

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KGW GROUP BERHAD (“KGW” OR THE “COMPANY”) DATED 30 JUNE 2023 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

### **Availability and Location of Paper / Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, TA Securities Holdings Berhad (“**TA Securities**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the Application Forms are not available in electronic format.

### **Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, TA Securities and KGW take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

### **Close of Application**

Applications will be accepted from **10.00 a.m.** on **30 June 2023** and will close at **5.00 p.m.** on **18 July 2023**. Any change to the timetable will be advertised by the Company in a widely circulated Bahasa Malaysia and English newspaper within Malaysia, and an announcement of such changes would be made to the Website accordingly.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

# PROSPECTUS



**KGW GROUP BERHAD**

(Registration No. 202201009353 (1455050-D))  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF KGW GROUP BERHAD (“KGW” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

- (I) PUBLIC ISSUE OF 79,661,800 NEW ORDINARY SHARES IN KGW (“SHARES”) (“ISSUE SHARES”) IN THE FOLLOWING MANNER:
  - (A) 24,140,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
  - (B) 9,656,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF KGW AND OUR SUBSIDIARIES;
  - (C) 7,241,800 ISSUE SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
  - (D) 38,624,000 ISSUE SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
- (II) OFFER FOR SALE OF 43,452,000 EXISTING SHARES (“OFFER SHARES”) IN THE FOLLOWING MANNER:
  - (A) 21,726,000 OFFER SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
  - (B) 21,726,000 OFFER SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

AT AN IPO PRICE OF RM0.21 PER ISSUE SHARE / OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

Financial Adviser



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



**ECO ASIA CAPITAL ADVISORY SDN BHD**  
(Registration No. 201801022562 (1284581-H))

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS 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 148.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO, AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES 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 A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”).**

This Prospectus is dated 30 June 2023

[www.kgwlogistics.com](http://www.kgwlogistics.com)

**KGW GROUP BERHAD**  
(Registration No. 202201009353 (1455050-D))  
(Incorporated in Malaysia under the Companies Act 2016)

D11-10-1, Block D11,  
Dana 1 Commercial Centre,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor, Malaysia

Tel : +603 7842 8899  
Fax : +603 7842 9899  
Email : corporate@kgwlogistics.com



Ocean  
Freight



Air  
Freight



Warehouse &  
Distribution



Local  
Delivery



Customizable  
Solutions

**All defined terms used in this Prospectus are defined under the “Definitions” section commencing on page x of this Prospectus.**

### **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders 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 this Prospectus false or misleading.

TA Securities, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

### **STATEMENTS OF DISCLAIMER**

Approval has been granted by Bursa Securities for the listing and quotation of our Shares. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our Shares (as defined herein).

Bursa Securities is not liable for any non-disclosure on the part of our Company 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 Forms, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

### **OTHER STATEMENTS**

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

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

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC based on our audited combined financial statements for the financial year ended 31 December 2022. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Shares are issued and offered in Malaysia based solely on the contents of this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation which is not contained in this Prospectus. Any information or representation not contained herein this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, any of their representative directors, or any other persons involved in our IPO.

This Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

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.

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 shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of any countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject only to the laws of Malaysia in connection therewith.

Further, it shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your professional adviser as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

### **ELECTRONIC PROSPECTUS**

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

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) is subject to the risk of problems occurring during 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 herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**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 and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

- (ii) We and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, 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, information, files or other material provided by such parties; and
- (iii) Any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser 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, information, files or other material.

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

- (i) The Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions 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 as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost 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 or faults with web browsers or other relevant software, any fault or faults 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 Institutions, 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.

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**INDICATIVE TIMETABLE**

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The indicative timing of events leading to our Listing are as set out below:

<b>Events</b>	<b>Tentative Dates</b>
Opening of the application period for our IPO	30 June 2023
Closing of the application period for our IPO	18 July 2023
Balloting of the Applications	21 July 2023
Allotment / Transfer of our IPO Shares to successful applicants	28 July 2023
Listing on the ACE Market	1 August 2023

If there is any change to the indicative timetable above, we will advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and will make announcement on Bursa Securities' website.

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## PRESENTATION OF INFORMATION

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All references to “KGW” or “our Company” in this Prospectus are to KGW Group Berhad, while references to “KGW Group” or “our Group” are to our Company and our Subsidiaries (as defined herein). 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.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

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

Any reference to dates and times in this Prospectus are references to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendment or re-enactment to statutes, rules, regulations, enactments, or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or to which we are exposed. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Protégé Associates Sdn Bhd, an independent market researcher. We have appointed Protégé Associates Sdn Bhd to provide a strategic analysis of the logistics industry in Malaysia. In compiling their data for this analysis, Protégé relied on its research methodology, industry sources, sources from government bodies, published materials and its own private databases.

We believe that the information on the industry and other 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.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

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## **FORWARD-LOOKING STATEMENTS**

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations;
- (ii) our future financial position, earnings, cash flows and liquidity;
- (iii) our business strategies, trends and competitive position and the effect of such competition;
- (iv) our plans and objectives for future operations; and
- (v) the general industry environment, including the demand and supply for our services.

Our actual results may defer materially from information contained in such forward-looking statements as a result of a number of factors including, without limitations:

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in the “Risk Factors” section and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Should we become aware of any subsequent material change or development affecting any matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment / transfer of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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## **DEFINITIONS**

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The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

### **COMPANIES WITHIN OUR GROUP**

- KGW or our Company** : KGW Group Berhad (Registration No. 202201009353 (1455050-D))
- KGW Group or our Group** : KGW and our Subsidiaries, collectively
- KGW Logistics** : KGW Logistics (M) Sdn Bhd (Registration No. 200501027644 (709778-V))
- KGW Medica** : KGW Medica Sdn Bhd (Registration No. 202101022342 (1422642-W))
- Mattroy Logistics** : Mattroy Logistics (Malaysia) Sdn Bhd (Registration No. 201401031317 (1107401-M))
- Subsidiaries** : KGW Logistics, Mattroy Logistics and KGW Medica, collectively

### **GENERAL**

- ACE Market** : ACE Market of Bursa Securities
- Acquisitions** : Comprising the Acquisition of KGW Logistics, Acquisition of Mattroy Logistics and Acquisition of KGW Medica
- Acquisition of KGW Logistics** : The acquisition by KGW of the entire issued share capital of KGW Logistics comprising 1,000,000 ordinary shares for a purchase consideration of RM11,092,800 satisfied wholly by the issuance of 369,760,000 new Shares at an issue price of RM0.03 each, which was completed on 18 April 2023
- Acquisition of KGW Medica** : The acquisition by KGW of the entire issued share capital of KGW Medica comprising 300,000 ordinary shares for a purchase consideration of RM374,500 satisfied wholly by the issuance of 12,483,333 new Shares at an issue price of RM0.03 each, which was completed on 18 April 2023
- Acquisition of Mattroy Logistics** : The acquisition by KGW of the entire issued share capital of Mattroy Logistics comprising 200,000 ordinary shares for a purchase consideration of RM626,800 satisfied wholly by the issuance of 20,893,334 new Shares at an issue price of RM0.03 each, which was completed on 18 April 2023
- Act** : Companies Act 2016, as may be amended from time to time
- ADA** : Authorised Depository Agent
- AGM** : Annual General Meeting
- Application** : The application for the Issue Shares by way of Application Form, the Electronic Share Application and/or the Internet Share Application
- Application Form** : The printed application form for the application of the Issue Shares
- ATM** : Automated teller machine

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**DEFINITIONS (CONT'D)**

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<b>Authorised Financial Institution</b>	: Authorised financial institution participating in the Internet Share Application with respect to payments for our Issue Shares made available for application under the Public Issue
<b>BNM</b>	: Bank Negara Malaysia
<b>Board</b>	: Board of Directors of our Company
<b>Bursa Depository or Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>CAGR</b>	: Compound annual growth rate
<b>CDS</b>	: Central Depository System
<b>CDS Account</b>	: Account established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CF / CCC</b>	: Certificate of fitness for occupation or certificate of completion and compliance or its equivalent issued by the local authorities or principal submitting person (whichever is applicable)
<b>CMSA</b>	: Capital Markets and Services Act 2007, as may be amended from time to time
<b>Constitution</b>	: Constitution of our Company, as may be amended from time to time
<b>COVID-19</b>	: Coronavirus disease 2019, an infectious disease which is a global pandemic
<b>Dato' Roger Wong</b>	: Dato' Roger Wong Ken Hong, our Promoter, Managing Director and major shareholder
<b>Depositor</b>	: A holder of a CDS Account
<b>Directors</b>	: Directors of our Company and within the meaning given in Section 2 of the CMSA
<b>EBITDA</b>	: Earnings before interest, taxation, depreciation and amortisation
<b>EIS</b>	: Employment Insurance Scheme
<b>Electronic Prospectus</b>	: A 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 (compact disc read-only memory)
<b>Electronic Share Application</b>	: An application for the Issue Shares through a Participating Financial Institution's ATM
<b>Eligible Persons</b>	: Collectively, the eligible Directors and employees of our Group, and other persons who have contributed to the success of our Group
<b>EPF</b>	: Employees Provident Fund

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**DEFINITIONS (CONT'D)**

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<b>EPS</b>	:	Earnings per Share
<b>Evergreen Group</b>	:	Refers to our suppliers Evergreen Marine Corp (Malaysia) Sdn Bhd and Evergreen Shipping Agency (America) Corporation, which are part of the Evergreen Marine Corp (Taiwan) Ltd group of companies
<b>Executive Directors</b>	:	Non-independent executive directors of our Company, which include our Managing Director
<b>FYE</b>	:	Financial year ended / ending 31 December, as the case may be
<b>Government</b>	:	Government of Malaysia
<b>GP</b>	:	Gross profit
<b>IFRS</b>	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
<b>IMR or Protégé</b>	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H)), the independent market researcher appointed for our IPO
<b>IMR Report</b>	:	The independent market research report titled “Strategic Analysis of the Logistics Industry in Malaysia” prepared by Protégé
<b>Internet Participating Financial Institutions</b>	:	Participating financial institutions for the Internet Share Application, as listed in Section 16 of this Prospectus
<b>Internet Share Application</b>	:	An application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institutions
<b>IPO</b>	:	Initial public offering of the IPO Shares in conjunction with the listing and quotation of our entire enlarged issued share capital on the ACE Market of Bursa Securities
<b>IPO Price</b>	:	RM0.21 per IPO Share
<b>IPO Shares</b>	:	The Issue Shares and the Offer Shares, collectively
<b>Issue Shares</b>	:	79,661,800 new Shares to be issued by our Company pursuant to the Public Issue
<b>Issuing House or TIH</b>	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
<b>KGW Shares or Shares</b>	:	Ordinary shares in our Company
<b>Listing</b>	:	The admission of KGW to the Official List and the listing and quotation of our entire enlarged issued share capital of RM28,823,088 comprising 482,798,567 Shares on the ACE Market
<b>Listing Requirements</b>	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
<b>LPD</b>	:	31 May 2023, being the latest practicable date prior to the issuance of this Prospectus
<b>Malaysian Public</b>	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia

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**DEFINITIONS (CONT'D)**

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<b>Market Day</b>	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
<b>MCCG</b>	:	Malaysian Code on Corporate Governance issued by the SC
<b>MCO</b>	:	Movement Control Order
<b>MFRS</b>	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
<b>MITI</b>	:	Ministry of Investment, Trade and Industry of Malaysia
<b>MSC Group</b>	:	Refers to our suppliers Mediterranean Shipping Company (Malaysia) Sdn Bhd and Mediterranean Shipping Company USA Inc., which are part of the Mediterranean Shipping Company S.A. group of companies
<b>N/A</b>	:	Not applicable or not available
<b>NA</b>	:	Net assets
<b>NBV</b>	:	Net book value
<b>Offer for Sale</b>	:	Offer for sale by the Selling Shareholders of 43,452,000 Offer Shares, representing 9.00% of our enlarged total number of 482,798,567 issued Shares upon Listing, at the IPO Price comprising: <ul style="list-style-type: none"> <li>(i) 21,726,000 Offer Shares made available by way of private placement to selected investors; and</li> <li>(ii) 21,726,000 Offer Shares made available by way of private placement to Bumiputera investors approved by the MITI</li> </ul>
<b>Offer Shares</b>	:	43,452,000 existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
<b>Official List</b>	:	A list specifying all securities which have been admitted for listing on, and which have not been removed from, the ACE Market of Bursa Securities
<b>OOCL Group</b>	:	Refers to our suppliers Orient Overseas Container Line (Malaysia) Sdn Bhd and Orient Overseas Container Line Limited, which are subsidiaries of Orient Overseas (International) Limited
<b>Participating Financial Institutions</b>	:	Participating financial institutions for the Electronic Share Application, as listed in Section 16 of this Prospectus
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>PE Multiple</b>	:	Price-to-earnings multiple
<b>Period Under Review</b>	:	FYE 2019, FYE 2020, FYE 2021 and FYE 2022, collectively
<b>Pink Form Allocation</b>	:	The allocation of 9,656,000 Issue Shares to the Eligible Persons
<b>Pink Form Shares</b>	:	9,656,000 Issue Shares made available for application by the Eligible Persons

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**DEFINITIONS (CONT'D)**

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<b>Press Metal Group</b>	:	Refers to our customers Press Metal Bintulu Sdn Bhd and Press Metal Sarawak Sdn Bhd, which are subsidiaries of Press Metal Aluminium Holdings Berhad
<b>Promoters</b>	:	Dato' Roger Wong and Cheok Hui Yen, collectively
<b>Prospectus</b>	:	This Prospectus dated 30 June 2023 in relation to our IPO
<b>Public Issue</b>	:	Public issue of 79,661,800 new Shares, representing 16.50% of our enlarged total number of 482,798,567 issued Shares upon Listing, at the IPO Price comprising: <ul style="list-style-type: none"> <li>(i) 24,140,000 Issue Shares made available for application by the Malaysian Public via balloting;</li> <li>(ii) 9,656,000 Issue Shares made available for application by the Eligible Persons;</li> <li>(iii) 7,241,800 Issue Shares made available by way of private placement to selected investors; and</li> <li>(iv) 38,624,000 Issue Shares made available by way of private placement to Bumiputera investors approved by the MITI</li> </ul>
<b>QC</b>	:	Quality control
<b>QMS</b>	:	Quality management system
<b>Q1 2023</b>	:	The calendar quarter ended 31 March 2023
<b>Rules</b>	:	Rules of Bursa Depository, as may be amended from time to time
<b>SAC</b>	:	Shariah Advisory Council of the SC
<b>SC</b>	:	Securities Commission Malaysia
<b>Selling Shareholders</b>	:	Dato' Roger Wong, Cheok Hui Yen, Chow Enn Jie and Teoh Huey Hong, collectively
<b>Share Registrar</b>	:	ShareWorks Sdn Bhd (Registration No. 199101019611 (229948-U))
<b>SICDA or Central Depositories Act</b>	:	Securities Industry (Central Depositories) Act 1991, as may be amended from time to time
<b>SOCSSO</b>	:	Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
<b>Specified Shareholders</b>	:	Dato' Roger Wong, Datin Wong Wan Jye and Cheok Hui Yen, collectively
<b>sq. ft.</b>	:	Square feet
<b>sq. m.</b>	:	Square metres
<b>SST</b>	:	Sales and service tax



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**DEFINITIONS (CONT'D)**

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<b>TA Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent</b>	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
<b>Target Property</b>	:	A freehold 3-storey office building with an annexed 2-storey warehouse bearing postal address No. 6, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
<b>Underwriting Agreement</b>	:	Underwriting agreement dated 12 June 2023 entered into between our Company and TA Securities for the purpose of our IPO
<b>USA or US</b>	:	United States of America
<b>Yang Ming Group</b>	:	Refers to our suppliers Yang Ming Line (M) Sdn Bhd and Yang Ming Marine Transport Corp, which are part of the Yang Ming Marine Transport Corp group of companies

**CURRENCY**

<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>AUD</b>	:	Australian Dollar
<b>EUR</b>	:	Euro
<b>GBP</b>	:	British Pound
<b>SGD</b>	:	Singapore Dollar
<b>USD</b>	:	United States Dollar

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## **GLOSSARY OF TECHNICAL TERMS**

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This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group and business operations. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

Air carrier	: Within the context of this Prospectus, “air carrier” refers to an aircraft operating carrier participating in the air shipment of cargo
Air waybill	: An air consignment document issued by the air carrier with all the details of the shipment involved that serves as a receipt, ownership and transport agreement
Bill of lading	: An ocean consignment document issued by the ocean carrier or NVOCC with all the details of the shipment involved that serves as a receipt, ownership and transport agreement
Cargo	: Goods that are transported from one location to another on a vessel, aircraft or truck on a commercial basis
Carrier	: Within the context of this Prospectus, “carrier” refers to an organisation engaged in transporting cargo for hire either by ocean or air
Consignee	: The party that receives the cargo
Container	: A standardised reusable shipping or freight container that is designed to be used across different modes of transport, e.g. from vessel to truck or from truck to rail, without having to unload and reload the cargo within. The two most common container sizes used in international trade are the 20-foot container and the 40-foot container
Containerised cargo	: Refers to cargo that is packed into a container for transportation as a single unit
Exporter	: Within the context of this Prospectus, “exporter” refers to the actual shipper that sends cargo to another country for sale
Freight forwarder	: Within the context of this Prospectus, “freight forwarder” refers to a service provider who organises the shipment of cargo on behalf of a shipper or consignee, but the service provider itself is not the common carrier responsible for transporting the cargo. Tasks undertaken by a freight forwarder generally includes preparing and processing customs and other shipping documentation, engaging and managing carriers and other logistics service providers, and/or dealing with shippers, consignees, carriers and other logistics service providers
Haulage	: The transportation of cargo, usually containers, by road
Haulage companies	: Within the context of this Prospectus, “haulage companies” refer to companies that primarily transport cargo, usually containers, by road
Healthcare-related products and devices	: Within the context of this Prospectus, “healthcare-related products and devices” refer to products and devices used for the improvement, maintenance or prevention of deterioration of a person’s health, or to diagnose and treat ill-health
Importer	: Within the context of this Prospectus, “importer” refers to the actual consignee that receives cargo purchased from another country

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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Logistics services	: Refers to the range of services facilitating the movement of goods from a seller to a buyer within a supply chain. Logistics services include those relating to, among others, physical transportation of goods, organising the movement of goods, regulatory compliance and clearance, and/or storage
MT	: Metric tonne
Manifest	: Refers to a document with a compilation of information on the goods carried by a carrier along with details of the shipper and consignee, the bill of lading, port of loading and port of discharge, as well as special handling instructions, if any
NVOCC	: Refers to non-vessel operating common carrier, which is an organisation that performs the functions of an ocean carrier in an ocean shipment but who does not own and/or operate its own vessel
Ocean carrier	: Within the context of this Prospectus, “ocean carrier” refers to a vessel operating carrier participating in the ocean shipment of cargo
Port of discharge	: A port at the place of destination where cargo is unloaded from a vessel or aircraft for onward transportation to the consignee. Within the context of this Prospectus, “port of discharge” also refers to an airport of destination for an air shipment
Port of loading	: A port at the place of origin where cargo is loaded aboard a vessel or aircraft for onward transportation to another location. Within the context of this Prospectus, “port of loading” also refers to an airport of departure for an air shipment
Shipment	: The physical transportation of cargo from one location to another
Shipper	: The party that sends the cargo
Stock-keeping unit	: A unique code that identifies characteristics of each product, such as brand, colour and size, used for the purpose of identifying and tracking inventories
TEU	: Twenty-foot equivalent unit, which is a unit of measurement based on a 20-foot container used to indicate quantity of containers or its equivalent. One 20-foot container is equivalent to one TEU, and one 40-foot container is equivalent to two TEU
Truck	: A motorised vehicle used to transport cargo by road

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

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>Nationality</b>
Tengku Faizwa Binti Tengku Razif (f)	Independent Non-Executive Chairman	15, Jalan 4H Ampang Jaya 68000 Ampang Selangor Darul Ehsan	Malaysian
Dato' Roger Wong Ken Hong	Managing Director	2A, Jalan PJU 1A/51B Idaman Villas 47310 Petaling Jaya Selangor Darul Ehsan	Malaysian
Cheok Hui Yen (f)	Executive Director	C-09-02, Block C Damansara Suria Apartment Taman KIP 52200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Malaysian
Lim Joo Seng (f)	Independent Non-Executive Director	8, Jalan BK 6B/11 Bandar Kinrara 47180 Puchong Selangor Darul Ehsan	Malaysian
Lean Sze Yau	Independent Non-Executive Director	8, Jalan Puteri 3A Damansara Lagenda 47410 Petaling Jaya Selangor Darul Eshan	Malaysian
Lee Li Choon (f)	Independent Non-Executive Director	17, Jalan Setia Tropika U13/20E Setia Eco Park 40170 Shah Alam Selangor Darul Ehsan	Malaysian

Note:

(f) refers to Female

**1. CORPORATE DIRECTORY (CONT'D)****AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Lim Joo Seng	Chairman	Independent Non-Executive Director
Lean Sze Yau	Member	Independent Non-Executive Director
Lee Li Choon	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Lee Li Choon	Chairman	Independent Non-Executive Director
Lim Joo Seng	Member	Independent Non-Executive Director
Lean Sze Yau	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Lean Sze Yau	Chairman	Independent Non-Executive Director
Lim Joo Seng	Member	Independent Non-Executive Director
Lee Li Choon	Member	Independent Non-Executive Director

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**1. CORPORATE DIRECTORY (CONT'D)**

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**COMPANY SECRETARY** : Thong Pui Yee  
Professional : Malaysia Institute of Chartered Secretaries  
Qualification : and Administrators  
(Membership No. MAICSA 7067416)  
(SSM Practicing Certificate No.:  
202008000510)

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-6201 1120

**REGISTERED OFFICE** : No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-6201 1120

**HEAD OFFICE** : D11-10-1 Block D11  
Dana 1 Commercial Centre  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Telephone No. : +603-7842 8899  
Email : corporate@kgwlogistics.com  
Website : www.kgwlogistics.com

**AUDITORS AND REPORTING ACCOUNTANTS** : Ecovis Malaysia PLT  
(Registration No. 201404001750 (LLP0003185-LCA) & AF 001825)  
No. 9-3, Jalan 109F  
Plaza Danau 2  
Taman Danau Desa  
58100 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-7981 1799

Partner-in-charge : Pat Yin Lai  
Approval No. : 03073/12/2023 J  
Professional : Chartered Accountant, Malaysian Institute  
Qualification : of Accountants (MIA) and Fellow of  
Association of Chartered Certified  
Accountants (ACCA)

**1. CORPORATE DIRECTORY (CONT'D)**

- PRINCIPAL ADVISER,  
SPONSOR, UNDERWRITER  
AND PLACEMENT AGENT** : TA Securities Holdings Berhad  
(Registration No. 197301001467 (14948-M))  
29<sup>th</sup> Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : +603-2072 1277
- FINANCIAL ADVISER** : Eco Asia Capital Advisory Sdn Bhd  
(Registration No. 201801022562 (1284581-H))  
Lot 1904, 19<sup>th</sup> Floor  
Tower 1, Faber Towers  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : +603-7971 1822
- Person-in-charge : Khoo Chee Siang  
Professional : Chartered Accountant, Fellow of the  
Qualification : Association of Chartered Certified  
Accountants and Member of the Malaysian  
Institute of Accountants  
(MIA Membership No.: CA 21553)
- SOLICITORS FOR OUR IPO** : Teh & Lee Advocates & Solicitors  
A-3-3 & A-3-4  
Northpoint Offices  
Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : +603-2283 2800
- SOLICITORS FOR THE  
PRINCIPAL ADVISER,  
SPONSOR, UNDERWRITER  
AND PLACEMENT AGENT** : David Lai & Tan Advocates & Solicitors  
Level 8-3 & 8-4, Wisma Miramas  
No. 1, Jalan 2/190E, Taman Desa  
Jalan Klang Lama  
58100 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : +603-7972 7968
- INDEPENDENT MARKET  
RESEARCHER** : Protégé Associates Sdn Bhd  
(Registration No. 200401037256 (675767-H))  
Suite C-09-12, Plaza Mont Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : +603-6201 9301
- Person-in-charge : Seow Cheow Seng  
Qualification : Master in Business Administration from  
Charles Sturt University, Australia and  
Bachelor of Business majoring in Marketing  
from RMIT University, Australia

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**1. CORPORATE DIRECTORY (CONT'D)**

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**ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-2783 9299

**SHARE REGISTRAR** : ShareWorks Sdn Bhd  
(Registration No. 199101019611 (229948-U))  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-6201 1120

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

**SHARIAH STATUS** : Approved by the SAC

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## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 13 April 2023 (“**Approval Letter**”), approved our Listing. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
(1)	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	To be complied
(2)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	To be complied
(4)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of KGW on the first day of listing;	To be complied
(6)	In relation to the IPO to be undertaken by KGW, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of KGW arising from the IPO, if any.  TA Securities must ensure that the overall distribution of KGW's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
(7)	KGW / 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 KGW to the Official List.	To be complied

## 2. APPROVALS AND CONDITIONS (CONT'D)

### 2.1.2 SC

Our Listing 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 17 April 2023, approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies, subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
(1)	KGW allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
(2)	KGW is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The SC had noted the effects of our Listing on the equity structure of our Company as follows:

Category of shareholders	As at 30 September 2022		After our Listing	
	No. of Shares	%	No. of Shares	%
<b>Bumiputera</b>				
- Bumiputera investors to be approved by MITI	-	-	<sup>(1)</sup> 60,350,000	12.50
- Bumiputera public investors via balloting	-	-	<sup>(1)</sup> 12,070,000	2.50
- Others	-	-	<sup>(2)</sup> 500,000	0.10
<b>Total Bumiputera</b>	-	-	<b>72,920,000</b>	<b>15.10</b>
Non-Bumiputera	100	100.00	409,878,567	84.90
<b>Malaysian</b>	<b>100</b>	<b>100.00</b>	<b>482,798,567</b>	<b>100.00</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>100</b>	<b>100.00</b>	<b>482,798,567</b>	<b>100.00</b>

Notes:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.
- (2) Based on the assumption that the Shares allocated to Tengku Faizwa Binti Tengku Razif (Independent Non-Executive Chairman) under the Pink Form Allocation shall be fully subscribed.

### 2.1.3 MITI

MITI had, vide its letter dated 26 January 2023, taken note of and has no objection to our Listing.

### 2.1.4 SAC

The SAC had, vide its letter dated 16 May 2023, classified our Shares as Shariah-compliant securities based on the latest audited combined financial statements of our Group for the FYE 2022.

## 2. APPROVALS AND CONDITIONS (CONT'D)

### 2.2 MORATORIUM ON OUR SHARES

In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders as follows:

- (i) The moratorium applies to the entire shareholdings held by our Specified Shareholders for a period of 6 months from the date of our admission to the Official List ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their Shares held under moratorium.

In accordance with the Listing Requirements, a specified shareholder means a controlling shareholder, a person connected with a controlling shareholder, and an executive director who is a substantial shareholder, of our Company, or any other person as specified by Bursa Securities.

The details of our Shares which will be subject to moratorium are as follows:

Specified Shareholders	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Roger Wong	294,741,817	61.05	194,959,380	40.38
Cheok Hui Yen	33,713,359	6.98	22,299,976	4.62
Datin Wong Wan Jye <sup>(2)</sup>	1,123,500	0.24	-	-
<b>Total</b>	<b>329,578,676</b>	<b>68.27</b>	<b>217,259,356</b>	<b>45.00</b>

Specified Shareholders	Moratorium shares during year 2 after our IPO		Moratorium shares during year 3 after our IPO	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Roger Wong	129,972,920	26.92	64,986,460	13.46
Cheok Hui Yen	14,866,651	3.08	7,433,326	1.54
Datin Wong Wan Jye <sup>(2)</sup>	-	-	-	-
<b>Total</b>	<b>144,839,571</b>	<b>30.00</b>	<b>72,419,786</b>	<b>15.00</b>

Notes:

- (1) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.
- (2) Datin Wong Wan Jye is the spouse of our controlling shareholder, Dato' Roger Wong, hence a person connected with him and a specified shareholder.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium.

**2. APPROVALS AND CONDITIONS (CONT'D)**

In addition, our other Shareholders who hold Shares prior to our IPO have provided their undertakings not to sell, transfer or assign their entire shareholdings in our Company for a period of 6 months from the date of our admission to the Official List as follows:

Shareholders	Purpose of moratorium	No. of Shares	% <sup>(1)</sup>
Chow Enn Jie <sup>(2)</sup>	Voluntary	19,092,128	3.96
Teoh Huey Hong <sup>(3)</sup>	Voluntary	9,890,463	2.03
Chan Sek Seng	In compliance with Rule 3.19A of the Listing Requirements and voluntary <sup>(4)</sup>	1,123,500	0.24
<b>Total</b>		<b>30,106,091</b>	<b>6.23</b>

Notes:

- (1) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.
- (2) Chow Enn Jie is our Sales and Marketing Director, primarily responsible for our Group's sales and marketing activities as well as the development and implementation of marketing strategies. Further details of his profile are set out in Section 5.1.3(iii) of this Prospectus.
- (3) Teoh Huey Hong is our Customer Care Director, primarily responsible for managing the daily operations of our Group's customer service department. Further details of her profile are set out in Section 5.4.2(ii) of this Prospectus.
- (4) In accordance with Rule 3.19A of the Listing Requirements, the First 6-Month Moratorium also applies to any investor who has acquired our Shares within 12 months from the date of our submission of the listing application to Bursa Securities ("**Bursa Application Date**") and at a price lower than our IPO Price.

Chan Sek Seng (then an existing shareholder of KGW Medica with 550 shares) subscribed for a total of 26,450 ordinary shares in KGW Medica on 25 January 2022 and 9 February 2022, i.e. within 12 months from the Bursa Application Date ("**Pre-IPO KGW Medica Shares**"). Pursuant to the Acquisition of KGW Medica, 1,123,500 Shares were issued to Chan Sek Seng, of which 1,100,614 Shares relate to the Pre-IPO KGW Medica Shares. The 1,123,500 Shares were issued at an issue price of RM0.03 per Share, which is lower than our IPO Price. As a result, 1,100,614 Shares held by Chan Sek Seng is subject to Rule 3.19A of the Listing Requirements. Notwithstanding this, Chan Sek Seng has voluntarily placed all his 1,123,500 Shares held upon our Listing under moratorium.

Please refer to Section 6.1.2 of this Prospectus for further details on KGW Medica's new issues of shares in January and February 2022 as well as the Acquisition of KGW Medica.

The moratorium restrictions are specifically endorsed on the share certificates representing those Shares under moratorium held by our Specified Shareholders and other shareholders as aforementioned to ensure that our Share Registrar does not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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### 3. 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.**

#### 3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

Details relating to our IPO as derived from the full text of this Prospectus are as follows:

Allocation	No. of IPO Shares	(1)%
<b>Public Issue</b>		
Malaysian Public via balloting	<sup>(2)</sup> 24,140,000	5.00
Eligible Persons	9,656,000	2.00
Private placement to selected investors	7,241,800	1.50
Private placement to Bumiputera investors approved by the MITI	38,624,000	8.00
<b>Offer for Sale</b>		
Private placement to selected investors	21,726,000	4.50
Private placement to Bumiputera investors approved by the MITI	21,726,000	4.50
Enlarged number of Shares upon Listing	482,798,567	
IPO Price per Share	RM0.21	
Market capitalisation (based on IPO Price and enlarged number of Shares upon Listing)	RM101,387,699	

**Notes:**

- (1) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.  
 (2) 12,070,000 Shares will be set aside strictly for Bumiputera public investors via public balloting.

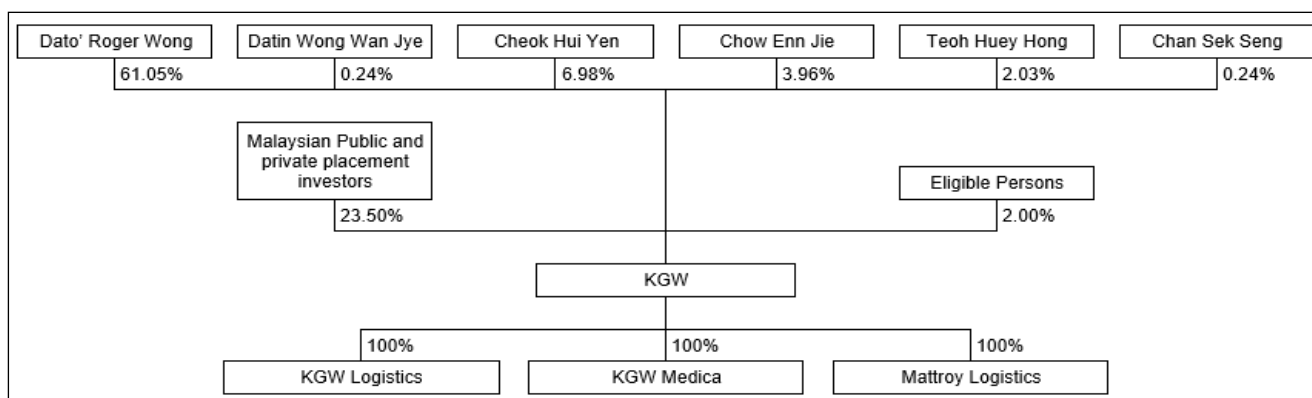
Further details of our IPO are set out in Section 4.3.

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders (in compliance with Rule 3.19(1) of the Listing Requirements) and Chan Sek Seng (in compliance with Rule 3.19A of the Listing Requirements by virtue of his acquisition of the Pre-IPO KGW Medica Shares and on a voluntary basis, as detailed in Section 2.2 of this Prospectus). In addition, Chow Enn Jie (our Sales and Marketing Director) and Teoh Huey Hong (our Customer Care Director) have voluntarily placed their Shares held upon our Listing under moratorium. Further details of these moratoriums are set out in Section 2.2.

#### 3.2 GROUP STRUCTURE AND BUSINESS MODEL

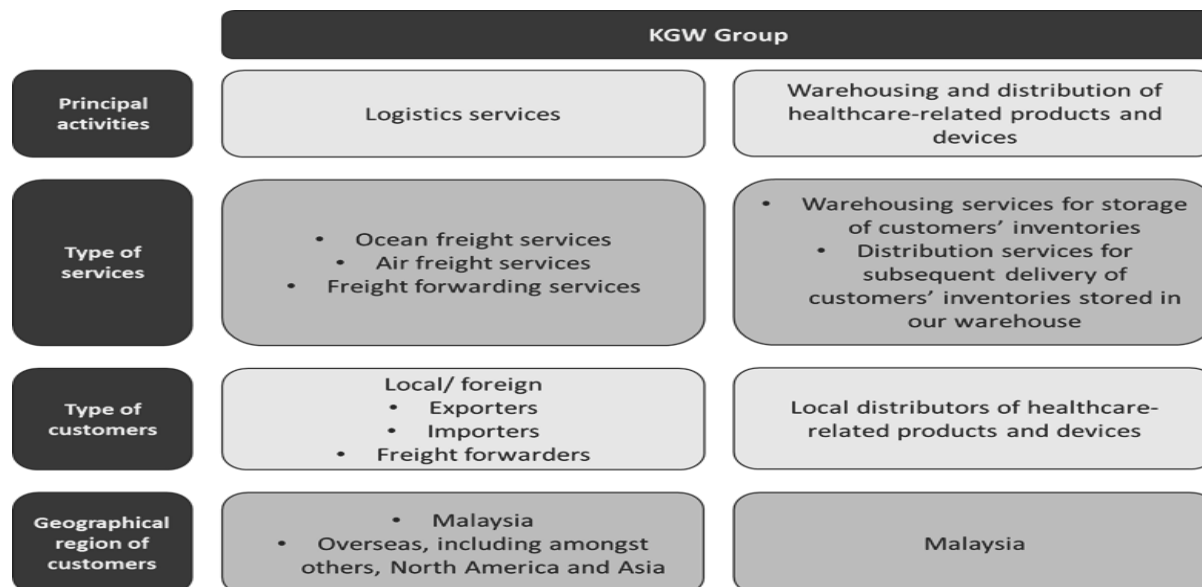
Our Company was incorporated in Malaysia on 14 March 2022 as a private limited company under the name of KGW Group Sdn Bhd. On 7 October 2022, we converted into a public limited company and assumed our current name.

Our group structure after our IPO (assuming the Pink Form Allocation and the Issue Shares made available for application by Malaysian Public will be fully subscribed) is as follows:



### 3. PROSPECTUS SUMMARY (CONT'D)

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of logistics services (ocean freight services, air freight services and freight forwarding services) as well as warehousing and distribution of healthcare-related products and devices. The following diagram illustrates our Group's principal activities:



Further details of our Group and business are set out in Sections 6 and 7 respectively.

#### 3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

**(i) We are a logistics services provider with a long track record of shipping to and from the USA**

Our Group provides ocean freight services specialising in shipping between Malaysia and the USA. We first arranged ocean shipments from Malaysia to the USA in 2005. Since then, we have accumulated approximately 18 years of track record in arranging and coordinating ocean shipments between Malaysia and various ports in the USA. Beginning from 2010, we also obtained our registration as a NVOCC with the United States Federal Maritime Commission, which strengthened our positioning in the industry as a service provider focusing on ocean shipments between Malaysia and the USA. We believe that our long track record in arranging ocean shipments to and from the USA will provide us with the platform to compete effectively and grow our business in the future.

**(ii) We have a diversified and growing customer base**

We provide our logistics services to customers from a diversified range of industries. These industries include, among others, metal products, rubber gloves and chemical products. Our diversified customer base provides us with more business opportunities to grow our business as we stand to benefit from the collective demand for logistics services of different industries. By serving customers from different industries, we also believe that we are in a better position to achieve sustainable business growth as our business performance will be less susceptible to the downtrend of any single industry.

During the Period Under Review, we have continued to expand our customer base, recording approximately 400 new customers in each financial year. For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we served 1,073, 1,123, 1,338, and 1,357 customers (inclusive of new and returning customers) respectively. We believe that our ability to continue attracting new customers is a testament to our experience in and knowledge of the logistics industry as well as our reputation in the market.

**(iii) Long-standing relationships with existing customers**

In addition to our ability to attract new customers, the credibility of our services is evidenced through our long-term business relationship with our customers, some of whom have been with our Group for more than 10 years. We believe that this shows our ability to keep up with the needs of our customers and providing them with the logistics services they require.

### 3. PROSPECTUS SUMMARY (CONT'D)

**(iv) We have an experienced key senior management team with strong industry expertise and knowledge**

Our key senior management team has substantial experience in their relevant fields and has gained in-depth understanding and knowledge of our Group's business operations. They have played a vital role in promoting our growth and business expansion through their commitment to our Group, and will continue to contribute to our growth in the future.

**(v) We have an established network of suppliers from different regions of the world**

Since our inception in 2005, we have developed our network of suppliers from different regions of the world. These suppliers include, among others, ocean carriers and freight forwarders. By cooperating with these overseas suppliers, we are able to provide our logistics services efficiently where our overseas suppliers will assist us in handling our customers' shipments in the respective countries without us having to set up operations in the overseas countries.

As such, our network of suppliers provides us with the ability to arrange for cargo shipments from Malaysia to various countries. Due to this, we are able to market our services to a larger pool of potential customers as compared to a logistics services provider that is only able to arrange for cargo shipments to a limited number of countries. We arranged for export cargo shipments from Malaysia to 90, 92, 100 and 102 countries in the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Our established network of suppliers enables us to provide our services efficiently and serves as a platform for us to further seize business opportunities for growth. This is expected to help us to continuously expand our logistics services business.

Further details of our competitive strengths are set out in Section 7.16 of this Prospectus.

### 3.4 FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans and business strategies are as follows:

**(i) Relocation to the Target Property to facilitate our business expansion**

We have completed the purchase of the Target Property in December 2022. As of December 2022, we have also obtained planning permit exemption and approval on building plan from Majlis Bandaraya Shah Alam for the renovation of the Target Property. Following the completion of our purchase of the Target Property, we are currently renovating it to meet our operational requirements.

We plan to relocate and centralise our entire operations currently housed under multiple rented offices in Ara Damansara to the Target Property by the fourth quarter of 2023. Upon relocation, we plan to undertake the following to facilitate our business expansion:

- (i) expansion of headcount to scale up operations;
- (ii) enhancement of warehouse facilities and capabilities; and
- (iii) offering warehousing services to our logistics services customers.

**(ii) Expansion of warehousing and distribution services for healthcare-related products and devices**

We plan to expand on our provision of warehousing and distribution services for healthcare-related products and devices mainly by expanding our customer base upon our relocation to the Target Property.

We intend to approach local businesses such as retail pharmacy chains, authorised representatives of international healthcare companies, and SMEs involved in manufacturing, retailing, and / or distribution of healthcare-related products and devices, to offer our services. Our warehousing and distribution services can help these businesses to streamline their operations and reduce operating costs as they would not need to incur further ancillary costs of having to own and / or operate their own warehouse or to undertake distribution of goods to their customers on their own.

We will leverage on our experience in the logistics industry, including our past experience in providing warehousing and transportation services to our ocean / air freight customers, to further develop and operate our warehousing and distribution business. This will be further complemented by the experience of our personnel for this business segment in the healthcare industry, which will lend support to our management and expansion of this business segment.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### (iii) Development of new business opportunities for our logistics services through providing e-commerce solutions

In consideration of the growth in the e-commerce market globally, there is potential for Malaysian businesses to expand and sell their products to overseas buyers. We intend to offer e-commerce solutions to assist Malaysian businesses in promoting their products globally, initially focusing on the USA market through online business-to-consumer marketplaces such as eBay or Amazon. Services to be offered include e-commerce store setup for customers on various online marketplaces, e-commerce consultancy, e-commerce store management, and logistics services to ship their products to overseas buyers.

Our business strategy of providing assistance to Malaysian businesses in establishing e-commerce channels is expected to complement our core business of providing logistics services. Increasing the opportunity for Malaysian businesses to reach overseas customers is envisaged to facilitate growth in cross-border trade activities, which will likely create further opportunities for us to offer our logistics services (such as ocean / air freight services) to these Malaysian businesses.

Further details of our future plans and business strategies are set out in Section 7.23.

### 3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

#### (i) Our historical financial results may not be indicative of our future financial performance, particularly considering that our financial results during the Period Under Review were mainly attributable to the high ocean freight rates caused by the COVID-19 pandemic

Our revenue is mainly derived from our ocean freight services for international shipments. In providing ocean freight services for international shipments, our roles include sourcing for ocean cargo space from ocean carriers to ship our customers' cargo, for which we are charged based on, among others, ocean freight rates set by ocean carriers. Ocean freight charges represent the single largest cost component of our ocean freight services and one of the key determinants of the pricing for our ocean freight services. As such, the pricing for our ocean freight services and our revenue performance are closely linked to the prevailing ocean freight rates set by ocean carriers.

Since the second half of 2020, global ocean freight rates had been on an upward trend mainly due to a recovery in global economic activities after the initial outbreak of COVID-19 and the global supply chain disruptions caused by the COVID-19 pandemic. The rates only began to drop by end of March 2022 when the global supply chain disruptions gradually eased. This has led to, in general, an increase in the pricing for our ocean freight services as well as improving revenue performance during the Period Under Review but a decline of the same in Quarter 1, 2023 as follows:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	Q1 2023
Total TEU of containers handled by us	13,742	17,242	17,106	14,837	3,993
Average ocean freight revenue per TEU (RM)	2,833	3,402	10,981	(1)14,803	4,254
Ocean freight revenue (RM'000)	38,935	58,663	187,839	223,518	16,986
Group's total revenue (RM'000)	43,379	63,525	195,419	229,695	18,041
Group's GP (RM'000)	6,646	9,012	32,995	35,218	3,867
Group's PAT (RM'000)	349	2,176	15,758	16,335	1,281

Note:

(1) We have arranged and coordinated over-sized non-containerised cargo shipment of approximately 1,980 tonnes of steel coil from Malaysia to the USA for 2 exporters in March 2022. The relevant revenue of RM3.89 million have been excluded from the computation of the average revenue per TEU of container for the FYE 2022.

Please refer to Section 12.3 of this Prospectus for further information on our financial performance for the Period Under Review.

Our historical financial performance during the Period Under Review only reflects our past performance under particular conditions such as the global supply chain disruptions caused by the COVID-19 pandemic, especially those for the FYE 2021 and FYE 2022 where our average ocean freight revenue per TEU of container was at its highest since our commencement of business operations in 2005. As such, our past performance does not necessarily reflect our future financial performance, which will largely depend on, among others, our capability to secure new orders, global trade volumes and the general environment of the logistics industry. We may not be able to sustain our historical growth or financial performance for various reasons including, among others, intense market competition, adverse development in global economy and weak ocean freight rates.



**3. PROSPECTUS SUMMARY (CONT'D)**

Although we strive to build on and increase our business volume (i.e. the number of containers handled by our ocean freight services) in the future to sustain or grow our revenue, there can be no assurance that we will be able to generate the same level of revenue and profitability as in the FYE 2021 and FYE 2022 as ocean freight rates have since declined. Our average ocean freight revenue per TEU of container and our financial performance have been declining on a quarterly basis since Quarter 2, 2022 in line with the declining global ocean freight rates as follows:

	Quarter 1, 2022	Quarter 2, 2022	Quarter 3, 2022	Quarter 4, 2022	Quarter 1, 2023
<b>Ocean freight segment</b>					
Ocean freight revenue (RM'000)	78,693	72,442	49,288	23,095	16,986
Total TEU of containers handled by us	3,504	4,193	3,950	3,190	3,993
Average ocean freight revenue per TEU (RM)	<sup>(1)</sup> 21,349	17,277	12,478	7,240	4,254
<b>Group's financial performance</b>					
Total revenue (RM'000)	80,970	74,132	50,654	23,939	18,041
GP (RM'000)	13,663	11,019	5,803	4,733	3,867
PBT (RM'000)	9,945	9,087	2,752	87	1,683
PAT/(LAT) (RM'000)	7,558	6,900	2,098	(221)	1,281
GP margin (%)	16.87	14.86	11.46	19.77	21.43
PBT margin (%)	12.28	12.26	5.43	0.36	9.33
PAT/(LAT) margin (%)	9.33	9.31	4.14	(0.92)	7.10

**Note:**

(1) We have arranged and coordinated over-sized non-containerised cargo shipment of approximately 1,980 tonnes of steel coil from Malaysia to the USA for 2 exporters in March 2022. The relevant revenue of RM3.89 million has been excluded from the computation of the average revenue per TEU for Quarter 1, 2022.

Please refer to Section 9.1.1 of this Prospectus for further details / commentaries of our declining financial performance on a quarterly basis from Quarter 1, 2022 to Quarter 1, 2023. In view of the said declining financial performance, investors should take note that our favourable financial performance for the FYE 2021 and FYE 2022 may not be indicative of our financial performance for the FYE 2023.

**(ii) Our business operations and financial performance may be adversely affected by fluctuation in ocean freight rates**

As our revenue is mainly derived from our ocean freight services for international shipments, our business operations and financial performance are subject to the fluctuation in ocean freight rates. Ocean freight charges accounted for approximately 72.32%, 75.55%, 89.47%, 91.47% and 78.87% of our Group's total cost of sales for FYE 2019, FYE 2020, FYE 2021, FYE 2022 and Quarter 1, 2023, respectively. Fluctuation of ocean freight rates is an inherent risk of the logistics industry, particularly those with major operations in ocean freight services like our Group.

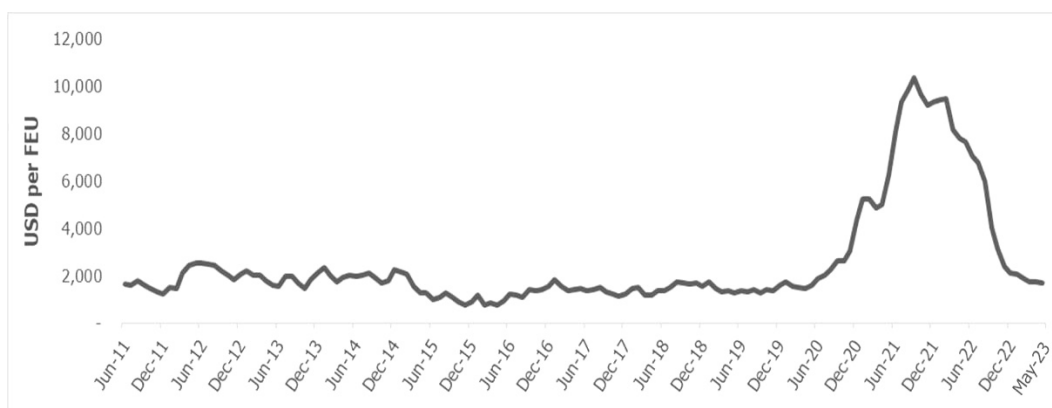
We have been able to pass on most of the increases in ocean freight rates to our customers during the Period Under Review, which enabled us to preserve our profit margin during the same period. This can be seen from our Group's GP margin for the Period Under Review, which has been hovering between 14.19% and 16.88% throughout the Period Under Review. However, there can be no assurance that future increases in ocean freight rates can always be passed to our customers in order to preserve our profitability.

On the other hand, should there be a decrease in ocean freight rates, our Group may need to follow suit and reduce the ocean freight rates charged to our customers accordingly, in order to be in line with the prevailing market rate. This may lead to lower revenue and profits for our Group if we are unable to increase our business volume to an extent that could compensate the decrease in our revenue and profits caused by lower ocean freight rates.

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### 3. PROSPECTUS SUMMARY (CONT'D)

As extracted from the IMR Report, ocean freight rates trend in the past and up to May 2023 is as follows:



Freight rates hovered between around USD1,400 (RM5,807) and USD1,600 (RM6,636) per forty-foot equivalent unit of container (“FEU”) in December 2019 (RM4.1475 = USD1.00). During the initial outbreak of the COVID-19 pandemic, freight rates remained around USD1,500 (RM6,375) per FEU (RM4.2497 = USD1.00). Since the second half of 2020, global freight rates had been on an upward trend with a recovery in global economic activities after the initial outbreak of COVID-19 boosted demand for shipping. The disruptions in the global supply chain caused by the pandemic further pushed up freight rates in the following year. Freight rates reached a peak of more than USD10,000 (RM41,677) per FEU at end of September 2021 (RM4.1677 = USD1.00). While freight rates continued to remain high in January and February 2022 at around USD9,400 (RM39,378) per FEU (RM4.1892 = USD1.00), freight rates began to drop by end March 2022 to around USD8,000 (RM33,606) per FEU (RM4.2007 = USD1.00). The subsequent high inflation and resulting rising interest rates also affected consumer demand which also contributed to lower shipping demand, thus lowering freight rates further. At the end of May 2023, freight rates stood at around USD1,685 (RM7,616) per FEU (RM4.5199 = USD1.00). Note: All foreign exchange rates are obtained from the average rate for the respective periods based on rates from Bank Negara Malaysia. (Source: IMR Report)

Since mid-2022 up to the LPD, ocean freight rates have been volatile and decreasing. For illustration, a comparison between the ocean freight rate per TEU of container for a shipment from Port Klang, Malaysia to Port of Los Angeles and Port of New York and New Jersey, USA respectively as at the LPD and the relevant historical ocean freight rates (all based on the rate offered to us pursuant to our Carrier Service Contract with an ocean carrier who has been one of our top 3 major suppliers for each of the years during the Period Under Review) is as follows:

	Difference <sup>(1)</sup> in ocean freight rate per TEU as at the LPD as compared to that for				
	Q1 2023	FYE 2022 <sup>(2)</sup>	FYE 2021 <sup>(2)</sup>	FYE 2020 <sup>(2)</sup>	FYE 2019 <sup>(2)</sup>
From Port Klang to Port of Los Angeles	-1.80%	-81.71%	-79.41%	-50.71%	-10.42%
From Port Klang to Port of New York and New Jersey	-10.52%	-76.29%	-70.24%	-36.18%	-12.07%

**Notes:**

- (1) A positive difference indicates that the ocean freight rate per TEU as at the LPD is higher than the relevant historical rate for that particular historical period. Conversely, a negative difference indicates that the ocean freight rate per TEU as at the LPD is lower than the relevant historical rate for that particular historical period.
- (2) Based on daily average for the respective financial year.

As shown in the table above and generally, ocean freight rate was at its lowest in Quarter 1, 2023. During the Period Under Review, ocean freight rates started low in FYE 2019 and increased in FYE 2020, FYE 2021 and part of FYE 2022. It subsequently decreased up to the LPD. Due to higher ocean freight rates coupled with higher business volume, we achieved better financial performance in FYE 2020, FYE 2021 and FYE 2022 as compared to FYE 2019. Our financial performance continued to be on the uptrend in the first half of FYE 2022, but we subsequently recorded lower revenue and profit in the second half of FYE 2022 due to lower ocean freight rates as well as lower business volume. Please refer to Section 12.3 of this Prospectus for further details of our financial results during the Period Under Review.

### 3. PROSPECTUS SUMMARY (CONT'D)

We expect the ocean freight rates to remain volatile in the future. There can be no assurance that our business operations and financial performance will not be adversely affected by the continued volatility and fluctuation in ocean freight rates.

**(iii) We may not be able to successfully execute our future plans**

Our Group plans to relocate and centralise our entire operations (i.e. office and warehouse) at the Target Property by the fourth quarter of 2023 to facilitate our business expansion. We also intend to offer in-house warehousing services to our logistics services customers and develop new business opportunities for our logistics services through providing e-commerce solutions in the same quarter.

The future growth of our Group and the successful development of our future business strategies are dependent on, amongst others, the timely and cost-effective renovation of the Target Property, our ability to attract appropriate personnel to expand our headcount, and our ability to market our services to potential customers.

There can be no assurance that we will be able to successfully implement our future plans and business strategies. There can also be no assurance that in the event our future plans and business strategies have been implemented that they will be commercially successful. As such, failure to execute our future plans and business strategies with success may adversely affect our growth and financial performance.

**(iv) The demand for our logistics services and our business volume may be adversely affected by an adverse development in global economy**

Our Group's revenue is predominantly generated from export shipments, which contributed more than 85.00% to our Group's revenue during the Period Under Review. Given the nature of our Group's business which focuses on export shipments, our business volume and the performance of our Group are dependent on the performance of Malaysia's export trades.

In this respect, the performance of Malaysia's export trade is dependent on various factors including, foreign demand for goods produced in Malaysia, which is in turn dependent on the condition and performance of the global economy. As such, the demand for our logistics services and our business volume generally change according to the level of global trade activities and performance of the global economy.

**(v) Our business operations and financial performance are subject to the availability of cargo space to meet our customers' shipping requirements**

We do not have any contractual arrangement for procuring ocean cargo space for destinations other than USA or Canada or for procuring air cargo space. Save for those under our annual Carrier Service Contracts, cargo space is offered to us by our suppliers on a first-come-first-served basis at the point of us making booking request. Due to this reason, there is no assurance that we will be able to procure sufficient amount of cargo space to meet our customers' shipping requirements from time to time.

**(vi) We are dependent on our suppliers for secure and efficient shipment of our customers' cargo**

Due to our nature of business, we are dependent upon our relationship with our suppliers including ocean carriers, licensed customs agents and other freight forwarders to enable us to arrange and coordinate shipments for our customers' cargo. A secure and efficient shipment of our customers' cargo to meet their delivery requirements is therefore dependent on the timely performance and quality of the respective services provided by our suppliers. As such, we may be affected by non-performance, late performance or poor performance by our suppliers. Poor quality services of our suppliers or any interruption of services provided by our suppliers may have an adverse impact on our reputation, business operations and financial performance.

**(vii) We are dependent on other freight forwarders for business**

Our revenue generated from our provision of logistics services to other freight forwarders, both local and foreign, accounted for approximately 29.10%, 28.97%, 36.81%, 26.22% and 30.30% of our total revenue in FYE 2019, FYE 2020, FYE 2021, FYE 2022 and Quarter 1, 2023 respectively. In this regard, our business performance is dependent on these freight forwarders' ability to market their services. Any material deterioration in the business performance of these freight forwarders may result in a decrease in their demand for our services, which could have a material adverse impact on our business operations and financial performance.

**(viii) We are subject to the risk of fluctuation in foreign exchange rates**

Our Group's revenue is mainly derived from our ocean freight services for international shipments. Quotes from our suppliers for ocean cargo space are usually in USD and some of our customers pay us in USD. For the Period Under Review and Quarter 1, 2023, our revenue denominated in USD accounted for between 22.95% and 55.48% of our total revenue, while our purchases denominated in USD accounted for between 6.64% and 59.03% of our total cost of sales. As we are unable to estimate the movement of foreign exchange rates and its impact on our revenue and purchases in USD, any significant fluctuation in the exchange rate of USD into RM or vice versa may have a significant impact, whether positive or negative, on our financial performance.

**3. PROSPECTUS SUMMARY (CONT'D)****(ix) We do not have long-term contracts with our customers for our logistics services**

We do not have any long-term contracts with our customers for our logistics services as we are engaged by them on an as-needed basis. This is mainly due to the nature of our business where the demand for our logistics services is subject to our customers' needs for shipping their goods as and when required depending on the orders secured. The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our financial performance.

**(x) We are dependent on the experience and expertise of our Executive Directors and key senior management for the continuing success of our Group**

Most of our Executive Directors and key senior management have over 10 years of experience in the logistics industry and are familiar with our business operations. Any loss of service from our Executive Directors or any of our key senior management without any suitable or timely replacement may affect the execution and implementation of our business strategies.

**(xi) We may face inadequacy of insurance coverage**

The cargos we arrange are subject to the risks of cargo loss or damage caused by factors beyond our control. As such, it may result in claims for damages by our customers against us. In addition, our offices and warehouse may be exposed to the risk of burglary, fire and flood which may cause disruption to our business operations and adversely affect our financial performance. In order to minimise our potential financial losses, we maintain insurance coverage for our customers' cargo and our business premises.

Further details of our risk factors are set out in Section 9.

**3.6 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

Name	Designation
<b><u>Directors</u></b>	
Tengku Faizwa Binti Tengku Razif (f)	Independent Non-Executive Chairman
Dato' Roger Wong	Managing Director
Cheok Hui Yen (f)	Executive Director / Chief Operating Officer
Lim Joo Seng (f)	Independent Non-Executive Director
Lean Sze Yau	Independent Non-Executive Director
Lee Li Choon (f)	Independent Non-Executive Director
<b><u>Key Senior Management</u></b>	
Chow Enn Jie	Sales and Marketing Director
Wendy Kam	Chief Financial Officer
Teoh Huey Hong	Customer Care Director

Further details of our Directors and key senior management are set out in Section 5.

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### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company (who are Malaysians) before and after our IPO are set out below:

Name	Before the IPO / As at the LPD				After the IPO <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
<b>Promoters and substantial shareholders</b>								
Dato' Roger Wong	330,572,167	82.00	<sup>(3)</sup> 1,123,500	0.28	294,741,817	61.05	<sup>(3)</sup> 1,123,500	0.24
Cheok Hui Yen	37,811,733	9.38	-	-	33,713,359	6.98	-	-
<b>Substantial shareholder</b>								
Chow Enn Jie	21,413,067	5.31	-	-	19,092,128	3.96	-	-

**Notes:**

- (1) Based on our issued share capital of 403,136,767 Shares after the Acquisitions but before our IPO / as at the LPD.
- (2) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.
- (3) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5.

#### 3.8 UTILISATION OF PROCEEDS

The gross proceeds of RM16.73 million raised by our Company from our Public Issue are intended to be used in the following manner:

Details of utilisation	Gross proceeds RM'000	%	Estimated timeframe for utilisation upon Listing
Renovation of the Target Property	2,000	11.95	Within 12 months
Repayment of bank borrowing	10,000	59.78	Within 3 months
Working capital	729	4.36	Within 12 months
Estimated listing expenses	4,000	23.91	Within 1 month
<b>Total</b>	<b>16,729</b>	<b>100.00</b>	

Further details of our utilisation of proceeds is set out in Section 4.8.

#### 3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out the key financial and operational highlights of our Group for the Period Under Review as well as the first quarter ended 31 March 2023:

**Financial**

	Audited				Unaudited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	Quarter 1, 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	43,379	63,525	195,419	229,695	18,041
GP	6,646	9,012	32,995	35,218	3,867
PBT	608	2,864	20,751	21,871	1,683
PAT	349	2,176	15,758	16,335	1,281
GP margin (%) <sup>(1)</sup>	15.32	14.19	16.88	15.33	21.43
PBT margin (%) <sup>(2)</sup>	1.40	4.51	10.62	9.52	9.33
PAT margin (%) <sup>(3)</sup>	0.80	3.43	8.06	7.11	7.10
Basic / diluted EPS (sen) <sup>(4)</sup>	0.07	0.45	3.26	3.38	0.27

**Notes:**

- (1) GP margin is computed based on our GP over revenue.
- (2) PBT margin is computed based on our PBT over revenue.
- (3) PAT margin is computed based on our PAT over revenue.
- (4) Computed based on PAT attributable to owners of the Group divided by our enlarged number of Shares in issue after our IPO. The diluted EPS is equal to the basic EPS as there were no potential dilutive ordinary shares outstanding at the end of the respective financial year.

**3. PROSPECTUS SUMMARY (CONT'D)****Operational**

	Unit	FYE 2019	FYE 2020	FYE 2021	FYE 2022	Quarter 1, 2023
Ocean freight (containerised cargo)	TEU	13,742	17,242	17,106	14,837	3,993
Ocean freight (over-sized non-containerised cargo)	Tonnes	-	-	-	1,980	-
Air freight	MT	190	81	91	121	43
Freight forwarding	Job	4,428	5,021	5,641	4,379	549
<b><u>Revenue per TEU / MT</u></b>						
Ocean freight		RM2,833	RM3,402	RM10,981	RM14,803	RM4,254
<i>Increase / Decrease from previous year</i>		-	<i>RM569</i> <i>(20.08%)</i>	<i>RM7,579</i> <i>(222.78%)</i>	<i>RM3,822</i> <i>(34.81%)</i>	-
Air freight		RM10,741	RM23,353	RM20,764	RM14,947	RM10,286
<i>Increase / Decrease from previous year</i>		-	<i>RM12,612</i> <i>(117.42%)</i>	<i>-RM2,589</i> <i>(-11.09%)</i>	<i>-RM5,817</i> <i>(-28.01%)</i>	-

Further details of our financial information for the Period Under Review as well as for the first quarter ended 31 March 2023 are set out in Section 12 and Annexure A respectively.

**3.10 DIVIDEND POLICY**

We currently do not have a fixed dividend policy. Our ability to distribute dividends or make other distributions to shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Our ability to declare and pay dividends is subject to the discretion of the Board. However, the intention to recommend dividends should not be treated as a legal obligation to do so. The level of dividends should also not be treated as an indication of our future dividend policy.

Further details on our dividend policy is set out in Section 12.14.

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#### 4. DETAILS OF OUR IPO

##### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 30 June 2023 and will remain open until 5.00 p.m. on 18 July 2023. **LATE APPLICATION WILL NOT BE ACCEPTED.**

##### 4.2 INDICATIVE TIMETABLE

Events	Tentative Dates
Opening of the Application period for our IPO	30 June 2023
Closing of the Application period for our IPO	18 July 2023
Balloting of the Applications	21 July 2023
Allotment / Transfer of IPO Shares to successful applicants	28 July 2023
Listing on the ACE Market	1 August 2023

In the event where there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and will make announcement on Bursa Securities' website.

##### 4.3 DETAILS OF OUR IPO

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 described below, subject to the clawback and reallocation provisions set out in Section 4.3.4 of this Prospectus:

	Number of IPO Shares	Percentage of our enlarged issued share capital (%)
<b>Public Issue</b>		
(i) Malaysian Public via balloting	24,140,000	5.00
(ii) Eligible Persons	9,656,000	2.00
(iii) Private placement to selected investors	7,241,800	1.50
(iv) Private placement to Bumiputera investors approved by the MITI	38,624,000	8.00
	<b>79,661,800</b>	<b>16.50</b>
<b>Offer for Sale</b>		
(i) Private placement to selected investors	21,726,000	4.50
(ii) Private placement to Bumiputera investors approved by the MITI	21,726,000	4.50
	<b>43,452,000</b>	<b>9.00</b>
<b>Total</b>	<b>123,113,800</b>	<b>25.50</b>

The basis of allocation of our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants to broaden the shareholding base of our Company 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 Board.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5% of our IPO Shares.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.3.1 Public Issue

Our Public Issue of 79,661,800 Issue Shares representing approximately 16.50% of our enlarged issued share capital, at the IPO Price will be made available in the following manner:

(i) **Malaysian Public via balloting**

24,140,000 Issue Shares representing approximately 5.00% of our enlarged issued share capital will be made available for application by the Malaysian Public via balloting, of which at least 50.00% is to be set aside for Bumiputera investors. Any Issue Shares not subscribed for by Bumiputera investors will be made available for application by the other Malaysian Public via balloting.

(ii) **Eligible Persons**

9,656,000 Issue Shares representing approximately 2.00% of our enlarged issued share capital will be made available for application by our Eligible Persons in recognition of their efforts and supports to our Group.

A total of 41 persons are eligible for the Pink Form Allocation, comprising the following:

Eligibility	Number of Eligible Persons	Aggregate number of Issue Shares allocated
Eligible Directors <sup>(1)</sup>	4	2,000,000
Eligible employees of our Group <sup>(2)</sup>	20	3,952,000
Persons who have contributed to our success <sup>(3)</sup>	17	3,704,000
<b>Total</b>	<b>41</b>	<b>9,656,000</b>

The above allocation is subject to the Eligible Persons subscribing to their respective allocations. The entitlements which are not accepted by any Eligible Persons will be re-allocated to the other Eligible Persons at the discretion of our Board.

Notes:

- (1) The criteria for allocation to our eligible Directors are based on their respective roles and responsibilities as well as their contribution to our Group. The number of Pink Form Shares to be allocated to our eligible Directors are as follows:

Name / Designation	Number of Pink Form Shares
Tengku Faizwa Binti Tengku Razif / Independent Non-Executive Chairman	500,000
Lim Joo Seng / Independent Non-Executive Director	500,000
Lean Sze Yau / Independent Non-Executive Director	500,000
Lee Li Choon / Independent Non-Executive Director	500,000
<b>Total</b>	<b>2,000,000</b>



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#### 4. DETAILS OF OUR IPO (CONT'D)

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(2) The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- (i) The eligible employee must be a full-time and confirmed employee and on the payroll of our Group;
- (ii) The number of Pink Form Shares allocated to our eligible employees are based on their seniority, position, length of service and/or their respective contribution to our Group as well as other factors deemed relevant by our Board; and
- (iii) The eligible employee must be at least 18 years of age.

The number of Pink Form Shares allocated under this category is inclusive of the allocation to Wendy Kam, our Chief Financial Officer and a key senior management, of 480,000 Pink Form Shares. Our other key senior management have opted not to participate in the Pink Form Allocations as they are already our shareholders.

(3) The criteria for allocation to the persons who have contributed to our success (as approved by our Board) are based on, amongst others, their contribution and support to the growth of our Group, as well as the length of their relationship with us. The persons who have contributed to the success of our Group include our customers and suppliers.

Eligible Persons who subscribe for Pink Form Shares under this Section 4.3.1(ii) may also apply for the Issue Shares made available for the Malaysian Public via balloting under Section 4.3.1(i) above. Save for the Pink Form Allocations made available for application by the Eligible Persons, it is not known to our Company as to whether any of our substantial shareholders, Directors or key senior management have the intention to apply for the Issue Shares made available for the Malaysian Public via balloting.

**(iii) Private placement to selected investors**

7,241,800 Issue Shares representing approximately 1.50% of our enlarged issued share capital will be made available by way of private placement to selected investors.

**(iv) Private placement to Bumiputera investors approved by the MITI**

38,624,000 Issue Shares representing approximately 8.00% of our enlarged issued share capital will be made available by way of private placement to Bumiputera investors approved by the MITI.

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue 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 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 increase the number of our Issue Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

**4. DETAILS OF OUR IPO (CONT'D)**

**4.3.2 Offer for Sale**

Our Selling Shareholders will undertake an offer for sale of 43,452,000 Offer Shares, representing approximately 9.00% of our enlarged issued share capital at the IPO Price as follows:

- (i) 21,726,000 Offer Shares representing approximately 4.50% of our enlarged issued share capital, will be made available by way of private placement to selected investors; and
- (ii) 21,726,000 Offer Shares representing approximately 4.50% of our enlarged issued share capital, will be made available by way of private placement to Bumiputera investors approved by the MITI.

Details of our Selling Shareholders are set out below:

Name	Nature of relationship with our Group	Shareholdings before IPO and as at the LPD		Offer for Sale		Shareholdings after IPO	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>
Dato' Roger Wong 2A, Jalan PJU 1A/51B, Idaman Villas 47310 Petaling Jaya Selangor Darul Ehsan	Promoter, substantial shareholder and Managing Director	330,572,167	82.00	35,830,350	8.89	294,741,817	61.05
Cheok Hui Yen C-09-02, Block C Damansara Suria Apartment, Taman KIP 52200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Promoter, substantial shareholder and Executive Director	37,811,733	9.38	4,098,374	1.02	33,713,359	6.98
Chow Enn Jie 44, Jalan 44/38A Taman Sri Bintang 52100 Kepong Wilayah Persekutuan Kuala Lumpur	Substantial shareholder and key senior management	21,413,067	5.31	2,320,939	0.58	19,092,128	3.96
Teoh Huey Hong B-19-6 Verve Suite Jalan Kiara 5, Mont Kiara 51200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Key senior management	11,092,800	2.75	1,202,337	0.30	9,890,463	2.03

#### **4. DETAILS OF OUR IPO (CONT'D)**

Notes:

- (1) Based on our issued share capital of 403,136,767 Shares after the Acquisitions and as at the LPD.
- (2) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.

The Offer for Sale is expected to raise gross proceeds of approximately RM9.12 million which will accrue entirely to the Selling Shareholders and we will not receive any of the proceeds. The Selling Shareholders shall bear all expenses such as stamp duty, placement fees, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.24 million.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders, Directors and/or key senior management, are set out in Sections 5.1.3 and 5.4.2 of this Prospectus.

#### **4.3.3 Underwriting arrangement**

The 24,140,000 Issue Shares made available for application by the Malaysian Public via balloting have been fully underwritten.

The 7,241,800 Issue Shares and 21,726,000 Offer Shares made available for private placement to selected investors, the 38,624,000 Issue Shares and 21,726,000 Offer Shares made available for private placement to Bumiputera investors approved by the MITI as well as the 9,656,000 Issue Shares under the Pink Form Allocations are not underwritten as irrevocable undertakings from the relevant investors to subscribe for the aforementioned Issue Shares and Offer Shares will be / have been obtained.

#### **4.3.4 Clawback and reallocation**

##### **(i) Issue Shares for the Malaysian Public via balloting**

If any Issue Shares allocated to the Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus are not fully subscribed, the balance portion will be allocated in the following order:

- (a) Firstly, to our Eligible Persons as described in Section 4.3.1(ii) of this Prospectus;
- (b) Secondly, any remaining portion will be made available by way of private placement to selected investors under Section 4.3.1(iii) of this Prospectus; and
- (c) Finally, any remaining Issue Shares thereafter will be subscribed by our Underwriter, subject to the terms and conditions of the Underwriting Agreement.

##### **(ii) Pink Form Shares for our Eligible Persons**

If any Issue Shares allocated to our Eligible Persons under Section 4.3.1(ii) of this Prospectus are not fully subscribed, the balance portion will be allocated in the following order:

- (a) Firstly, to other Eligible Persons; and

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#### **4. DETAILS OF OUR IPO (CONT'D)**

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- (b) Finally, any remaining portion will be made available for application by the Malaysian Public via balloting and/or by way of private placement to selected investors under Sections 4.3.1(i) and 4.3.1(iii) of this Prospectus respectively.

**(iii) Issue Shares and Offer Shares by way of private placement to selected investors**

If any Issue Shares and/or Offer Shares allocated to selected investors under Sections 4.3.1(iii) and 4.3.2(i) of this Prospectus are not fully subscribed, the balance portion will be made available for application by the Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus.

**(iv) Issue Shares and Offer Shares by way of private placement to Bumiputera investors approved by the MITI**

If any Issue Shares and/or Offer Shares allocated to Bumiputera investors approved by the MITI under Sections 4.3.1(iv) and 4.3.2(ii) of this Prospectus are not fully subscribed, the balance portion will be allocated in the following order:

- (a) Firstly, by way of private placement to selected investors under Sections 4.3.1(iii) and/or 4.3.2(i) of this Prospectus (whom are institutional investors);
- (b) Secondly, any remaining portion will be made available for application by Bumiputera Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus;
- (c) Thirdly, any remaining portion thereafter will be made available for application by other Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus; and
- (d) Finally, any remaining portion thereafter will be made available by way of private placement to selected investors under Sections 4.3.1(iii) and/or 4.3.2(i) of this Prospectus.

#### **4.3.5 Price stabilisation mechanism**

We will not be employing any price stabilisation mechanism that may be employed in accordance with the Capital Markets and Services (Price Stabilization Mechanism) Regulations 2008 for our IPO.

#### **4.3.6 Minimum level of subscription**

There is no minimum subscription to be raised from our IPO. However, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders for our Company to comply with the public shareholding requirements as per the Listing Requirements or as approved by Bursa Securities.

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Listing. We expect to meet the public shareholding requirements through a combination of the balloting process and the private placement exercise.

If we do not meet the public shareholding requirements, we may not be allowed to proceed with our Listing. In such an event, all monies paid in respect of all applications for our IPO Shares will be returned in full without interest. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of Section 243(2) of the CMSA shall apply accordingly.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.4 SHARE CAPITAL AND MARKET CAPITALISATION UPON LISTING

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

Details	No. of Shares	RM
<b>Issued share capital</b>		
As at the date of this Prospectus	403,136,767	12,094,110
To be issued under our Public Issue	79,661,800	16,728,978
<b>Enlarged issued share capital upon our Listing</b>	<b>482,798,567</b>	<b>28,823,088</b>

Our Offer for Sale will not have any effect on our issued share capital.

As at the date of this Prospectus, we only have one class of share, being ordinary shares, all of which rank equally with each other. Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the transfer date of our Offer 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 of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. In relation to any surplus in the event of our liquidation, such surplus is to be distributed amongst our shareholders in proportion to our issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At our general meeting, each shareholder who is entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative. Subject to the Listing Requirements, any resolution put to vote in the meeting shall be decided by way of poll. On a vote by way of poll, each shareholder present either in person or by proxy, or attorney, or other duly authorised representative shall have one vote for each Share held or represented. On a vote by show of hands, each shareholder present either in person or by proxy, or attorney, or other duly authorised representative shall have one vote. A proxy may, but need not be, a shareholder of our Company.

Based on our IPO Price and enlarged issued share capital of 482,798,567 Shares upon Listing, our total market capitalisation will be RM101.39 million.

##### 4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (a) to enable our Group to raise funds for the purposes specified in Section 4.8 of this Prospectus;
- (b) to gain recognition through our listing status which will enhance our Group's reputation and facilitate the marketing of our services, expansion of our customer base, retention of our employees and attraction of new talents in the industry that we operate in;
- (c) to provide an opportunity for the Malaysian Public, including our eligible Directors and employees to participate in our equity and continuing growth; and

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#### 4. DETAILS OF OUR IPO (CONT'D)

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- (d) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when these opportunities arise, through other forms of capital raising avenue, such as rights issue and private placement.

#### 4.6 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined after taking into consideration, amongst others, the following factors:

- (i) Our Group's business overview and history and financial performance as described in Sections 7.1 and 12.1.1 of this Prospectus, respectively;
- (ii) Our pro forma combined NA per Share of approximately RM0.09, computed based on our Group's pro forma combined NA of approximately RM42.09 million as at 31 December 2022 after taking into consideration our Public Issue and utilisation of proceeds and our enlarged issued share capital of 482,798,567 Shares upon Listing;
- (iii) Our EPS of approximately RM0.0338, computed based on our Group's audited combined PAT of approximately RM16.34 million for the FYE 2022 and our enlarged issued share capital of 482,798,567 Shares upon Listing, translating to a PE multiple of 6.21 times based on our IPO Price of RM0.21 per Share;
- (iv) Our latest quarterly EPS of approximately RM0.0027 for the 3-months financial period ended 31 March 2023, computed based on our Group's unaudited combined PAT of approximately RM1.28 million for the said period and our enlarged issued share capital of 482,798,567 Shares upon Listing, which is approximately 68.24% lower than our average quarterly EPS of RM0.0085 for the FYE 2022;
- (v) Our competitive strengths as set out in Section 7.16 of this Prospectus; and
- (vi) Our future plans and business strategies as set out in Section 7.23 of this Prospectus.

**You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You should form your own views on the valuation of the IPO Shares before deciding to invest in our Shares. You are reminded to consider the Risk Factors set out in Section 9 of this Prospectus before deciding to invest in our Shares, particularly the negative impact of the declining global ocean freight rates on our financial performance since Quarter 2, 2022 as set out in Section 9.1.1 of this Prospectus. In this regard, investors should take note that our favourable financial performance for the FYE 2021 and FYE 2022 may not be indicative of our financial performance for the FYE 2023.**

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**4. DETAILS OF OUR IPO (CONT'D)****4.7 DILUTION**

Dilution is the amount by which our IPO Price exceeds our pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.21
Pro forma combined NA per Share as at 31 December 2022 after the Acquisitions and before Public Issue	0.07
Pro forma combined NA per Share after Public Issue and utilisation of proceeds	0.09
Increase in pro forma combined NA per Share attributable to existing shareholders	0.02
Dilution in pro forma combined NA per Share to new investors	0.12
Dilution in pro forma combined NA per Share as a percentage of our IPO Price	57.14%

Further details of our pro forma combined NA per Share as at 31 December 2022 is set out in Section 14 of this Prospectus.

Save as disclosed below, there is no substantial disparity between our IPO Price and the effective cash cost to our substantial shareholders, Directors and/or key senior management, or persons connected with them for any of our Shares acquired by them in any transaction from the date of our incorporation up to the date of this Prospectus:

	<b>No. of Shares held before our IPO</b>	<b>Total consideration (RM)</b>	<b>Effective cash cost per Share (RM)</b>
<b>Substantial shareholders and/or Directors</b>			
Dato' Roger Wong	(1)330,572,167	(4)9,917,172	0.03
Cheok Hui Yen	(2)37,811,733	(5)1,134,352	0.03
Chow Enn Jie	(2)21,413,067	(5)642,392	0.03
<b>Person connected with a substantial shareholder and Director</b>			
Datin Wong Wan Jye <sup>(3)</sup>	(2)1,123,500	(5)33,705	0.03
<b>Key senior management</b>			
Teoh Huey Hong	(2)11,092,800	(5)332,784	0.03

**Notes:**

- (1) Being Shares issued pursuant to the Acquisitions and 100 subscriber shares issued upon the incorporation of our Company.
- (2) Being Shares issued pursuant to the Acquisitions.
- (3) Spouse of Dato' Roger Wong.
- (4) Calculated based on the total purchase consideration for the Acquisitions attributable to him and the RM10 paid for the 100 subscriber shares.
- (5) Calculated based on the total purchase consideration for the Acquisitions attributable to him / her.

As at the date of this Prospectus, save for the Pink Form Allocations, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocations are based on our IPO Price.

**4. DETAILS OF OUR IPO (CONT'D)****4.8 UTILISATION OF PROCEEDS FROM OUR IPO**

Based on our IPO Price, we will raise gross proceeds of RM16.73 million from our Public Issue. The gross proceeds raised are intended to be used in the following manner:

<b>Details of utilisation</b>	<b>Gross proceeds RM'000</b>	<b>%</b>	<b>Estimated timeframe for utilisation upon Listing</b>
Renovation of the Target Property	2,000	11.95	Within 12 months
Repayment of bank borrowing	10,000	59.78	Within 3 months
Working capital	729	4.36	Within 12 months
Estimated listing expenses	4,000	23.91	Within 1 month
<b>Total</b>	<b>16,729</b>	<b>100.00</b>	

Pending the eventual utilisation of our Public Issue proceeds, we will place them in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

We will not receive any proceeds from the Offer for Sale. Based on our IPO Price, the gross proceeds from the Offer for Sale of approximately RM9.12 million will accrue entirely to our Selling Shareholders. Our Selling Shareholders shall bear the entire incidental expenses and fees such as stamp duty, placement fees and miscellaneous fees in relation to the Offer for Sale of approximately RM0.24 million.

Further information on the use of our Public Issue proceeds is as follows:

**4.8.1 Renovation of the Target Property**

As at the LPD, our Group operates from our existing offices and warehouse located at Ara Damansara, Selangor. These rented premises have a total built-up area of approximately 11,300 sq. ft. (including both office space and warehouse space) and currently house a total of 69 employees of our Group. Due to space constraints in these existing offices, we are unable to house additional employees to cater for business expansion.

On 5 July 2022, we had entered into a sale and purchase agreement with MMAG Digital Sdn Bhd for our purchase of the Target Property at a total purchase consideration of RM20.20 million. The purchase consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the market value attributed to the Target Property of RM19.52 million ascribed by the independent valuer appointed by MMAG Digital Sdn Bhd. We took cognisance that the purchase consideration is at a premium of RM0.68 million or 3.48% to the market value ascribed by the independent valuer. Nonetheless, we had also taken into account the strategic location and size of the Target Property, which are deemed suitable to support our Group's ongoing business operations as well as our future growth.

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**4. DETAILS OF OUR IPO (CONT'D)**

The Target Property is a freehold 3-storey office building with an annexed 2-storey warehouse. The breakdown of the built-up areas of the Target Property is as follows:

<b>Descriptions</b>	<b>Built-up area (sq. ft.)</b>
<b>Office building</b>	
- Ground floor	5,527.70
- First floor	5,527.70
- Second floor	5,527.70
	16,583.10
<b>Warehouse</b>	
- Ground floor	18,436.33
- First floor	18,436.33
	36,872.66
<b>Total</b>	<b>53,455.76</b>

The Target Property enables us to relocate and centralise our entire operations currently housed under rented premises within 2 different office blocks in Ara Damansara. Taken into account the larger office space of the Target Property as compared to that of our existing rented offices (approximately 9,800 sq. ft. of built-up area after excluding warehouse space), we also intend to expand our headcount to scale up our operations, particularly our sales and marketing team and international business development team to strengthen our marketing and business development functions, as well as our customer service team to support the expanding business operations. The office building of the Target Property allows us to house up to an estimated 110 employees based on an average of 150 sq. ft. of office space per employee. Please refer to Section 7.23.1(i) of this Prospectus for further details of our proposed expansion of headcount.

Upon our relocation to the Target Property, we will terminate our tenancy for all our rented offices in Ara Damansara. As these offices are mainly rented from related parties, the relocation will allow us to eliminate recurrent related party transactions moving forward.

In addition, we intend to utilise the warehouse space of the Target Property to expand our warehousing and distribution of healthcare-related products and devices business. We may also use the warehouse space of the Target Property to provide warehousing services to our ocean / air freight customers, as and when warehousing services within the Klang Valley are required by these customers. The Target Property's strategic location for being relatively near to Port Klang, KLIA Airport and Sultan Abdul Aziz Shah Airport as well as having road connectivity to various parts of the Klang Valley renders its overall suitability for warehousing and distribution operations.

We have completed the purchase of the Target Property in December 2022. As of December 2022, we have also obtained planning permit exemption and approval on building plan from Majlis Bandaraya Shah Alam for the renovation of the Target Property. Following completion of our purchase of the Target Property, we are currently renovating it to meet our operational requirements. We expect to relocate to and commence operating from the Target Property by the fourth quarter of 2023.

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#### 4. DETAILS OF OUR IPO (CONT'D)

The tentative timeline for our renovation of and subsequent relocation to the Target Property is as follows:

Timeline	Milestone
Third quarter of 2023	Completion of renovation
Fourth quarter of 2023	<ul style="list-style-type: none"> <li>• Certificate of completion and compliance (“<b>CCC</b>”) and fire certificate to be obtained</li> <li>• All the relevant licences, permits and approval for the business operations at the Target Property to be obtained</li> <li>• Relocation of our Group’s operations to the Target Property and commencement of operations</li> </ul>

The total estimated cost required for our renovation of the Target Property is RM3.52 million. The renovation works comprise mainly the construction of curtain wall, tiling works, ceiling works, painting works, installation of passenger lift, piping works, office partitioning, hacking and reconstruction of warehouse floor slab, and mechanical and electrical works.

We intend to fund this total estimated cost of RM3.52 million using our Public Issue proceeds as well as our internally generated funds. In this regard, we have allocated RM2.00 million of our Public Issue proceeds for the renovation of the Target Property.

If the total actual cost for our renovation of the Target Property exceeds the RM3.52 million as estimated, the deficit will be funded from our internally generated funds and/or bank borrowings.

##### 4.8.2 Repayment of bank borrowing

To facilitate the completion of our purchase of the Target Property, we had in December 2022 obtained a term loan amounting to RM18.18 million from CIMB Islamic Bank Berhad to fully settle the balance purchase consideration for the Target Property (after excluding deposit of RM2.02 million paid in May and July 2022). The maturity date of this term loan is in December 2042. Our loan agreement does not include any clause on early repayment penalty, hence we are not subject to any fees / charges for settling the aforesaid term loan before the maturity date. As at the LPD, we have made 5 monthly instalments totalling RM0.55 million for this loan and its current outstanding principal amount stands approximately at RM17.78 million.

In this respect, we have allocated RM10.00 million for part repayment of the term loan following completion of our IPO. The current interest rate for the term loan is 4.15% per annum. A partial repayment of RM10.00 million of the term loan using our Public Issue proceeds is expected to result in interest savings of RM0.42 million per annum to our Group.

##### 4.8.3 Working capital

We have allocated RM0.73 million from our Public Issue proceeds to supplement our general working capital requirements. This allocation for working capital will be mainly used for the day-to-day operations of our logistics services business, including but not limited to payroll and administrative expenses, payment to suppliers, utility expenses and office related expenses.

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#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.8.4 Estimated listing expenses

We have allocated RM4.00 million from our Public Issue proceeds to meet the estimated expenses of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	Total RM'000
Professional fees <sup>(1)</sup>	2,777
Fees payable to authorities	78
Underwriting, placement and brokerage fees	617
Printing, advertising fees and other incidental charges relating to our Listing	528
<b>Total</b>	<b>4,000</b>

Note:

(1) Include fees for, amongst others, the Principal Adviser, Financial Adviser, Reporting Accountants, Solicitors, IMR, Internal Controls Reviewer, Company Secretary and Issuing House.

If our actual listing expenses exceed the RM4.00 million of Public Issue proceeds allocated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than the amount allocated, the excess will be reallocated to our working capital.

#### 4.9 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEE

##### 4.9.1 Brokerage fee

We will bear the brokerage fees to be incurred on the issue of the 33,796,000 Issue Shares pursuant to our IPO under Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of TA Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The brokerage fee is subject to SST.

##### 4.9.2 Underwriting commission

TA Securities, as our sole Underwriter, has agreed to underwrite 24,140,000 Issue Shares as set out in Section 4.3.1(i) of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of 2.50% of the total value of the Shares underwritten at the IPO Price. The underwriting commission is subject to SST.

##### 4.9.3 Placement fee

TA Securities, as our Placement Agent, has agreed to place out the 45,865,800 Issue Shares available by way of private placement to selected investors as well as Bumiputera investors approved by MITI as set out in Sections 4.3.1(iii) and 4.3.1(iv) of this Prospectus respectively. We will pay our Placement Agent a placement fee at the rate of up to 2.50% of the total value of the Issue Shares placed out by the Placement Agent at the IPO Price. The placement fee is subject to SST.

TA Securities has also agreed to place out the 43,452,000 Offer Shares available by way of private placement to selected investors as well as Bumiputera investors approved by MITI as set out in Sections 4.3.2(i) and 4.3.2(ii) of this Prospectus respectively at the same placement fee rate. The placement fee to be incurred on the sale of the Offer Shares will be fully borne by our Selling Shareholders.

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**4. DETAILS OF OUR IPO (CONT'D)**

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**4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

Our Company had on 12 June 2023 entered into an Underwriting Agreement with our Underwriter, whereby our Underwriter had agreed to underwrite 24,140,000 Issue Shares which will be made available for application by the Malaysian Public via balloting (“**Underwritten Shares**”), upon the terms and subject to the conditions therein contained.

The salient terms of the Underwriting Agreement are as follows:

**Conditions precedent**

- (i) The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:
  - (a) The acceptance of the Listing and the clearance of registrable Prospectus from Bursa Securities, the approval from the SC for the resultant equity structure of the Company and the lodgement of registrable Prospectus with the Companies Commission of Malaysia respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
  - (b) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by the Underwriter;
  - (c) There having been, as at any time thereafter up to and including the date adopted in the Prospectus as the last date for acceptance and receipt of application for the subscription to the Issue Shares or such other later date as the Company and the Underwriter may agree upon (“**Closing Date**”), no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the Closing Date;
  - (d) The issue, offering and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
  - (e) The approval for the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market and the approval-in-principle for the registration of the Prospectus remaining valid and have not been revoked or amended and all other necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
  - (f) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;

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#### 4. DETAILS OF OUR IPO (CONT'D)

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- (g) The delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Paragraph (i)(c) above;
- (h) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
- (i) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the Official List and its issued share capital listed and quoted on the ACE Market without undue delay.

(collectively, the “**Conditions Precedent**”)

- (ii) In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than 3 Market Days after the Closing Date and upon such termination the Company and the Underwriter shall be released and discharged from their obligations save for the Company’s obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter’s rights under the Underwriting Agreement.

#### **Termination**

- (iii) Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
  - (a) There is any breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution of the Issue Shares; or

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**4. DETAILS OF OUR IPO (CONT'D)**

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- (b) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (c) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition, or operation of the Group; or
- (d) There shall have occurred, happened or come into effect any of the following circumstances:
  - (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Group and the success of the Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (cc) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (1) on or after the date of the Underwriting Agreement; and
    - (2) prior to the allotment of the Issue Shares,  
  
lower than 90% of the level of the Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days; or
  - (dd) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (e) There is failure on the part of the Company to perform any of their respective obligations herein contained; or
- (f) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or

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**4. DETAILS OF OUR IPO (CONT'D)**

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- (g) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained under the Underwriting Agreement; or
  - (h) The Listing does not take place within 3 months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Underwriter; or
  - (i) The imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares up to the date of delivery of the Underwriting Notice to the Underwriter.
- (iv) Upon such notice(s) being given under Paragraph (iii) above, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination (including the refund of full amount of such subscription monies paid to the Company for such portion of the Underwritten Shares), for the payment of any taxes, duties or levies, underwriting commission as stated in the Underwriting Agreement, or such outstanding fees pursuant to the Underwriting Agreement, and for any antecedent breach, and its undertaking to indemnify the Underwriter pursuant to the provisions of the Underwriting Agreement.
- (v) Any underwriting commission payable to the Underwriter shall remain payable to the Underwriter notwithstanding the termination of the Underwriting Agreement or the cancellation, termination or withdrawal of obligations of the Underwriter for any reasons whatsoever, unless such termination or cancellation or withdrawal is due to the default of the Underwriter and in which event, the Underwriter shall not be entitled to its underwriting commission. For the avoidance of doubt, the underwriting commission shall remain payable notwithstanding an oversubscription of the Underwritten Shares. In addition, the Company shall pay the parties to the Underwriting Agreement all relevant fees, commission and expenses notwithstanding the failure of the Company to proceed with the listing of the Company.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**5.1.1 Promoters' and substantial shareholders' shareholdings**

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality	Before our IPO / As at the LPD			After our IPO <sup>(2)</sup>		
		Direct		Indirect	Direct		Indirect
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
<b>Promoters and substantial shareholders</b> Dato' Roger Wong Cheok Hui Yen	Malaysian	330,572,167	82.00	<sup>(3)</sup> 1,123,500	0.28	294,741,817	61.05
	Malaysian	37,811,733	9.38	-	-	33,713,359	6.98
<b>Substantial shareholder</b> Chow Enn Jie	Malaysian	21,413,067	5.31	-	-	19,092,128	3.96
						<sup>(3)</sup> 1,123,500	0.24
						-	-
						-	-

Notes:

(1) Based on our issued share capital of 403,136,767 Shares after the Acquisitions but before our IPO / as at the LPD.

(2) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.

(3) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, the Shares held by our Promoters and substantial shareholders have the same voting rights and there is no arrangement between our Company and our shareholders with third parties, the operation of which may at a subsequent date result in a change in control of our Company.





## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.1.3 Profiles of Promoters and substantial shareholders

(i) **Dato' Roger Wong**

*Promoter, substantial shareholder and Managing Director*

Dato' Roger Wong, a Malaysian male aged 43, is our co-founder and Managing Director. He was appointed to our Board on 14 March 2022. He is primarily responsible for overseeing our Group's overall business operations, the setting of our Group's strategic direction as well as the formulation and implementation of our Group's business expansion strategies.

He obtained a Bachelor of Arts in International and Strategic Studies from Universiti Malaya in 2003. Thereafter, he started his career in the logistics industry as a Management Trainee at Orient Star Transport Sdn Bhd, a company which provides logistics solutions where he was mainly trained in the areas of business development and operations. He was promoted to Sales Manager in 2004 to undertake sales and marketing functions for logistics services.

He subsequently left the company in 2005 to set up KGW Logistics, our wholly-owned subsidiary, where he assumed the role of Managing Director and was responsible for the company's overall operational matters and business growth. Since then, he has been instrumental in the expansion of KGW Logistics' business operations and the key person for our overall expansion strategies.

(ii) **Cheok Hui Yen**

*Promoter, substantial shareholder and Executive Director*

Cheok Hui Yen, a Malaysian female aged 50, is our Executive Director and Chief Operating Officer. She was appointed to our Board on 24 September 2022. She is responsible for strategising business plans and managing the development of international markets and the operations of our Group.

She graduated from Locke Academy, Malaysia with a London Chamber of Commerce & Industry (LCCI) Group Diploma in Cost Accounting in 1992. She subsequently pursued Chartered Institute of Management Accountants (CIMA) qualifications in Systematic College, Malaysia until 1996 but did not complete the course.

She began her career in Pan Global Insurance Berhad, an insurance company, in 1996 as a clerk and was subsequently promoted to an Executive in the Finance and Treasury Department where she was responsible for performing bank reconciliations, preparing cash flow projections and fund transaction reports.

In 1999, she left Pan Global Insurance Berhad to join Asian Trend (M) Sdn Bhd, a shipping agency, as an Accounts Executive where she was responsible for managing the overall accounting functions of the company including preparation of management accounts. She left in 2002.

In 2003, she joined Orient Star Transport Sdn Bhd, a company which provides logistics solutions as an Accounts Officer, where she focused on handling the company's overall operational accounting functions. In 2004, she was promoted to Assistant Manager, where she participated in the business operations of the company particularly on business process improvement to enhance efficiency and facilitate business development.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She then left in 2004 and took a gap year to rest before joining KGW Logistics, our wholly-owned subsidiary, as a Customer Service Manager in 2005. She was responsible for the overall coordination of the company's export and import operations. She was promoted to General Manager in 2016 and was responsible for, among others, development of international markets and operations of the company. In 2021, she was redesignated to her current position of Chief Operating Officer.

### (iii) Chow Enn Jie

*Substantial shareholder and Sales and Marketing Director*

Chow Enn Jie, a Malaysian male aged 36, is our Sales and Marketing Director. In this position, he is responsible for our Group's sales and marketing activities as well as the development and implementation of marketing strategies.

He graduated with a Diploma in Business Studies (E-Commerce and Marketing) from Kolej Tunku Abdul Rahman, Malaysia in 2009.

He began his career in 2007, when he joined GPS Tech Solutions Sdn Bhd, a company involved in fleet management technology, as a Customer Service Executive and left in 2008 as a Customer Service Supervisor.

In 2008, he joined KGW Logistics, our wholly-owned subsidiary, and assumed the position of Sales and Marketing Executive. He was responsible for promoting the company's logistics services and seeking new business opportunities. In 2012, he was promoted to Sales and Marketing Manager where he continued to be responsible for business development and customer relationship management. He has been our Sales and Marketing Director since 2014.

### 5.1.4 Promoters and substantial shareholders' remuneration and benefit

Save as disclosed below, there are no other amount or benefits that has been paid or is intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

Name	FYE 2021 (Actual) RM'000	FYE 2022 (Actual) RM'000	FYE 2023 (Proposed) RM'000
Dato' Roger Wong			
- Remuneration <sup>(1)</sup>	298	1,031	<sup>(2)</sup> 1,143
- Dividend	6,205	-	-
<b>Total</b>	<b>6,503</b>	<b>1,031</b>	<b>1,143</b>
Cheok Hui Yen			
- Remuneration <sup>(1)</sup>	1,495	786	<sup>(2)</sup> 247
- Dividend	760	-	-
<b>Total</b>	<b>2,255</b>	<b>786</b>	<b>247</b>
Chow Enn Jie			
- Remuneration <sup>(1)</sup>	856	355	<sup>(2)</sup> 229
- Dividend	410	-	-
<b>Total</b>	<b>1,266</b>	<b>355</b>	<b>229</b>

#### Notes:

- (1) Represents aggregate remuneration and material benefits in-kind payable/paid and proposed to be paid for services rendered to our Group in all capacities.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (2) The provision for bonuses is not included. Such bonuses, if any, will be determined at a later date depending on the individual performance and the performance of our Group, subject to the recommendation of our Remuneration Committee and approval by our Board.

### 5.2 DIRECTORS

#### 5.2.1 Our Board comprises the following members:

Name	Age	Gender	Nationality	Date of Appointment	Designation
Tengku Faizwa Binti Tengku Razif	43	Female	Malaysian	24 September 2022	Independent Non-Executive Chairman
Dato' Roger Wong	43	Male	Malaysian	14 March 2022	Managing Director
Cheek Hui Yen	50	Female	Malaysian	24 September 2022	Executive Director
Lim Joo Seng	49	Female	Malaysian	24 September 2022	Independent Non-Executive Director
Lean Sze Yau	43	Male	Malaysian	24 September 2022	Independent Non-Executive Director
Lee Li Choon	51	Female	Malaysian	24 September 2022	Independent Non-Executive Director

#### 5.2.2 Profiles of Directors

The profiles of our Executive Directors, namely Dato' Roger Wong and Cheek Hui Yen, who are also our Promoters and substantial shareholders, are disclosed in Section 5.1.3 of this Prospectus.

The profiles of our Independent Non-Executive Directors are as follows:

(i) **Tengku Faizwa Binti Tengku Razif**  
*Independent Non-Executive Chairman*

Tengku Faizwa Binti Tengku Razif, a Malaysian female aged 43, is our Independent Non-Executive Chairman. She was appointed to our Board on 24 September 2022.

She graduated in 2002 with a Bachelor of Management (Honours) in Marketing from Universiti Sains Malaysia (USM). After her graduation, she started to pursue her passion in mental literacy development, where she provided team training management in local schools and organised the World Memory Championship in Kuala Lumpur on a freelance basis in 2003. In 2004, she founded The Switch Sdn Bhd, a company specialising in training and consultation of personal development and human resource.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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In 2010, she founded Ideaspark Sdn Bhd, a company specialising in strategic thinking consultancy, and developing training programs in accelerated learning, memory skills, creativity enhancement and creative entrepreneurship. She was mainly in charge of conceptualising and managing events and programs of the company. She was also the Founding President of Malaysia Young Female Entrepreneur Network (MYFREN), a non-government organisation registered in 2010 under the Registrar of Youth Societies, Ministry of Youth and Sports, Malaysia that was established to encourage young Malaysian females to become entrepreneurs.

Between 2010 and 2012, she was also involved in promoting and organising entrepreneurship programs and activities catered towards the development and training of business and entrepreneurship skills amongst young Malaysians.

Since 2018, she focuses on managing her business entities, namely Scanda Management PLT and Scanda Sky PLT, which are involved in management services and chartering flights for tour packages respectively.

Currently, she is also the Independent Non-Executive Chairman of Manforce Group Berhad, a company listed on the LEAP Market of Bursa Securities.

**(ii) Lim Joo Seng**  
*Independent Non-Executive Director*

Lim Joo Seng, a Malaysian female aged 49, is our Independent Non-Executive Director. She was appointed to our Board on 24 September 2022. She is the Chairman of our Audit and Risk Management Committee and also a member of our Nomination Committee and Remuneration Committee.

She graduated from Macquarie University in Sydney, Australia with a Bachelor of Commerce (Accounting) in 1998. She is a member of Certified Practising Accountants of Australia (CPA Australia) and the Malaysian Institute of Accountants since January 2003 and September 2003 respectively.

She began her career in 1999 as a Tax Assistant in Sekhar & Tan, a service provider of audit and assurance, financial advisory, tax and related services where she was involved in preparation of tax returns for clients. She left in 2000 and joined Deloitte KassimChan, an audit firm as an Audit Senior where she was involved in statutory audits for clients in various industries as well as in special assignments relating to listing and mergers and acquisitions. She left Deloitte KassimChan in end of 2003.

In 2004, she joined Eversafe Engineering Sdn Bhd, a company that is involved in general construction, mechanical and electrical works as Finance Assistant Manager, where she was responsible for the company's financial reporting and accounting matters. She left her position in 2005.

She subsequently joined Deloitte Touche Tohmatsu CPA Ltd, a service provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services in China in 2005 as a Manager in the Audit Department where she was responsible for leading, managing and coordinating audit engagements with clients from various industries. She was also involved in various assignments relating to listing and financial due diligence.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She left the firm in 2010 and joined XinRen Aluminium Holdings Limited, a company that produces aluminium products as its Chief Financial Officer. During her tenure there, she was responsible for overseeing its restructuring exercise and the preparation for its listing in Singapore. She was also responsible for managing, coordinating and monitoring the company's corporate exercises from acquisitions of strategic companies to external funding exercises. In 2017, she left XinRen Aluminium Holdings Limited and has since been engaging in financial advisory work on a freelance basis.

In 2017, she was appointed as an Independent Non-Executive Director of Nexion Technologies Limited, an investment holding company listed on the Hong Kong Stock Exchange, whose subsidiaries are involved in the provision of information communication technology solutions focusing on cyber infrastructure and cyber security solutions. She has been the Finance Director of Nestcon Berhad group of companies since 2019 where she is responsible for the group's corporate affairs and financial functions, which include financial planning, review and reporting. Nestcon Berhad is a company listed on the ACE Market of Bursa Securities with business focus in building construction, civil engineering and infrastructure works.

### (iii) **Lean Sze Yau**

*Independent Non-Executive Director*

Lean Sze Yau, a Malaysian male aged 43, is our Independent Non-Executive Director. He was appointed to our Board on 24 September 2022. He is the Chairman of our Remuneration Committee and also a member of our Audit and Risk Management Committee and Nomination Committee.

He graduated in 2002 with a Bachelor of Laws from the University of Kent, United Kingdom. He undertook the Bar Vocational Course (BVC) in BPP Law School, London, United Kingdom and was admitted as a Barrister-at-Law with the Honourable Society of Lincoln's Inn in 2003.

In 2003, he undertook his pupillage with Messrs Amin-Tan & Co and was called to the Malaysian Bar in 2005. During his period of chambering, he was exposed to conveyancing and corporate matters as well as involved in several mergers and acquisition and other corporate exercises.

In 2005, he joined Messrs William Leong & Co as an Advocate and Solicitor where he was mainly involved in corporate and litigation practice. He was promoted to a Partner of the firm in 2009 where he was in charge of taking conduct of and preparing general debt-recovery litigation. He was also involved in taking conduct of and preparing matters relating to injunction applications.

He left the firm in end of 2009 and together with his partners, Wilson Leong and Lester Ong, founded Messrs Wilson Leong, Ong & Lean in 2010. As the Managing Partner of the firm, he is in charge of building clientele portfolios in the banking sector in respect of conveyancing practice, as well as heading and managing the litigation and corporate practice departments. He is involved in taking conduct of and acting as leading solicitor and counsel at the High Court and Court of Appeal for commercial litigation and real estate related disputes. He is also involved in providing consultancy and corporate advisory work in relation to commercial, banking and real estate related matters as well as providing regular and follow up advise on issues arising from the COVID-19 pandemic.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)****(iv) Lee Li Choon**  
*Independent Non-Executive Director*

Lee Li Choon, a Malaysian female aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 24 September 2022. She is the Chairman of our Nomination Committee and also a member of our Audit and Risk Management Committee and Remuneration Committee.

She obtained her Bachelor of Science (Economics) from the University of London in 1996. She is a Professional Certified Coach (PCC) credentialed by the International Coaching Federation (ICF) since 2018 and an Accredited Coaching Supervisor credentialed by the Coaching Supervision Academy (CSA) since 2022. She was also certified by the Marshall Goldsmith Stakeholder Centered Coaching Program in 2014. In 1996, she began her career as a Personnel Assistant in International Computers (Malaysia) Sdn Bhd (currently known as Fujitsu Computer Systems (M) Sdn Bhd), a company which provides information technology services and solutions. In 1997, she was promoted to Personnel Executive. Subsequently in 1999, she was promoted to Human Resource Executive where she was responsible for maintaining the Human Resource Information System and processing monthly payroll services. She left the company in 2000.

She joined Orbit Telecommunications Sdn Bhd, a company that engages in telecommunication business activities in 2000 as a Human Resource Assistant Manager where she was responsible for the overall human resource functions in the company. She was promoted to Human Resource Manager in the same year where she was in charge of providing strategic human resource counsel and support to senior management. In 2001, she was promoted to Group Senior Manager where she was tasked with managing and overseeing the regional human resource activities. She resigned from the company in 2002.

In 2002, she joined Huawei Technologies (Malaysia) Sdn Bhd, a company that supplies information and communications technology infrastructure and smart devices as a Recruitment and Training Manager where she was tasked with establishing and maintaining the recruitment and training functions. In 2004, she was promoted to Assistant Director where she oversaw human resource functions in Asia Pacific. She left the company in 2006.

In 2006, she joined Deloitte Consulting (SEA) Sdn Bhd, a firm that provides consulting and advisory services as a Regional Human Resource Manager, Southeast Asia. She was responsible for the overall human resource functions. She left the company in 2008.

In 2008, she had a short stint in Alcatel-Lucent Malaysia Sdn Bhd, a company that provides telecommunications technology and infrastructure as the Human Resource Director reporting to the Vice President of Human Resources – South & Southeast Asia and left in the same year.

In 2008, she joined Ericsson (M) Sdn Bhd, a company that is involved in design, planning of network, supply, installation and distribution of telecommunication equipment as Head of Human Resource and Operation Unit, Malaysia (Country Unit) and had a few promotions within the Human Resource Department. Her last position before she left in 2013 was Human Resource Business Partner, Operation and Sourcing Unit for the Southeast Asia and Oceania region where she engaged in the yearly business planning process to determine the strategic direction of the business and translate it into long and short-term plans for the organisation.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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In 2014, she started her leadership coaching practice for business owners and the leadership team of corporations from different industries through Talent Faculty Sdn Bhd, a company that provides professional coaching and leadership development-related services.

Since 2016, she also served as an Executive Committee on a voluntary basis in the International Coaching Federation (ICF) Malaysia Charter Chapter where she practiced her peer leadership. She was elected as the President of ICF Malaysia Charter Chapter in 2020 and served in this position till 2022. She currently serves as an Immediate Past President in the Executive Committee.

Currently, she is also the Independent Non-Executive Director of KYM Holdings Berhad, a company listed on the Main Market of Bursa Securities that provides industrial packaging solutions.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.2.3 Directors' shareholdings**

The shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Before our IPO / As at the LPD		After our IPO	
	Direct No. of Shares (1)%	Indirect No. of Shares (1)%	Direct No. of Shares (2)%	Indirect No. of Shares (2)%
Tengku Faizwa Binti Tengku Razif	-	-	(3)500,000	-
Dato' Roger Wong	330,572,167	(4)1,123,500	294,741,817	(4)1,123,500
Cheok Hui Yen	37,811,733	-	33,713,359	-
Lim Joo Seng	-	-	(3)500,000	-
Lean Sze Yau	-	-	(3)500,000	-
Lee Li Choon	-	-	(3)500,000	-

**Notes:**

- (1) Based on our issued share capital of 403,136,767 Shares after the Acquisitions but before our IPO / as at the LPD.
- (2) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.
- (3) Assuming that he / she fully subscribes for the Pink Form Shares allocated to him / her.
- (4) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.2.4 Principal directorships and business activities performed outside our Group**

Save as disclosed below, none of our Directors has any involvement in business activities and directorships in any other businesses / corporations outside our Group for the past 5 years preceding the LPD:

**(i) Tengku Faizwa Binti Tengku Razif**

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b>Present involvements</b> Coffee & Paste Sdn Bhd	Director and shareholder	15 June 2016	-	50.00	-	Restaurant, export and import food products and real estate activities
Manforce Group Berhad <sup>(1)</sup>	Independent Non-Executive Chairman	18 September 2018	-	-	-	Investment holding, while its subsidiaries are principally involved in the provision of foreign workers' management services and manual labour services
The Switch Sdn Bhd	Shareholder	26 January 2004	20 September 2011	70.00	-	Training and consultation on personal development and human resource
World Mind Development Sdn Bhd	Shareholder	-	-	30.00	-	Carry on the business of mind development and tuition centre
Fruitbuzz Asia Plantation Sdn Bhd	Shareholder	-	-	5.00	-	Growing of other tropical and subtropical fruits
Idea Atheneum <sup>(2)</sup>	Sole proprietorship	-	-	100.00	-	Trading of consumer goods
Ethereal Beauty <sup>(2)</sup>	Sole proprietorship	-	-	100.00	-	Distribution of beauty products

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b>Present involvements (cont'd)</b>						
Scanda Management PLT <sup>(2)</sup>	Partner	27 December 2017	-	50.00	-	Business management consultancy services
Scanda Sky PLT <sup>(2)</sup>	Partner	13 December 2018	-	50.00	-	Provision of chartered commercial airline services, air freight services, and bespoke tourism
Scanda Venture Capital PLT <sup>(2)</sup>	Partner	9 March 2019	-	50.00	-	Investment holding
Jie Yao Group PLT <sup>(2)</sup>	Representative	2 March 2022	-	-	10.00 <sup>(3)</sup>	Assets and business portfolio management services
Clover Consulting International Limited <sup>(4)</sup>	Director and shareholder	17 August 2017	-	50.00	-	Hong Kong based company providing services in the consulting, marketing and trading of information communication technology and business systems

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements</b>					
QVC Vision Sdn Bhd	Director	25 October 2016	26 February 2019	-(6)	Wholesale of variety of goods and buying, selling and operating of real estate (Dissolved on 19 November 2019)

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements (cont'd)</b> Adamas Weddings Sdn Bhd	Director and shareholder	14 August 2012	30 October 2019	-(6)	Weddings and events planner and conducting wedding planning courses (Dissolved on 30 October 2019)
MCB International Sdn Bhd	Director and shareholder	7 June 2017	26 February 2019	-(6)	Business consultancy services in technology innovation (Dissolved on 26 February 2019)
Ideaspark Sdn Bhd	Director and shareholder	19 January 2010	16 September 2022	-(6)	Management, consultancy and training and other related services (Dissolved on 16 September 2022)
Clover Consulting Sdn Bhd	Director and shareholder	7 June 2016	16 September 2022	-(6)	Consulting, marketing and trading on information communication technology system (Dissolved on 16 September 2022)
The Sakamoto Method Sdn Bhd	Director	11 April 2007	8 June 2018	-	Dormant, intended to carry on the business of developing and commercialising mental literacy training methods (Dissolved on 8 June 2018)

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements (cont'd)</b> The Switch International Sdn Bhd	Director and shareholder	30 March 2010	8 June 2018	-(5)	To carry on the business of training and consultation on personal development and human resource to carry on the business of general traders, importers, exporters, wholesaler, retailers and merchants to purchase or otherwise acquire for investment shares, stock, lands, houses, building, plantation and property of any tenure (Dissolved on 8 June 2018)
Ready Business Network Sdn Bhd	Director and shareholder	30 April 2010	8 June 2018	-(5)	Dormant, intended to carry on the business of offering annual report copy writing services for corporate entities that are either listed on Bursa Securities or yet to be listed. (Dissolved on 8 June 2018)
Forward Force Sdn Bhd	Shareholder	-	-	-(5)	Human resources consultancy services, private security activities (Dissolved on 12 August 2020)

**Notes:**

- (1) Listed on the LEAP Market of Bursa Securities.
- (2) Registered in Malaysia.
- (3) She has an indirect equity interest in Jie Yao Group PLT by virtue of her being a partner of Scanda Venture Capital PLT. Scanda Venture Capital PLT is a direct partner of Jie Yao Group PLT.
- (4) Incorporated in Hong Kong.
- (5) Previously a shareholder.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

(ii) Dato' Roger Wong

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b>Present involvements</b> Alpha Global Assets Sdn Bhd (formerly known as Alpha Global Logistics (M) Sdn Bhd)	Director and shareholder	12 March 2008	-	50.00	-	Buying, selling, renting and operating of self-owned or leased real estate for residential and non-residential buildings
Innex America Sdn Bhd	Director and shareholder	30 July 2009	-	50.00	-	Investment holding in properties
Top Pot Holdings Sdn Bhd	Shareholder	-	-	3.97	-	Restaurant

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements</b> Kompass Kredit Leasing Sdn Bhd	Director	15 January 2013	2 May 2019	-	Licensed money lender
KGW Gemilang Sdn Bhd	Director	11 November 2019	29 December 2021	-	Freight forwarding services (Dissolved on 29 December 2021)
KGW Container Line (M) Sdn Bhd	Director and shareholder	2 August 2012	8 September 2020	-(1)	Logistics and freight forwarding services (Dissolved on 8 September 2020)
Mingkun Logistics (M) Sdn Bhd (formerly known as Mingkun KGW Logistics (M) Sdn Bhd)	Director and shareholder	20 August 2018	27 April 2022	-(1)	Activities of holding companies; forwarding of freight; other retail sale in non-specialised stores not elsewhere classified

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements (cont'd)</b> Accelerated Global Solutions (M) Sdn Bhd	Director and shareholder	29 March 2021	18 May 2022	-(1)	Wholesale of a variety of goods without any particular specialisation not elsewhere classified; activities of holding companies
KGW Logistics (S) Pte Ltd <sup>(2)</sup>	Director and shareholder	8 May 2017	5 September 2022	-(1)	Logistic services (Dissolved on 5 September 2022)
KG Atlantic Co., Ltd (formerly known as KGW Atlantic Co., Ltd) <sup>(3)</sup>	Shareholder	-	-	-(1)	Logistic services
RCM Commerce Sdn Bhd	Director and shareholder	11 June 2019	15 April 2022	-(1)	Other cargo handling activities; Other retail sale in non-specialized stores; retail sale of any kind of product over the internet

**Notes:**

- (1) Previously a shareholder.
  - (2) Incorporated in Singapore.
  - (3) Incorporated on 15 May 2018 by Dato' Roger Wong and Truong Huu Kien Trung to venture into provision of ocean freight agency services (including freight forwarding services) in Vietnam. Due to the difference in management directions, Dato' Roger Wong exited and ceased to be a shareholder of the company on 13 May 2022.
- As at the LPD, the shareholders of KG Atlantic Co. Ltd are Truong Huu Kien Trung and Tran Minh Huy, both of whom are not related to our Group nor our Promoters, Directors and substantial shareholders. As at the LPD, this company continues to be in operations and the principal activities remain the same.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

(iii) Cheok Hui Yen

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b>Past involvements</b> KGW Container Line (M) Sdn Bhd	Director and shareholder	4 September 2014	8 September 2020	-( <sup>1</sup> )	Logistics and freight forwarding services (Dissolved on 8 September 2020)
Mingkun Logistics (M) Sdn Bhd (formerly known as Mingkun KGW Logistics (M) Sdn Bhd)	Shareholder	-	-	-( <sup>1</sup> )	Activities of holding companies; forwarding of freight; other retail sale in non-specialised stores not elsewhere classified

Note:  
(1) Previously a shareholder.

(iv) Lim Joo Seng

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b>Present involvements</b> Nestcon Berhad <sup>(1)</sup>	Executive Director and shareholder	26 August 2020	-	0.30	-	Construction and civil engineering service provider



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<u>Present involvements (cont'd)</u>						
Nestcon Infra Sdn Bhd	Director	30 January 2021	-	-	-	All types of civil engineering and infrastructure projects
Nestcon Solar Sdn Bhd	Director	26 April 2022	-	-	-	Provide consultancy services and construction work in relation to solar systems
Nexion Technologies Limited <sup>(2)</sup>	Independent Non-Executive Director	31 May 2017	-	-	-	Information communication technology solutions provider focusing on cyber infrastructure and cyber security solutions
Lynkmax Pte Ltd <sup>(3)</sup>	Non-Executive Director	13 December 2019	-	-	-	Development of software and programming activities; IT consultancy
Eversafe Engineering Sdn Bhd	Director	14 May 2021	-	-	-	Ceased operations

Notes:

- (1) Listed on the ACE Market of Bursa Securities.
- (2) Listed on the Hong Kong Stock Exchange.
- (3) Incorporated in Singapore.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

(v) Lean Sze Yau

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b><u>Present involvements</u></b> Messrs Wilson Leong, Ong & Lean	Managing Partner	-	-	33.33	-	Law firm
One Century Solution Sdn Bhd	Director and shareholder	26 October 2016	-	20.70	-	Dormant, intended to carry on the business of providing information technology services
WOL Holdings Sdn Bhd	Shareholder	-	-	33.00	-	Investment holding company in restaurant business
Big Wig Sdn Bhd	Director and shareholder	29 April 2022	-	15.00	-	Property development

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<b><u>Past involvements</u></b> One International Exhibition Sdn Bhd	Director	13 February 2012	11 February 2020	-	Exhibition and event management
MBAM Onebuild Sdn Bhd	Director	11 October 2017	16 December 2019	-	Organisation, promotions and / or management of events

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

(vi) Lee Li Choon

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<b><u>Present involvements</u></b> Talent Faculty Sdn Bhd	Director	25 June 2014	-	80.0	-	Providing management consultancy, human resource development and other related services
KYM Holdings Bhd <sup>(1)</sup>	Independent Non-Executive Director	5 July 2022	-	-	-	Investment holding in companies. Its subsidiaries are principally involved in manufacturing and selling of high-quality industrial paper packing products

**Note:**

(1) Listed on the Main Market of Bursa Securities.

The involvement of our Directors as disclosed above excludes shares in public listed companies held by them as minority shareholders (less than 5.00% of the total number of issued shares of a public listed company). They do not hold any directorship in these public listed companies and the shares held are only for trading and personal investment purposes.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.2.5 Involvement of our Directors in other businesses / corporations**

Save as disclosed in Section 5.2.4 of this Prospectus, our Executive Directors are not involved in other businesses or corporations. The involvement of Dato' Roger Wong, our Managing Director, in other corporations is not expected to affect the operations of our Group as those corporations are mainly involved in property investment or investment holding. These corporations are with minimal day-to-day activities.

The involvement of our Independent Non-Executive Directors in other business or corporations will not affect their commitment and responsibilities to our Group as they are not involved in our Group's day-to-day operations.

**5.2.6 Directors' remuneration and material benefits in-kind**

The remuneration of our Directors including their fees, salaries, bonuses, commissions, other allowances and benefits-in-kind must be reviewed and recommended by our Remuneration Committee and subsequently be approved by our Board. Directors' fees and any benefits payable to Directors shall also be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting of our Company in accordance with our Constitution. Please refer to Section 15 of this Prospectus for further details.

The aggregate remuneration and material benefits in-kind payable/paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for FYE 2022 and FYE 2023 are as follows:

**(i) FYE 2022**

Name	Director's fees	Basic salary	Bonuses	(1)Commission	Benefits-in-kind and allowances	Statutory Contributions (EPF, SOCSO and EIS)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Directors</b>							
Dato' Roger Wong	-	860	-	-	60	111	1,031
Cheok Hui Yen	-	152	15	534	-	85	786
<b>Non-Executive Directors</b>							
Tengku Faizwa Binti Tengku Razif	(3)-	-	-	-	(3)-	-	(3)-
Lim Joo Seng	(4)-	-	-	-	(4)-	-	(4)-
Lean Sze Yau	(4)-	-	-	-	(4)-	-	(4)-
Lee Li Choon	(4)-	-	-	-	(4)-	-	(4)-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

(ii) Proposed for FYE 2023

Name	Director's fees	Basic salary	(2)Bonuses	(1)Commission	Benefits-in-kind and allowances	Statutory Contributions (EPF, SOCSO and EIS)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Directors</b>							
Dato' Roger Wong	-	960	-	-	60	123	1,143
Cheok Hui Yen	-	220	-	-	-	27	247
<b>Non-Executive Directors</b>							
Tengku Faizwa Binti Tengku Razif	(3)30	-	-	-	(3)-	-	(3)-
Lim Joo Seng	(4)15	-	-	-	(4)-	-	(4)-
Lean Sze Yau	(4)15	-	-	-	(4)-	-	(4)-
Lee Li Choon	(4)15	-	-	-	(4)-	-	(4)-

**Notes:**

- (1) Our Group has in place commission policy to motivate our employees to bring in sales. In this regard, employees are rewarded based on GP generated from the clients under his/her portfolio and were generally paid on staggered basis over a period of 12 months. Since 1 July 2022, this commission is no longer applicable to Dato' Roger Wong and Cheok Hui Yen, who are our Executive Directors and key senior management as well as the substantial shareholders of our Company. Save for our Directors and key senior management, all the employees of our Group will continue to be eligible to receive commission. Our Directors and key senior management will not be eligible to receive commission, which is governed by our general commission policy, as their remuneration is subject to the recommendation of our Remuneration Committee and approval by our Board.
- (2) The provision for bonuses is not included. Such bonuses, if any, will be determined at a later date depending on the individual performance and the performance of our Group, subject to the recommendation of our Remuneration Committee and approval by our Board.
- (3) Our Independent Non-Executive Chairman was appointed to our Board on 24 September 2022. The monthly Director's fee of RM6,000 is only payable upon Listing. Meeting allowance of RM500 per meeting day is payable upon attending Board meeting as and when required.
- (4) Our Independent Non-Executive Directors were appointed to our Board on 24 September 2022. The monthly Director's fee of RM3,000 is only payable upon Listing. Meeting allowance of RM500 per meeting day is payable upon attending Board meeting as and when required.

## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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### **5.3 BOARD PRACTICES**

Our Board has the following key responsibilities:

- (a) review and approve the corporate plan for our Group;
- (b) review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances, to ensure that they support long-term value creation and take into account economic, environment and social considerations underpinning sustainability;
- (c) oversee the conduct of our Group's businesses to evaluate whether the businesses are being properly managed and monitor their implementation;
- (d) promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
- (d) review, challenge and decide on management's proposals for our Company, and monitor its implementation by the management;
- (e) assess and identify the principal risks of our Group's business and ensuring the implementation of appropriate systems to manage these risks;
- (f) set the risk appetite within which the Board expects management to operate, and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (g) to ensure that our Company has effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- (h) to appoint the Board Committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board Committees and deliberate on the recommendations thereon;
- (i) approve the nomination, appointment and remuneration packages for our Board members;
- (j) approve the appointment, resignation or removal of Company Secretaries of our Company;
- (k) oversee the development and implementation of investor relations programme for our Group, where necessary;
- (l) review the adequacy and integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, the Act and the Listing Requirements);
- (m) review and approve our quarterly reports and annual financial statements;
- (n) review and approve our Annual Report;
- (o) review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the authority limits set by our Company;

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (p) approve the appointment of external auditors and fix their related audit fees; and
- (q) ensure the integrity of our Company's financial and non-financial reporting.

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have at least half of the Board comprising Independent Non-Executive Directors, that the Chairman of our Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

Our Board is also mindful of the importance of building a sustainable business, and therefore takes into consideration the environmental, social and governance impact when developing the corporate strategy of our Group. Our Board also ensures that we participate and undertake activities in corporate social responsibilities.

### 5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Tengku Faizwa Binti Tengku Razif	Independent Non-Executive Chairman	24 September 2022	Subject to retirement at AGM 2023	Less than 1 year
Dato' Roger Wong	Managing Director	14 March 2022	Subject to retirement at AGM 2023	1 year
Cheok Hui Yen	Executive Director	24 September 2022	Subject to retirement at AGM 2023	Less than 1 year
Lim Joo Seng	Independent Non-Executive Director	24 September 2022	Subject to retirement at AGM 2023	Less than 1 year
Lean Sze Yau	Independent Non-Executive Director	24 September 2022	Subject to retirement at AGM 2023	Less than 1 year
Lee Li Choon	Independent Non-Executive Director	24 September 2022	Subject to retirement at AGM 2023	Less than 1 year

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In accordance with our Constitution, at the first AGM of our Company, all our Directors shall retire from office. At the AGM in every subsequent year, one-third (1/3), or the number nearest to one-third (1/3), of our Directors shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of directors shall take place each year.

### 5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 13 October 2022 and its members are appointed by our Board. Our Audit and Risk Management Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Lim Joo Seng	Chairman	Independent Non-Executive Director
Lean Sze Yau	Member	Independent Non-Executive Director
Lee Li Choon	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial matters. The Audit and Risk Management Committee's responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to review:
- (i) with the external auditors, the audit plan of our Group;
  - (ii) the performance, suitability, objectivity and independence of external auditors;
  - (iii) the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit;
  - (iv) the policies and procedures governing the provision of non-audit services by external auditors;
  - (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (vi) with the external auditors, the evaluation of system of internal controls;
  - (vii) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors;
  - (viii) the external auditors' audit report;
  - (ix) any management letter from the external auditors to our Company and the management's response to such letter;
  - (x) any letter of resignation from our Company's external auditors;
  - (xi) the assistance given by the employees of our Company to the external auditors;



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

- (xii) adequacy of our Group's risk profile and risk management framework and assess the resources and knowledge of the key management and employees involved in the risk management process;
  - (xiii) adequacy and effectiveness of the risk management process to identify key organisational risks and the systems and processes in place to manage those risks;
  - (xiv) assess the steps and actions that the management has implemented or wish to implement to manage and mitigate identifiable risks;
  - (xv) and recommend appropriate risk management strategies, policies and risk tolerances in line with our Group's business objectives for our Board's approval to safeguard shareholders' investments and our assets;
  - (xvi) effectiveness of systems for monitoring compliance with laws and regulations; and
  - (xvii) all related party transactions and potential conflict of interests situations that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (b) to consider the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors and whether there is a reason (supported by grounds) to believe that our Company's external auditors are not suitable for re-appointment;
- (c) to review the quarterly results and year end financial statements, prior to the approval by our Board, focusing particularly on:
- (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (iii) compliance with accounting standards and other legal requirements;
- (d) to carry out any other function that may be mutually agreed upon by the Committee and our Board, which would be beneficial to our Company and ensure the effective discharge of the Committee's duties and responsibilities;
- (e) to report the actions recommendations of the Committee to our Board; and
- (f) to report to Bursa Securities on any matter reported by the Committee to our Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.3.3 Remuneration Committee

Our Remuneration Committee was established on 13 October 2022 and its members are appointed by our Board. Our Remuneration Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Lean Sze Yau	Chairman	Independent Non-Executive Director
Lim Joo Seng	Member	Independent Non-Executive Director
Lee Li Choon	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility to oversee our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to assist our Board to establish a formal and transparent remuneration policy and procedures for approving the remuneration of our Directors and senior management;
- (b) to review and recommend the Directors' fees and benefits to our Board for approval;
- (c) to assist our Board to formulate policies, guidelines and set composition of various types of components of remuneration such as basic salary, bonus and other benefits in kind for Directors and senior management, which take into account the demands, complexities and performance of our Company as well as skills and experience required;
- (d) to ensure that all our Directors and senior management are fairly rewarded for their individual contributions to our Company;
- (e) to ensure that the level of remuneration is sufficiently attractive to retain our Directors and senior management and structuring the remuneration packages to link rewards to individual performance; and
- (f) to assist our Board to ensure all remuneration packages and benefits given to our Directors and senior management are in line with our Company's remuneration policy and complying with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time.

The Director(s) concerned shall abstain from deliberation and voting on his/her own respective remuneration.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.3.4 Nomination Committee

Our Nomination Committee was established on 13 October 2022 and its members are appointed by our Board. Our Nomination Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Lee Li Choon	Chairman	Independent Non-Executive Director
Lim Joo Seng	Member	Independent Non-Executive Director
Lean Sze Yau	Member	Independent Non-Executive Director

The main function of our Nomination Committee's duties and responsibilities as stated in its terms of reference, amongst others, include the following:

- (a) to review annually and recommend to our Board with regard to the structure, size, tenure, directorships, balance and composition of our Board and Board Committees including the required mix of skills and experience, core competencies and diversity (in terms of age, cultural background and gender) and make recommendations to our Board with regard to any adjustments that are deemed necessary;
- (b) to annually appraise our Board and Board Committees including but not limited to the following:
  - (i) the effectiveness of the Board Committees (including its size and composition);
  - (ii) the effectiveness of our Board as a whole;
  - (iii) commitment, skills and contributions of each individual Director; and
  - (iv) the independence of our Independent Non-Executive Directors.

All assessments and evaluations carried out by the Committee in the discharge of all its functions are properly documented;
- (c) to oversee the development of succession planning of our Board and senior management;
- (d) to consider and recommend to our Board on suitable candidates for appointment as Directors of our Company. The Committee will undertake appropriate review when determining the process of identifying suitable candidates to ensure the requirement and qualification of the candidate nominated is based on a prescribed set of criteria comprising but not limited to the following:
  - (i) skills, knowledge, expertise and experience;
  - (ii) professionalism;
  - (iii) integrity;
  - (iv) existing number of directorships held;
  - (v) age;

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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- (vi) cultural background;
- (vii) gender;
- (viii) confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and
- (ix) in the case of candidates being considered for the position of Independent Non-Executive Director, such potential candidates must have the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. Amongst others, the potential candidates must fulfil the criteria used in the definition of "Independent Director" prescribed by the Listing Requirements and able to be independent and give objective judgement to our Board.

Where required, the members of the Committee would meet up with potential candidates for the position of director to assess his/her suitability;

- (e) the Committee shall ensure that orientation and education programmes are provided for new members of our Board;
- (f) the Committee shall recommend to our Board concerning the re-election of Director to our Board pursuant to the provisions in our Company's Constitution;
- (g) to consider and recommend the continuance of office of Independent Non-Executive Directors who have served our Board beyond 9 years, having due regard to their performance and ability to continue to contribute to our Board in the light of knowledge, skills and experience required;
- (h) to annually review the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference;
- (i) the Committee shall undertake an annual review of the training programmes attended by our Directors for each financial year as well as the training programmes required to aid our Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends; and
- (j) the Committee shall provide a report summarising its activities for the year in compliance with the Listing Requirements and any relevant regulations and adoption of practices recommended under the MCCG. The report can be incorporated into the corporate governance statement in the annual report or corporate governance report.

The Director concerned shall abstain from deliberation and voting on his/her own respective re-election.

The fit and proper assessment on any person identified to be appointed as a Director or to continue holding the position as a Director within our Group will be conducted prior to the initial appointment or proposed re-election as a Director. The Committee shall be guided by the Directors' Fit and Proper Policy in conducting the fit and proper assessment.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.4 KEY SENIOR MANAGEMENT

5.4.1 Our key senior management as at the LPD comprises the following:

Name	Age	Gender	Designation
Dato' Roger Wong	43	Male	Managing Director
Cheok Hui Yen	50	Female	Executive Director / Chief Operating Officer
Chow Enn Jie	36	Male	Sales and Marketing Director
Wendy Kam	53	Female	Chief Financial Officer
Teoh Huey Hong	41	Female	Customer Care Director

All of our key senior management are Malaysian.

#### 5.4.2 Profiles of key senior management

The profiles of Dato' Roger Wong, Cheok Hui Yen and Chow Enn Jie, who are also our Promoters and/or substantial shareholders, are disclosed in Section 5.1.3 of this Prospectus.

The profiles of our other key senior management are as follows:

(i) **Wendy Kam**  
*Chief Financial Officer*

Wendy Kam, a Malaysian female aged 53, is our Chief Financial Officer. She is primarily responsible for our Group's overall accounting and finance matters.

She holds a professional qualification from the Association of Chartered Certified Accountants ("**ACCA**") since 1997. She further obtained a Master's degree in Business Administration majoring in Accountancy from Universiti Malaya ("**MBA**") in 2003. She is also a member of the Malaysian Institute of Accountants ("**MIA**") since 1999.

She has more than 20 years of experience in the accountancy and finance field. After obtaining her Sijil Tinggi Persekolahan Malaysia (STPM) and while pursuing her ACCA qualification on a part-time basis, she began her career in 1993 when she joined Diong T.P. & Tan, an audit firm as an Audit Assistant. She then left and joined NEC Sales (Malaysia) Sdn Bhd, a company which provides information technology solutions and services in 1994 as Assistant Accounts Officer where she was responsible for assisting in the preparation of the financial statements of the company. She left in 1995 to join WTK Holdings Berhad, an investment holding company with subsidiaries involved in timber logging and processing, plantation and manufacturing of adhesive and masking tapes as an Accountant, where she was responsible for overseeing the company's treasury matters and management accounts.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She left WTK Holdings Berhad in 2001 to focus on her MBA. She subsequently joined Kolej Tunku Abdul Rahman (Penang), a tertiary education institute in 2002 as a lecturer of business accounting while she continued to pursue her MBA on a part time basis. She left in 2003 and in the same year joined Syed Mokhsain Holdings Sdn Bhd, a holding company with subsidiaries involved in trading of duty-free goods as an Accountant. She then left to join Volt Asia Enterprises (M) Sdn Bhd, a recruitment company that provides employment services in 2006 as Senior Accountant, where she was responsible for its accounting matters. She was subsequently promoted to Operations Manager in 2008 where her role expanded to include operations. She left in early 2009 to attend to personal matters.

She returned to employment in 2010 when she joined Masterskill (M) Sdn Bhd, a company involved in the education industry as Finance Manager responsible for accounting and finance matters. She was subsequently promoted to Head of Internal Audit in Masterskill Education Group Berhad in April 2011 and was responsible for managing the group's internal audit matters. She left in 2012 to join Stamford College (PJ) Sdn Bhd as Financial Controller, where she was responsible for overseeing the finance and accounting matters of the company and its subsidiary. During her tenure there, she was also involved in the company's corporate finance matters.

She left in end of 2013 to join SCH Group Berhad (now known as Hextar Industries Berhad), an investment holding company with subsidiaries engaged in fertiliser manufacturing, equipment rental and supply of heavy equipment as Financial Controller where she was responsible for overseeing the group's financial accounting and taxation matters. She left the company in 2018 and subsequently joined Atlantic Blue Sdn Bhd, a wholly-owned subsidiary of Solarvest Holdings Berhad involved in the provision of engineering, procurement, construction and commissioning services for solar photovoltaics (PV) systems and investment in solar PV plant in end of 2018 as Financial Controller where she was responsible for overseeing and monitoring financial accounting and taxation matters as well as the planning and coordination of financial reporting activities. She left the company in 2021.

She joined our Group in her current position in end of 2021.

(ii) **Teoh Huey Hong**  
*Customer Care Director*

Teoh Huey Hong, a Malaysian female aged 41, is our Customer Care Director. She is primarily responsible for managing the daily operations of our Group's customer service department.

She obtained her Sijil Pelajaran Malaysia in 2000 from Keat Hwa High School, Kedah. She subsequently studied for the ACCA Certified Accounting Technician qualification from 2001 to 2004 but did not complete the course.

She began her career in 2005 when she joined TriStar Freight (M) Sdn Bhd, a freight forwarding company as a Customer Service Representative where she was mainly involved in shipment planning and cargo space booking. She left in end of 2005 to join Sun Express Logistics (M) Sdn Bhd, a freight forwarding, transportation and general trading company in 2006 as a Customer Service Representative where she took on similar job functions. She left the company in 2008.

In 2008, she joined KGW Logistics, our wholly-owned subsidiary, as a Customer Service Executive. She was promoted to Customer Service Manager in 2017 where she was tasked with managing and guiding the customer service team in their daily operations. She was promoted to Customer Care Director in 2022 to head our customer service department. This represents a new position in our Group corresponding to her experience and seniority as well as the size of our customer service team.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.4.3 Key senior management's shareholdings**

The shareholdings of our key senior management in our Company before and after our IPO are as follows:

Key senior management	Before our IPO / As at the LPD		After our IPO	
	Direct		Direct	
	No. of Shares	(1)%	No. of Shares	(3)%
Dato' Roger Wong	330,572,167	82.00	294,741,817	61.05
Cheok Hui Yen	37,811,733	9.38	33,713,359	6.98
Chow Enn Jie	21,413,067	5.31	19,092,128	3.96
Wendy Kam	-	-	(4)480,000	0.10
Teoh Huey Hong	11,092,800	2.75	9,890,463	2.03
			(2)1,123,500	0.24
			-	-
			-	-
			-	-
			-	-

Notes:

- (1) Based on our issued share capital of 403,136,767 Shares after the Acquisitions but before our IPO / as at the LPD.
- (2) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.
- (3) Based on our enlarged issued share capital of 482,798,567 Shares after our IPO.
- (4) Assuming that she fully subscribes for the Pink Form Shares allocated to her.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.4.4 Involvement of key senior management in other businesses or corporations**

Dato' Roger Wong's and Cheok Hui Yen's involvement in business activities and directorship in other businesses or corporations outside our Group for the past 5 years preceding the LPD are disclosed in Section 5.2.4 of this Prospectus.

Save as disclosed below, none of our other key senior management has any involvement in business activities and directorship in any other businesses or corporations outside our Group for the past 5 years preceding the LPD:

**(i) Chow Enn Jie**

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
<u>Present involvements</u> Dreamatt Sdn Bhd	Shareholder	14 July 2014	21 April 2022	49.00	-	Manufacture, assembling and trading of mattresses

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<u>Past involvements</u> Sapphire Dream Mattress Sdn Bhd	Director	3 March 2015	29 August 2018	-	Dormant, intended for trading of mattresses

**(ii) Wendy Kam**

Company	Position held	Date appointed as director	Date resigned as director	Involvements other than director	Principal activities
<u>Past involvements</u> Kam & Lim Management Services	Partnership	-	-	-	Accounting services



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Chow Enn Jie's present involvement in Dreamatt Sdn Bhd is only as a shareholder and he is not involved in the day-to-day operations of the company. As such, this will not affect his commitment and responsibilities to our Group.

### 5.4.5 Key senior management's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management (save for those for Dato' Roger Wong and Cheok Hui Yen, which are as disclosed in Section 5.2.6 of this Prospectus) for services rendered / to be rendered to our Group in all capacities for the FYE 2022 and FYE 2023 are as follows:

Name of key senior management	Remuneration band (in bands of RM50,000) <sup>(1)</sup>	
	Paid for FYE 2022 RM'000 <sup>(2)</sup>	Proposed for FYE 2023 RM'000 <sup>(3)</sup>
Chow Enn Jie	350 – 400	200-250
Wendy Kam	250 – 300	300-350
Teoh Huey Hong	350 – 400	150-200

Notes:

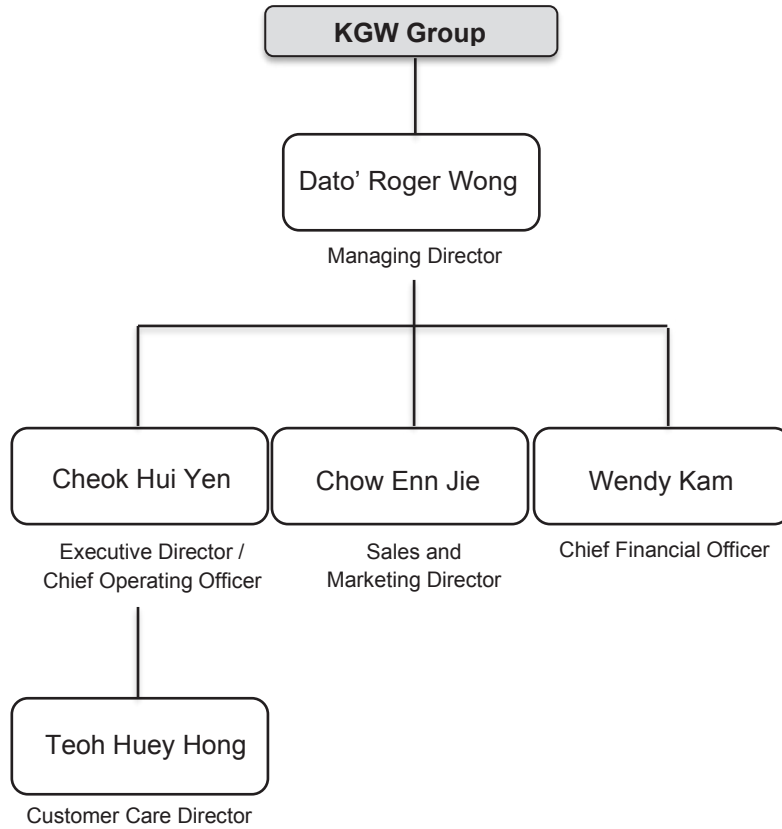
- (1) The remuneration includes salaries, allowances, bonuses and commission.
- (2) Our Group has in place commission policy to motivate our employees to bring in sales. In this regard, employees are rewarded based on GP generated from the clients under his/her portfolio and were generally paid on staggered basis over a period of 12 months. Since 1 July 2022, this commission is no longer applicable to Chow Enn Jie and Teoh Huey Hong, who are our key senior management as well as shareholders of our Company. This commission is also not applicable to Wendy Kam, who is our key senior management.
- (3) The provision for bonuses is not included. Such bonuses, if any, will be determined at a later date depending on the individual performance and the performance of our Group, subject to the recommendation of our Remuneration Committee and approval by our Board.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**5.4.6 Management Reporting Structure**

The management reporting structure of our Group is as follows:



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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

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**5.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

None of our Promoters, Directors and key senior management is or was involved in any of the following events, whether within or outside Malaysia:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him / her or any partnership in which he / she was a partner or any corporation of which he / she was a director or member of key senior management;
- (ii) 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, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against him / her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his / her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, he / she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his / her part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him / her from engaging in any type of business practice or activity;
- (vii) being 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) has an unsatisfied judgment against him / her.

**5.6 FAMILY RELATIONSHIPS OR ASSOCIATIONS**

There is no family relationship or association between any of our Promoters, substantial shareholders, Directors and/or key senior management as at the LPD.

**5.7 SERVICE CONTRACTS**

As at the LPD, none of our Directors and/or key senior management has any existing or proposed service contracts with our Group.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.8 EMPLOYEES

As at the LPD, our Group has a total workforce of 69 full time employees and all our employees are Malaysian.

A breakdown of our Group's employees by department for the Period Under Review and as at the LPD is as follows:

Department	No. of employees as at				
	31 December				LPD
	2019	2020	2021	2022	
Executive Directors and Management	2	2	4	7	7
Accounts and Finance	3	6	11	10	9
Customer Service	26	24	27	35	36
International Business Development	3	5	4	3	2
Sales and Marketing	7	8	6	12	12
Warehousing	-	-	-	3	3
<b>Total</b>	<b>41</b>	<b>45</b>	<b>52</b>	<b>70</b>	<b>69</b>

None of our employees, whether permanent or contractual, belong to any trade unions or have any labour relationship with any union, and there have been no industrial disputes since we commenced operations.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR GROUP

#### 6.1.1 Our Company

Our Company was incorporated in Malaysia on 14 March 2022 under the Act as a private company limited by shares under the name of KGW Group Sdn Bhd. On 7 October 2022, we were converted into a public limited company and assumed our present name. Our Company is an investment holding company and was incorporated to facilitate our Listing.

Through our subsidiaries, our Group's principal business activities include:

- (i) investment holding;
- (ii) logistics services; and
- (iii) warehousing and distribution of healthcare-related products and devices.

There have been no material changes in the manner in which we conduct our business or activities since the incorporation of our Company up to the LPD.

#### 6.1.2 Pre-listing internal restructuring exercise

Subsequent to FYE 2021, we carried out an internal restructuring exercise which involved the following steps ("**Internal Restructuring Exercise**"):

##### (i) **Shareholding restructuring of KGW Medica and increase in KGW Medica's issued share capital**

On 24 January 2022, certain existing shareholders of KGW Medica undertook a shareholding reorganisation ("**Share Reorg 1**"). Ordinary shares in KGW Medica held by these shareholders before and after the Share Reorg 1 are as follows:

Shareholders	No. of shares / % of shareholdings in KGW Medica				
	Before the Share Reorg 1	% of share capital	Acquisition / (Disposal)	After the Share Reorg 1	% of share capital
Dato' Roger Wong	1,275	51.00	-	1,275	51.00
Datin Wong Wan Jye	550	22.00	125	675	27.00
Ong Hoon Chen	125	5.00	(125)	-	-
Chan Sek Seng	550	22.00	-	550	22.00
<b>Total</b>	<b>2,500</b>	<b>100.00</b>	<b>-</b>	<b>2,500</b>	<b>100.00</b>

The Share Reorg 1 was undertaken to facilitate the exit of Ong Hoon Chen as a shareholder of KGW Medica. The transfer of 125 ordinary shares in KGW Medica was transacted at RM1 per share which was arrived at based on Ong Hoon Chen's cost of investment in those shares of RM1 per share. This is notwithstanding the unaudited NA per share of KGW Medica of RM30.79 as at 31 December 2021, in view of Ong Hoon Chen's short investment period of 4 months in KGW Medica. In this respect, Ong Hoon Chen has resolved to relinquish his shares in KGW Medica to focus on his full-time employment and other personal commitments.

On 25 January 2022 and 9 February 2022, KGW Medica increased its issued share capital by a total of RM297,500 from RM2,500 comprising 2,500 ordinary shares to RM300,000 comprising 300,000 ordinary shares by issuing a total of 297,500 new ordinary shares at an issue price of RM1 per share to its existing shareholders ("**New Issue**").

**6. INFORMATION ON OUR GROUP (CONT'D)**

Ordinary shares in KGW Medica held by these shareholders before and after the New Issue are as follows:

Shareholders	No. of shares / % of shareholdings in KGW Medica				
	Before the New Issue	% of share capital	New Issue	After the New Issue	% of share capital
Dato' Roger Wong	1,275	51.00	244,725	246,000	82.00
Datin Wong Wan Jye	675	27.00	26,325	27,000	9.00
Chan Sek Seng	550	22.00	26,450	27,000	9.00
<b>Total</b>	<b>2,500</b>	<b>100.00</b>	<b>297,500</b>	<b>300,000</b>	<b>100.00</b>

The New Issue was undertaken to raise working capital for KGW Medica.

**(ii) Shareholding restructuring of Mattroy Logistics**

On 7 April 2022, the existing shareholders of Mattroy Logistics undertook a shareholding reorganisation ("**Share Reorg 2**"). Ordinary shares in Mattroy Logistics held by these shareholders before and after the Share Reorg 2 are as follows:

Shareholders	No. of shares / % of shareholdings in Mattroy Logistics				
	Before the Share Reorg 2	% of share capital	Acquisition / (Disposal)	After the Share Reorg 2	% of share capital
Dato' Roger Wong	110,000	55.00	54,000	164,000	82.00
Chow Enn Jie	70,000	35.00	(42,000)	28,000	14.00
Cheok Hui Yen	20,000	10.00	(12,000)	8,000	4.00
<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>-</b>	<b>200,000</b>	<b>100.00</b>

The Share Reorg 2 was undertaken mainly to realign these shareholders' shareholdings in Mattroy Logistics with their respective contribution in the past and future contribution to Mattroy Logistics. The 54,000 ordinary shares in Mattroy Logistics were transacted at RM3.13 per share which was arrived at after taking into consideration the unaudited NA per share of Mattroy Logistics of RM3.13 as at 31 December 2021.

**(iii) Acquisitions**

(a) On 30 September 2022, KGW entered into a share sale agreement to acquire the entire issued share capital of KGW Logistics of RM1,000,000 comprising 1,000,000 ordinary shares for a purchase consideration of RM11,092,800. The purchase consideration was fully satisfied by the issuance of 369,760,000 new Shares at an issue price of RM0.03 per Share. Details of the vendors of KGW Logistics and the number of Shares issued to them under the Acquisition of KGW Logistics are as follows:

Vendors of KGW Logistics	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of KGW Shares issued
Dato' Roger Wong	820,000	82.00	9,096,096	303,203,200
Cheok Hui Yen	100,000	10.00	1,109,280	36,976,000
Chow Enn Jie	50,000	5.00	554,640	18,488,000
Teoh Huey Hong	30,000	3.00	332,784	11,092,800
<b>Total</b>	<b>1,000,000</b>	<b>100.00</b>	<b>11,092,800</b>	<b>369,760,000</b>

**6. INFORMATION ON OUR GROUP (CONT'D)**

The Acquisition of KGW Logistics was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 13 April 2023. The Acquisition of KGW Logistics was subsequently completed on 18 April 2023. Thereafter, KGW Logistics became our wholly-owned subsidiary. The total purchase consideration of RM11,092,800 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of KGW Logistics as at 31 December 2021 of RM11,092,831.

The new Shares issued under the Acquisition of KGW Logistics rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

- (b) On 30 September 2022, KGW entered into a share sale agreement to acquire the entire issued share capital of KGW Medica of RM300,000 comprising 300,000 ordinary shares for a purchase consideration of RM374,500. The purchase consideration was fully satisfied by the issuance of 12,483,333 new Shares at an issue price of RM0.03 per Share. Details of the vendors of KGW Medica and the number of Shares issued to them under the Acquisition of KGW Medica are as follows:

<b>Vendors of KGW Medica</b>	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>Purchase consideration (RM)</b>	<b>No. of KGW Shares issued</b>
Dato' Roger Wong	246,000	82.00	307,090	10,236,333
Datin Wong Wan Jye	27,000	9.00	33,705	1,123,500
Chan Sek Seng	27,000	9.00	33,705	1,123,500
<b>Total</b>	<b>300,000</b>	<b>100.00</b>	<b>374,500</b>	<b>12,483,333</b>

The Acquisition of KGW Medica was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 13 April 2023. The Acquisition of KGW Medica was subsequently completed on 18 April 2023. Thereafter, KGW Medica became our wholly-owned subsidiary. The purchase consideration of RM374,500 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of KGW Medica as at 31 December 2021 of RM76,985 and subsequent increase in its issued share capital by a total of RM297,500 on 25 January 2022 and 9 February 2022.

The new Shares issued under the Acquisition of KGW Medica rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

- (c) On 30 September 2022, KGW entered into a share sale agreement to acquire the entire issued share capital of Mattroy Logistics of RM200,000 comprising 200,000 ordinary shares for a purchase consideration of RM626,800. The purchase consideration was fully satisfied by the issuance of 20,893,334 new Shares at an issue price of RM0.03 per Share. Details of the vendors of Mattroy Logistics and the number of Shares issued to them under the Acquisition of Mattroy Logistics are as follows:

<b>Vendors of Mattroy Logistics</b>	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>Purchase consideration (RM)</b>	<b>No. of KGW Shares issued</b>
Dato' Roger Wong	164,000	82.00	513,976	17,132,534
Chow Enn Jie	28,000	14.00	87,752	2,925,067
Cheok Hui Yen	8,000	4.00	25,072	835,733
<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>626,800</b>	<b>20,893,334</b>

**6. INFORMATION ON OUR GROUP (CONT'D)**

The Acquisition of Mattroy Logistics was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 13 April 2023. The Acquisition of Mattroy Logistics was subsequently completed on 18 April 2023. Thereafter, Mattroy Logistics became our wholly-owned subsidiary. The purchase consideration of RM626,800 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of Mattroy Logistics as at 31 December 2021 of RM626,259.

The new Shares issued under the Acquisition of Mattroy Logistics rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

**6.1.3 Share capital and changes in share capital**

As at the LPD, our issued share capital is RM12,094,110 comprising 403,136,767 Shares.

Details of the changes in our issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital (RM)</b>
14 March 2022	100	Subscribers' shares	RM10.00	10.00
18 April 2023	403,136,667	Otherwise than cash for the Acquisitions	RM12,094,100.01	12,094,110.01

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM28,823,088 comprising 482,798,567 Shares.

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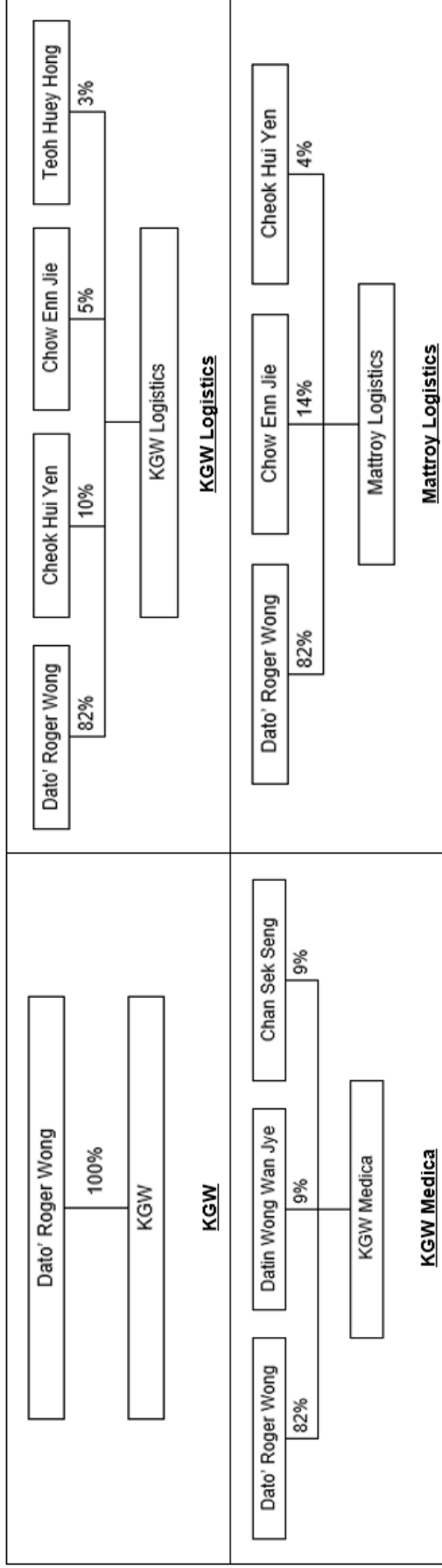


**6. INFORMATION ON OUR GROUP (CONT'D)**

**6.1.4 Our Group structure**

(i) Our Group structure before the Acquisitions, and after our IPO is illustrated below:

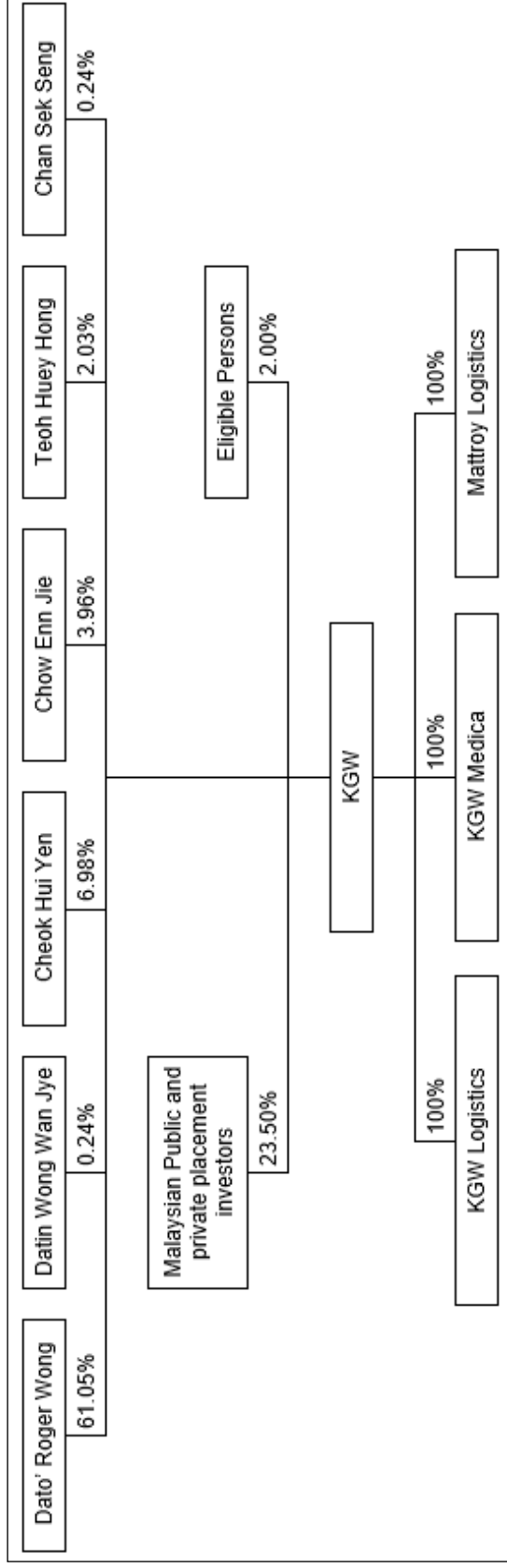
**Before the Acquisitions**



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**6. INFORMATION ON OUR GROUP (CONT'D)**

**After our IPO**



(ii) Details of the companies within our Group are set out below:

Companies within our Group	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
KGW Logistics	15 September 2005 Malaysia	Malaysia	1,000,000	100.00	Logistics services
KGW Medica	24 June 2021 Malaysia	Malaysia	300,000	100.00	Warehousing and distribution of healthcare-related products and devices
Mattroy Logistics	3 September 2014 Malaysia	Malaysia	200,000	100.00	Logistics services

Further details on our Subsidiaries are set out in Section 6.2 of this Prospectus. As at the LPD, we do not have any associate companies.

**6. INFORMATION ON OUR GROUP (CONT'D)****6.2 INFORMATION ON OUR SUBSIDIARIES****6.2.1 KGW Logistics****(i) Background and history**

KGW Logistics was incorporated in Malaysia on 15 September 2005 under the Companies Act 1965 as a private limited company under the name of Kunn-G Worldwide Services (M) Sdn Bhd and is deemed registered under the Act. It assumed its present name on 21 August 2007.

**(ii) Share capital**

As at the LPD, the issued share capital of KGW Logistics is RM1,000,000 comprising 1,000,000 shares.

Details of the changes in the issued share capital of KGW Logistics since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Nature of transaction</b>	<b>Consideration (RM)</b>	<b>Cumulative issued share capital (RM)</b>
15 September 2005	2	Subscribers' shares	2	2
15 November 2005	99,998	Issue for cash	99,998	100,000
31 January 2011	150,000	Issue for cash	150,000	250,000
8 April 2019	750,000	Issue for cash	750,000	1,000,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, KGW Logistics does not have any outstanding warrants, options, convertible securities and uncalled capital.

**(iii) Substantial shareholder and directors**

As at the LPD, KGW Logistics is our wholly-owned subsidiary. The director of KGW Logistics is Dato' Roger Wong.

**(iv) Subsidiary and associate**

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

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.2.2 KGW Medica****(i) Background and history**

KGW Medica was incorporated in Malaysia on 24 June 2021 under the Act as a private limited company under its present name.

**(ii) Share capital**

As at the LPD, the issued share capital of KGW Medica is RM300,000 comprising 300,000 shares.

Details of the changes in the issued share capital of KGW Medica since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Nature of transaction</b>	<b>Consideration (RM)</b>	<b>Cumulative issued share capital (RM)</b>
24 June 2021	2,500	Subscribers' shares	2,500	2,500
25 January 2022	97,500	Issue for cash	97,500	100,000
9 February 2022	200,000	Issue for cash	200,000	300,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, KGW Medica does not have any outstanding warrants, options, convertible securities and uncalled capital.

**(iii) Substantial shareholder and directors**

As at the LPD, KGW Medica is our wholly-owned subsidiary. The directors of KGW Medica are Dato' Roger Wong, Datin Wong Wan Jye and Chan Sek Seng.

**(iv) Subsidiary and associate**

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

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.2.3 Mattroy Logistics****(i) Background and history**

Mattroy Logistics was incorporated in Malaysia on 3 September 2014 under the Companies Act 1965 as a private limited company under its present name and is deemed registered under the Act.

**(ii) Share capital**

As at the LPD, the issued share capital of Mattroy Logistics is RM200,000 comprising 200,000 shares.

Details of the changes in the issued share capital of Mattroy Logistics since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Nature of transaction</b>	<b>Consideration (RM)</b>	<b>Cumulative issued share capital (RM)</b>
3 September 2014	100	Subscribers' shares	100	100
8 October 2014	99,900	Issue for cash	99,900	100,000
4 February 2015	100,000	Issue for cash	100,000	200,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, Mattroy Logistics does not have any outstanding warrants, options, convertible securities and uncalled capital.

**(iii) Substantial shareholder and directors**

As at the LPD, Mattroy Logistics is our wholly-owned subsidiary. The directors of Mattroy Logistics are Dato' Roger Wong and Chow Enn Jie.

**(iv) Subsidiary and associate**

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

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.3 LOCATIONS OF OPERATIONS**

As at the LPD, our Group operates from the following premises in Selangor:

<b>Company</b>	<b>Main functions</b>	<b>Location of facilities (Address)</b>
KGW Logistics and Mattroy Logistics	Office	D5-7-1 (Block D5) and D-11-9-G, D11-10-G, D-11-10-1, D-11-11-G, D-11-11-1 (Block D11) Dana 1 Commercial Centre Jalan PJU 1A/46, 47301 Petaling Jaya Selangor Darul Ehsan
KGW Medica	Office cum warehouse	D5-7-G, Block D5 Dana 1 Commercial Centre Jalan PJU 1A/46, 47301 Petaling Jaya Selangor Darul Ehsan

Please refer to Section 7.20 of this Prospectus for further information of our Group's material lands and buildings.

**6.4 PUBLIC TAKE-OVERS**

During the last financial year and up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

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## **7. BUSINESS OVERVIEW**

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### **7.1 OUR HISTORY AND BACKGROUND**

Our Company was incorporated in Malaysia on 14 March 2022 as a private limited company under the name of KGW Group Sdn Bhd. On 7 October 2022, our Company was converted into a public limited company and assumed its current name. Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the provision of logistics services (ocean freight services, air freight services and freight forwarding services) as well as warehousing and distribution of healthcare-related products and devices.

The history of our Group commenced with the incorporation of KGW Logistics under the name of Kunn-G Worldwide Services (M) Sdn Bhd on 15 September 2005 by Dato' Roger Wong and Dato' Choi Fook Chye. The company went through a series of shareholding restructuring from 2005 to 2021 involving, among others, the disposal of Dato' Choi Fook Chye's entire shareholding in 2013 to his spouse, Datin Liew Min Nar, followed by the entry of our key senior management, namely Cheok Hui Yen, Chow Enn Jie and Teoh Huey Hong, as shareholders in 2018, and the eventual exit of Datin Liew Min Nar as a shareholder in 2021. These shareholding restructurings were undertaken to enable equity participation by our key senior management in the company as well as to facilitate the exit of Datin Liew Min Nar who opted to focus on her other business commitments.

Through Kunn-G Worldwide Services (M) Sdn Bhd, we provided logistics services for ocean and air cargo shipments with our main focus on shipments between Malaysia and the USA. We rented and established our first office at SunwayMas Commercial Centre, Kelana Jaya, Selangor.

We initially began our operations by serving Malaysian exporters and importers in their ocean cargo shipments to or from overseas. We mainly assisted exporters and importers as their agent in dealing with ocean carriers for cargo space booking and handling export / import documentation requirements. We arranged and coordinated our first export ocean shipment to the USA in the second half of 2005. We subsequently arranged and coordinated export ocean shipments to South America, Europe, Asia and Oceania; and our first import ocean shipment from Vietnam into Malaysia in the same year.

By the end of 2005, we were also appointed as an agent in Malaysia to act on behalf of a USA-based freight forwarder, UT Freight Service (U.S.A.) Ltd. In 2006, we were appointed as an agent in Malaysia to act on behalf of another USA-based freight forwarder, namely You First Express Inc. As an agent, we assisted our principals by promoting their services to exporters in Malaysia who intend to ship their products from Malaysia to the USA. During the same year, we expanded our services when we arranged and coordinated our first import air shipment from the USA into Malaysia and our first export air shipment from Malaysia to the USA.

With the growth of our business and expansion of logistics services offered to our customers, we decided to rebrand and Kunn-G Worldwide Services (M) Sdn Bhd assumed its current name, KGW Logistics (M) Sdn Bhd, on 21 August 2007.

In March 2008, we moved into a new office located at Dana 1 Commercial Centre, Ara Damansara, Selangor to cater for our growing business.

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## 7. BUSINESS OVERVIEW (CONT'D)

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In 2010, KGW Logistics obtained its registration as a NVOCC with the United States Federal Maritime Commission (“**FMC**”). The FMC is an independent expert agency charged with regulating liner shipping in USA trades. As a NVOCC registered with the FMC, we are able to issue our own house bill of lading and we are permitted to enter into service contracts with ocean carriers (“**Carrier Service Contracts**”) directly, where we commit to procuring a certain minimum quantity of cargo space over a fixed period of time in exchange for ocean carriers committing to a certain freight rate for a fixed period of time (unless amended with written confirmations). This allows us better control in the provision of ocean freight services for shipments to the USA given our contractual cargo space availability and pre-determined freight costs.

In 2011, we completed our first non-containerised ocean shipment, where we had to arrange for the delivery of 12 units of oil tanks from Malaysia to Singapore.

In 2014, we incorporated Mattroy Logistics, which focuses on the provision of logistics services for shipments between Malaysia and non-USA countries.

In 2015, in tandem with our continued growth, we leased an additional office, also located in Dana 1 Commercial Centre.

In 2017, KGW Logistics was awarded the Outstanding SME Award at the Golden Bull Award organised by Business Media International. In the same year, we also received the SME100 Awards: Malaysia’s Fast Moving Companies from Business Media International.

In 2018, we expanded further by leasing another office unit in Dana 1 Commercial Centre. In the same year, we were awarded the SME & Entrepreneurship Business Award from Yayasan Usahawan Malaysia | MyPreneurship in the category of “3PL of the Year”.

In 2019, KGW Logistics received the Gold Award in the “Services” category (SMEs) in the Export Excellence Awards organised by Star Media Group. KGW Logistics was also awarded the Prominent Business Best Brands Award by The Brand Laureate.

In 2020, we leased an additional office unit as well as another office cum storage unit also located in Dana 1 Commercial Centre.

In 2021, KGW Logistics was awarded the Logistics Company of the Year award at the inaugural Kuala Lumpur International Logistics & Transport Exhibition Excellence Awards co-organised by the Ministry of Transport Malaysia. In June of the same year, we incorporated KGW Medica with the plan to venture into warehousing and distribution of healthcare-related products and devices. Pending the development of this business, KGW Medica briefly ventured into the trading of healthcare-related products. We have since March 2022 shifted our focus back into the warehousing and distribution business upon securing customers for this business.

With a track record of approximately 18 years, we are currently a logistics services provider offering mainly ocean and air freight services as well as freight forwarding services for cargo shipments to and from the USA and other countries. As at the LPD, we are also involved in warehousing and distribution of healthcare-related products and devices, which gives us an additional revenue stream that supplements our overall revenue model.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

The key milestones and achievements of our Group since the commencement of our business operations are as follows:

Year	Key Milestones and Achievements
2005	Incorporation of Kunn-G Worldwide Services (M) Sdn Bhd  Commenced operations in providing logistics services for ocean and air cargo shipments focusing on shipments between Malaysia and the USA
2007	Kunn-G Worldwide Services (M) Sdn Bhd was rebranded and assumed its current name, KGW Logistics (M) Sdn Bhd
2008	Shifted our office to Dana 1 Commercial Centre, Ara Damansara, Selangor to cater for our growing business
2010	KGW Logistics obtained registration as a NVOCC with the FMC
2014	Incorporated Mattroy Logistics to focus on logistics services for shipments between Malaysia and non-USA countries
2017	Awarded the Outstanding SME Award at the Golden Bull Award organised by Business Media International  Awarded the SME100 Awards: Malaysia's Fast Moving Companies from Business Media International
2018	Awarded the SME & Entrepreneurship Business Award from Yayasan Usahawan Malaysia   MyPreneurship in the category of "3PL of the Year"
2019	Awarded the Gold Award in the "Services" category (SMEs) in the Export Excellence Awards organised by Star Media Group  Awarded the Prominent Business Best Brands Award by The Brand Laureate
2021	Incorporated KGW Medica to venture into the provision of warehousing and distribution of healthcare-related products and devices  Awarded the Logistics Company of the Year award at the inaugural Kuala Lumpur International Logistics & Transport Exhibition Excellence Awards co-organised by the Ministry of Transport Malaysia
2022	Secured KGW Medica's first customer for warehousing and distribution services

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.3 PRINCIPAL ACTIVITIES**

Logistics is widely known as the overall process of managing how resources (such as raw materials, in-process stocks and finished goods) are acquired, stored and transported to their final destination.

The logistics industry can be segmented into transport service providers and logistics service providers. Transport service providers are generally the carriers or providers of the principal transport modes, which include the operators of road, rail, air and sea transport, multimodal operators and terminal operators.

On the other hand, logistics service providers are often referred to as the transport intermediaries, who provide support to the aforesaid principal transport modes through the provision of various logistics services. These logistics services include those relating to, among others, organising the international movement of cargo, regulatory compliance and clearance, warehousing and/or distribution.

Through our subsidiaries, namely KGW Logistics and Mattroy Logistics, we provide logistics services including ocean freight services, air freight services and freight forwarding services. KGW Logistics focuses on logistics services for cargo shipments to and from the USA while Mattroy Logistics focuses on those to and from other countries. Our customers for logistics services are exporters, importers and other freight forwarders, both local and foreign.

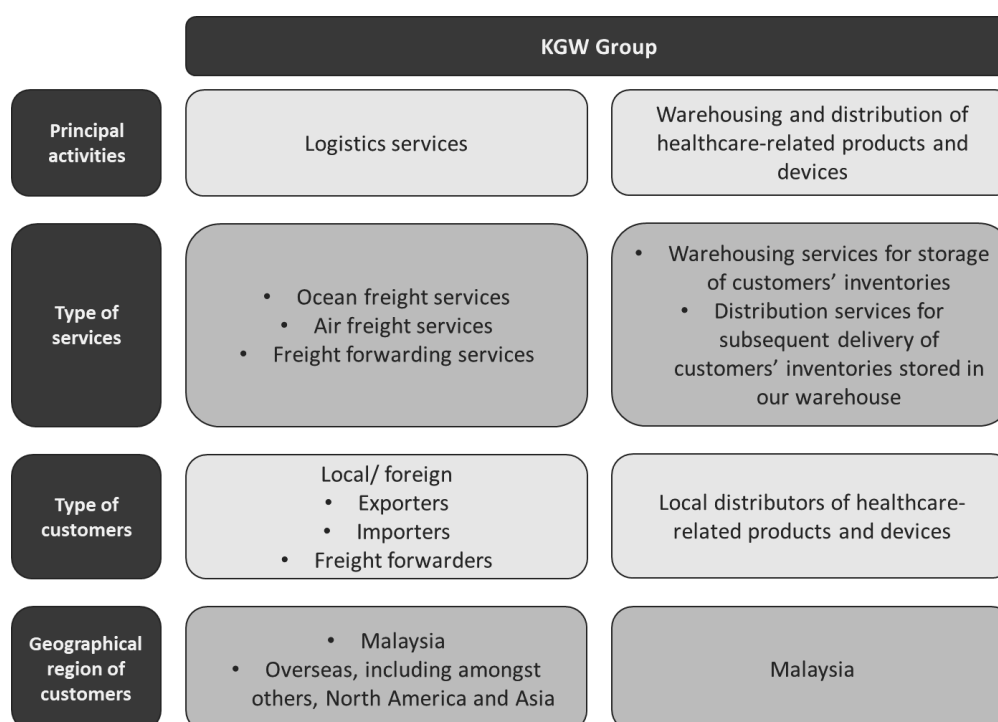
Besides our logistics services business, our Group, through KGW Medica, is also involved in the warehousing and distribution of healthcare-related products and devices within Malaysia. KGW Medica was incorporated on 24 June 2021 with the plan to venture into warehousing and distribution of healthcare-related products and devices. Pending the development of this business, KGW Medica briefly ventured into trading of healthcare-related products, mainly COVID-19 antigen self-test kits. KGW Medica will discontinue its trading of healthcare-related products operations upon full disposal of its existing inventories.

KGW Medica commenced warehousing and distribution operations since March 2022. As at the LPD, KGW Medica's customers for warehousing and distribution are local distributors of healthcare-related products and devices.

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## 7. BUSINESS OVERVIEW (CONT'D)

Our business model is depicted in the diagram below:



Our revenue segmentation for the Period Under Review is as follows:

### Revenue segmentation by business activities

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Logistics services</b>								
- Ocean freight	38,935	89.76	58,663	92.34	187,839	96.12	223,518	97.31
- Air freight	2,039	4.70	1,891	2.98	1,899	0.97	1,814	0.79
- Freight forwarding	2,405	5.54	2,971	4.68	3,858	1.98	2,705	1.18
	43,379	100.00	63,525	100.00	193,596	99.07	228,037	99.28
<b>Warehousing and distribution of healthcare-related products and devices</b>	-	-	-	-	(1)1,823	0.93	(2)1,658	0.72
<b>Total</b>	<b>43,379</b>	<b>100.00</b>	<b>63,525</b>	<b>100.00</b>	<b>195,419</b>	<b>100.00</b>	<b>229,695</b>	<b>100.00</b>

#### Notes:

(1) Solely from trading.

(2) Include trading as well as warehousing and distribution of healthcare-related products and devices.

**7. BUSINESS OVERVIEW (CONT'D)****Revenue segmentation by geographical region of customers**

Our principal market is Malaysia as 78.43%, 78.05%, 56.02% and 50.24% of our revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 was generated from our customers in Malaysia.

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	34,022	78.43	49,584	78.05	109,471	56.02	115,402	50.24
Overseas								
- Asia <sup>(1)</sup>	5,281	12.18	6,695	10.54	25,758	13.18	30,559	13.30
- Africa <sup>(2)</sup>	92	0.21	88	0.14	389	0.20	1,390	0.61
- Europe <sup>(3)</sup>	821	1.89	253	0.40	2,743	1.40	1,581	0.69
- Oceania <sup>(4)</sup>	152	0.35	224	0.35	403	0.21	988	0.43
- North America <sup>(5)</sup>	3,011	6.94	6,667	10.50	56,279	28.80	79,670	34.68
- South America <sup>(6)</sup>	-	-	14	0.02	376	0.19	105	0.05
	<b>9,357</b>	<b>21.57</b>	<b>13,941</b>	<b>21.95</b>	<b>85,948</b>	<b>43.98</b>	<b>114,293</b>	<b>49.76</b>
<b>Total</b>	<b>43,379</b>	<b>100.00</b>	<b>63,525</b>	<b>100.00</b>	<b>195,419</b>	<b>100.00</b>	<b>229,695</b>	<b>100.00</b>

**Notes:**

- (1) Including China, Singapore and Vietnam.
- (2) Including Egypt, Morocco and South Africa.
- (3) Including United Kingdom, France and Netherlands.
- (4) Including Australia, New Zealand and Tonga.
- (5) Including USA, Canada and Mexico. Customers from the USA contributed RM3.00 million, RM6.56 million, RM49.55 million and RM78.08 million of our revenue in FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, making it the foreign country with the largest revenue contribution to our Group based on location of customers.
- (6) Including Colombia, Argentina and Brazil.

**Revenue segmentation by geographical region of shipment destination**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia <sup>(1)</sup>	5,178	11.94	5,501	8.66	<sup>(3)</sup> 9,903	5.07	<sup>(4)</sup> 9,460	4.12
Overseas <sup>(2)</sup>								
- Asia <sup>(5)</sup>	7,096	16.36	9,117	14.35	17,252	8.83	20,242	8.81
- Africa <sup>(6)</sup>	2,524	5.82	5,587	8.80	5,916	3.03	4,732	2.06
- Europe <sup>(7)</sup>	6,216	14.33	4,822	7.59	13,798	7.06	24,303	10.58
- Oceania <sup>(8)</sup>	645	1.49	956	1.50	2,170	1.11	5,075	2.21
- North America <sup>(9)</sup>	21,167	48.79	35,975	56.63	144,471	73.93	165,021	71.84
- South America <sup>(10)</sup>	553	1.27	1,567	2.47	1,909	0.97	862	0.38
	<b>38,201</b>	<b>88.06</b>	<b>58,024</b>	<b>91.34</b>	<b>185,516</b>	<b>94.93</b>	<b>220,235</b>	<b>95.88</b>
<b>Total</b>	<b>43,379</b>	<b>100.00</b>	<b>63,525</b>	<b>100.00</b>	<b>195,419</b>	<b>100.00</b>	<b>229,695</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW (CONT'D)**Notes:

- (1) Represents import shipments into Malaysia.
- (2) Represents export shipments from Malaysia to overseas.
- (3) Includes revenue generated from trading of healthcare-related products in Malaysia of RM1.82 million.
- (4) Includes revenue generated from trading, warehousing and distribution of healthcare-related products and devices in Malaysia of RM1.66 million.
- (5) Includes India, Indonesia and Vietnam.
- (6) Includes Nigeria, South Africa and Egypt.
- (7) Includes Netherlands, Germany and Spain.
- (8) Includes Australia, New Zealand and Fiji.
- (9) Includes USA, Canada and Mexico. Shipments to the USA contributed RM16.71 million, RM29.64 million, RM130.41 million and RM154.06 million of our revenue in FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, making it the country with the largest revenue contribution to our Group based on shipment destination.
- (10) Includes Chile, Brazil and Peru.

**Revenue segmentation by type of customers**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Exporters and importers <sup>(1)</sup>	30,757	70.90	45,121	71.03	121,667	62.26	167,808	73.06
Freight forwarders	12,622	29.10	18,404	28.97	71,929	36.81	60,229	26.22
Customers for trading, warehousing and distribution of healthcare-related products and devices <sup>(2)</sup>	-	-	-	-	1,823	0.93	1,658	0.72
<b>Total</b>	<b>43,379</b>	<b>100.00</b>	<b>63,525</b>	<b>100.00</b>	<b>195,419</b>	<b>100.00</b>	<b>229,695</b>	<b>100.00</b>

Notes:

- (1) These include end customers (i.e. actual shipper or consignee) and are distinguished from freight forwarders (local and foreign) or customers involved in providing logistics services themselves.
- (2) Customers for trading of healthcare-related products include local retail pharmacies and small and medium companies / enterprises. Customers for warehousing and distribution of healthcare-related products and devices include local distributors of healthcare-related products and devices.

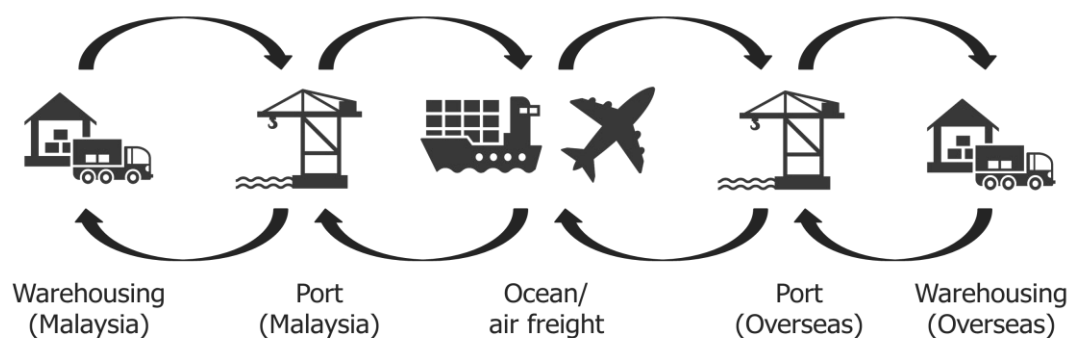
## 7. BUSINESS OVERVIEW (CONT'D)

### 7.3.1 Provision of logistics services

As a logistics services provider, we offer the services to arrange and coordinate the complete process of a shipper's shipment of cargo. In an export trade, the shipment process starts from the factory / warehouse of a shipper in Malaysia up to the delivery of cargo at the designated location of an overseas consignee. In an import trade, the shipment process starts from the factory / warehouse of an overseas shipper and ends at a consignee's factory / warehouse in Malaysia.

The following diagram illustrates the general movement of cargo in an export / import trade in Malaysia.

#### EXPORT



#### IMPORT

The complete shipment process typically involves:

- land transportation from the original designated location to the port of loading;
- ocean / air transportation from a Malaysian port of loading to an overseas port of discharge, or from an overseas port of loading to a Malaysian port of discharge;
- land transportation from the port of discharge to the final designated location; and
- preparation and submission of relevant shipping documentations for customs clearance and release of cargo.

Our logistics services can be classified into the following categories:

#### (a) Ocean freight services

Through an extensive network of freight forwarders and multiple ocean carriers that we work with, we are able to arrange and coordinate export and import ocean cargo shipments for our customers. Our ocean freight services mainly entail our Group arranging for booking of cargo space directly with ocean carriers, and thereafter coordinating the shipment from the port of loading to the port of discharge. We appoint foreign freight forwarders to handle our customers' cargo in foreign countries from or to which the cargo is shipped.

We offer our ocean freight services to exporters, importers and other freight forwarders, both local and foreign.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Our ocean freight services are mainly catered for container shipping. During the Period Under Review, most of our revenue from ocean freight services was in relation to container shipping. Within container shipping, we focus on providing ocean freight services for Full Container Load (“**FCL**”) shipping instead of Less than Container Load (“**LCL**”) shipping. FCL shipping refers to ocean shipment of container in which the cargo of a single customer occupies a full container. LCL shipping, on the other hand, involves the coordination and consolidation of multiple ocean cargo shipments from various shippers into 1 full container shipment.

We handled 13,742 TEU, 17,242 TEU, 17,106 TEU and 14,837 TEU of containers as part of our ocean freight services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. These containers handled were for FCL shipping and included both export and import shipments.

We enter into Carrier Service Contracts annually for certain shipping routes to secure certain minimum quantity of cargo space at certain freight rates. These Carrier Service Contracts require us to ship certain committed quantity of cargo (in TEUs) (“**Committed TEUs**”). If we are unable to meet the Committed TEUs, we may be required to pay for deficit charges for the dead freight (i.e. the cargo amount agreed to be shipped but remained unshipped) which will be calculated based on the difference between the volume actually shipped and the Committed TEUs multiplied by the freight rate per unit as set out in the contract. During the Period Under Review, we fulfilled the Committed TEUs under most of our Carrier Service Contracts, except for a few which we have agreed mutually with the ocean carriers to reduce the Committed TEUs. We have not in the past and up to LPD incurred any deficit charges.

During the Period Under Review and as at the LPD, our Carrier Service Contracts are for shipments between Malaysia and various states and provinces of USA and Canada.

In addition to container shipping, we are able to handle shipment of project cargo or over-sized cargo which may not fit into a standard shipping container. This type of cargo generally requires us to inspect the cargo to determine its size, weight and condition. We then determine the special equipment or container to be used to handle the cargo. In the event that the said cargo is too large for a common container vessel, we will arrange for shipping via a heavy-lift or breakbulk vessel. We will subsequently establish shipping rates for our customer and once agreed upon, we will secure the booking with the carrier. While we did not handle any shipment of project cargo or over-sized cargo from FYE 2019 to FYE 2021, we arranged and coordinated the shipment of approximately 1,980 tonnes of steel coil from Malaysia to the USA for 2 exporters in FYE 2022.

As part of our ocean freight services and upon the request of our ocean freight services customers, we also provide land transportation and/or warehousing services to facilitate our customers’ overall shipment process.

Our land transportation services are mainly catered for the transportation of cargo to the port of loading for onward ocean shipment, or from the port of discharge to consignees. These land transportation services are provided by third-party haulage companies or rail transport companies engaged directly by us (for services required within Malaysia), or indirectly via ocean carriers or foreign freight forwarders (for services required outside of Malaysia).

Our warehousing services are mainly catered for our customers who require temporary storage of cargo. These warehousing services are provided by third-party warehouse operators engaged directly by us.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **(b) Air freight services**

Through working with our network of freight forwarders, we offer the services to arrange and coordinate export and import air cargo shipments for our customers. Our air freight services mainly entail our Group arranging for booking of air cargo space from other freight forwarders, and thereafter coordinating the shipment from the port of loading to the port of discharge. We generally offer our air freight services to local and foreign exporters and importers, and other foreign freight forwarders. The air cargo that we handle are usually for customers that require a shorter delivery time.

We handled 190 MT, 81 MT, 91 MT and 121 MT of air cargo as part of our air freight services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. This air cargo handled included both export and import shipments.

We source for air cargo space from other freight forwarders as this enables us to procure a more competitive pricing given our relatively low demand for air cargo space, which would not support our direct price negotiation with air carriers. In general, there is no minimum space procurement that an air carrier requires for a direct price negotiation. However, we view that an annual procurement of at least 50 to 100 MT of cargo space from a single air carrier is necessary to facilitate the said direct price negotiation for us to obtain commercially competitive rates. In addition, an International Air Transport Association (IATA) cargo agent accreditation is required for a direct sourcing of air cargo space from air carriers. We do not have the intention to become an IATA-accredited cargo agent in the near term.

We do not have any service contracts for procurement of air cargo space with any party.

Similar to our ocean freight services, we also provide land transportation and/or warehousing services to our air freight services customers upon request.

### **(c) Freight forwarding services**

Our freight forwarding services are usually provided to local and foreign exporters and importers, and foreign freight forwarders.

Our freight forwarding services mainly entail our Group arranging and coordinating the services of licensed customs agents for our ocean freight services or air freight services customers to obtain customs clearance of their shipments. We facilitate the process of obtaining customs clearance by assisting in the preparation and compilation of relevant shipping documents, and liaising between our customers and the licensed customs agents to minimise errors in the process.

Our freight forwarding services also entail our Group providing handling services mainly to foreign freight forwarders for their customers' shipments to be exported from or imported into Malaysia. These handling services are mainly for preparation, submission and/or procurement of shipping documents required for purposes of customs clearance or facilitating the release / departure of the shipments.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### 7.3.2 Warehousing and distribution of healthcare-related products and devices

Noticing the increasing demand for healthcare-related products and devices and building on our experience in the provision of logistics services, we incorporated KGW Medica in 2021 to venture into the business of warehousing and distribution of healthcare-related products and devices. Pending the development of this business, KGW Medica briefly ventured into trading of healthcare-related products, mainly COVID-19 antigen self-test kits. KGW Medica will discontinue its trading of healthcare-related products operations upon full disposal of its existing inventories.

Our warehousing and distribution services for healthcare-related products and devices mainly include storage of our customers' inventories, and subsequent delivery of such items based on our customers' instructions. In this respect, our services are mainly charged as follows:

- (i) storage – based on storage space required and length of storage period;
- (ii) delivery – based on charges on a 'per delivery' basis (vary based on delivery location) or a percentage of the total value of the invoice for the goods delivered, depending on the services agreed to be provided by KGW Medica.

We store these healthcare-related products and devices at our rented warehouse in Dana 1 Commercial Centre. We utilise a warehouse management system (“WMS”) to facilitate the operations at our warehouse. The WMS we utilise is a local third-party web-based and monthly subscription-based software that enables us to manage the inventory of goods in our warehouse, track delivery of goods, monitor inventory levels, and plan for picking, packing and delivery of goods. The WMS also allows us to generate reports such as a detailed stock report, sales order report and purchase order report. Additionally, our customers are also able to monitor the inventory level of their goods at our warehouse through our WMS.

We have utilised our WMS since the commencement of the business of warehousing and distribution of healthcare-related products and devices, and our WMS had always been a web-based software that does not require a physical server to be placed in our premises. In the event the web-based server experiences downtime or malfunction, the aforesaid third-party system provider will offer the server maintenance services to us without cost.

We established the WMS in 2022 upon securing our first customers for our warehousing and distribution of healthcare-related products and devices business segment. The cost for the WMS was approximately RM40,497, or 0.02% of our Group's revenue for the FYE 2022. We intend to continue with the same service provider due to our familiarity of the aforesaid software system. However, in the event that our service provider decides to cease offering the aforesaid WMS to us or if there are other WMS that offer similar services in a more cost-effective manner, our Group is able to migrate / switch to another service provider.

We undertake delivery using our own transportation vehicle and/or third-party transportation service providers. As at the LPD, we operate with a 2.48-tonne truck to support our warehousing and distribution operations.

As at the LPD, the products handled by us for our warehousing and distribution customers include nutritional products such as milk powders for diabetic patients, general wellness and lactose intolerant individuals; health supplements such as vitamin gummies, ginkgo and milk thistle; and medical devices such as thermometers, blood pressure monitors and silicone catheters.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.4 BUSINESS PROCESS

In general, the process flow of an export ocean shipment from Malaysia starts from a local designated location (such as a warehouse or factory) whereby the containers will be transported to the port of loading by third-party haulage companies. Prior to loading the containers onto the vessel, the freight forwarder will make bookings for cargo space with the respective ocean carriers and prepare the required documentation for customs clearance in order for the containers to be shipped to the destination country.

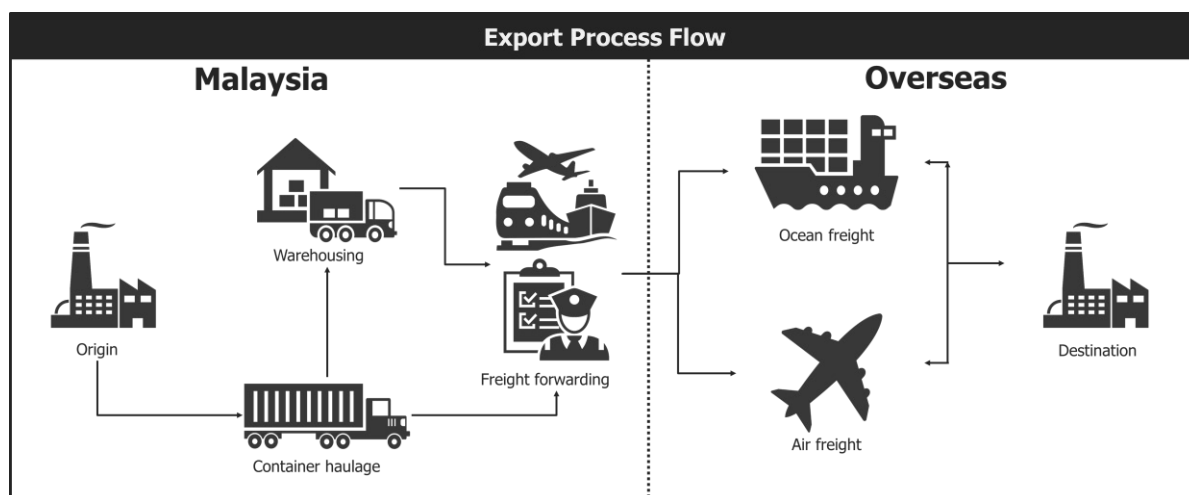
Once the containers have arrived at the designated overseas port of discharge, the foreign freight forwarder will prepare the documents needed to collect the containers from the respective carriers and for customs clearance. The foreign freight forwarder will then schedule and arrange for the containers to be transported from the port of discharge to the final designated location (such as a warehouse).

In this respect, our Group utilises the services of several foreign freight forwarders on a vendor-customer basis. We work together with several freight forwarders to develop ocean and air freight business between the 2 parties such as exchanging information on logistics traffic between our countries and increasing logistics flow between our countries. We will also assist each other in areas such as customs clearance as well as delivery to the consignee. For FYE 2022, our Group has engaged the services of 259 foreign freight forwarders.

The process flow of an import ocean shipment into Malaysia is similar to that of an export ocean shipment, except for its commencement from a designated location in a foreign country and its conclusion at a designated location in Malaysia.

Further details of our Group's business process flow in arranging and coordinating a customer's export shipment and import shipment are illustrated below:

#### 7.4.1 Process flow for arranging and coordinating export shipment



#### (i) Receive enquiry from customer, source for suppliers, prepare quotation to customer and issue booking confirmation

Upon receiving an enquiry from the customer, we will prepare a quotation. We will request for relevant details such as shipping method, pick up location, destination, preferred route, shipment volume, shipment dates, shipment terms and type, measurement and weight of cargo from the customer to prepare our quotation. Once the customer has agreed on the quotation, booking for cargo space will be placed by us accordingly.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Thereafter, we will prepare a booking confirmation and cross-check the information stated therein with the booking confirmation issued by the respective carriers to ensure the information matches. We will then issue the booking confirmation to parties involved such as the customer and the licensed customs agent engaged for customs clearance purposes, and will follow up with the customer on the pick-up date.

The licensed customs agent engaged will be responsible for the completion and processing of the documentation required for obtaining customs clearance of the shipment, while we will assist in the preparation and compilation of relevant shipping documents and liaising between the customer and the licensed customs agent to minimise errors in the process. Our Group does not have an internal licensed customs agent and uses the services of third-party licensed customs agent on a vendor-customer basis.

**(ii) Schedule for delivery of cargo to port of loading**

Prior to the shipment date, we will engage with the customer to determine whether the customer requires land transportation services to deliver the cargo from its designated location to the port of loading. If such services are required, we will engage third-party haulage companies to collect and deliver the cargo based on the shipping schedule. If the customer chooses to deliver the cargo to the port on its own, we will provide the customer with the date and time by when the cargo should reach the port.

Simultaneously with the above, we will request for the invoice and packing list for the cargo from the customer and hand over to the licensed customs agent to arrange for customs clearance, if required. We will also arrange for the issuance of bill of lading (for ocean carrier) / air waybill (for air carrier) for the customer and liaise with the ocean or air carrier respectively, on the expected time of departure. We do not conduct physical inspection of the cargo shipped by our customer to ensure matching of information.

**(iii) Notification to customer and foreign freight forwarder, and delivery of cargo to consignee**

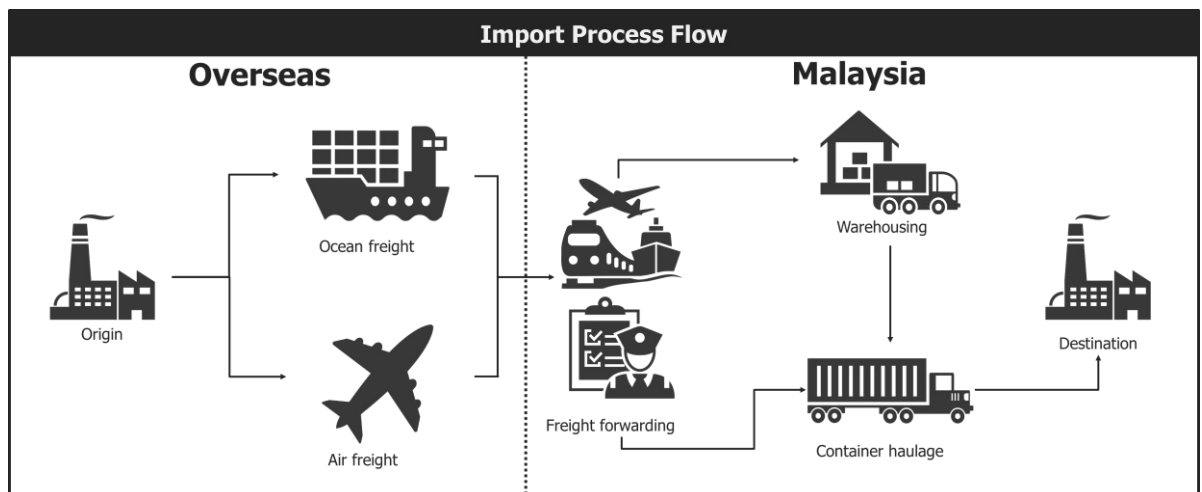
After the cargo has been loaded on board the vessel / aircraft and has departed from the port of loading, we will notify the customer on the departure of the shipment.

Before the cargo arrives at the port of discharge, we will notify the customer and the foreign freight forwarder appointed by us to handle the cargo in the destination country on the estimated arrival time. The appointed foreign freight forwarder will facilitate the release of cargo to the consignee. Once released, the cargo will be sent to the consignee via land transportation arranged by us or by the consignee directly.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.4.2 Process flow for arranging and coordinating import shipment



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

Upon receiving an enquiry from the customer to arrange and coordinate an import shipment, we will follow a process flow similar to that for an export shipment, as described in Section 7.4.1(i) above. We will appoint a foreign freight forwarder to handle the cargo in the origin country up to the departure of the cargo from the port of loading, including the role of arranging for customs clearance of the shipment at the port of loading.

**(ii) Schedule for delivery of cargo to the port of loading**

Our process flow for the delivery of cargo to the port of loading for an import shipment is similar to that for an export shipment, as described in Section 7.4.1(ii) above. These processes are handled by the foreign freight forwarder appointed by us in the origin country of the shipper. Similar to export shipment, physical inspection of the cargo shipped by our customer to ensure matching of information will not be conducted.

**(iii) Receive notification from foreign freight forwarder, and delivery of cargo to consignee**

We will receive shipment notification from the foreign freight forwarder after the cargo has been loaded on board the vessel / aircraft and departed from the port of loading. Upon receiving the relevant shipping documentation, we will send them to the local licensed customs agent for the preparation of customs clearance. Our Group does not have an internal licensed customs agent and uses the services of third-party licensed customs agent on a vendor-customer basis.

Upon the arrival of the cargo in Malaysia, we will liaise with the relevant carrier and licensed customs agent to facilitate the release of the cargo. Once released, the cargo will be sent to the consignee via land transportation arranged by us or by the consignee directly.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.4.3 Process flow for warehousing and distribution of healthcare-related products and devices



**(i) Receive goods**

We receive our customers' goods at our warehouse where we will check the goods such as verifying the type of goods delivered, the stock-keeping unit, and the quantity as per the delivery order from our customers.

**(ii) Warehouse goods**

Once the goods have been checked, we will store the goods accordingly, ensuring that each item is scanned for identification and record-keeping purposes.

**(iii) Receive sales order**

Upon receiving a sales order from our customers, we will generate a picking note whereby we will detail the type of goods and the quantity to be picked. We have been requested by our customers to deliver orders for up to 9 pallets or 60 cartons of products, depending on the individual sales order from our customers.

**(iv) Stock picking**

We will then pick the stock according to the picking note. The order is checked again prior to packing, after which a delivery order is generated.

**(v) Delivery**

Lastly, we will deliver the goods to the designated location as instructed by our customer using our own truck or through third-party transportation service provider. The end-customers of our customers are both commercial and corporate in nature as we deliver to entities such as retail pharmacies, clinics, and hospitals.

Our customers are able to keep track of their inventories through our WMS.

## 7.5 BUSINESS POSITIONING OF OUR GROUP IN THE LOGISTICS INDUSTRY

In providing logistics services, our Group is mainly responsible for arranging and coordinating ocean or air cargo shipments for customers to facilitate the whole shipment process for better efficiency.

Notwithstanding that our customers can source for logistics services offered by our Group directly from ocean / air carriers and / or haulage companies, our Group's key selling propositions are as follows:

**7. BUSINESS OVERVIEW (CONT'D)**

- (i) providing the convenience to shippers to deal with one point of contact for the whole shipment process;
- (ii) offering competitive freight rates which may not be accessible to shippers with low shipment volume;
- (iii) proposing optimal shipping route and schedule to shippers based on internal evaluation of options available in the market, thus saving them the hassle and time of comparing options offered by each individual carrier; and
- (iv) advising on the preparation and compilation of relevant shipping documents to ensure accuracy to prevent erroneous submission leading to delay in shipment.

As such, logistics services provided by our Group are deemed value-adding in facilitating trade activities.

For operational efficiency purposes, we do not operate our own fleet of transportation vehicles, but rely on the transportation services of ocean / air carriers and haulage companies for our logistics services operations. The said reliance on ocean / air carriers is common given the nature of the global shipping industry where international cargo transportations are mainly serviced by a relatively small number of established ocean / air carriers (as compared to the large number of shippers requiring these services) having the optimal fleet capacity, multinational operations and global route network for an efficient and economical operation. In addition, our business strategy of appointing external haulage companies for movement of cargo to or from ports by road is mainly after evaluating the capital and operational requirements against the potential benefits from owning and operating a fleet of transportation vehicles to support our ocean / air freight services.

As we do not restrict our sourcing of transportation services to a list of approved ocean / air carriers or haulage companies, we are able to engage various ocean / air carriers or haulage companies when necessary. For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we engaged the services of 45, 42, 49, and 54 third-party ocean / air carriers or haulage companies respectively to support the provision of our logistics services.

In addition, as disclosed in Section 7.3.1(a) of this Prospectus, we maintain Carrier Service Contracts with various ocean carriers to facilitate our procurement of ocean cargo space to the USA and Canada region. These Carrier Service Contracts allow us to have better control in our provision of ocean freight services for shipments to the USA given our contractual cargo space availability and pre-determined freight costs.

However, even with these Carrier Service Contracts, 80% of the total TEU of containers handled by our Group per annum during the Period Under Review were not Committed TEUs under these service contracts. Apart from the Committed TEUs for shipments to the USA and Canada, we also procure additional ocean cargo space on a non-committed basis from ocean carriers having service contracts with us, as well as other ocean carriers / freight forwarders for shipments to / from other countries.

In general, these Carrier Service Contracts have the following characteristics:

- we are required to commit to a minimum quantity of cargo space over a fixed period of time (usually 1 year) in exchange for ocean carriers committing to a certain freight rate for the said fixed period of time (unless amended with written confirmations);
- they are not an exclusive contract;
- all the service contracts are generic standard contracts provided by the ocean carriers; and
- the terms of these service contracts are similar to all other contracts of similar nature.

## 7. BUSINESS OVERVIEW (CONT'D)

Our Carrier Service Contracts for the period ended 30 April 2023 comprised a total of 2,553 Committed TEUs, of which all have been fulfilled as at 30 April 2023. Subsequently, we have entered into new Carrier Service Contracts for the period ending 30 April 2024. These Carrier Service Contracts comprise a total of 2,700 Committed TEUs, of which 369 Committed TEUs (or 13.67%) have been fulfilled as at LPD.

Our business positioning as aforementioned enables our Group to focus our resources on our core competency of arranging and coordinating ocean / air cargo shipments for our customers. This is expected to enable our Group to continuously improve on the efficiency of our overall business operations for further growth.

### 7.6 SALES AND MARKETING STRATEGIES

#### 7.6.1 Network with other freight forwarders

Since our inception, we have established and maintained long-term business relationship and network with our customers and suppliers, which include other freight forwarders. This has allowed us to leverage our working relationship and network with other freight forwarders to attract new customers.

Certain foreign freight forwarders that we engage to handle our customers' shipments in overseas locations are also our customers as they sometimes engage our services to handle their customers' shipments to be exported from or imported into Malaysia. As such, freight forwarders can be considered both suppliers and customers of our Group. Our business relationship with these freight forwarders is on a vendor-customer basis. Our revenue generated from our provision of logistics services to other freight forwarders, both local and foreign, accounted for approximately 29.10%, 28.97%, 36.81% and 26.22% of our total revenue in FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. For the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we engaged with 264, 283, 332, and 319 freight forwarders respectively.

As such, we strive to strengthen our relationship with other freight forwarders within our network in order to develop further business opportunities for our Group. This is expected to facilitate our business expansion and in turn enhance our Group's financial performance.

Aside from maintaining existing relationships with other freight forwarders that we have established, we will also network through our paid memberships in various national and international logistics and freight forwarding associations and networks. The associations and networks that we are involved in as at the LPD are as follows:

First membership year	Current membership period <sup>(1)</sup>	Association/ Network	Country of origin	Purpose of association/ network
2009	Until 8 November 2023	WCA Inter Global ("WCA Ltd")	Hong Kong, Special Administrative Region of China	Its directory enables overseas freight forwarders to locate and engage other service providers to assist in their logistics requirements.

**7. BUSINESS OVERVIEW (CONT'D)**

<b>First membership year</b>	<b>Current membership period<sup>(1)</sup></b>	<b>Association/ Network</b>	<b>Country of origin</b>	<b>Purpose of association/ network</b>
2010	Until end of 2023	Federation of Malaysian Freight Forwarders & Selangor Freight Forwarders and Logistics Association	Malaysia	To promote and protect the common interest of members and to exchange and disseminate latest industry information to all members. To represent the interest of all logistics players in the ever changing governmental and business conditions of Malaysia.
2011	26 July 2022 until 27 June 2023	Pacific Power Logistics Network (" <b>PPL Network</b> ")	Hong Kong, Special Administrative Region of China	A network for independent freight forwarders and logistic service providers that supports its members in developing their logistics business on a global scale.
2017	Until end of 2023	International Federation of Freight Forwarders Associations	Austria	To represent the interest of its members by actively engaging with various international organisations, transportation organisations, and global partners and governments to promote and protect the interest of the industry.
2017	2021 until 2023	JCtrans Logistics Network (" <b>Jctrans</b> ")	China	A global logistics network that aims to provide global networking services for freight forwarders and other logistical service providers and facilitate relationships between logistics players globally.
2020	September 2020 until September 2023	Orange Logistics Organization (" <b>OLO</b> ")	China	An e-commerce platform providing integrated services for global logistics enterprises such as global network building and business matching.
2021	29 June 2021 until 29 June 2024	World International Freight Forwarder Alliance (" <b>WIFFA</b> ")	China	To help its members to seek new business and reliable partners for their logistics needs.
2021	23 November 2022 until 22 November 2024	Tandem Global Logistics	The Netherlands	An international network of independent logistics operators to facilitate relationships between logistics players globally.



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## **7. BUSINESS OVERVIEW (CONT'D)**

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Note:

- (1) In general, we will renew these memberships when the freight forwarding association and/or network issue an invoice for the renewal fees to us nearing to the expiry. We will deliberate on the membership fees and proceed to pay to maintain such membership.

### **7.6.2 Experienced sales and marketing team**

Our sales and marketing strategies are mainly driven by our Group's Sales and Marketing Director, Chow Enn Jie, who has 15 years of experience in the logistics industry. Over the years, he has acquired in-depth industry experience through our Group's sales and marketing activities and the development of our marketing strategies.

Chow Enn Jie currently leads our sales and marketing team, which is responsible for understanding the needs of potential customers before offering the appropriate logistics solutions to them. The team, comprising 13 personnel including Chow Enn Jie as at the LPD, is well-equipped with the relevant knowledge and experience to promote our services to potential customers. The team members have between 3 years and more than 30 years of experience in sales and marketing and have been with our Group for periods ranging from 5 months to 14 years.

The team also works closely with our international business development team of 3 personnel including Cheok Hui Yen to promote our services to foreign freight forwarders. We will continue to leverage the experience, knowledge and industry network of our sales and marketing team to identify and serve potential customers to further grow our business. The members of our international business development team have between 5 years and 17 years of experience in the relevant field and have been with our Group for periods ranging from 4 years to 17 years.

### **7.6.3 Corporate website**

Our corporate website, [www.kgwlogistics.com](http://www.kgwlogistics.com), provides basic information on our Group such as history, awards, certifications, affiliations, services offered by us and our contact information. This enables potential customers to have easy access to our Group's information, including our capabilities to meet their needs for logistics services. This will potentially enhance our market reach and exposure, and in turn provide additional business opportunities for us to offer our services.

### **7.6.4 Participating in trade fairs and exhibitions**

We participate in various local and foreign trade fairs and exhibitions organised by third-party organisers to raise market awareness of our Group as well as to promote services offered by us. In 2019, at the invitation of the Ministry of Entrepreneur Development and Cooperatives, we participated as an exhibitor in the *Minggu Usahawan Nasional* exhibition. We also participated in the Global Freight Forwarders Conference organised by Jctrans in both Malaysia and China in the same year. In 2020, we participated in the BiZ Meet & Go Global Program in Malaysia at the invitation of SME Corporation Malaysia, prior to the onset of the COVID-19 pandemic.

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**7. BUSINESS OVERVIEW (CONT'D)**

During the COVID-19 pandemic and when social distancing measures were imposed, we have participated in various online events in 2020, 2021 and 2022 as listed in the table below:

Month, Year	Event	Organiser
June 2020	2 <sup>nd</sup> OLO Global Logistics Cloud Meeting	OLO
September 2020	3 <sup>rd</sup> OLO Global Logistics Cloud Meeting	OLO
October 2020	2 <sup>nd</sup> Global Freight Forwarders Cloud Conference	Jctrans
October 2020	PPL Networks e-Summit 2020	PPL Network
November 2020	1 <sup>st</sup> WIFFA Cloud Expo Exhibition	WIFFA
December 2020	4 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
March 2021	5 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
March 2021	PPL Networks e-Summit 2021	PPL Network
March 2021	Specialist Freight Networks (SFN) Online Meeting	Specialist Freight Networks Ltd
June 2021	6 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
September 2021	7 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
October 2021	PPL Networks e-Summit 2021	PPL Network
October 2021	6 <sup>th</sup> International Cargo Freight Fair	WIFFA
November 2021	8 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
December 2021	2 <sup>nd</sup> WIFFA Cloud Expo Exhibition	WIFFA
March 2022	9 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
March 2022	Specialist Freight Networks (SFN) Online Meeting	Specialist Freight Networks Ltd
June 2022	10 <sup>th</sup> OLO Global Logistics Cloud Meeting	OLO
August 2022	4 <sup>th</sup> Global Freight Forwarders Cloud Conference	Jctrans

Upon the easing of COVID-19 related measures, we are now able to attend physical trade fairs and exhibitions. The trade fairs and exhibitions that we attended after the easing of restrictions are as follows:

Month, Year	Event	Organiser	Location
September 2022	WCA Asia Conference 2022	WCA Ltd	Pattaya, Thailand
October 2022	PPL Networks Annual Global Meeting	PPL Network	Bali, Indonesia
February 2023	WCA Annual Conference 2023	WCA Ltd	Singapore
February 2023	12 <sup>th</sup> Global Freight Forwarders Conference	Jctrans	Pattaya, Thailand
March 2023	Global Logistics Cooperation Conference	OLO	Bangkok, Thailand
March 2023	8 <sup>th</sup> GLA Global Logistics Conference	Global Logistics Alliance	Bangkok, Thailand
May 2023	14 <sup>th</sup> Annual General Meeting*	Tandem Global Logistics	Charleston, USA
May 2023	PPL Networks Annual Global Meeting	PPL Network	Bangkok, Thailand

## 7. BUSINESS OVERVIEW (CONT'D)

Note:

- \* The 14th Annual General Meeting organised by Tandem Global Logistics also included presentations by Tandem Global Logistics members and business development networking meetings between Tandem Global Logistics members.

### 7.6.5 Engaging with other freight forwarders and Malaysia External Trade Development Corporation (“MATRADE”)

Our sales and marketing efforts also include engaging, on a non-exclusive basis, with third-parties to promote Malaysian export activities as well as to provide advice on export and import procedures and regulations. We engage with USA-based freight forwarders and participate in meetings with said freight forwarders and potential USA-based exporters / importers that intend to ship goods to or from Malaysia. Through such meetings, we are able to advise the USA-based exporters / importers on the relevant regulations and procedures for shipping goods to or from Malaysia. By having contact with potential USA-based exporters / importers before they begin their export / import activities into / from Malaysia, we are able to position ourself as a logistics services provider and promote our services to them.

Additionally, we also promoted export activities of Malaysian businesses by participating in meetings with MATRADE and Malaysian businesses that intend to export their products overseas. We have in the past been invited by MATRADE to participate in discussion on the progress of cross-border export initiatives. Through our engagement with MATRADE, MATRADE has referred small and medium enterprises (“SMEs”) interested in expanding to and adopting cross-border business channels to our Group where we were able to provide advice and guidance as well as offer our logistics services to these SMEs.

We provide general advice and guidance to local Malaysian companies on Malaysia’s export logistics regulations, procedures and export clearance. We also provide general advice and guidance on the import regulations and procedures of the overseas country intended for export. Similarly, by having contact with potential Malaysian exporters before they begin their export activities, we are able to position ourself as a logistics services provider and promote our services to them.

### 7.7 TECHNOLOGY USED OR TO BE USED

We do not employ any special technology in our business operations. However, we use application software for our day-to-day operations, such as freight management system for our logistics services operations and a WMS for our warehousing and distribution of healthcare-related products and devices business.

The freight management system that we utilise is a local third-party web-based system that enables us to generate booking confirmation, input customer and vendor information, input carrier and agent information, input shipping instructions, generate bill of lading, track jobs, as well as generate shipment analysis reports, which facilitate our business operations. Prior to the onset of the COVID-19 pandemic, our Group had purchased the freight management system software and a server to store the freight management system. The server was placed at our premises and utilised by our employees for our logistics operations. As a result of the COVID-19 pandemic and resulting work-from-home measures imposed, our existing freight management software was migrated onto a web-based server and we currently pay a hosting fee on a quarterly basis to maintain the web-based server. In this respect, if the web-based server experiences any downtime or malfunction, the aforesaid third-party system provider will offer the server maintenance services to us without cost.

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**7. BUSINESS OVERVIEW (CONT'D)**

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The cost of the freight management system was approximately RM7,750, RM7,013, RM12,738 and RM19,000 in the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, which represented 0.02%, 0.01%, 0.01% and 0.01% of our Group's revenue respectively. We intend to continue with the same service provider due to our familiarity of the aforesaid software system. However, in the event that our service provider decides to cease offering the aforesaid freight management system to us, our Group is able to migrate / switch to another service provider.

**7.8 INTERRUPTIONS IN BUSINESS**

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

The impact of the COVID-19 pandemic on our Group is as follows:

**Impact on our business operations**

COVID-19 was officially declared as a pandemic by the World Health Organization on 11 March 2020. In light of the COVID-19 pandemic, the Malaysian Government had announced and imposed various control measures to curb and reduce COVID-19 transmissions across different states or localities in the country at different points in time since 18 March 2020. These control measures include the different phases of Movement Control Order ("MCO") from 18 March 2020 to 31 May 2021 and the different phases of the National Recovery Plan ("NRP") from 1 June 2021 onwards. We are currently in the transition to endemic phase since April 2022.

As our business was categorised as one of the essential services, we were allowed to continue our business operations at our business premises throughout different phases of MCO and NRP with a reduced physical workforce capacity (depending on the phase of MCO or NRP). However, lockdown measures imposed in different parts of the world due to the COVID-19 pandemic had caused disruption in the global shipping industry such as shortage of labour to handle shipping containers at various ports and fluctuations in the demand for ocean shipment due to global supply chain disruptions. These had mainly led to port congestions, significant increase in ocean freight rates and limited supply of ocean cargo space.

While some of the shipments that we arranged for our customers experienced delay due to the aforesaid port congestions, there was no claim against us by our customers for late delivery of shipment during the COVID-19 pandemic.

As for the significant increase in ocean freight rates, it was mainly caused by the limited supply of ocean cargo space in view of the global supply chain disruptions. Nevertheless, we have been able to pass on these increases in ocean freight rate to our customers given our customers' reliance on ocean shipment for transporting their goods. As a result, we recorded increase in our revenue in FYE 2021 and FYE 2022 in line with the increase in ocean freight rate during the same period.

Nevertheless, we experienced a decrease in our business volume growth from 17,242 TEU of containers handled in FYE 2020 to 17,106 TEU of containers handled in FYE 2021 and to 14,837 TEU of containers handled in FYE 2022. The decrease in business volume was mainly attributable to the limited supply of ocean cargo space for container shipments as caused by the global supply chain disruptions following the COVID-19 pandemic, which reduced the availability of ocean cargo space for us to arrange for our customers' shipments, especially during the first half of 2022. Supply of ocean cargo space subsequently normalised in the second half of 2022.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **Impact on our cash flows, liquidity, financial position and financial performance**

Notwithstanding that the COVID-19 pandemic has caused disruptions to the global economy and world trade, we were able to achieve revenue growth during this challenging time mainly because our ocean freight services continued to be in demand given the importance of ocean shipment in international supply chains. While we experienced significant increases in ocean freight rates during the COVID-19 pandemic, we managed to pass on these increases in costs to our customers and preserved our gross profit margin. Our Group recorded revenue of RM195.42 million for the FYE 2021 as compared to RM63.53 million in FYE 2020. Our revenue further increased to RM229.70 million in FYE 2022. Our gross profit margin was 14.19%, 16.88% and 15.33% for FYE 2020, FYE 2021 and FYE 2022 respectively.

We did not experience any significant delay in the collection of our trade receivables arising from business interruptions faced by our customers. We also continued to generate net cash from operating activities in FYE 2020, FYE 2021 and FYE 2022 during the COVID-19 pandemic. Further, our current ratio improved from 1.22 times as at 31 December 2019 to 1.38 times, 1.34 times and 2.87 times as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively.

### **7.9 SEASONALITY**

We do not experience any material seasonality in our business as the demand for our services are generally not subject to seasonal fluctuations.

### **7.10 EXCHANGE CONTROL**

Our Group has not established any place of business outside of Malaysia. As such, we are not subject to any governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.11 MAJOR CUSTOMERS**

Our Group has a large customer base which includes local and foreign exporters, importers and other freight forwarders, to whom we provide mainly ocean freight services. In addition, our exporter and importer customers are from a wide range of industries such as metal products, chemical products and other industrial products. Due to this reason, we have been able to achieve revenue growth during the Period Under Review through revenue contribution from different major customers.

Our Group generated 25.37% and 19.88% of our revenue from the Press Metal Group in FYE 2019 and FYE 2020 respectively, which made it our single largest customer for those years. Nevertheless, this trend did not repeat in FYE 2021 and FYE 2022 as we did not deal with the Press Metal Group in the said years. To the best of our knowledge, this was mainly because the Press Metal Group may have opted to procure ocean freight services from other freight forwarders who offered more competitive pricing to them. We achieved revenue growth of RM131.89 million in FYE 2021 and RM34.28 million in FYE 2022 mainly through services provided to other existing customers such as Rierden Chemical & Trading Company and PMB Silicon Sdn Bhd, as well as new customers such as CNC Cabinetry Inc, Camel Energy Inc and Interstate Batteries.

Premised on the above, we are not dependent on any single major customer for revenue generation.

Our top 5 major customers for the Period Under Review are as follows:

**FYE 2019**

	Principal products / services	Country of incorporation	Country of shipment destination	Length of relationship (years) <sup>(1)</sup>	Revenue contribution	
					RM'000	(2)%
Press Metal Group	Producer of aluminium products	Malaysia	Mexico, Netherlands and Spain <sup>(3)</sup>	6	11,004	25.37
Sunpower International Industrial Co Limited	Freight forwarding services	China	USA	6	2,764	6.37
WaterCo (Far East) Sdn Bhd	Swimming pool and spa products, and water treatment equipment	Malaysia	USA, United Kingdom and France <sup>(3)</sup>	18	2,246	5.18
KGF Logistics (M) Sdn Bhd	Freight forwarding services	Malaysia	USA, Canada and Australia	15	2,130	4.91
Rierden Chemical & Trading Company	Chemical trading	USA	USA	9	2,080	4.79
<b>Total</b>					<b>20,224</b>	<b>46.62</b>

**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2020**

	Principal products / services	Country of incorporation	Country of shipment destination	Length of relationship (years) <sup>(1)</sup>	Revenue contribution	
					RM'000	(2)%
Press Metal Group	Producer of aluminium products	Malaysia	Nigeria, Mexico and Vietnam <sup>(3)</sup>	6	12,631	19.88
Rierden Chemical & Trading Company	Chemical trading	USA	USA	9	4,498	7.08
KGF Logistics (M) Sdn Bhd	Freight forwarding services	Malaysia	USA and Canada	15	3,906	6.15
WaterCo (Far East) Sdn Bhd	Swimming pool and spa products, and water treatment equipment	Malaysia	USA, France and Belgium <sup>(3)</sup>	18	1,984	3.12
Sunpower International Industrial Co Limited	Freight forwarding services	China	USA	6	1,499	2.36
<b>Total</b>					<b>24,518</b>	<b>38.59</b>

**FYE 2021**

	Principal products / services	Country of incorporation	Country of shipment destination	Length of relationship (years) <sup>(1)</sup>	Revenue contribution	
					RM'000	(2)%
Rierden Chemical & Trading Company	Chemical trading	USA	USA	9	21,363	10.93
CNC Cabinetry Inc	Importation of cabinet and furniture	USA	USA	3	8,001	4.09
PMB Silicon Sdn Bhd	Raw material for aluminium and chemical industry	Malaysia	Netherlands, India and Germany <sup>(3)</sup>	4	7,994	4.09
Lion Worldwide Services (M) Sdn Bhd	Freight forwarding services	Malaysia	USA	15	4,809	2.46
Wei Dat Steel Wire Sdn Bhd	Steel wire manufacturing	Malaysia	USA and Philippines	5	4,760	2.44
<b>Total</b>					<b>46,927</b>	<b>24.01</b>

**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2022**

	Principal products / services	Country of incorporation	Country of shipment destination	Length of relationship (years) <sup>(1)</sup>	Revenue contribution	
					RM'000	(2)%
Rierden Chemical & Trading Company	Chemical trading	USA	USA	9	27,790	12.10
PMB Silicon Sdn Bhd	Raw material for aluminium and chemical industry	Malaysia	Netherlands, India and Poland <sup>(3)</sup>	4	23,141	10.07
Camel Energy Inc	Automotive batteries	USA	USA	3	13,617	5.93
Interstate Batteries	Automotive batteries	USA	USA, Canada and Puerto Rico	3	9,955	4.33
CNC Cabinetry	Importation of cabinet and furniture	USA	USA	3	7,500	3.27
<b>Total</b>					<b>82,003</b>	<b>35.70</b>

Notes:

(1) Length of relationship is determined as at the LPD.

(2) Based on revenue of RM43.38 million for FYE 2019, RM63.53 million for FYE 2020, RM195.42 million for FYE 2021 and RM229.70 million for FYE 2022.

(3) Represent the top 3 countries of shipment destination amongst others.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.12 TYPES, SOURCES AND AVAILABILITY OF INPUTS**

The main inputs that we purchase for our business operations are ocean cargo space. We incurred ocean freight charges of RM26.57 million, RM41.19 million, RM145.32 million and RM177.88 million for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, and they accounted for 72.32%, 75.55%, 89.47% and 91.47% of our total cost of sales for the respective financial years.

Ocean freight charges are charges incurred by us from ocean carriers for cargo space procured for our customers' shipments. These charges generally fluctuate from time to time in accordance with the overall supply and demand condition for ocean cargo shipments. During the Period Under Review, we experienced material increase in ocean freight charges in FYE 2021 mainly as a result of the global supply chain disruption caused by the COVID-19 pandemic. Ocean freight rates subsequently moderated since mid-2022 in line with the easing of the global supply chain disruptions caused by the COVID-19 pandemic.

The global supply chain disruption caused by the COVID-19 pandemic has also resulted in shortage of ocean cargo space worldwide. Despite this, our Group was able to leverage our long-standing relationships with various ocean carriers to continue to procure cargo space for our customers' shipments. In this respect, we handled 13,742, 17,242 and 17,106 TEU of containers in FYE 2019, FYE 2020 and FYE 2021 respectively.

Due to the continued shortage of ocean cargo space during FYE 2022, we recorded a lower business volume for our ocean freight services in FYE 2022, whereby we handled 14,837 TEU of containers during the aforesaid year.

Please refer to Section 12.3 of this Prospectus for the impact of the aforementioned fluctuations in ocean freight rates and shortage of ocean cargo space on our business operations and financial performance during the Period Under Review.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.13 MAJOR SUPPLIERS**

Our top 5 major suppliers, from whom we procured ocean cargo space for our customers' shipments, represented 53.56%, 61.72%, 69.04% and 65.56% of our Group's total purchases in FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. These suppliers were selected mainly based on their availability of cargo space, pricing and shipping time.

In addition to our top 5 major suppliers, we also maintain business relationship with other multinational ocean carriers such as CMA CGM Malaysia Sdn Bhd, Hapag-Lloyd Malaysia Sdn Bhd and Ocean Network Express (Malaysia) Sdn Bhd. In general, all of these ocean carriers provide ocean freight and shipping services from Malaysia to major ports in the world. Based on our past transactions with these multinational ocean carriers in FYE 2022, we believe that we are able to procure ocean cargo space from them at a comparable pricing. As such, our business relationships with them provide us with additional avenues to source for ocean cargo space.

Notwithstanding that the MSC Group and OOCL Group accounted for more than 15% of our total purchases for each of the financial years during the Period Under Review, our substantial purchases of ocean cargo space from them during the Period Under Review were mainly due to the timing of availability of ocean cargo space from them and our customers' requirements for shipments, which change from time to time and are unpredictable. In general and as set out above, ocean carriers are selected by us mainly based on their availability of cargo space, pricing and shipping time. In addition, our customers usually do not impose any requirement on our selection of ocean carrier in arranging their shipments. As such, we are able to procure ocean cargo space from any ocean carriers with whom we have business relationships for our business operations. During the Period Under Review, we also made substantial purchases of ocean cargo space (accounting for close to or more than 10% of our total purchases) from other ocean carriers such as Maersk Malaysia Sdn Bhd in FYE 2019 and Cosco Shipping Lines (Malaysia) Sdn Bhd in FYE 2021.

Premised on the above, our Group is not dependent on any single major supplier, including the MSC Group and OOCL Group, for services required for our business operations.

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**7. BUSINESS OVERVIEW (CONT'D)**

Our top 5 major suppliers for the Period Under Review are as follows:

**FYE 2019**

	Principal products / services	Country of incorporation	Length of relationship (years) <sup>(1)</sup>	Purchases	
				RM'000	(2)%
MSC Group <sup>(3)</sup>	Ocean freight and shipping	Malaysia, USA	18	5,923	15.35
OOCL Group <sup>(4)</sup>	Ocean freight and shipping	Malaysia, China	18	5,821	15.09
Maersk Malaysia Sdn Bhd	Ocean freight and shipping	Malaysia	17	3,781	9.80
Extra Trade Enterprise	Freight forwarding	Malaysia	6	2,960	7.67
Evergreen Group <sup>(5)</sup>	Ocean freight and shipping	Malaysia	18	2,179	5.65
<b>Total</b>				<b>20,664</b>	<b>53.56</b>

**FYE 2020**

	Principal products / services	Country of incorporation	Length of relationship (years) <sup>(1)</sup>	Purchases	
				RM'000	(2)%
MSC Group <sup>(3)</sup>	Ocean freight and shipping	Malaysia, USA	18	12,776	22.19
OOCL Group <sup>(4)</sup>	Ocean freight and shipping	Malaysia, China	18	11,141	19.35
Maersk Malaysia Sdn Bhd	Ocean freight and shipping	Malaysia	17	4,192	7.28
Cosco Shipping Lines (Malaysia) Sdn Bhd	Ocean freight and shipping	Malaysia	9	3,733	6.48
Pacific Selatan Agency Sdn Bhd	Shipping agency	Malaysia	16	3,695	6.42
<b>Total</b>				<b>35,537</b>	<b>61.72</b>

**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2021**

	Principal products / services	Country of incorporation	Length of relationship (years) <sup>(1)</sup>	Purchases	
				RM'000	(2)%
OOCL Group <sup>(4)</sup>	Ocean freight and shipping	Malaysia, China	18	51,482	30.58
MSC Group <sup>(3)</sup>	Ocean freight and shipping	Malaysia, USA	18	30,397	18.05
Cosco Shipping Lines (Malaysia) Sdn Bhd	Ocean freight and shipping	Malaysia	9	19,465	11.56
Evergreen Group <sup>(5)</sup>	Ocean freight and shipping	Malaysia, USA	18	7,952	4.72
Super Cargo Service Co Ltd	Shipping agency	Vietnam	9	6,960	4.13
<b>Total</b>				<b>116,256</b>	<b>69.04</b>

**FYE 2022**

	Principal products / services	Country of incorporation	Length of relationship (years) <sup>(1)</sup>	Purchases	
				RM'000	(2)%
MSC Group <sup>(3)</sup>	Ocean freight and shipping	Malaysia, USA	18	52,227	26.99
OOCL Group <sup>(4)</sup>	Ocean freight and shipping	Malaysia, China	18	32,896	17.00
Yang Ming Group <sup>(6)</sup>	Ocean freight and shipping	Malaysia, Taiwan	17	15,500	8.01
Evergreen Group <sup>(5)</sup>	Ocean freight and shipping	Malaysia, USA	18	14,110	7.29
Cosco Shipping Lines (Malaysia) Sdn Bhd	Ocean freight and shipping	Malaysia	9	12,131	6.27
<b>Total</b>				<b>126,864</b>	<b>65.56</b>

**Notes:**

(1) Length of relationship is determined as at the LPD.

(2) Based on total purchases of RM38.58 million for FYE 2019, RM57.57 million for FYE 2020, RM168.37 million for FYE 2021 and RM193.51 million for FYE 2022.

**7. BUSINESS OVERVIEW (CONT'D)**

- (3) Since June 2022, there were substantial payments in USD for purchases of ocean cargo space and services to Mediterranean Shipping Company USA Inc. (incorporated in the USA) by us to reduce foreign exchange differences arising from collection from customers in USD but payment for purchases in RM (payment to Mediterranean Shipping Company (Malaysia) Sdn Bhd in RM). In view of this, purchases from the 2 companies within the MSC Group are presented collectively as a single major supplier group.
- (4) The 2 companies within the OOCL Group are presented collectively as a single major supplier group due to the following:
  - (i) throughout the Period Under Review, there were payments for purchases of ocean cargo space to Orient Overseas Container Line Limited (incorporated in China) by us in accordance with the payment instruction from the OOCL Group; and
  - (ii) since June 2022, there were also payments in USD by us to reduce foreign exchange differences arising from collection from customers in USD but payment for purchases in RM (payment to Orient Overseas Container Line (Malaysia) Sdn Bhd in RM).
- (5) Since June 2022, there were substantial payments in USD for purchases of ocean cargo space and services to Evergreen Shipping Agency (America) Corporation (incorporated in the USA) by us to reduce foreign exchange differences arising from collection from customers in USD but payment for purchases in RM (payment to Evergreen Marine Corp (Malaysia) Sdn Bhd in RM). In view of this, purchases from the 2 companies within the Evergreen Group are presented collectively as a single major supplier group.
- (6) Since June 2022, there were payments in USD for purchases of ocean cargo space and services to Yang Ming Marine Transport Corp (incorporated in Taiwan) by us to reduce foreign exchange differences arising from collection from customers in USD but payment for purchases in RM (payment to Yang Ming Line (M) Sdn Bhd in RM). In view of this, purchases from the 2 companies within the Yang Ming Group are presented collectively as a single major supplier group.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.14 QUALITY CONTROL**

We place emphasis on the quality of our services and as such, quality control measures are implemented in the key aspects of our business operations. Such quality control measures include standardising export and import shipment handling procedures, reviewing customers' feedback, and taking corrective action for non-conforming practices, should any occur.

In April 2022, our Group obtained ISO 9001:2015 Quality Management System certification from DQS Malaysia under the scope of "provision of freight forwarding services". As part of the requirements of this certification, our Group has established a quality manual which outlines the scope of our quality management system and explanation of every requirement under the said standard. Our Group's management is committed to the execution of the procedures established in the quality manual.

To ensure proper implementation of our quality management system, we have appointed our employees in different departments to perform quality control on department-specific tasks to ensure that the department's operations meet the required standards.

As for KGW Medica, we obtained the Good Distribution Practice for Medical Devices ("GDPMD") certification from Newera International in September 2021 which certifies our compliance with the GDPMD rules in relation to the supply chain of the healthcare-related products and devices that we handle. This includes import and export activities, storage and handling, warehousing and distributions, transportation, documentation as well as the traceability of the healthcare-related products and devices.

### **7.15 RESEARCH AND DEVELOPMENT ACTIVITIES**

As a logistics services provider, we do not undertake, and have not undertaken, any research and development activities in connection with our business operations.

### **7.16 COMPETITIVE STRENGTHS**

#### **7.16.1 We are a logistics services provider with a long track record of shipping to and from the USA**

Our Group provides ocean freight services specialising in shipping between Malaysia and the USA. We first arranged ocean shipments from Malaysia to the USA in 2005. Since then, we have accumulated approximately 18 years of track record in arranging and coordinating ocean shipments between Malaysia and various ports in the USA. Beginning from 2010, we also obtained our registration as a NVOCC with the FMC, which strengthened our positioning in the industry as a service provider focusing on ocean shipments between Malaysia and the USA.

Through our years of track record in providing shipping services from Malaysia to the USA, we have developed a network with other logistics services providers in various parts of the USA including freight forwarders and haulage companies. We engage these logistics services providers based in the USA to handle our customers' shipments upon arrival in the USA to facilitate the release of cargo to the consignee, as well as to arrange for land transportation of these cargo within the USA, if required by our customers. Through working with these logistics services providers within our network, we are able to arrange for shipping of goods from Malaysia to various locations in the USA, including inland cities such as Chicago, Atlanta, Dallas, and Memphis. This saves our customers from the hassle of having to engage and deal with multiple service providers in arranging for shipment of goods.

We believe that our long track record in arranging ocean shipments to and from the USA will provide us with the platform to compete effectively and grow our business in the future.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.16.2 We have a diversified and growing customer base**

We provide our logistics services to customers from a diversified range of industries. These industries include, among others, metal products, rubber gloves and chemical products. Our diversified customer base provides us with more business opportunities to grow our business as we stand to benefit from the collective demand for logistics services of different industries. By serving customers from different industries, we also believe that we are in a better position to achieve sustainable business growth as our business performance will be less susceptible to the downtrend of any single industry.

During the Period Under Review, we have continued to expand our customer base, recording approximately 400 new customers in each financial year. For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we served 1,073, 1,123, 1,338, and 1,357 customers (inclusive of new and returning customers) respectively. We believe that our diversified and growing customer base plays an important role in enabling us to grow or sustain our ocean freight cargo volume which was in the range of 13,000 to 17,000 TEUs during the Period Under Review. We also believe that our ability to continue attracting new customers is a testament to our experience in and knowledge of the logistics industry as well as our reputation in the market.

**7.16.3 Long-standing relationships with existing customers**

In addition to our ability to attract new customers, the credibility of our services is evidenced through our long-term business relationship with our customers, some of whom have been with our Group for more than 10 years. We believe that this shows our ability to keep up with the needs of our customers and providing them with the logistics services they require.

Our track record and long-standing business relationship with our customers will provide us a platform for our future growth and expansion, allowing our Group to strengthen our market position in the logistics industry in Malaysia.

**7.16.4 We have an experienced key senior management team with strong industry expertise and knowledge**

We are led by our co-founder and Managing Director, Dato' Roger Wong, who has played a crucial role in spearheading our business operations and expansion since our inception. He is responsible for overseeing our overall business operations, setting our strategic direction as well as the formulation and implementation of our business expansion strategies.

Dato' Roger Wong is supported by our Executive Director / Chief Operating Officer, Cheok Hui Yen, who is primarily responsible for strategising business plans, managing the business development of international markets and developing strategic partnerships with customers, suppliers and overseas freight forwarders. Dato' Roger Wong is further supported by Chow Enn Jie, our Sales and Marketing Director, who is mainly responsible for our sales and marketing activities including developing and implementing marketing strategies, as well as our Customer Care Director, Teoh Huey Hong, who is in charge of the daily operations of our customer service department, which handles contract negotiation with carriers, rate enquiries and quotation requests, shipment planning and cargo space booking. All of these key senior management personnel have more than 10 years of experience in the logistics industry and have been with our Group for more than 10 years.

As for our overall finance and accounting matters, we are supported by our Chief Financial Officer, Wendy Kam, who has more than 20 years of experience in the accountancy and finance field gained from her previous jobs in different industries.

Our key senior management team has substantial experience in their relevant fields and has gained in-depth understanding and knowledge of our Group's business operations. They have played a vital role in promoting our growth and business expansion through their commitment to our Group, and will continue to contribute to our growth in the future.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.16.5 We have an established network of suppliers from different regions of the world**

Since our inception in 2005, we have developed our network of suppliers from different regions of the world. These suppliers include, among others, ocean carriers and freight forwarders. By cooperating with these overseas suppliers, we are able to provide our logistics services efficiently where our overseas suppliers will assist us in handling our customers' shipments in the respective countries without us having to set up operations in the overseas countries.

As such, our network of suppliers provides us with the ability to arrange for cargo shipments from Malaysia to various countries. Due to this, we are able to market our services to a larger pool of potential customers as compared to a logistics services provider that is only able to arrange for cargo shipments to a limited number of countries. We arranged for export cargo shipments from Malaysia to 90, 92, 100 and 102 countries in the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Our established network of suppliers enables us to provide our services efficiently and serves as a platform for us to further seize business opportunities for growth. This is expected to help us to continuously expand our logistics services business.

### **7.17 OPERATING CAPACITY**

As a non-asset based logistics services provider, we do not have our own fleet of vehicles for our provision of logistics services. As such, operating capacity and its actual utilisation are not applicable to our logistics services business.

For our warehousing and distribution of healthcare-related products and devices, we currently operate an office cum warehouse located at Dana 1 Commercial Centre, Ara Damansara, Selangor measuring approximately 1,510 sq. ft. Following the commencement of our warehousing of goods for customers in May 2022, we recorded average utilisation rate for our warehouse space of approximately 57.94% for the FYE 2022, as estimated based on month-end space usage from May to December 2022.

### **7.18 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS**

Our Group is not dependent on any contracts, agreements, or other arrangements for our business operations. However, we are dependent on our NVOCC registration with the FMC, a major registration obtained by our Group, for our business operations. As at the LPD, the NVOCC registrations held by our Group were approved by the FMC in 2022 with validity up to February 2025 and August 2025 respectively. These registrations were approved without any major condition imposed. We rely on our NVOCC status to enter into Carrier Service Contracts with ocean carriers, which in turn allows us better control in the provision of ocean freight services for shipments to the USA given the contractual cargo space availability and pre-determined freight costs made available under these Carrier Service Contracts.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.19 MAJOR APPROVALS, LICENSES AND PERMITS OBTAINED**

Details of the major approvals, licenses and permits obtained by our Group as at the LPD are set out below:

Company	Description of certificate / licence / permit	Approving authority	Certificate no. / Registration no. / Licence no. / Permit no. / Reference no.	Validity period	Major conditions imposed	Status of compliance
KGW Logistics	License for trade, business & industries at D11-09-G, D11-10-G&1, D11-11-G&1, Block D11, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor	Petaling Jaya City Council (MBPJ)	L950000213010	1 January 2023 to 31 December 2023	Nil	N/A

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**7. BUSINESS OVERVIEW (CONT'D)**

Company	Description of certificate / licence / permit	Approving authority	Certificate no. / Registration no. / Licence no. / Permit no. / Reference no.	Validity period	Major conditions imposed	Status of compliance
KGW Logistics	Authority as freight forwarder under Section 90 Customs Act 1967	Department of Customs Malaysia	BZ1457	10 June 2023 to 9 June 2026	<ol style="list-style-type: none"> <li>1. Renewal of the Customs License shall be made not later than 90 days before its expiration.</li> <li>2. KGW Logistics may not change the name, status, address, sell or transfer ownership to any other parties without the consent of the Customs Department.</li> <li>3. Any violation of the conditions may be punishable under Section 138 of the Customs Act 1967 and any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding twenty thousand ringgit or to imprisonment for a term not exceeding five years or to both.</li> </ol>	<p>Noted</p> <p>Noted<sup>(1)</sup></p> <p>Noted</p>
KGW Logistics	Non-Vessel Operating Common Carrier	Federal Maritime Commission of the United States of America	022726	Up to 30 August 2025	Nil	N/A

**7. BUSINESS OVERVIEW (CONT'D)**

Company	Description of certificate / licence / permit	Approving authority	Certificate no. / Registration no. / Licence no. / Permit no. / Reference no.	Validity period	Major conditions imposed	Status of compliance
KGW Medica	License for trade, business and industries at D5-7-G (Ground Floor) and D5-7-1, Block D5, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor	Petaling Jaya City Council (MBPJ)	L2540000624017 / 12540000649439	1 January 2023 to 31 December 2023 / 10 January 2023 to 31 December 2023	Nil	N/A
KGW Medica	Establishment Licence as the authorized representative, distributor and importer at D5-7-G, Block D5, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor	Medical Device Authority Malaysia	MDA-2839-WDP121	13 October 2021 to 12 October 2024	<ol style="list-style-type: none"> <li>1. Licensee shall not permit for the license to be abused in any way by any party.</li> <li>2. Any changes or amendments to the information concerning the licence shall be notified to the authority.<sup>(2)</sup></li> <li>3. The licence shall be revoked or suspended if the licensee is found to amend the licence for the purpose of deceiving; not in compliance with Part III of Act 737 and Part V of the Regulations Medical Devices Regulations; found to amend the licence for the purpose of deceiving or other purpose; and allows the licence to be misused by another.</li> </ol>	<p>Complied</p> <p>Noted</p> <p>Noted</p>

**7. BUSINESS OVERVIEW (CONT'D)**

<b>Company</b>	<b>Description of certificate / licence / permit</b>	<b>Approving authority</b>	<b>Certificate no. / Registration no. / Licence no. / Permit no. / Reference no.</b>	<b>Validity period</b>	<b>Major conditions imposed</b>	<b>Status of compliance</b>
Mattroy Logistics	License for trade, business and industries at D11-09-G (Ground Floor), Block D5, Pusat Perdagangan Dana 1 Jalan PJJU 1A/46 47301, Petaling Jaya Selangor	Petaling Jaya City Council	L254000063750 4	3 January 2023 to 31 December 2023	Nil	N/A
Mattroy Logistics	Non-Vessel Operating Common Carrier	Federal Maritime Commission of the United States of America	031217	Up to 28 February 2025	Nil	N/A
Mattroy Logistics	Authority as freight forwarder under Section 90 Customs Act 1967	Department of Customs Malaysia	BZ3277	6 April 2023 to 5 April 2026	<ol style="list-style-type: none"> <li>1. Renewal of the Customs License shall be made not later than 90 days before its expiration.</li> <li>2. Mattroy Logistics may not change the name, status, address, sell or transfer ownership to any other parties without the consent of the Customs Department.</li> <li>3. Any violation of the conditions may be punishable under Section 138 of the Customs Act 1967 and any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding twenty thousand ringgit or to imprisonment for a term not exceeding five years or to both.</li> </ol>	<p>Noted</p> <p>Noted<sup>(3)</sup></p> <p>Noted</p>

**7. BUSINESS OVERVIEW (CONT'D)**

Notes:

- (1) KGW Logistics had vide letter dated 27 October 2022 applied to Royal Malaysian Customs Department (“**RMCD**”) to obtain consent for the change of shareholders in relation to the Acquisition of KGW Logistics. Please refer to Section 6.1.2 of this Prospectus for further information of the Acquisition of KGW Logistics. On 22 March 2023, KGW Logistics has obtained the consent from RMCD.
- (2) KGW Medica has notified the Medical Device Authority Malaysia in October 2022 for the change of business address to D5-7-G, Block D5, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor. As at the LPD, KGW Medica has received a revised licence reflecting the new business address.
- (3) Mattroy Logistics had vide letter dated 27 October 2022 applied to RMCD to obtain consent for the change of shareholders in relation to the Acquisition of Mattroy Logistics. Please refer to Section 6.1.2 of this Prospectus for further information of the Acquisition of Mattroy Logistics. On 22 March 2023, Mattroy Logistics has obtained the consent from RMCD.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.20 INFORMATION ON MATERIAL LANDS AND BUILDINGS**

**7.20.1 Properties owned by our Group**

A summary of the material property owned by our Group as at the LPD is as follows:

No.	Registered owner / Postal address / Title details	Category of land use / Tenure	Description of property / Existing use	Express conditions / Restriction-in-interest / Encumbrances	Land area / Built-up area	Date of issuance of CF/CCC	Audited NBV as at 31 December 2022 (RM'000)
(i)	<b>KGW Logistics</b> No. 6, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Eshan  Geran 215194, Lot 61800, Bandar Glenmarie, Daerah Petaling, Negeri Selangor Darul Eshan	<b>Category of land use</b> Industrial  <b>Tenure</b> Freehold	<b>Description of property</b> A piece of industrial land comprising:-  (i) a warehouse; and (ii) a 3-storey office building.  <b>Existing Use</b> Vacant <sup>(1)</sup>	<b>Express condition</b> Commercial (Perusahaan)  <b>Restriction-in-interest</b> None  <b>Encumbrances</b> (i) Private caveat by CIMB Islamic Bank Berhad  (ii) Charged to CIMB Islamic Bank Berhad	<b>Land area</b> 51,419 sq. ft.  <b>Built-up area</b> Double storey warehouse - 36,709 sq. ft.  3-storey office building - 16,098 sq. ft.	6 November 1996	21,075

Note:

(1) Kindly refer to Section 7.23 for the future use of this property.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.20.2 Properties rented by our Group**

A summary of the material properties rented by our Group for our operations as at the LPD is as follows:

No.	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Tenure of tenancy <sup>(1)</sup>	Rental per annum (RM)
(i)	Alpha Global Sdn Bhd	KGW Logistics	D11-11-G & D11-11-1 Block D11 Dana 1 Commercial Centre Jalan PJU 1A/46 47301 Petaling Jaya Selangor	<u>Description</u> 2-storey shop offices  <u>Existing Use</u> Office	3,513	1 November 2022 to 31 October 2023	90,000
(ii)	Innex America Sdn Bhd	KGW Logistics	D11-09-G Block D11 Dana 1 Commercial Centre Jalan PJU 1A/46 47301 Petaling Jaya Selangor	<u>Description</u> Ground floor unit of a 2-storey shop offices  <u>Existing Use</u> Office	1,384	1 February 2023 to 31 January 2024	37,800
(iii)	Datin Wong Wan Jye	KGW Logistics	D11-10-G & D11-10-1 Block D11 Dana 1 Commercial Centre, Jalan PJU 1A/46 47301 Petaling Jaya, Selangor	<u>Description</u> 2-storey shop offices  <u>Existing Use</u> Office	2,925	1 November 2021 to 31 October 2023 (Option to renew for an additional 2 years)	78,000
(iv)	Sisi Lau Wai Cheng	KGW Logistics	D5-7-G Block D5 Dana 1 Commercial Centre, Jalan PJU 1A/46,47301 Petaling Jaya, Selangor.	<u>Description</u> Ground floor unit of a 3-storey shop offices  <u>Existing Use</u> Office and warehouse	1,510	1 June 2022 to 31 May 2023, and extended to 31 December 2023	37,200

**7. BUSINESS OVERVIEW (CONT'D)**

No. (v)	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Tenure of tenancy <sup>(1)</sup>	Rental per annum (RM)
	Sisi Lau Wai Cheng	KGW Medica	<u>Property Address</u> D5-7-1 Block D5 Dana 1 Commercial Centre, Jalan PJU 1A/46,47301 Petaling Jaya, Selangor.	<u>Description</u> First floor unit of a 3-storey shop offices  <u>Existing Use</u> Store	2,000	1 June 2022 to 31 May 2023, and extended to 31 December 2023	21,600

Note:

(1) Upon our relocation to the Target Property, we will terminate our tenancy for all our rented premises stated above.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.21 GOVERNING LAWS AND REGULATIONS

#### 7.21.1 Governing laws and regulations

Our Group's business operations are subject to the following laws and regulations:

(i) Customs Act 1967 ("CA 1967")

Pursuant to Section 90 of the CA 1967, a person who intends to act as a customs agent shall be a registered person under the Service Tax Act 2018. The authorities may prescribe for the breach of any violation of the conditions and may be punishable under Section 138 of the CA 1967 and any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding RM20,000 or to imprisonment for a term not exceeding 5 years or to both. As at the LPD, both KGW Logistics and Mattroy Logistics hold and maintain valid Customs License issued by the Royal Malaysia Customs Department of Malaysia.

(ii) Local Government Act 1976 ("LGA 1976")

Pursuant to Section 102(s) of the LGA 1976, the relevant local authorities may control and supervise, by registration, licensing or otherwise, a trade, business or industry. Businesses in Petaling Jaya are regulated by the Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-Laws 2007. The local authorities may prescribe for breach of any by-law, a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year, or both and in the case of a continuing offence, a sum not exceeding RM200 for each day during which the offence is continued after conviction. As at the LPD, our Group holds and maintains valid business and signboard licences issued by the respective local authorities.

#### 7.21.2 Regulatory Requirements and Environmental Issue

As at the LPD, there is no breach of any property or land use conditions, non-compliance with any regulatory requirements, land rules or building regulations / by-laws, and environmental issue which may materially affect our Group's operations and / or usage of properties owned and rented by our Group as set out in Sections 7.20.1 and 7.20.2 of this Prospectus respectively.


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Registration No. 202201009353 (1455050-D)

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.22 INTELLECTUAL PROPERTIES

As at the LPD, save for the trademark registration as disclosed below, we do not have any other intellectual property right registered and/or in the process of registration:

Trademark	Approving authority	Registered owner / Applicant	Application number / Trademark number	Classification	Status / Expiry date
	Intellectual Property Corporation of Malaysia	KGW Logistics	TM2017052676	Class 39: Shipping agency services; freight forwarding; freight brokerage; ship brokerage; transport brokerage; freight shipping of goods by land, air and sea; freight warehousing; freight distribution services; freight and cargo services; removal services; transport by air; transport by sea; transport by land; transport by pipeline; logistics services consisting of the storage, transportation and delivery of goods; arranging transportation of goods; supply chain logistics and reverse logistics services consisting of the storage, transportation and delivery of freight; supply chain logistics and reverse logistics services consisting of the storage, transportation and delivery of goods for others by air, rail, ship, lorry or truck; local and long distance commercial road transport; import and export cargo handling services; packaging and storage of goods; loading and unloading of cargo; provision of storage	Registered / 17 February 2027

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.23 FUTURE PLANS AND BUSINESS STRATEGIES**

#### **7.23.1 Relocation to the Target Property to facilitate our business expansion**

Our Group operates from our existing offices located at Ara Damansara, Petaling Jaya, Selangor with a total built-up area of approximately 11,300 sq. ft. which currently houses a total of 69 employees of our Group as at the LPD. In order to cater for our future business expansion, we will relocate to the Target Property, which is a freehold 3-storey office building with an annexed 2-storey warehouse located at Hicom Glenmarie Industrial Park, Shah Alam, Selangor. The Target Property has a total built-up area of approximately 53,400 sq. ft., made up of approximately 16,500 sq. ft. of office space and approximately 36,900 sq. ft. of warehouse space.

Our Group had on 5 July 2022 entered into a sale and purchase agreement for the purchase of the Target Property for a total purchase consideration of RM20.20 million. The breakdown of the total estimated cost required for the purchase and renovation of the Target Property is set out in Section 4.8.1 of this Prospectus.

We have completed the purchase of the Target Property in December 2022. As of December 2022, we have also obtained planning permit exemption and approval on building plan from Majlis Bandaraya Shah Alam for the renovation of the Target Property. Following completion of our purchase of the Target Property, we are currently renovating it to meet our operational requirements. We plan to relocate and centralise our entire operations currently housed under multiple rented offices in Ara Damansara to the Target Property by the fourth quarter of 2023.

Upon relocation, we plan to undertake the following to facilitate our business expansion:

#### **(i) Expansion of headcount to scale up operations**

Taking into account the larger office space of the Target Property as compared to that of our existing rented offices (approximately 9,800 sq. ft.), we intend to expand our headcount to scale up our operations, particularly our sales and marketing team and international business development team to strengthen our marketing and business development functions for our logistics services business. We also intend to grow our operations / customer service team to support the expanding business operations.

As at the LPD, we have 13 and 3 personnel for our sales and marketing team (including Chow Enn Jie, our Sales and Marketing Director) and international business development team (including Cheok Hui Yen, our Executive Director) respectively. We intend to hire 5 additional sales and marketing employees and 4 additional international business development employees as part of our business expansion. This will enable us to undertake more sales and marketing activities to promote our logistics services to our existing customers as well as to new potential customers.

The cost to be incurred for the expansion of headcount for our sales and marketing team and international business development team is expected to be RM0.32 million per year, which is to be funded via internally generated funds. With the bigger sales and marketing team, we will also be able to attend additional trade fairs and seminars in order to promote our services as well as to keep abreast of developments in the logistics industry.

In addition, as at the LPD, we have 37 customer service personnel (including Teoh Huey Hong, our Customer Care Director) and we intend to hire 6 additional customer service personnel to support the expanding business operations. The cost to be incurred for this expansion of headcount is expected to be RM0.22 million per year, which is to be funded via internally generated funds.

The aforementioned expansion of headcount is expected to take place within 12 months from our relocation to the Target Property.

## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) Enhancement of warehouse facilities and capabilities

The Target Property will also facilitate our business strategy of expanding our warehousing and distribution of healthcare-related products and devices business. This business segment is currently housed under a rented shop lot of approximately 1,510 sq. ft. in floor space in Ara Damansara. As such, the larger warehouse space upon relocating to the Target Property will enable us to undertake larger volume warehousing orders, which will contribute positively to the overall profitability of this business segment.

In addition, the large warehouse space of the Target Property will provide us with space flexibility for an enhanced warehouse operation mainly through careful and efficient design of storage layout and optimal use of equipment such as forklifts, pallet racking systems and larger size pallets. There will also be sufficient space for us to concurrently undertake various tasks involved in warehousing operations such as loading and unloading goods, retrieving goods for delivery, and labelling, packing and sorting activities. This is expected to improve the overall operational efficiency of this business segment, which will potentially lead to improved financial performance.

We intend to purchase certain equipment to enhance our warehousing and distribution capabilities. These purchases are expected to take place within 12 months from our relocation to the Target Property. We will fund these purchases through internally-generated funds and/or bank borrowings. The details of the equipment that we intend to purchase are as follows:

Description	No. of Units	RM'000
Pallet racking system	1 system	312
2.5 tonne forklift	2 units	119
2.0 tonne forklift	2 units	107
2.0 tonne reach truck	1 unit	58
Yard/ container/ mobile steel ramp	1 unit	26
Pallet jack	2 units	2
<b>Total</b>		<b>624</b>

We will continue to utilise a WMS to facilitate our operations at the Target Property. The WMS enable us to manage the inventory of goods in our warehouse, track delivery of goods, monitor inventory levels, and plan for picking, packing and delivery of goods and we will continue to subscribe to the WMS on a monthly basis at an estimated cost of RM10,500 per month.

Additionally, we intend to hire 2 employees to support our warehouse operations for both logistics services business and warehousing and distribution business. The cost to be incurred for this expansion of headcount is expected to be RM0.10 million per year, which is to be funded via internally generated funds.

### (iii) Offering warehousing services to our logistics services customers as well as new customers

We plan to use the warehouse space of the Target Property to provide warehousing services to our ocean / air freight customers, as and when warehousing services within the Klang Valley are required by these customers. Currently, these warehousing services are provided by third-party warehouse operators engaged by us. The warehouse rental cost paid to third-party warehouse operators was RM0.06 million, RM0.09 million, RM0.44 million and RM0.24 million for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Following our relocation to the Target Property, we will be able to provide these services in-house without having to incur additional rental cost. For ocean / air freight customers that have already engaged us to provide warehousing services, we will begin to store their goods in-house upon our relocation to the Target Property.

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**7. BUSINESS OVERVIEW (CONT'D)**

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To further develop our warehousing services business, we also intend to promote our warehousing services to our other existing ocean / air freight customers as well as new customers. We intend to offer a variety of warehousing services to our customers based on their needs, while our charges will depend on the types of services provided by us to them.

Our warehousing services shall entail providing storage space in terms of pallet bays or area (in sq. ft.) together with services for stuffing and unstuffing of containers, order processing services, and/or repacking and relabelling services. Stuffing and unstuffing of containers refer to the loading and unloading of goods into and out of containers. We intend to offer these services for both inbound and outbound containers. Order processing refers to the organisation of the various processes from receiving order for relevant goods stored in our warehouse leading up to the delivery of these goods to the purchasers on behalf of our customers. Repacking and relabelling involve moving already packaged items into new packaging. This can include removing items from old packaging; repacking items into different types of containers; unpacking and repacking into retail cartons; as well as changing labels when information is redesigned, changed or updated.

We believe that our range of warehousing services as aforementioned will contribute to the utilisation of the warehouse space of the Target Property and in turn generate income to our Group for further financial growth.

**7.23.2 Expansion of warehousing and distribution services for healthcare-related products and devices**

We plan to expand on our provision of warehousing and distribution services for healthcare-related products and devices mainly by expanding our customer base upon our relocation to the Target Property.

As our warehousing and distribution services are catered for commercial purposes, we intend to approach local businesses such as hospital groups, retail pharmacy chains, authorised representatives of international healthcare companies, and SMEs involved in manufacturing, retailing, and / or distribution of healthcare-related products and devices, to offer our services. Our warehousing and distribution services can help these businesses to streamline their operations and reduce operating costs as they would not need to incur further ancillary costs of having to own and / or operate their own warehouse or to undertake distribution of goods to their customers on their own. By outsourcing their warehousing and distribution activities to us, these businesses can focus on other business activities such as marketing and formulating business strategies for their products to grow their business.

Currently, our warehousing and distribution of healthcare-related products and devices business is led by Datin Wong Wan Jye and Chan Sek Seng as directors of KGW Medica. They bring with them experience in business development and/or management functions as well as sales and channel management for the medical device and pharmaceutical industry, gained from their previous tenure in established Malaysian and international pharmaceutical companies. They are further supported by a team of 4 personnel with working experience in, among others, administrative and warehouse cum despatch functions.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Datin Wong Wan Jye is the Director of Operations of KGW Medica and is mainly responsible for the day-to-day operations of KGW Medica and also developing strategic partnerships with KGW Medica's customers. She brings with her 10 years of experience in sales and channel management for pharmaceutical and medical device industry gained in pharmaceutical companies, namely Sanofi-Aventis (Malaysia) Sdn Bhd and Bayer Healthcare (M) Sdn Bhd. Chan Sek Seng is the Director of Business Development of KGW Medica and is mainly responsible for business development which includes strategising business plans and implementing market strategies. He brings with him more than 10 years of experience in business development and management functions as well as sales and channel management for the medical device and pharmaceutical industry, gained from his tenure in Sanofi-Aventis (Malaysia) Sdn Bhd, Becton Dickinson Sdn Bhd, Hovid Berhad and Kotra Pharma (M) Sdn Bhd, all being healthcare and/or pharmaceutical company. For the avoidance of doubt, both Datin Wong Wan Jye and Chan Sek Seng are not part of our key senior management team considering that they are not involved in our provision of logistics services, which is our core business.

We will leverage on our experience in the logistics industry, including our past experience in providing warehousing and transportation services to our ocean / air freight customers, to further develop and operate our warehousing and distribution business. This will be further complemented by the experience of our personnel for this business segment in the healthcare industry, which will lend support to our management and expansion of this business segment.

Through serving our existing customers for this business segment, we are gaining and improving our competencies in the warehousing and distribution business in the healthcare industry. Moving forward, we will proactively market for these services so as to secure business opportunities to enable us to accumulate further experience in operating this business segment. We believe that our direct experience from operating our warehousing and distribution business will provide the skills and knowledge to support our expansion of this business segment.

The prospects and outlook of the warehousing and distribution services segment in Malaysia as extracted from the IMR Report are set out below:

As part of the global supply chain, the Malaysian logistics services market has also benefitted from the increase in global trade. The rising demand for container and cargo space required for the movement of goods into and out of the country has spurred the need for services such as freight forwarding as well as consolidation. This has also benefitted NVOCCs, which operate as freight forwarders that do not own vessels and lease or buy available space in container vessels to provide the services of transporting cargo.

The increased movement of goods in Malaysia has also created more demand for warehouse and storage services, which often serve as points for the transshipment of goods or temporary storage before the products are delivered to its end destination. The local warehouse and storage market was valued at RM2.43 billion in 2022 and is forecast to reach RM3.59 billion by 2027. This in turn bodes well for the development of inventory management, which is an important part of supply chain management that serves to plan and control the storage of goods, items and crucial information about the flow and storage of goods.

The growing trend of e-commerce in Malaysia has served to support the growth of the local courier and parcel market, whereby online purchases are delivered to the door step of customers via courier and parcel services. More recently, the shift in consumer behaviour to prefer digital and online shopping driven by the COVID-19 pandemic has also to further encouraged growth of the local courier and parcel market. As at end of 2021, courier service providers had handle 770.8 million items (2020: 462.0 million), representing an 66.8% increase from 2020.

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**7. BUSINESS OVERVIEW (CONT'D)**

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As a whole, the logistics services market in Malaysia is expected to witness continued growth along with the expansion of its various sub-segments. In 2022, the logistics services market was valued at RM25.61 billion. Going forward, the market is expected to reach RM27.55 billion in 2023 and expand to RM38.03 billion by 2027, at a CAGR of 8.2% during the forecast period.

(Source: IMR Report)

**7.23.3 Development of new business opportunities for our logistics services through providing e-commerce solutions**

We intend to assist Malaysian businesses to promote their products overseas via online international business-to-consumer marketplaces (such as Amazon or eBay).

In consideration of the growth in the e-commerce market globally, there is potential for Malaysian businesses to expand and sell their products to overseas buyers. We intend to offer e-commerce solutions to assist Malaysian businesses in promoting their products globally, initially focusing on the USA market through online business-to-consumer marketplaces such as eBay or Amazon.

We intend to offer our e-commerce solutions to Malaysian SMEs and product brand owners that have yet to venture into the e-commerce segment. Services to be offered include e-commerce store setup for customers on various online marketplaces, e-commerce consultancy, e-commerce store management, and logistics services to ship their products to overseas buyers. This includes advising our customers on digital strategy and execution of their e-commerce business; managing the e-commerce store including undertaking content creation, managing the business' social media pages, and handling customer queries and complaints; and offering fulfilment services whereby we can provide inventory storage, as well as picking and packing services in preparation for shipping. We will also leverage on our experience in the logistics industry to provide our customers with logistics services to ship their products to their customers. Our e-commerce solutions will assist the customers to create new revenue channels to benefit from the growing e-commerce markets.

Our e-commerce solutions business will be supported by a team with the relevant working experience in the e-commerce sector gained from previous employments. The team members shall possess the experience in, among others, developing business strategies and partnerships to increase e-commerce adoption and business growth, and managing relationship with e-commerce sellers to ensure business growth.

In this respect, our Group intends to hire an experienced personnel with the aforesaid relevant expertise to spearhead our e-commerce solutions business, along with a business development manager to support the segment's overall operations by the third quarter of 2023. We expect the total staff costs for these 2 personnel to amount to RM0.33 million per annum, and we intend to fund them via internally generated funds of our Group. As and when the need arises, our Group may employ more employees to support this business segment, after considering the demand for our e-commerce solutions, the cost in employing additional employees and the cash flow position of our Group at the relevant point in time.

Our business strategy of providing assistance to Malaysian businesses in establishing e-commerce channels is expected to complement our core business of providing logistics services. Increasing the opportunity for Malaysian businesses to reach overseas customers is envisaged to facilitate growth in cross-border trade activities, which will likely create further opportunities for us to offer our logistics services (such as ocean / air freight services) to these Malaysian businesses.

With our Group's track record of providing logistics services between Malaysia and the USA, we will be able to offer a range of services for our e-commerce solutions customers beginning with assisting them with their e-commerce store setup, providing them with warehousing solutions in the USA, as well as providing ocean or air freight services to deliver their products to warehouses or directly to the buyers in the USA.

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**7. BUSINESS OVERVIEW (CONT'D)**

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We intend to commence offering our e-commerce solutions by the second half of 2023.

The prospects and outlook of the global e-commerce segment as extracted from the IMR Report are set out below:

E-commerce has been developing rapidly all across the world including Malaysia. It is common for materials of various kinds to be ordered electronically and primarily, via the Internet under both the business-to-business and business-to-consumer model. According to the United Nations Conference on Trade and Development (“**UNCTAD**”), global e-commerce sales reached USD26.7 trillion (RM110.60 trillion) in 2019 (RM4.1425 = USD1.00), which was an increase of 4.0% from the previous year. UNCTAD had also estimated that online retail sales’ share of total retail sales increased from 16% in 2019 to 19% in 2020, mainly induced by COVID-19 pandemic, which rendered more people to use online platform in purchasing goods. In particular, total e-commerce sales in the US increased by 42.8% from USD571.23 billion (RM2.37 trillion) in 2019 (RM4.1425 = USD1.00) to USD815.45 billion (RM3.43 trillion) in 2020 (RM4.2011 = USD1.00). This figure further grew to USD960.44 billion (RM3.98 trillion) in 2021 (RM4.1456 = USD1.00) and to USD1.03 trillion (RM4.53 trillion) in 2022 (RM4.4005 = USD1.00). Going forward, the e-commerce market in the US is expected to continue on an expansionary trend, supported primarily by the growing trend of online shopping, high internet penetration and increased smartphone usage in the country. Note: All foreign exchange rates are obtained from the average rate for the respective periods based on rates from BNM.

Closer to home, the shift in consumer behaviour to digital and online shopping driven by the COVID-19 pandemic has also been witnessed in Malaysia. In particular, Alibaba Group Holding Limited (one of the largest e-commerce businesses in China) launched a new consolidated end-to-end logistics service between China and Malaysia. The new cross-border logistics service allows consumers in Southeast Asia, including Malaysian consumers, to buy products on Chinese e-commerce platforms such as Taobao, Pinduoduo, JD.com with reduced shipping time for cross-border e-commerce parcels. As the popularity of e-commerce continues to rise in Malaysia and consumers increase purchases online, it is expected to lead to increased demand for ocean freight, which is one of the main transport channels used to bring in merchandise from overseas due to cost reasons. At the same time riding on the e-commerce boom trend, many local merchants are also importing merchandise from other countries for trading purposes in Malaysia. This development is also expected to boost demand for the ocean freight.

(Source: IMR Report)

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.24 OUR MEASURES TO ADDRESS THE POTENTIAL IMPACT ON OUR FINANCIAL PERFORMANCE IN LIGHT OF LOW OCEAN FREIGHT RATES AND OUR BUSINESS VOLUME PERFORMANCE**

Since mid-2022 up to the LPD, ocean freight rates have been volatile and on decreasing trend. We expect the ocean freight rates to remain volatile in the future. This is expected to lead to lower revenue and profits for our Group unless we are able to increase our business volume to an extent that could compensate the decrease in our revenue and profits caused by lower ocean freight rates.

In addition, we experienced a decrease in our business volume in FYE 2022 where our ocean freight services handled 14,837 TEU of containers as compared to 17,106 TEU of containers in FYE 2021. A continued decrease in our business volume may result in lower revenue and profits for our Group as business volume is one of the key determinants of our overall financial performance.

To address the aforementioned potential impact on our financial performance, we have in place the following measures to increase our business volume:

**(i) Addressing business opportunities from shipments to and from other countries / regions of the world**

While we have been focusing on shipments to and from the USA previously, we acknowledge the business opportunities available in other trade lanes. We do not require any additional license or registration for arranging shipments to and from other countries / regions of the world. As such, we consider ourselves to have the necessary expertise, experience and resources to capture business opportunities available in these other trade lanes. In fact, we first started arranging and coordinating export ocean shipments to Asia, Europe, Oceania and South America in 2005. During the Period Under Review from FYE 2019 to FYE 2022, our revenue generated from shipments to or from other regions apart from the North America (mostly USA) was ranging from 26.07% to 51.21% of total revenue in the respective financial year. This demonstrates our capability in handling shipments for non-USA destinations, including our ability to source for ocean cargo space for these shipments.

In this regard, we will continue to capitalise on our relevant experience, expertise and resources to further develop and strengthen our business volume on shipments to and from the non-USA segment. Realising the potential impact of a possible slowdown of the US economy on our business volume in late 2022, we have since placed additional focus and resources on developing non-USA segment businesses. In addition to solely relying on our existing resources to facilitate this development, a new manager for our international business development team and a new senior manager for our sales and marketing team joined us on 1 February 2023 and 1 March 2023 respectively, both of whom are mainly responsible for focusing on ocean freight services for non-USA trade lanes. We will also continue to develop and expand our human resources to facilitate this expansion in business focus;

**(ii) Placing additional focus and effort on engaging industrial product customers**

We have been serving customers from various industries (such as industrial, manufacturing and trading industries) in the past without any specific emphasis on a particular industry. These customers are involved in producing and/or trading of industrial products or consumer products. Moving forward, while we will continue to maintain business relationship with all of our existing customers, we will also place additional focus and effort on engaging with existing and potential industrial product customers as the global demand for their products are less likely to be affected by recession and high inflation. These include, among others, building materials, industrial machineries, and metal products and hardware; and

**7. BUSINESS OVERVIEW (CONT'D)****(iii) Further strengthening our sales and marketing functions mainly through expansion of headcount**

During the Period Under Review, we have been expanding our headcount to support our growing business operations. However, we recorded mixed performance for our business volume in terms of TEU of containers handled under our ocean freight services segment from FYE 2019 to FYE 2022 as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
TEU of containers handled	13,742	17,242	17,106	14,837

We attribute the increase in the TEU of containers handled in FYE 2020 mainly to our headcount expansion in both FYE 2019 and FYE 2020. However, we recorded decreases in the TEU of containers handled in FYE 2021 and FYE 2022 mainly due to shortage of ocean cargo space, which was caused by the global supply chain disruptions following the COVID-19 pandemic. Since July 2022, the said situation has improved and we no longer experience significant ocean cargo space shortage. In this regard, we expect that our current workforce, having been expanded in the past few years, will facilitate the growth of our business volume in light of improved ocean cargo space availability.

Notwithstanding the strength of our workforce, we were not able to maintain or grow our overall business volume in FYE 2022 although the previous ocean cargo space shortage situation has improved since July 2022. We believe that this was partly due to the overall weaker export demand in the second half of 2022 for our customers' products from the USA as the country experienced a cumulative interest rate hike of 2.75% in the second half of 2022 (first half of 2022: 1.50%) (Source: [www.federalreserve.gov](http://www.federalreserve.gov)) aimed at curbing inflation, and certain major retailers were facing overstocking issues during the same period.

As a result, we experienced reduction in orders from some of our existing customers from manufacturing and trading industries for chemical, furniture and food packaging products who mostly export their products to the USA, as well as foreign freight forwarders who assist their customers to import goods from Malaysia to the USA. As such, our ability to grow our business volume with the improved ocean cargo space availability was affected. Nevertheless, when combined with our measures as set out in Sections 7.24(i) and (ii) above, we believe that our workforce strength will be effective in facilitating the growth of our business volume moving forward.

To further develop our human resources, we will continue to expand our headcount, which will in turn enable us to further strengthen our sales and marketing functions. We are of the view that an enlarged sales and marketing team will enable us to undertake more sales and marketing activities such as participating in more network / association meetings, international conferences, trade fairs and exhibitions. An enhanced workforce will also provide us with more resources to undertake continued expansion of our network with other freight forwarders around the world. These are expected to enhance our visibility among exporters and importers as well as other freight forwarders, which may in turn give rise to business opportunities for us to secure more customers and achieve higher business volume.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Taking into consideration of our previous growth track record and the aforementioned measures to increase business volume, it is reasonably expected that we would be able to mitigate the adverse impact from a decrease in ocean freight rates on our overall financial performance through business volume growth that may be achieved by us. While these measures may require time to produce the positive results that we anticipate, they address the primary aspects of our operations and business development goals, and are therefore expected to gradually enhance our business positioning for further business volume growth. Together with other factors that are expected to support our business growth such as our competitive strengths, diversified and growing customer base, and continued demand for logistics services from export trades in Malaysia, we regard ourselves to have a sustainable position in the logistics industry in Malaysia.

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