Inc., USA, PT Oriental Logistics Indonesia, Han & Jun (Cambodia) Transport Co. Ltd., and Oriental Logistics Group (Thailand) Co. Ltd., our Director is not involved or has any interest, direct or indirect, in any other businesses or corporations carrying on a similar or related trade as our Group or associate companies.

Further, save for Dato' Hew's interest in Oriental Logistics Group Inc., USA, PT Oriental Logistics Indonesia, Han & Jun (Cambodia) Transport Co. Ltd., and Oriental Logistics Group (Thailand) Co. Ltd. which are our customers and suppliers, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in any businesses or corporations which are the customers or suppliers of our Group or associate companies.

As disclosed above, Dato' Hew has resigned his directorships in Oriental Logistics Group Inc., USA, PT Oriental Logistics Indonesia, Han & Jun (Cambodia) Transport Co. Ltd., and Oriental Logistics Group (Thailand) Co. Ltd. to prevent any potential conflict of interest arising from the transactions conducted by our Group with these companies. In addition, Dato' Hew has not been involved in the business operations of these companies as he was invited as a passive investor in these companies.

Our Board is of the opinion that although the abovesaid investee companies of Dato' Hew carry out similar principal activities as our Group, they are serving mainly local customers in their respective countries. As such, it does not give rise to a situation of conflict of interest. Instead, it may be complementary to our Group as the companies form part of our global logistics network, which may allow us to remain competitive on a global scale and to penetrate into new markets which may not be within our reach. Having good working relationships with international logistics players is part of our business model and with this strategy, our Group can provide logistics coverage via the investee companies to our customers who wish to export its goods to these countries which will differentiate us from our competitors and further extend our market share in the logistics industry. In addition, it was disclosed in Section 6.17.4 of this Prospectus that our Group's intention to remain focus and strengthen our market presence in Malaysia and has no intention to expand our market presence in overseas market within the next 5 years. Thus, the abovesaid investee companies of Dato' Hew are not expected to give rise to a situation of conflict of interest.

To further mitigate the potential conflict of interest as disclosed, upon Listing, our Board, through our Audit and Risk Management Committee, will ensure that the abovesaid related party transactions (inclusive of recurrent related party transactions) are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to our detriment or the detriment of our minority shareholders.

In addition, after the Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction exceeding the requisite percentage ratio in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

### 8.3 AUDIT AND RISK MANAGEMENT, NOMINATION AND REMUNERATION COMMITTEES

#### 8.3.1 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 7 March 2018 by our Board and the members of our Audit and Risk Management Committee are as follows:

Name	Designation	Directorship
Chiam Tau Meng	Chairman	Independent Non-Executive Director
Dato' Markiman Bin Kobiran	Member	Independent Non-Executive Chairman
Wai Wah Kwan @ Wai Ah Har	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee's terms of reference include the following:

- (i) Assessing the risks and control environment
  - (a) to review the sufficiency and effectiveness of our Group's overall enterprise risk management framework, strategies, policies and systems; and
  - (b) to assess the effectiveness of the system of internal control i.e. the risks, control environment and compliance requirements of our Group, based on the results of the external and internal audits and assurances from the respective responsible persons.
- (ii) Overseeing financial reporting
  - (a) to review the quarterly results and the year-end financial statements of our Group prior to approval by our Board;
  - (b) to review and recommend any policies relating to accounting, finance and internal control and endorse for the Board's approval; and
  - (c) to review the Audit and Risk Management Committee Report and Risk Management & Internal Control Statement for inclusion in our Company's Annual Report and recommend to the Board for approval.
- (iii) Evaluating the internal and external audit process and outcome
  - (i) to review the findings and scope of any audit and other services provided by our Group's external auditors;
  - (ii) to review any letter of resignation from the external auditors and report the same to the Board;
  - (iii) to review whether there is any reason that the external auditor is not suitable for reappointment, and make relevant recommendation to the Board;
  - (iv) to recommend the nomination of a person or persons as external auditors, including matters relating to the audit fee;
  - (v) to ensure the proper policies and procedures are established and to assess the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirement;

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

- (vi) to set policy on non-audit services which may be provided by the external auditors, and condition and procedures which must be adhered to by the external auditors in the provision of such services;
  - (vii) to review engagement of non-audit services by the external auditors to ensure that their independence is maintained; and
  - (viii) to review and evaluate our Group's internal audit function.
- (iv) Reviewing conflict of interest situations and related party transactions (including recurrent related party transactions)
- (a) to review any conflict of interest situation and related party transaction that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (b) in respect of related party transaction, including recurrent related party transactions, to:
    - (1) ensure that the Group has adequate procedures and processes to identify, and where relevant, monitor and track related party transactions in a timely manner, and to review these procedures and processes annually;
    - (2) assess the sufficiency of the procedures, policies and terms of the related party transactions to ensure that the transactions are fair, reasonable and on normal commercial terms; are not more favorable to the related party than those generally available to the public and are not detrimental to minority shareholders and in the best interest of the Group;
    - (3) where the related party transactions are not comparable to quotations or comparative pricing with unrelated third parties, to review the basis of the transaction price determined by the management in comparison to transactions by/ to unrelated parties for substantially similar type transaction for approval by the Board; and
    - (4) related party transactions and conflict of interest situations shall be a permanent agenda item of the Committee meeting.

### 8.3.2 Remuneration Committee

Our Remuneration Committee was established on 7 March 2018 by our Board and the members of our Remuneration Committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Markiman Bin Kobiran	Chairman	Independent Non-Executive Chairman
Chiam Tau Meng	Member	Independent Non-Executive Director
Wai Wah Kwan @ Wai Ah Har	Member	Independent Non-Executive Director

Our Remuneration Committee's terms of reference include the following:

- (i) to develop a remuneration framework taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large;

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

- (ii) to design and review the remuneration packages for our Board Committees, Directors and key senior management; and
- (iii) to review and recommend to our Board on any matters relating to the continuation in office including the suspension or termination of service of our Directors and key senior management.

### 8.3.3 Nomination Committee

Our Nomination Committee was established on 7 March 2018 by our Board and the members of our Nomination Committee are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Wai Wah Kwan @ Wai Ah Har	Chairman	Independent Non-Executive Director
Chiam Tau Meng	Member	Independent Non-Executive Director
Dato' Markiman Bin Kobiran	Member	Independent Non-Executive Chairman

Our Nomination Committee's terms of reference include the following:

- (i) Composition of the of our Board, Board Committees, all directorships and our key senior management
  - (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board, Board Committees, all directorships and key senior management; and
  - (b) to have at least one female director in our Board.
- (ii) Employment contracts
  - (a) to review and recommend to our Board the appointment of any Executive Directors and key senior management;
  - (b) to review and recommend the extension of contracts of our Executive Directors and key senior management; and
  - (c) to ensure Section 232 of the Act is adhered to where a copy of every Director's service contract is made available for inspection at its registered office.
- (iii) Appointment/ reappointment/ re-election process and its criteria
  - (a) to develop, maintain and keep under review the criteria to be used in the appointment or recruitment process of our Board, our Board Committees, all directorships and our key senior management, and recommend to our Board for its approval;
  - (b) to recommend to our Board for its approval, the candidates for our Board, Board Committees and key senior management, after considering their character, experience, competence, integrity and time commitment; and
  - (c) to review the re-appointment, re-election or retirement process of our Directors.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

- (iv) Contribution and commitment of our Directors and key senior management
  - (a) to set out and communicate the expectations of our Directors and key senior management regarding the level of contribution and the time commitment expected of them.
- (v) Letter of appointment for the Non-Executive Directors
  - (a) to ensure that all the Non-Executive Directors receive a formal letter of appointment, setting out clearly what is expected of them in terms of their roles and responsibilities as well as time commitment expected.
- (vi) Induction and continuing education programmes
  - (a) to recommend to our Board and facilitate appropriate programmes for the newly appointed directors and existing directors; and
  - (b) evaluate and conduct training needs analysis for our Directors and ensure that their training needs are met.
- (vii) Board and key senior management assessment
  - (a) to develop, maintain and review the criteria and process to be used in the assessment of our Board, Board Committees, director and key senior management;
  - (b) to assess the effectiveness of our Board, Board Committees, director and key senior management annually, with regards to their knowledge, skills, experience and diversity;
  - (c) to assess the findings of the Board assessment and devised appropriate action plans to be taken; and
  - (d) to review and assess the tenure of our Independent Directors.
- (viii) Succession planning
  - (a) to review and oversee the development of a succession planning framework for the Board members.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.4 KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

For the avoidance of doubt, our Group does not have any key technical personnel as the nature of our business does not require any specific technical skill requirement.

#### 8.4.1 Particulars and Shareholdings

The details of our key senior management and their shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Age	Before IPO				After IPO <sup>(1)</sup>				
			Direct		Indirect		Direct		Indirect		
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Tung Yoke Chan	Chief Financial Officer	65	-	-	-	-	-	500,000	0.3	-	-
Hew Yat Ming	Group General Manager	45	-	-	-	-	250,000	0.2	-	-	-
Lee Kiew Keong	General Manager of Sales and Marketing division	61	-	-	-	-	110,000	0.1	-	-	-
Loi Chee Hsien	Assistant General Manager of Finance Administrative and Human Resource division	52	-	-	-	-	100,000	0.1	-	-	-
Muhd Nur Azmi Subramaniam bin Abdullah	Assistant General Manager of Haulage division	53	-	-	-	-	60,000	*	-	-	-

Note:

(1) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue and assuming all our key senior management fully subscribed for their respective allocation under the Pink Form Allocation.

\* Less than 0.1%

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)****8.4.2 Profile****(i) Tung Yoke Chan**

Tung Yoke Chan, aged 65, a Malaysian, is our Chief Financial Officer.

She was admitted as an Associate Member and then as a Fellow Member of the Institute of Chartered Accountants in England and Wales (ICAEW) in 1976 and 1983 respectively.

She began her career in the United Kingdom as an Article Clerk at Chantrey, Button & Co in 1972. She returned to Malaysia in 1977 and joined Cooper & Lybrand as a Senior Auditor. She returned to United Kingdom in 1980 and joined Guardian Royal Exchange PLC as an Internal Auditor. In 1984, she joined Hong Leong Management Company Sdn. Bhd. as a Senior Analyst and subsequently as Finance Manager at Hong Leong Assurance Bhd. in 1988. In 1989, she was seconded to Southern Steel Holdings Sdn. Bhd. to be the Financial Controller. From 1990 to 1993, she served as a Group Financial Controller at Hong Leong Credit Bhd. (now known as Hong Leong Financial Group Bhd.). Following her stint at there, she joined HLG Securities Sdn. Bhd. as a General Manager of Operation in 1994. From 1996 to 2003, she held the position of Remisier at Arab Malaysian Securities Sdn. Bhd. (now known as AmInvestment Bank Bhd).

She joined our Company as our Group General Manager in 2003 until her retirement in April 2016, after which she continued serving the Group as a consultant until January 2017 due to a request to attend to her personal commitment during the period. Her role as a consultant includes review of monthly management accounts, providing guidance on accounting, taxation and finance related matters, review of budget, monitoring audit processes and etc. In February 2017, she returned to our Group as our Chief Financial Officer to resume her roles and responsibilities in accounting, taxation and finance related matters of our Group and also assist our Group on the preparation of our Listing exercise especially in relation to the Listing scheme, financial and accounting matters. She is currently responsible for the financial management of the Group. Over the course of her career, she has accumulated over 33 years of experience in corporate finance, treasury management, tax planning, balance sheet management, and stockbroking operation.

She is an aunt of Datin Sam.

**(ii) Hew Yat Ming**

Hew Yat Ming, aged 45, a Malaysian, is our Group General Manager.

She was admitted as a member of the Malaysian Institute of Chartered Secretaries and Administrators upon completing the Institute of Chartered Secretaries and Administrators course in the Systematic School of College, Petaling Jaya in 1996. She also obtained a Master of Business Administration conferred by Charles Sturt University, Australia, upon completing the relevant course at HELP Institute (now known as HELP University) in 2001.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Upon her admission as a member of The Institute of Chartered Secretaries and Administrators, she began her career at Signet & Co Sdn Bhd as a Secretary Assistant in 1996. In 1997, she moved on to join Atama to oversee the operation of Atama and Landbrige Haulage, a subsidiary of Atama then where she held various positions as Coordinator, Office Manager, Senior Manager, and Assistant General Manager before being appointed by our Company to her current position in March 2017. Currently, she is our Group General Manager and is responsible for the day-to-day operations of our Group, focusing on haulage and freight forwarding. Over the course of her career, she has over 20 years of haulage and freight forwarding operation in the logistics industry.

She is a sister of Dato' Hew and a sister-in-law of Datin Sam.

**(iii) Lee Kiew Keong**

Lee Kiew Keong, aged 61, a Malaysian, is the General Manager of our Sales and Marketing division.

He obtained a Malaysian Certificate of Education in 1974.

Upon completing his studies in 1974, he began his career at Toshiba Electronic (M) Sdn Bhd as a factory staff and left in 1977. In 1977, he joined Wah Soon Shipping Sdn Bhd as a Boarding Officer where he was responsible for cargo vessels operations. From 1979 to 1984, he joined Maersk Line (M) Sdn Bhd as a Sales Representative.

Subsequently in 1984, he joined United States Line Marketing Sdn Bhd as an Account Manager, whereby he was responsible for the sales and marketing activities for container services. He joined Kuehne & Nagel Sdn Bhd as a Sales Representative in 1987 whereby he was in charge of sales and marketing activities for sea and air freight services.

Between 1989 and 1993, he joined ESS Marine Agencies (M) Sdn Bhd as a Sales Executive whereby he was involved in the sales of the container liner services. In 1994, he joined Meridian Marine Agencies Sdn Bhd as a Sales and Marketing Manager. He later joined Boustead Shipping Agencies Sdn Bhd as a Sales & Marketing Manager in 1996, whereby he handled container businesses. Prior to joining our Group, he was an Assistant General Manager of Hyundai Merchant Marine (M) Sdn Bhd between 1999 and 2011, whereby he was responsible for the overall operation activities.

In 2011, he joined our Group as our Assistant General Manager in the sales and marketing division and was subsequently promoted to his current position in 2015. He is currently responsible for the management of our sales team and the overall business development of our Group. Over the course of his career, he has accumulated over 38 years of sales & marketing experience in the logistics industry.

**(iv) Loi Chee Hsien**

Loi Chee Hsien, aged 52, a Malaysian, is the Assistant General Manager of our Finance, Administrative and Human Resource division.

He obtained a Diploma in Commerce majoring in Management Accounting from the Tunku Abdul Rahman College in 1989.

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**


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In 1990, he started his career as an Audit Assistant at Hals & Associates where he was involved in accounting and financial audit. He joined Gwenkes Security Services Sdn Bhd as an Accountant from 1991 to 1996. In 1997, he joined Kemira Sdn Bhd as a Finance and Administration Manager. In 2005, he joined Sankyu (M) Sdn Bhd as an Assistant Accounting Manager.

In 2006, he joined Metroport Group Bhd as a Finance Manager where he oversees the group accounting, auditing and taxation. In 2009, he joined Limkokwing University of Creative Technology as a Finance Manager where he was in-charge of the company's overseas campuses account department. In 2011, he joined Guocera Marketing Sdn Bhd as Assistant Finance Manager.

In 2012, he joined our Company as our Senior Finance Manager before he was promoted to his current position in 2014. He is principally in charge of the overall finance, accounts, human resources and administration of the Group. Over the course of his career, he has accumulated over 25 years in the field of accounting, budgeting, auditing, risk and treasury management.

**(v) Muhd Nur Azmi Subramaniam Bin Abdullah**

Muhd Nur Azmi Subramaniam Bin Abdullah, aged 53, a Malaysian, is the Assistant General Manager of our Haulage division.

He obtained a Diploma in Management from Universiti Malaya in 2001 and later obtained an Advanced Diploma in Logistics Management conferred by the Chartered Institute of Logistics and Transport of the United Kingdom in 2005.

In 1983, he started his career at Kontena Nasional Bhd as a Warehouse Inbound & Transshipment Clerk and was promoted to the position of Assistant Manager of Haulage Operations where he was responsible for warehousing, forwarding and haulage operations. In 2008, he joined JP Logistics Sdn Bhd as the Manager, Central Region, where he was responsible for haulage and conventional movements, safety operation, customer services and key performance index (KPI) achievement. Later in December 2008, he joined Landbridge Haulage as our Operation Manager where he was in charge of container haulage management, and driver and safety management.

In 2010, he joined Century Logistics Sdn Bhd as a Senior Manager of the Haulage Division whereby he was in charge of the haulage division. He left Century Logistics Sdn Bhd in June 2012. Subsequently in July 2012, he returned to Landbridge Haulage as our Operation Manager and was promoted to the position of a Senior Operation Manager in 2013. His position was re-designated from Senior Operation Manager to his current position, Assistant General Manager of Landbridge Haulage in 2015 and he currently manages the haulage division of our Group. Over the course of his career, he has accumulated over 30 years of experience in the logistics industry.

Further thereto, please refer to Section 8.9 of this Prospectus for the management succession plan of our Group.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.4.3 Involvement in Other Businesses or Corporations

Save as disclosed below, none of our key senior management is involved in other businesses/corporations as at the LPD:

<u>Key senior management</u>	<u>Company</u>	<u>Principal activity</u>	<u>Involvement/ Position held/ Percentage of direct interest</u>	<u>Appointment date</u>
Hew Yat Ming	Atama	Provision of freight forwarding services	Executive Director	26 March 2018
	Landbridge Warehouse	Investment holding earning interest income (formerly involved in the business of warehouse operator prior to 2016) As at the LPD, Landbridge Warehouse is dormant and expected to be deregistered	Non-Executive Director	10 October 2016
	Tri-Mode Lines Sdn Bhd	Dormant (its intended business activity was to act as a shipping agency), and the application for deregistration has been submitted to CCM on 28 August 2017. On 18 December 2017, the notice of strike-off has been issued by CCM. As at the LPD, the de-registration has yet to be gazetted.	Non-Executive Director	8 October 2016
	NV Container Lines Sdn Bhd	Dormant (its intended business activity was to act as a shipping agency), and the application for deregistration has been submitted to CCM on 28 August 2017. On 11 December 2017, the notice of strike-off has been issued by CCM. As at the LPD, the de-registration has yet to be gazetted.	Non-Executive Director	13 March 2008

Hew Yat Ming's involvement in Atama is purely representing the interest of our Company which is the single largest shareholder of Atama. She also plays an important role to coordinate the business arrangement between Atama and our Group. Further, our Board is of the opinion that the involvement of Hew Yat Ming in other businesses and/or corporations as highlighted above will not affect her commitment and responsibilities to our Group as she is not involved in the day-to-day activities and operations of the abovementioned businesses and the said companies are either companies with only investment holding activities or dormant.

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**8.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

None of our Promoters, Directors and key senior management is or has been involved in any of the following events, whether in or outside Malaysia:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (ii) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) such person was the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) whether there is any unsatisfied judgment against him.

**8.6 FAMILY RELATIONSHIPS AND/OR ASSOCIATION**

Save as disclosed below, there is no family relationship and/or association between any of our Directors, Promoters, substantial shareholders and key senior management:

- (i) Dato' Hew (Non-Independent Group Managing Director) and Datin Sam (Non-Independent Executive Director) are spouse;
- (ii) Dato' Hew (Non-Independent Group Managing Director) and Hew Yat Ming (Group General Manager) are siblings;
- (iii) Datin Sam (Non-Independent Executive Director) is the niece of Tung Yoke Chan (Chief Financial Officer);
- (iv) Dato' Hew (Non-Independent Group Managing Director) is the nephew-in-law of Tung Yoke Chan (Chief Financial Officer); and
- (v) Datin Sam (Non-Independent Executive Director) is the sister-in-law of Hew Yat Ming (Group General Manager).

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**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**8.7 AMOUNTS OR BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN**

Save as disclosed in Section 8.2.4 above and an aggregate dividend of approximately RM4.9 million for the FYE 31 December 2016 paid/payable by Tri-Mode Penang, Tri-Mode Johor, and NV Freights to our Promoters, there have been no amounts or benefits paid or intended to be paid or given to our Promoters, Director or substantial shareholder within the 2 years preceding the date of this Prospectus.

**8.8 SERVICE AGREEMENTS**

There is no existing or proposed service agreement entered into or to be entered into between our Directors or any member of our key senior management and our Group as at the LPD. However, our Executive Directors and key senior management have entered into employment contracts with our Group of which the said contracts do not provide for any benefits upon termination.

**8.9 MANAGEMENT SUCCESSION PLAN**

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key senior management staff and at the same time, grooming our lower and middle management staff:

- (i) career development, which is not just done through training but via blended learning approach which include learning by doing, coaching and mentoring;
- (ii) career progression, where our senior management has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities after due assessments and reviews of our staff's ability, knowledge, skills and performance contribution; and
- (iii) competitive remuneration and benefits based upon our annual staff performance review.

In view of our Group's strategy to venture into the e-commerce logistics market in Malaysia in 2<sup>nd</sup> half of 2018, this venture will be spearheaded and managed by our Executive Directors and key senior management as the e-commerce logistics services are an extension of our existing logistics services offered in Malaysia. Nevertheless, a new team will be set up for these e-commerce logistics activities as and when the need arises should the demand for these services from our Group increases in the future. As at the LPD, a small team which consists of our existing marketing and operation staff has been formed and is led by Hew Yat Ming to undertake preliminary work such as analysing the Customs' procedures, costing of services and market research. Selected staff will also be sent for training by the e-commerce platform partner prior to the roll out of such platform in the future.

In addition, our Group is currently searching for suitable candidate to eventually assume the roles and responsibilities of Tung Yoke Chan as our Chief Financial Officer. On-going efforts have been made by our Group, including advertising, seeking recommendations from our business associates and engaging headhunters to search for the suitable candidate after considering the our Chief Financial Officer has reached the retirement age and is planning for her retirement. As at the LPD, no potential candidate for the position of Chief Financial Officer has been identified as our management is still in the midst of interviewing shortlisted candidates. We envisaged that once a suitable candidate is engaged, the transition period to fully take over her roles and responsibilities will take approximately 12 to 18 months. Nevertheless, we believe that there is no transition risk of the appointment of the new Chief Financial Officer considering that proper handover will be carried out by Tung Yoke Chan to our new Chief Financial Officer and the new Chief Financial Officer will be assisted by Loi Chee Hsien, our Assistant General Manager of Finance, Administrative and Human Resources division during the transition period.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Notwithstanding the above, we seek to ensure continuity in our management team, in order to maintain our competitiveness. As part of the management succession plan, our Group has identified middle management personnel across all levels to assist the heads of various business divisions (including our key senior management) in order to facilitate skill set transfer so as to ensure the smooth running and continuity of the operations of our Group. If the need arises we will recruit qualified personnel with relevant knowledge and expertise of our business to further enhance our business performance.

### 8.10 INFORMATION ON OUR EMPLOYEES AND TRAINING

#### 8.10.1 Employment Structure

The detailed breakdown of our employees as at 31 December 2015, 2016 and 2017 and the LPD are as follows:

Division	Total No. of Employees			As at the LPD
	As at 31 December			
	2015	2016	2017	
Managerial	18	18	20	20
Sales & Marketing	8	8	7	6
Customer Service	24	24	23	24
Finance & Administration	47	42	48	49
Operation Support	32	32	31	32
Technical	9	9	10	9
Driver	86	100	89	99
<b>Total</b>	<b>224</b>	<b>233</b>	<b>228</b>	<b>239</b>

As illustrated above, the number of our employees has increased from 224 as at FYE 31 December 2015 to 239 as at the LPD. All of our employees are Malaysians and are stationed in Malaysia.

In addition to the above employees, our Group employed 2 contract workers as at 31 December 2015 and 2016, and 1 contract worker as at 31 December 2017 and LPD respectively.

None of our employees belongs to any labour union and as at the LPD, there has not been any past material dispute between our management and our employees. There has been no significant change in the number of employees of our Group for the past 3 FYE 31 December to 31 December 2017 and up to the LPD.

#### 8.10.2 Training and Development

We view our employees as one of our key assets and place emphasis on staff retention by cultivating a safe, enjoyable and conducive working environment within our organisation. To further enhance the skill sets of our employees, they are encouraged to attend external training relevant to their positions as a means to keep our workforce abreast of industry development and trend as well as to provide networking opportunities with industry counterparts.



**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

As we believe that our employees are assets to our Group, we invest in our employees by providing continuous employee training and development opportunities as well as exposing them to a variety of diverse projects and technologies in order to broaden our employees' technical expertise and knowledge on their job. It is our policy to assist our employees to improve their skills, knowledge and awareness to develop their technical and professional abilities to the maximum of their potential through regular in house and external training courses.

Listed in the table below are some of the courses, training sessions and seminars attended by our employees for the past 3 years up to the LPD:

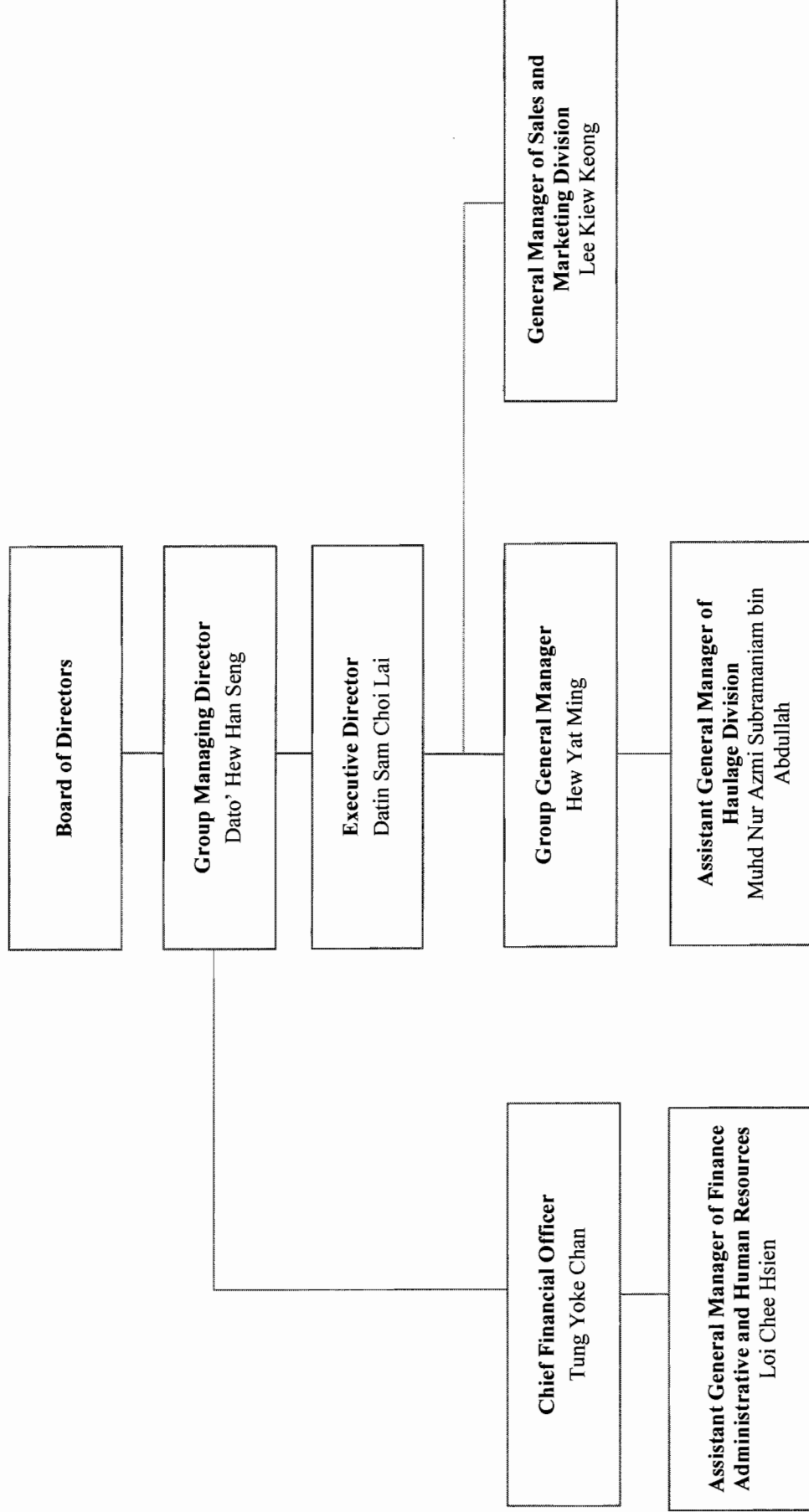
<b>Year</b>	<b>Training Programme</b>	<b>Details of events and purpose</b>	<b>Organiser</b>
2015	GPS enhancement	Training of new features and updates of GPS technologies that will provide better monitoring control system	Gussmann Intergrated Solutions Sdn Bhd
2016	JPJ (Jabatan Pengangkutan Jalan Malaysia) on road transport (construction and use) (dangerous goods vehicle)	Briefing on road and safety and transporter compliance to dangerous goods class cargo movement on the road	Selangor Freight Forwarders & Logistics Association
	Kursus Ejen Kastam (KEK)-Non-Executive	Enhancing professionalism of customs agents when dealing with both local and international trade procedures	Selangor Freight Forwarders & Logistics Association
	One Mission One Identity	<ul style="list-style-type: none"> <li>Improving collaboration, understanding, communication and to create new team with collective vision as well as bonding between team members</li> <li>Enhancing operations effectiveness</li> </ul>	Avin Solutions Sdn Bhd
	Corporate client insurance seminar	<ul style="list-style-type: none"> <li>Providing training program to agency</li> <li>Improving skills and knowledge in providing good services and advices to their corporate customers</li> </ul>	MSIG Insurance (Malaysia) Berhad
	Latest Bank Negara Malaysia ("BNM")- Detariffication Guidelines effective 1 July 2016	An update on BNM detariffication status	Lonpac Insurance Berhad

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

<b>Year</b>	<b>Training Programme</b>	<b>Details of events and purpose</b>	<b>Organiser</b>
	Land fleet management & operation	To effectively manage fleet operation, implement effective preventive maintenance management program, improve maintenance facility, fuel and tyre management, control of repair and maintenance, workshop costing and budgeting, and apply risk management and internal control	IBN Global Networks
	Oil market insights and skid tank management	Understanding the implication of oil market outlook and skid tank management system i.e., the standard operating procedures of handling diesel transfer, safety, as well as diesel purchase and delivery arrangement	Shell Malaysia Trading Sdn Bhd
	Safety Driving	Reinforcing driving skills and training to new drivers	Mercedes-Benz Malaysia Sdn Bhd
	Team building through DISC (Dominance, Influence, Steadiness, Conscientiousness)	<ul style="list-style-type: none"> <li>To build awareness of team spirit and to reinforce commitment to the team's shared goals and objective by accomplishing the activities together</li> <li>To improve individual and team performances by encouraging employees to participate in planning, problem solving and decision making</li> </ul>	Ideal Human Capital Consultancy Pit
2017	Shipping agent course	<ul style="list-style-type: none"> <li>To understand the procedures and legalities of Customs' matters</li> <li>To be able to fulfil compliance standards on Customs procedures on trade matters</li> </ul>	Selangor Freight Forwarders & Logistics Association

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

**8.11 REPORTING STRUCTURE**



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**9. APPROVALS AND CONDITIONS**


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**9.1 APPROVALS AND CONDITIONS****9.1.1 Bursa Securities**

Bursa Securities had, via its letter dated 15 January 2018 (“**Bursa’s Letter**”) approved our admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities was subject to the following conditions:

<b>No.</b>	<b>Conditions Imposed</b>	<b>Status of Compliance</b>
1	Submission of the following information with respect to the moratorium on the shareholdings of the promoter to Bursa Depository:  (a) Name of shareholders;  (b) Number of shares; and  (c) Date of expiry of the moratorium for each block of shares.	To be complied
2	Approvals from other relevant authorities have been obtained for implementation of the listing proposal.	Complied
3	Make the relevant announcement pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements.	To be complied
4	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Tri-Mode on the first day of listing;	To be complied
5	Any director of Tri-Mode who has not attended the mandatory accreditation programme must do so prior to listing of Tri-Mode;	Complied
6	In relation to the public offering to be undertaken by Tri-Mode, please announce at least 2 Market Days prior to the listing date, the result of the offering including the following:  (a) Level of subscription of public balloting and placement;  (b) Basis of allotment/ allocation;  (c) A table showing the distribution for placement tranche as per the format in Appendix I of the Bursa’s Letter; and  (d) Disclosure of placees who become substantial shareholders of Tri-Mode arising from the public offering, if any.	To be complied

and to ensure that the overall distribution of Tri-Mode’s securities is properly carried out to mitigate any disorderly trading in the secondary market;

**9. APPROVALS AND CONDITIONS (Cont'd)**

<b>No.</b>	<b>Conditions Imposed</b>	<b>Status of Compliance</b>
7	Tri-Mode/ TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Tri-Mode to the Official List of the ACE Market.	To be complied

**9.1.2 SC**

Our IPO is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 21 June 2017, approved our application for relief application sought by TA Securities on behalf us, from complying with the paragraph set out in the Prospectus Guideline:

<b>Relief sought</b>	<b>SC's decision and conditions</b>	<b>Status of compliance</b>
<p><u>Relief from complying with Paragraph 12.04 of the Prospectus Guideline – Equity</u></p> <p><i>“The date of the prospectus issuance must not be later than six months after the end of the most recent financial year. If the date of the prospectus issuance is later than six months after the end of the most recent financial year, audited interim financial report must be provided and the selected financial information must be disclosed.”</i></p>	<p>Approved subject to the following conditions:</p> <p>(i) Submission of the prospectus for public exposure should not exceed 9 month from the date of the most recent financial year for which audited financial statements have been prepared;</p> <p>(ii) A copy of the unaudited interim financial statements as well as the management discussion and analysis on the said unaudited interim financial statement should be submitted for the SC's information only, at the point of submission of the prospectus for public exposure; and</p> <p>(iii) The audited interim financial statements and the updated prospectus should be submitted to the SC at least 14 business days prior to the confirmation of registration of the said prospectus.</p>	Complied
<p><u>Relief from complying with Paragraph 13.01 of the Prospectus Guideline – Equity</u></p> <p><i>“A prospectus must contain an accountants' report prepared by a reporting accountant in respect of the audited financial statements and audited interim financial report of the corporation for each of the financial years and period under review.”</i></p>		
<p><u>Relief from complying with Paragraph 13.03 of the Prospectus Guideline – Equity</u></p> <p><i>“The accountants' report must report on the audited financial statements of the corporation referred to in a prospectus for at least three most recent financial years or such shorter period that the corporation has been in operation and, where applicable, the interim financial period. The date of the interim financial period must not be more than six months from the issuance of the prospectus.”</i></p>		

**9. APPROVALS AND CONDITIONS (Cont'd)**

The SC had, vide its letter dated 19 January 2018, approved the resultant equity structure of our Group pursuant to the Listing under the equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

<b>No.</b>	<b>Conditions Imposed</b>	<b>Status of Compliance</b>
1	Tri-Mode to allocate the difference between the prescribed equity requirement of 12.5% of its enlarged share capital and the actual equity interests of Bumiputera investors upon listing, to Bumiputera investors to be approved by MITI within 1 year after achieving the profit requirement for companies seeking listing on the Main Market, or 5 years after being listed on the ACE Market of Bursa Securities, whichever is earlier (" <b>Compliance Date</b> ");	To be complied
2	Tri-Mode to submit to the SC a proposal to comply with the Bumiputera equity condition at least 6 months prior to the Compliance Date; and	To be complied
3	TA Securities/Tri-Mode to submit to the SC the equity structure of Tri-Mode upon completion of the Listing.	To be complied

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## 9. APPROVALS AND CONDITIONS (Cont'd)

### 9.1.3 MITI's approval

The MITI had via its letter dated 8 November 2017 and 24 November 2017, taken note and has no objection to the listing of our Company on the ACE Market. The conditions imposed by MITI and the status of compliance as follows:

No.	Conditions Imposed	Status of Compliance
1	A total of 8,300,000 shares are special shares conferred under MITI's approval and shall be distributed after our proposed Listing has been approved by the SC and Bursa Securities;	Complied <sup>(1)</sup>
2	As the point of Listing, Tri-Mode Bumiputera Shares are up to 13,310,700 shares which are 8% of its total public spread. As such, Tri-Mode is still required to fulfil the remaining 4.5% of the Bumiputera equity condition; and	Noted
3	MITI shall be informed of any proposed change to the Tri-Mode shareholdings which involve a change in the number of the Bumiputera special shares.	Complied

Note:

- (1) Pursuant to the letter dated 30 November 2017, the Principal Adviser has notified MITI that the special shares to be distributed under the Institutional Offering has been revised from 8,300,000 Shares to 5,810,000 Shares.

## 9.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

- (i) The moratorium applies to our Promoters' entire shareholding for a period of 6 months from the date of our admission to the official list of the ACE Market ("**First 6 Months Moratorium**");
- (ii) Upon expiry of the First 6 Months Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our issued share capital remain under moratorium for a further 6 months ("**Second 6 Months Moratorium**"); and
- (iii) Thereafter, the Promoters may sell, transfer or assign up to a maximum of 1/3 each year (on a straight-line basis) of the Shares held under moratorium.

The moratorium shall be imposed according to the following:

	Shares subject to the First 6 Months Moratorium		Shares subject to the Second 6 Months Moratorium	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Hew	83,136,275	50.1	49,322,975	29.7
Datin Sam	33,677,025	20.3	25,377,025	15.3
<b>Total</b>	<b>116,813,300</b>	<b>70.4</b>	<b>74,700,000</b>	<b>45.0</b>

Note:

- (1) Based on our enlarged issued share capital of 166,000,000 Shares after the Public Issue.

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**9. APPROVALS AND CONDITIONS (Cont'd)**

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Our Promoters have provided their respective written undertaking to Bursa Securities that they will not sell, transfer or assign their respective shareholdings under the moratorium during the Moratorium Period, including all Shares, if any, issued to them during the Moratorium Period, in accordance with the Rule 3.19 (c) of the Listing Requirements.

The moratorium, which is fully accepted by our Promoters, is specifically endorsed on the share certificates representing our Promoters' shareholdings to ensure that our Share Registrar will not register any sale, transfer or assignment which are not in compliance with the above moratorium.

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