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PROSPECTUS



XIN HWA HOLDINGS BERHAD

(Company No. 1032102-P)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 37,782,000 NEW ORDINARY SHARES OF RM0.50 EACH IN XIN HWA HOLDINGS BERHAD ("SHARES") IN THE FOLLOWING MANNER:

- 9,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 3,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND OTHER PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 2,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA ("MITI");
- 23,782,000 NEW SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF 16,218,000 SHARES BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY MITI,

AT AN ISSUE/OFFER PRICE OF RM0.70 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sole Underwriter and Sole Placement Agent



PUBLIC INVESTMENT BANK BERHAD (20027-W)

A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 OF THIS PROSPECTUS FOR "RISK FACTORS".

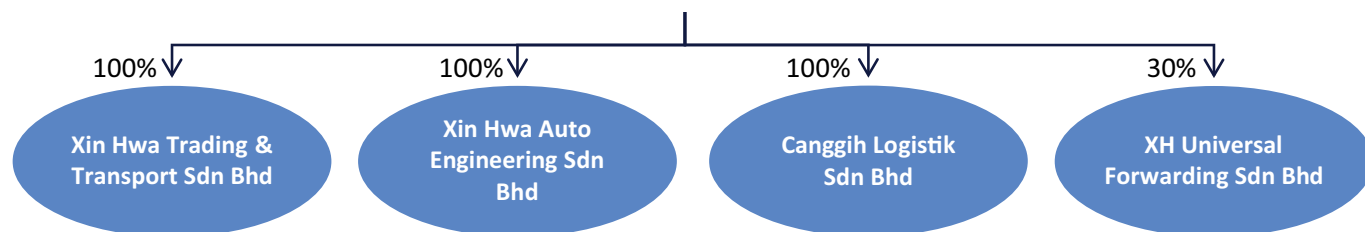
THIS PROSPECTUS IS DATED 11 JUNE 2015

XIN HWA HOLDINGS BERHAD

PROSPECTUS

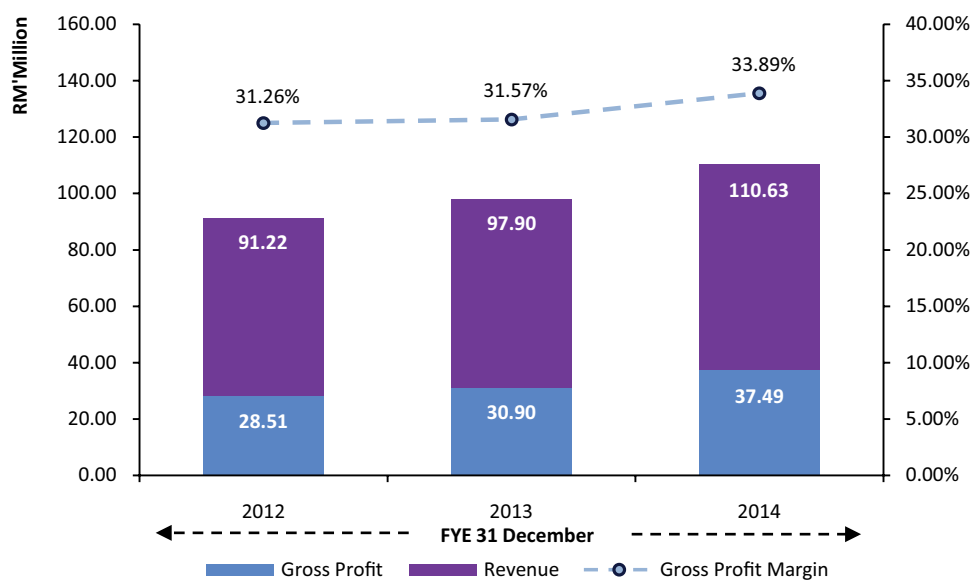


OUR GROUP

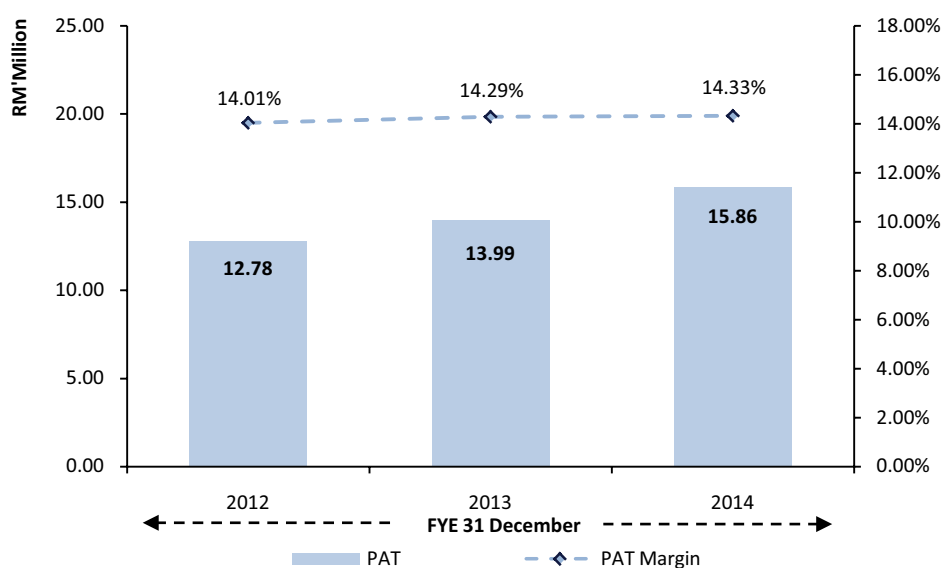


FINANCIAL PERFORMANCE OF OUR GROUP

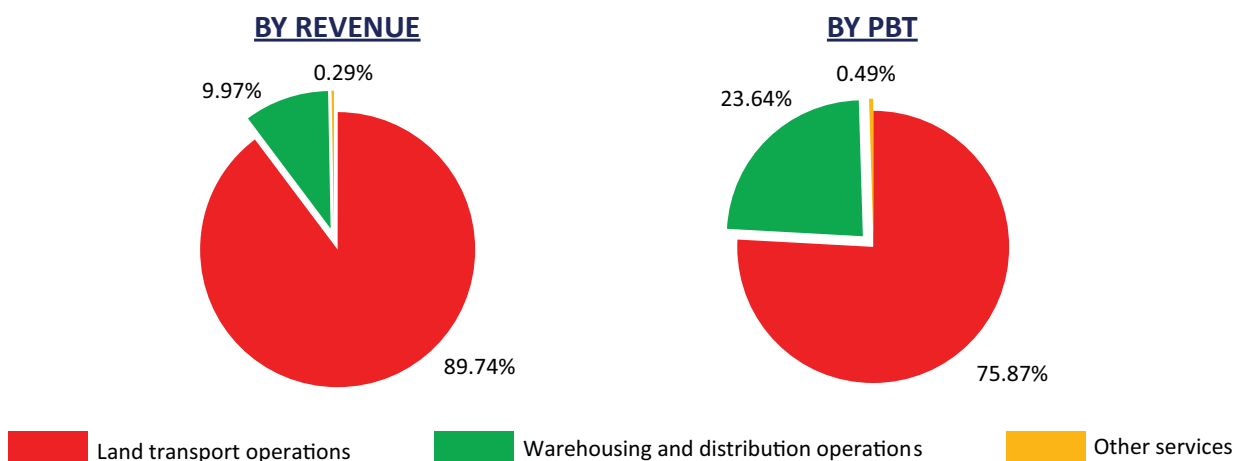
REVENUE AND GROSS PROFIT



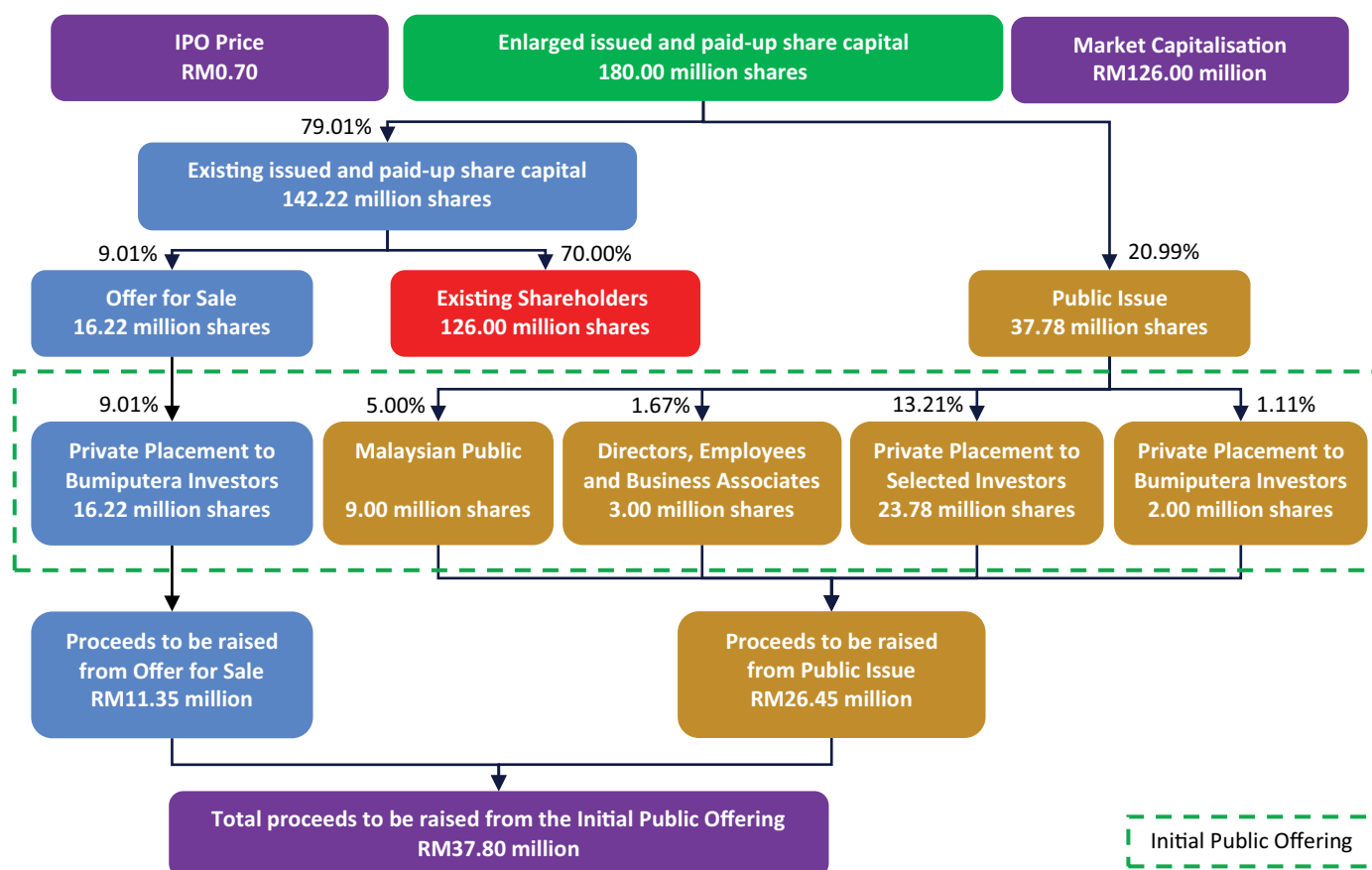
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FINANCIAL SEGMENTATION OF OUR GROUP FOR FYE 31 DECEMBER 2014



OUR GENERAL INFORMATION



LAND TRANSPORT OPERATIONS



WAREHOUSING AND DISTRIBUTION OPERATIONS

Existing Warehouses

Skudai (60,600 sq. ft.)

Johor Bahru (184,000 sq. ft.)



New Warehouse

Pasir Gudang (220,000 sq.ft.)



Expected to commence operations in the 3rd quarter of 2015

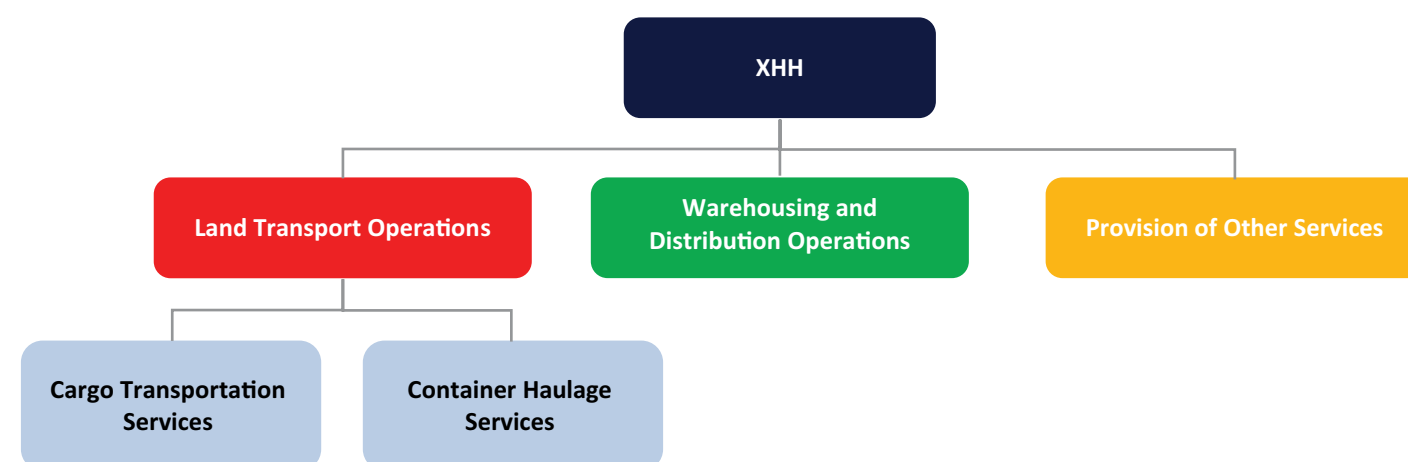
OTHER SERVICES

- Freight Forwarding and Customs Brokerage
- Manufacturing and Fabrication of Trailers



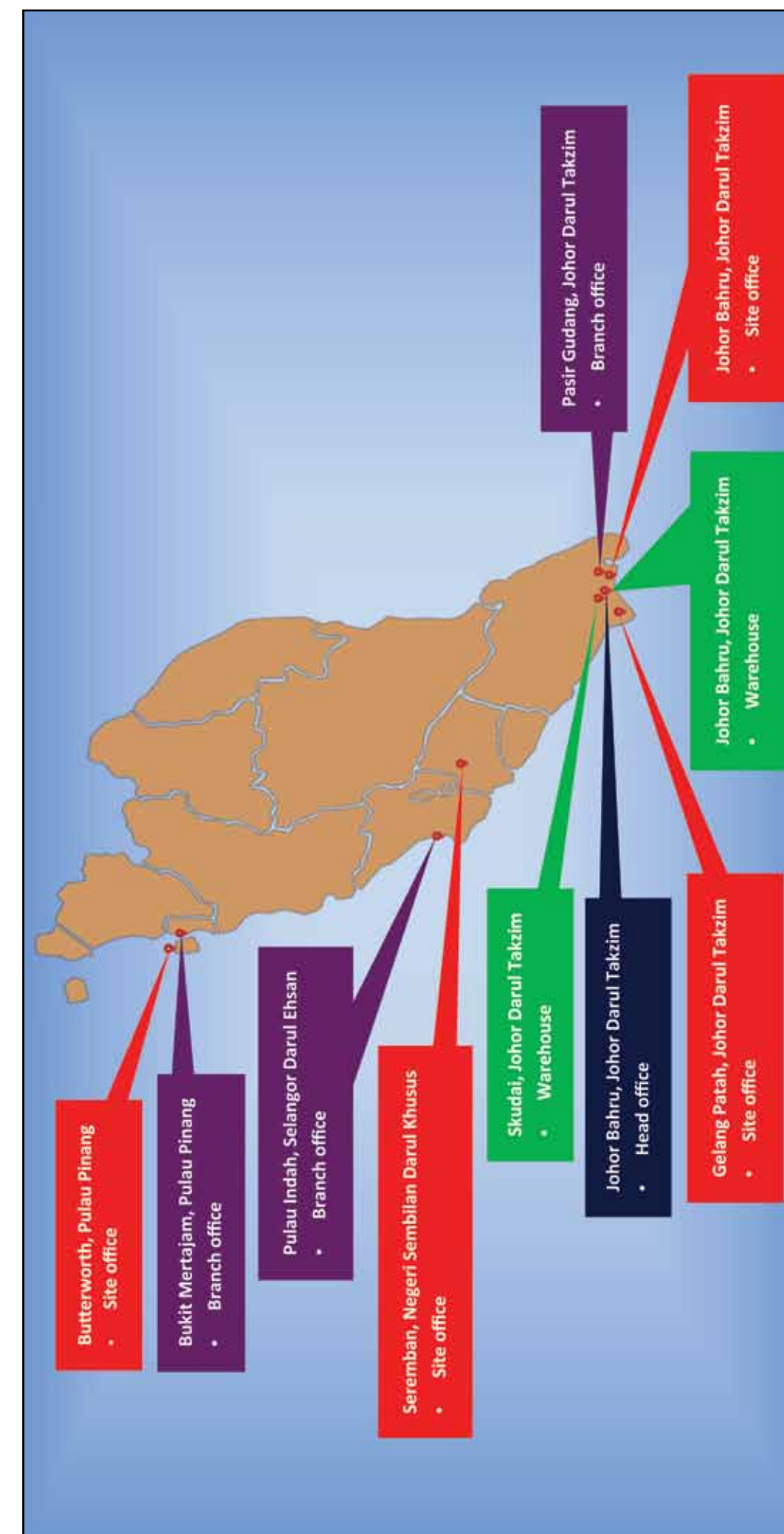
OUR BUSINESS

Our Group is primarily an integrated logistics service provider focused on land transport operations as well as warehousing and distribution operations. We currently have a head office, three (3) branch offices, four (4) site offices and two (2) warehouses to support our business operations across Peninsular Malaysia.



Our land transport operations incorporate cargo transportation services and container haulage services. In addition, we also provide other services such as freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers.

MAP OF PENINSULAR MALAYSIA SHOWING THE LOCATIONS OF OUR HEAD OFFICE, BRANCH OFFICES, SITE OFFICES AND WAREHOUSES



RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

PUBLIC INVESTMENT BANK BERHAD (20027-W) (“**PIVB**”), BEING THE PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR INITIAL PUBLIC OFFERING (“**IPO**”).

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION MALAYSIA (“**SC**”) HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED IN RESPECT OF OUR IPO FOR INVESTMENT.

THE SC 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.

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

THE VALUATION UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSE.

OUR COMPANY HAS OBTAINED THE APPROVAL FROM BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) FOR THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF RM0.50 EACH IN OUR COMPANY (“**SHARES**”). OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED IN THIS PROSPECTUS), HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

OTHER STATEMENTS

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“**CMSA**”).

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

OUR SECURITIES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC BASED ON OUR PRO FORMA FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. UPDATES ON THE CLASSIFICATION WILL BE RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF THE MONTH OF MAY AND NOVEMBER OF EACH YEAR.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE SOLE UNDERWRITER TO UNDERWRITE OUR IPO SHARES AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO UNDER THE LAWS OF MALAYSIA. OUR SHARES BEING OFFERED IN OUR IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR DIRECTORS, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR DIRECTORS, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ANY OF THEIR RESPECTIVE DIRECTORS, OR ANY OTHER PERSONS INVOLVED IN OUR IPO.

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 IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA, TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAW OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO 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 LAW OF 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 AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

THIS PROSPECTUS MAY NOT BE USED AS AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR IS UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OF OR AN INVITATION TO BUY OUR SECURITIES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. OUR BOARD, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT REQUIRE YOU TO INFORM YOURSELF AND TO OBSERVE SUCH RESTRICTIONS.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, CIMB BANK BERHAD AT www.cimbclicks.com.my, RHB BANK BERHAD AT www.rhb.com.my, AFFIN BANK BERHAD AT www.affinOnline.com, AFFIN HWANG INVESTMENT BANK BERHAD AT trade.affinhwang.com, MALAYAN BANKING BERHAD AT www.maybank2u.com.my AND PUBLIC BANK BERHAD AT www.pbcbank.com.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THE PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS “**THIRD PARTY INTERNET SITES**”), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (1) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED IN THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (2) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGES 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 OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (3) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (1) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES;
- (2) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM; AND

- (3) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, 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 AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOU OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND / OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

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

Event	Date
Opening date of application for our IPO Shares	10.00 a.m., 11 June 2015
Closing date of application for our IPO Shares	5.00 p.m., 17 June 2015
Balloting of applications	22 June 2015
Despatch of notices of allotment to successful applicants	26 June 2015
Listing on the Main Market	30 June 2015

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL OPEN AT 10.00 A.M. ON 11 JUNE 2015 AND WILL REMAIN OPEN UNTIL 5.00 P.M. ON 17 JUNE 2015 OR SUCH FURTHER DATE OR DATES AS OUR DIRECTORS AND SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IF THE CLOSING DATE OF THE APPLICATION IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND LISTING OF OUR ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET WOULD BE EXTENDED ACCORDINGLY AND WE WILL NOTIFY THE PUBLIC VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA DAILY NEWSPAPERS WITHIN MALAYSIA.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this Prospectus to “our Company” and “XHH” are to Xin Hwa Holdings Berhad, references to “our Group” are to our Company and our subsidiaries collectively and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and publicly available sources. In each of such cases, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the independent market research report prepared by Protégé Associates Sdn Bhd. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data. Similarly, third party projections, including the projections from the independent market research report prepared by Protégé Associates Sdn Bhd, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

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.

Certain abbreviations, acronyms and technical terms used herein are defined in the “Definitions” section in 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 / or neuter genders, and *vice versa*. Any reference to persons shall include a company or a corporation, unless otherwise specified.

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

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes 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, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, 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 Management's current view 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) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations; and
- (iv) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

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

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 4 of this Prospectus on risk factors. 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 date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

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

Acquisition of Canggih	: Acquisition by XHH of the entire equity interest of Canggih, comprising 1,000,000 Canggih Shares for a purchase consideration of RM3,409,000 satisfied via the issuance of 6,818,000 new Shares at par
Acquisition of XHAE	: Acquisition by XHH of the entire equity interest of XHAE, comprising 100,000 XHAE Shares for a purchase consideration of RM2,364,000 satisfied via the issuance of 4,728,000 new Shares at par
Acquisition of XHTT	: Acquisition by XHH of the entire equity interest of XHTT, comprising 1,000,000 XHTT Shares for a purchase consideration of RM65,216,997 satisfied via the issuance of 130,433,994 new Shares at par
Acquisition of XHUF	: Acquisition by XHH of 30.00% equity interest of XHUF, comprising 30,000 XHUF Shares for a purchase consideration of RM119,000 satisfied via the issuance of 238,000 new Shares at par
Acquisitions	: Acquisition of XHTT, Acquisition of XHAE, Acquisition of Canggih and Acquisition of XHUF, collectively
Act	: Companies Act, 1965, as amended from time to time and shall include any re-enactment thereof
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Applicant(s)	: Applicant(s) for our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	: Printed application form(s) for the application of our IPO Shares
ASEAN	: Association of Southeast Asian Nations
ATM(s)	: Automatic Teller Machine(s)
Authorised Financial Institution(s)	: Authorised financial institution(s) participating in the Internet Share Application, with respect to payments for our IPO Shares made available for application under the Public Issue
Board	: Board of Directors
BS OHSAS	: British Standard Occupational Health and Safety Assessment Series
Bumiputera Investors	: Bumiputera institutional and selected investors, collectively
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compounded annual growth rate
Canggih	: Canggih Logistik Sdn Bhd (626528-V)
Canggih Shares	: Ordinary shares of RM1.00 each in Canggih
CCM	: Companies Commission of Malaysia

DEFINITIONS (Cont'd)

CDS	: Central Depository System
CDS Account	: Account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CMSA	: Capital Markets and Services Act, 2007, as amended from time to time and shall include any re-enactment thereof
Director(s)	: Director(s) of XHH
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EPS	: Earnings per share
ESA or Electronic Share Application	: Application for our IPO Shares through a Participating Financial Institution's ATM
FPE	: Financial period ended
FYE	: Financial year ended
GP	: Gross profit
Group	: XHH and its Subsidiaries, collectively
GST	: Goods and Services Tax
IMR Report	: Independent Market Research Report titled "Strategic Analysis of the Logistics Industry in Malaysia" prepared by Protégé Associates Sdn Bhd (675767-H)
Internet Participating Financial Institution(s)	: Participating organisation(s) in the Internet Share Application, as listed in Section 17.6 of this Prospectus
Internet Share Application	: Application for the Public Issue through an Internet Participating Financial Institution
IPO	: Initial Public Offering of the Shares, comprising the Public Issue and Offer for Sale, collectively
IPO Price	: RM0.70 for each IPO Share
IPO Share(s)	: The Public Issue Share(s) and Offer Share(s), collectively
ISO	: International Organisation for Standardisation
Issuing House or Tricor	: Tricor Investor & Issuing House Services Sdn Bhd (11324-H) (formerly known as Equiniti Services Sdn Bhd)
KGV or Independent Valuer	: KGV International Property Consultants (Johor) Sdn Bhd (214438-H)
Listing	: Admission into the Official List and the listing of and quotation for our entire issued and paid-up share capital, comprising 180,000,000 Shares on the Main Market
Listing Exercise	: The exercise undertaken by our Company comprising the Acquisitions, IPO, Share Transfer and Listing, collectively

DEFINITIONS (Cont'd)

Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	: 17 April 2015, being the latest practicable date prior to the issuance of this Prospectus
Main Market	: Main Market of Bursa Securities
Malaysian Public	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Management	: Directors and key management personnel of our Group
Market Day	: Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MIDA	: Malaysian Investment Development Authority
MITI	: Ministry of International Trade and Industry, Malaysia
N/A	: Not available or not applicable
NA	: Net assets
NBV	: Net book value
NCI	: Non-controlling interests
NF Capital	: NF Capital Management Sdn Bhd (1057738-V)
NF Capital Shares	: Ordinary shares of RM1.00 each in NF Capital
NL	: Net liabilities
Offer for Sale	: Offer for sale by the Offerors of 16,218,000 Shares at an offer price of RM0.70 per Share, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Share(s)	: 16,218,000 Shares to be offered for sale by the Offerors pursuant to the Offer for Sale
Offerors	: Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam, collectively
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	: Participating financial institution(s) for Electronic Share Application as listed in Section 17 of this Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
PE Multiple	: Price earnings multiple
Pink Form Allocation	: 3,000,000 IPO Shares reserved for subscription by the eligible Directors, employees and other persons who have contributed to the success of our Group

DEFINITIONS (Cont'd)

PIVB or Principal Adviser or Sole Underwriter or Sole Placement Agent	: Public Investment Bank Berhad (20027-W)
Promoters	: Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam, collectively
Prospectus Guidelines	: Prospectus Guidelines – Equity issued by the SC, as amended from time to time and shall include any re-enactment thereof
Public	: All persons or members of the public but excluding our Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	: Public issue by XHH of 37,782,000 new Shares at an issue price of RM0.70 per Share, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Share(s)	: 37,782,000 new Shares to be issued pursuant to the Public Issue
PUSPAKOM	: PUSPAKOM Sdn Bhd (285985-U)
R&D	: Research and development
Recurrent Transactions	: Recurrent related party transactions that are of revenue or trading in nature entered into between our Group and our related parties, which involve the interests, direct or indirect, of our substantial shareholders, Directors, key management personnel and / or persons connected to them
RM and sen	: Ringgit Malaysia and sen, respectively
RTD	: Road Transport Department Malaysia
SC	: Securities Commission Malaysia
SC Equity Guidelines	: Equity Guidelines issued by the SC, as amended from time to time and shall include any re-enactment thereof
SGD	: Singapore Dollar
Share(s)	: Ordinary share(s) of RM0.50 each in XHH
Share Transfer	: Transfer of 125,999,998 Shares held by the Promoters to NF Capital during the prescription period
SICDA	: The Securities Industry (Central Depositories) Act, 1991 as amended from time to time and shall include any re-enactment thereof
SPAs	: Sale and purchase agreements in relation to the Acquisitions, collectively and each is referred to as “SPA”
Sq. ft.	: Square feet
Subsidiaries	: XHTT, XHAE, Canggi and XHUF, collectively
UK	: United Kingdom
Underwriting Agreement	: Underwriting agreement dated 6 May 2015 entered into between XHH and the Sole Underwriter

DEFINITIONS (Cont'd)

XHAE	: Xin Hwa Auto Engineering Sdn Bhd (659918-D)
XHAE Shares	: Ordinary shares of RM1.00 each in XHAE
XHH or Company	: Xin Hwa Holdings Berhad (1032102-P)
XHTT	: Xin Hwa Trading & Transport Sdn Bhd (447397-X)
XHTT Shares	: Ordinary shares of RM1.00 each in XHTT
XHUF	: XH Universal Forwarding Sdn Bhd (957938-M)
XHUF Shareholders' Agreement	: Shareholders' agreement dated 4 June 2014 between our Company, Mohd Johari Bin Mohamed Ripin, Md Zaliszan Bin Ahmad Kusaini and XHUF
XHUF Shares	: Ordinary shares of RM1.00 each in XHUF

Technical References

Dagang Net	: An e-commerce provider which was established in 1989 to facilitate easy trade transactions
Dock leveller	: A height adjustable platform which is used to bridge the gap between the dock and truck or trailer for loading and unloading of cargo
GPS	: Global Positioning System
Kitting	: Process of grouping and packaging individually separate but related items together and supplied as one unit
Less than truck load cargo	: Cargo with weight or volume less than the maximum load capacity of the container
MRT	: Mass Rapid Transit
Multi axle trailer	: A motorless vehicle with a low step frame, three (3) to six (6) axles and six (6) to eight (8) wheels on each axle that is hauled by a prime mover for the transportation of over-dimensional and heavy cargo
Over-dimensional and heavy cargo	: Cargo which are indivisible and too large or heavy to fit into a container
Palletising	: Storing or moving cargo by using pallet, a portable platform to place cargo
Pallet jack	: A device used to lift and move pallet
Picking	: Process of selecting and collecting cargo from the warehouse in a specified quantity based on customer's order
Prime mover	: A vehicle that provides the motive power to haul a trailer
Unitising	: Process of packaging cargo into a unit load

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Address	Occupation	Nationality
Datuk Seri Dr. Suleiman Bin Mohamed <i>(Independent Non-Executive Chairman)</i>	No. 103, Jalan Ampang Hilir 55000 Kuala Lumpur	Company Director	Malaysian
Ng Aik Chuan <i>(Managing Director)</i>	No. 6, Jalan Padi Huma 3 Bandar Baru Uda 81200 Johor Bahru Johor Darul Takzim	Company Director	Malaysian
Ng Yam Pin <i>(Executive Director)</i>	No. 19, Jalan Bukit Kempas 2/7 Taman Bukit Kempas 81200 Johor Bahru Johor Darul Takzim	Company Director	Malaysian
Leong Kam Weng <i>(Independent Non-Executive Director)</i>	22A, Jalan PJU 7/23 Mutiara Damansara 47180 Petaling Jaya Selangor Darul Ehsan	Advocate & Solicitor	Malaysian
Datin Rahmah Binti Mahmood <i>(Independent Non-Executive Director)</i>	No. 12, Kiara Hills Jalan 32/70A, Desa Sri Hartamas 50480 Kuala Lumpur	Company Director	Malaysian
Liew Chek Leong <i>(Independent Non-Executive Director)</i>	6739, Jalan Nuri 27 Bandar Putra 81000 Kulai Johor Darul Takzim	Chartered Accountant	Malaysian

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

Name	Designation	Directorship
Leong Kam Weng	Chairman	Independent Non-Executive Director
Liew Chek Leong	Member	Independent Non-Executive Director
Datuk Seri Dr. Suleiman Bin Mohamed	Member	Independent Non-Executive Chairman

REMUNERATION COMMITTEE

Name	Designation	Directorship
Datuk Seri Dr. Suleiman Bin Mohamed	Chairman	Independent Non-Executive Chairman
Liew Chek Leong	Member	Independent Non-Executive Director
Ng Aik Chuan	Member	Managing Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Datuk Seri Dr. Suleiman Bin Mohamed	Chairman	Independent Non-Executive Chairman
Leong Kam Weng	Member	Independent Non-Executive Director
Datin Rahmah Binti Mahmood	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES	<p>: Seow Fei San (MAICSA 7009732) A-17-16, Block A, Kondominium Sterling No. 3, Jalan SS7/19 47301 Petaling Jaya Selangor Darul Ehsan</p> <p>Mok Mee Kee (MAICSA 7029343) No. 7, Jalan DU 2/5 Taman Damai Utama 47180 Puchong Selangor Darul Ehsan</p>
REGISTERED OFFICE	<p>: 802, 8th Floor, Block C, Kelana Square 17, Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan</p> <p>Tel : (603) 7803 1126 Fax : (603) 7806 1387</p>
HEAD / MANAGEMENT OFFICE	<p>: No. 2, Jalan Permatang 2 Kempas Baru 81200 Johor Bahru Johor Darul Takzim</p> <p>Tel : (607) 231 6999 Fax : (607) 231 6900 Website: www.xinhwa.com.my</p>
AUDITORS & REPORTING ACCOUNTANTS	<p>: Crowe Horwath (AF1018) 30-04 Level 30, Menara Landmark 12, Jalan Ngee Heng 80000 Johor Bahru Johor Darul Takzim</p> <p>Tel : (607) 278 1268 Fax : (607) 278 1238</p>
SOLICITORS	<p>: Jeff Leong, Poon & Wong Advocates & Solicitors B-11-8, Level 11 Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur</p> <p>Tel : (603) 2166 3225 Fax : (603) 2164 3227</p>
INDEPENDENT MARKET RESEARCHER	<p>: Protégé Associates Sdn Bhd (675767-H) Suite C-06-06, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur</p> <p>Tel : (603) 6201 9301 Fax : (603) 6201 7302</p>

1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT VALUER : KGV International Property Consultants (Johor) Sdn Bhd
(214438-H)
Unit 9-01, Level 9
Johor Bahru City Square (Office Tower)
No. 106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim

Tel : (607) 224 2022
Fax : (607) 223 1366

PRINCIPAL BANKERS : Public Bank Berhad (6463-H)
Level 1 & 12, Public Bank Tower
19, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim

Tel : (607) 218 6888
Fax : (607) 218 6877

CIMB Islamic Bank Berhad (671380-H)
39 & 41, Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Masai
Johor Darul Takzim

Tel : (607) 386 2519
Fax : (607) 386 2527

United Overseas Bank (Malaysia) Berhad (271809-K)
Lot 1-23, Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim

Tel : (607) 219 6300
Fax : (607) 224 3706

ISSUING HOUSE : Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
(formerly known as Equiniti Services Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : (603) 2264 3883
Fax : (603) 2282 1886

SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
(formerly known as Equiniti Services Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : (603) 2264 3883
Fax : (603) 2282 1886

I. CORPORATE DIRECTORY (*Cont'd*)

**PRINCIPAL ADVISER, SOLE
UNDERWRITER AND SOLE
PLACEMENT AGENT** : Public Investment Bank Berhad (*20027-W*)
25th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur

Tel : (603) 2166 9382

Fax : (603) 2166 9386

LISTING SOUGHT : Main Market

SHARIAH STATUS : Approved by the Shariah Advisory Council of the SC

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2. INFORMATION SUMMARY

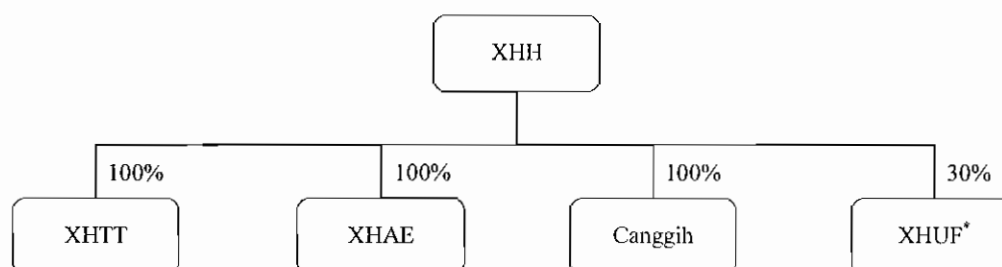
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION FROM THIS PROSPECTUS AND MAY NOT CONTAIN ALL THE INFORMATION ABOUT OUR GROUP AND OUR IPO WHICH MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY PRIOR TO DECIDING WHETHER TO INVEST IN OUR SHARES.

2.1 History and Business Overview of Our Group

Our Company was incorporated in Malaysia under the Act on 18 January 2013 as a private limited company under the name of Xin Hwa Holdings Sdn Bhd and was subsequently converted to a public limited company on 26 June 2013.

We are an investment holding company and are engaged in the provision of management services. Through our Subsidiaries, we are an integrated logistics service provider involved in land transport operations, warehousing and distribution operations and other services. Our land transport operations incorporate cargo transportation services and container haulage services whereas other services incorporate freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers.

Our Group's corporate structure is as follows:



Note:

* XHUF is deemed as a subsidiary of XHH pursuant to Section 5 of the Act as XHH controls the composition of the board of directors of XHUF through the XHUF Shareholders' Agreement.

Details on the history and business overview of our Group are set out in Sections 5.1 and 6 of this Prospectus.

2.2 Our Competitive Advantages and Key Strengths

Our Directors believe that our competitive advantages and key strengths are as follows:

- (i) Integrated operations whereby we are able to provide multiple services across the logistics industry value chain;
- (ii) In-house manufacturing, fabrication and maintenance centre that enables our Group to carry out in-house refurbishment, fabrication, modification and component extension work on our vehicles as well as to manufacture and fabricate trailers;
- (iii) Sizeable fleet of vehicles which allows our Group to provide a diverse range of transportation services to our customers;
- (iv) Ability to refurbish used prime movers to minimise our cost structure;
- (v) Geographical presence across Peninsular Malaysia that allows us to respond promptly to our customers' requests at different locations;

2. INFORMATION SUMMARY (Cont'd)

- (vi) Established relationship with customers which will enable our Group to develop a good understanding of our customers' diverse and changing requirements and expectations; and
- (vii) Experienced management team that will provide the basis for the continued business growth of our Group moving forward.

Further details on our competitive advantages and key strengths are set out in Section 6.1.4 of this Prospectus.

2.3 Our Future Plans and Strategies

We have in place a business and expansion plan moving forward, which is focused on the following areas:

- (i) Construction of a new warehouse;
- (ii) Expansion of our fleet of vehicles; and
- (iii) Setting-up a new branch office in the east coast of Peninsular Malaysia.

Further details on our future plans and strategies are set out in Section 6.22 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.4 Financial Highlights

2.4.1 Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table is our pro forma consolidated statements of profit or loss and other comprehensive income for the past four (4) financial years up to the FYE 31 December 2014, which have been prepared for illustrative purposes only based on the audited financial statements of the companies in our Group and on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

Our pro forma consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Reporting Accountants' Letter on the Compilation of Pro Forma Financial Information as set out in Section 11.4 of this Prospectus.

	FYE 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	74,435	91,217	97,895	110,633
Cost of sales	(56,172)	(62,704)	(66,993)	(73,144)
GP	18,263	28,513	30,902	37,489
Other income	985	754	286	294
	19,248	29,267	31,188	37,783
Selling and distribution expenses	(656)	(531)	(507)	(649)
Administrative expenses	(9,260)	(12,091)	(13,666)	(16,735)
Profit from operations	9,332	16,645	17,015	20,399
Finance costs	(744)	(1,388)	(1,236)	(1,979)
PBT	8,588	15,257	15,779	18,420
Income tax expense	(2,257)	(2,474)	(1,793)	(2,564)
PAT	6,331	12,783	13,986	15,856
Other comprehensive income				
- Item that will not be reclassified subsequently to profit or loss				
- Revaluation of properties	-	-	18,139	-
- Items that may be reclassified subsequently to profit or loss				
- Fair value changes of available-for-sale financial assets	(28)	9	12	-
- Realisation of fair value reserve upon disposal of available-for-sale financial assets	-	-	-	5
Total comprehensive income	6,303	12,792	32,137	15,861
PAT attributable to:				
- Owners of the Company	6,334	12,685	13,876	15,754
- Holders of NCI	(3)	98	110	102
	6,331	12,783	13,986	15,856

2. INFORMATION SUMMARY (Cont'd)

	FYE 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Total comprehensive income attributable to:				
- Owners of the Company	6,306	12,694	32,027	15,759
- Holders of NCI	(3)	98	110	102
	6,303	12,792	32,137	15,861
GP margin (%)	24.54	31.26	31.57	33.89
PBT margin (%)	11.54	16.73	16.12	16.65
PAT margin (%)	8.51	14.01	14.29	14.33
Effective tax rate (%)	26.28	16.22	11.36	13.92
EBITDA	13,688	19,319	20,811	24,482
Earnings before interest and tax	9,328	16,643	17,010	20,366
Interest coverage (times)	12.54	11.99	13.76	10.29
Assumed number of ordinary shares in issue of RM0.50 each* ('000)	142,218	142,218	142,218	142,218
- Gross EPS** (sen)	6.04	10.73	11.09	12.95
- Net EPS** (sen)	4.45	8.92	9.76	11.08
Enlarged number of ordinary shares in issue of RM0.50 each^ ('000)	180,000	180,000	180,000	180,000
- Gross EPS^^ (sen)	4.77	8.48	8.77	10.23
- Net EPS^^ (sen)	3.52	7.05	7.71	8.75

Notes:

* Assumed number of ordinary shares in issue arrived at based on the issued and fully paid-up capital after the Acquisitions but before the Public Issue.

** The gross EPS and net EPS were computed by dividing the PBT and PAT attributable to owners of the Company respectively by the assumed number of ordinary shares in issue during the relevant financial years.

^ Enlarged number of ordinary shares in issue after the Public Issue.

^^ The gross EPS and net EPS were computed by dividing the PBT and PAT attributable to owners of the Company respectively by the enlarged number of ordinary shares in issue during the relevant financial years.

2. INFORMATION SUMMARY (Cont'd)

2.4.2 Pro Forma Consolidated Statements of Financial Position

Our pro forma consolidated statements of financial position as set out below have been prepared for illustrative purposes only to show the effects on the pro forma consolidated statements of financial position of our Group as at 31 December 2014 had the Listing Exercise been completed on that date and that the current structure of our Group has been in existence throughout the financial year under review.

	Audited as at 31 December 2014 RM'000	Pro forma I After Acquisitions RM'000	Pro forma II After Pro forma I, Public Issue and utilisation of listing proceeds RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	-	112,235	128,340
	-	112,235	128,340
Current Assets			
Inventories	-	775	775
Trade receivables	-	25,657	25,657
Other receivables, deposits and prepayment	1,392	3,770	3,770
Tax recoverable	-	1,406	1,406
Fixed deposits with licensed bank	-	22	22
Cash and bank balances	*	8,204	11,285
	1,392	39,834	42,915
TOTAL ASSETS	1,392	152,069	171,255
EQUITY AND LIABILITIES			
Equity			
Share capital	*	71,109	90,000
Share premium	-	-	6,529
Merger deficit	-	(68,979)	(68,979)
Revaluation reserve	-	18,139	18,139
(Accumulated losses) / Retained profits	(247)	65,964	63,480
Equity attributable to:			
- Owners of the Company	(247)	86,233	109,169
- NCI	-	377	377
TOTAL EQUITY	(247)	86,610	109,546

2. INFORMATION SUMMARY (Cont'd)

	Audited as at 31 December 2014 RM'000	Pro forma I After Acquisitions RM'000	Pro forma II After Pro forma I, Public Issue and utilisation of listing proceeds RM'000
Non-Current Liabilities			
Deferred tax liabilities	-	4,471	4,471
Long-term borrowings	-	34,456	30,706
	-	38,927	35,177
Current Liabilities			
Trade payables	-	8,571	8,571
Other payables and accruals	1,639	7,506	7,506
Short-term borrowings	-	10,425	10,425
Tax payable	-	30	30
	1,639	26,532	26,532
Total Liabilities	1,639	65,459	61,709
TOTAL EQUITY AND LIABILITIES	1,392	152,069	171,255
Number of ordinary shares assumed in issue at par value of RM0.50 each ('000)	^	142,218	180,000
(NL) / NA (RM'000)	(247)	86,233	109,169
(NL) / NA per Share (RM)	(41,166.67)	0.61	0.61

Notes:

* Less than RM500.

^ Represents six (6) Shares.

Our pro forma consolidated statements of financial position should be read in conjunction with the Reporting Accountants' Letter on the Compilation of Pro Forma Financial Information as set out in Section 11.4 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.4.3 Pro Forma Consolidated Statement of Cash Flows

The following is our pro forma consolidated statement of cash flows for the FYE 31 December 2014, which has been prepared for illustrative purposes only on the assumption that the current structure of our Group has been in existence throughout the financial year under review. The pro forma consolidated statement of cash flows of our Group has been prepared before taking into account the proceeds from the Public Issue and the utilisation of proceeds from the Public Issue.

Our pro forma consolidated statement of cash flows should be read in conjunction with the Reporting Accountants' Letter on the Compilation of Pro Forma Financial Information as set out in Section 11.4 of this Prospectus.

	FYE 31 December 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	18,420
Adjustments for:	
Allowance for impairment losses on trade receivables	17
Depreciation of property, plant and equipment	4,116
Interest expenses	1,958
Interest income	(33)
Loss on disposal of property, plant and equipment	1
Property, plant and equipment written off	1
Operating profit before working capital changes	24,480
Decrease in inventories	481
Increase in trade and other receivables	(3,322)
Decrease in trade and other payables	(1,855)
CASH FROM OPERATIONS	19,784
Income tax paid	(2,648)
Income tax refund	1,274
Interest paid	(1,958)
NET CASH FROM OPERATING ACTIVITIES	16,452
CASH FLOWS FOR INVESTING ACTIVITIES	
Interest received	33
Proceeds from allotment of new ordinary shares	*
Proceeds from disposal of available-for-sale financial asset	500
Proceeds from disposal of property, plant and equipment	*
Purchase of property, plant and equipment	(33,602)
NET CASH FOR INVESTING ACTIVITIES	(33,069)
BALANCE CARRIED FORWARD	(16,617)

2. INFORMATION SUMMARY (Cont'd)

	FYE 31 December 2014 RM'000
BALANCE BROUGHT FORWARD	(16,617)
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown of term loans	22,078
Net drawdown of bankers' acceptance	237
Net repayment of hire purchase payables	(415)
Repayment of term loans	(3,323)
NET CASH FROM FINANCING ACTIVITIES	18,577
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,960
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,555
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	7,515

Note:

* Less than RM500.

2.5 Principal Statistics Relating to Our IPO**2.5.1 Our Share Capital**

	RM
Authorised share capital	
1,000,000,000 ordinary shares of RM0.50 each	500,000,000
Issued and credited as fully paid-up share capital	
142,218,000 ordinary shares of RM0.50 each	71,109,000
To be issued pursuant to the Public Issue	
37,782,000 ordinary shares of RM0.50 each	18,891,000
Enlarged issued and paid-up share capital upon Listing	
180,000,000 ordinary shares of RM0.50 each	90,000,000

2.5.2 Issue Price per IPO Share

Issue price per IPO Share	RM0.70
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2.5.3 Total Market Capitalisation upon Listing

Total market capitalisation based on our IPO Price of RM0.70 per Share and the enlarged share capital of 180,000,000 Shares	RM126,000,000
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Please refer to Section 3 of this Prospectus for detailed information of our IPO.

2. INFORMATION SUMMARY (Cont'd)

2.6 Risk Factors

There are a number of risk factors both specific to our Group and relating to the general business environment, which may impact the operating performance and financial position of our Group. To appreciate the risk factors associated with an investment in our Shares, you should read this entire Prospectus carefully, taking into consideration the following summary of key risk factors.

2.6.1 Risks in Relation to Our Business

- (i) Dependent on the continued services of our key management for the continuing success of our Group;
- (ii) Non-renewal or revocation of vehicle permits and / or business licences may adversely impact our business operations;
- (iii) Our internal port haulage transportation services are reliant on the continued operations of the port;
- (iv) Dependent on technological advancements such as GPS and any system disruptions may result in interruptions to our business operations;
- (v) Inadequate insurance coverage may adversely affect our business and financial performance in the event claims against our Group exceed the coverage of our insurance policies;
- (vi) Contamination or accidents involving land transportation of hazardous materials may adversely affect our Group's reputation, business operations and financial performance;
- (vii) Non-renewal or termination of existing tenancies of our branch offices and site offices may adversely affect our business operations and profitability;
- (viii) Borrowings and fluctuations in interest rates may affect the ability of our Group to obtain additional funding in the event we are unable to meet our repayment obligations; and
- (ix) Default or delay in payment by our customers which lead to impairment losses on trade receivables or bad debts may adversely impact our financial performance.

2.6.2 Risks in Relation to Our Industry

- (i) Unavailability of drivers may lead to disruptions in our Group's daily land transport operations;
- (ii) Adverse fluctuation in fuel prices may result in an increase in our cost of sale, thus adversely affecting our operations and financial results;
- (iii) Road accidents and traffic interruptions may disrupt our business operations and adversely affect our reputation and financial performance;
- (iv) Increased competition from existing competitors and potential new entrants may have a material adverse impact on the operating results and financial position of our Group;
- (v) Liberalisation of the logistics industry in the ASEAN region may increase the level of competition in the logistics industry in Malaysia which may have an adverse impact on our Group; and

2. INFORMATION SUMMARY (Cont'd)

- (vi) Adverse developments in political, economic and regulatory conditions in Malaysia may adversely affect our financial position and business prospects.

2.6.3 Risks in Relation to Our Shares and Our IPO

- (i) No prior market for our Shares may result in an inactive market for our Shares and our IPO Price may not correspond to the price at which our Shares will be traded;
- (ii) Capital market risks may affect the market price of and demand for our Shares and our share price may be volatile and could fluctuate significantly and rapidly;
- (iii) Failure or delay in our Listing may occur;
- (iv) Control by our substantial shareholders may allow them to influence certain decisions of our Group;
- (v) Payment of dividends by our Company is not guaranteed;
- (vi) Future fund raising exercises may dilute shareholders' equity and / or restrict our operations; and
- (vii) Disclosure regarding forward-looking statements which are subject to uncertainties and contingencies.

The details of the aforementioned risks are provided in the section on risk factors contained in Section 4 of this Prospectus. If you are unsure about any of the information contained in the section on risk factors, you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers.

2.7 Utilisation of Proceeds

We expect the proceeds from the Public Issue of approximately RM26.45 million to be fully utilised by our Group in the following manner:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Business expansion			
- Construction of new warehouse	4,750	17.96	Within six (6) months
- Expansion of fleet of vehicles	11,355	42.93	Within twenty four (24) months
Repayment of bank borrowings	3,750	14.18	Within six (6) months
Working capital	3,081	11.65	Within twenty four (24) months
Estimated listing expenses	3,511	13.28	Within three (3) months
Total	26,447	100.00	

Further details on the utilisation of the gross proceeds are set out in Section 3.9 of this Prospectus.

3. PARTICULARS OF OUR IPO

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

3.1 Opening and Closing of Applications

Application for our IPO Shares will open at 10.00 a.m. on 11 June 2015 and will remain open until 5.00 p.m. on 17 June 2015 or such other date or dates as our Directors and Sole Underwriter in their absolute discretion may mutually decide.

3.2 Indicative Timetable

The indicative timetable of events leading up to our Listing is as follows:

Event	Tentative Dates
Opening date of application for our IPO Shares	10.00 a.m., 11 June 2015
Closing date of application for our IPO Shares	5.00 p.m., 17 June 2015
Balloting of applications	22 June 2015
Despatch of notices of allotment to successful applicants	26 June 2015
Listing on the Main Market	30 June 2015

If the closing date of the application is extended, the dates for the balloting, allotment and listing of our entire issued and paid-up share capital on the Main Market would be extended accordingly and we will notify the public via an advertisement in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

3.3 Details of Our IPO

3.3.1 Public Issue

Our Public Issue of 37,782,000 new Shares, representing approximately 20.99% of our enlarged issued and paid-up share capital, at an issue price of RM0.70 per Share is subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

(i) Malaysian Public

9,000,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for the Bumiputera Public ("Public Tranche").

(ii) Eligible Directors, Employees and Other Persons who have Contributed to the Success of Our Group

3,000,000 Public Issue Shares, representing 1.67% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of our Group.

3. PARTICULARS OF OUR IPO (Cont'd)

The criteria for the allocation of the Public Issue Shares to the eligible Directors, employees and other persons who have contributed to the success of our Group, as approved by the Board are as follows:

- (a) Eligible Directors and employees of our Group
 - Seniority;
 - Length of service;
 - Category of employees;
 - Job performance; and
 - Other criteria deemed fit by our Management.
- (b) Other persons who have contributed to the success of our Group
 - Length of relationship;
 - Volume and frequency of transactions with us; and
 - Other criteria deemed fit by our Management.

The summary of allocation of 3,000,000 Public Issue Shares as described above is as set out below:

Eligible persons	No. of eligible persons	No. of Public Issue Shares allocated
Eligible Directors and employees of our Group	108	2,420,000
Other persons who have contributed to the success of our Group	10	580,000
Total	118	3,000,000

Eligible Directors

The details of allocation of the Public Issue Shares to the eligible Directors are as follows:

Eligible Directors	Designation	No. of Public Issue Shares allocated
Datuk Seri Dr. Suleinain Bin Mohamed	Independent Non-Executive Chairman	100,000
Leong Kam Weng	Independent Non-Executive Director	100,000
Datin Rahmah Binti Mahmood	Independent Non-Executive Director	100,000
Liew Chek Leong	Independent Non-Executive Director	100,000
Total		400,000

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

(iii) **Bumiputera Investors Approved by MITI (“MITI Tranche”)**

2,000,000 Public Issue Shares, representing 1.11% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to Bumiputera Investors approved by MITI.

The Public Issue Shares for placement to Bumiputera Investors approved by MITI shall be subject to the following reallocation provisions:

- (a) Any of the Public Issue Shares not subscribed by the Bumiputera Investors under the MITI Tranche shall be made available for application by the Bumiputera Public who are applicants under the Public Tranche;
- (b) If there are insufficient Bumiputera Public applicants under the Public Tranche for reallocation of unsubscribed Public Issue Shares pursuant to paragraph (a) above, such unsubscribed Public Issue Shares shall be made available for the application by the Malaysian Public; and
- (c) Subsequently, any unsubscribed Public Issue Shares by the Malaysian Public pursuant to paragraph (b) above will be made available for subscription by selected investors and / or the eligible Directors, employees and other persons who have contributed to the success of our Group.

The Public Issue Shares under the MITI Tranche will not be underwritten by the Sole Underwriter.

(iv) **Selected Investors by way of Private Placement**

23,782,000 Public Issue Shares, representing approximately 13.21% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

The Public Issue Shares for placement to selected investors will not be underwritten by the Sole Underwriter as irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective selected investors.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares pursuant to Sections 3.3.1 (i) and 3.3.1 (ii) above have been fully underwritten by the Sole Underwriter, save for the 400,000 Public Issue Shares allocated to the eligible Directors as irrevocable undertakings have been obtained from the eligible Directors to subscribe for their allocated Public Issue Shares in full under the Pink Form Allocation. There is no over-allotment or “greenshoe” option that will result in an increase in the amount of Public Issue Shares.

Any portion of the Public Issue Shares which are not subscribed by the eligible employees and other persons who have contributed to the success of our Group will be made available for subscription by the Malaysian Public.

Thereafter, any Public Issue Shares not subscribed by the Malaysian Public will be made available for subscription by the selected investors.

Any further Public Issue Shares not subscribed for will be made available for subscription by the Sole Underwriter in the proportions as specified in the Underwriting Agreement. The salient terms of the Underwriting Agreement are set out in Section 3.11 of this Prospectus.

3. PARTICULARS OF OUR IPO (Cont'd)

3.3.2 Offer for Sale

The Offer for Sale of 16,218,000 Shares, representing approximately 9.01% of our enlarged issued and paid-up share capital, at an offer price of RM0.70 per Share are payable in full upon application, is subject to the terms and conditions of this Prospectus and will be made available by way of placement to Bumiputera Investors approved by MITI.

The Offer Shares for placement to Bumiputera Investors approved by MITI shall be subject to the following reallocation provisions:

- (a) Any of the Offer Shares not subscribed by the Bumiputera Investors under the MITI Tranche shall be made available for application by the Bumiputera Public who are applicants under the Public Tranche;
- (b) If there are insufficient Bumiputera Public applicants under the Public Tranche for reallocation of unsubscribed Offer Shares pursuant to paragraph (a) above, such unsubscribed Offer Shares shall be made available for the application by the Malaysian Public; and
- (c) Subsequently, any unsubscribed Offer Shares by the Malaysian Public pursuant to paragraph (b) above will be made available for subscription by selected investors and / or the eligible Directors, employees and other persons who have contributed to the success of our Group.

The Offer Shares for placement to Bumiputera Investors under the MITI Tranche will not be underwritten by the Sole Underwriter.

In summary, the Public Issue Shares and Offer Shares will be allocated in the following manner:

Categories	Public Issue		Offer for Sale		Total	
	No. of Sbares	% of enlarged share capital ^(a)	No. of Shares	% of enlarged share capital ^(a)	No. of Shares	% of enlarged share capital ^(a)
Retail offering:						
Malaysian Public (via balloting)	9,000,000	5.00	-	-	9,000,000	5.00
Eligible Directors, employees and other persons who have contributed to the success of our Group	3,000,000	1.67	-	-	3,000,000	1.67
Sub-total	12,000,000	6.67	-	-	12,000,000	6.67
Private placement:						
Bumiputera investors approved by MITI	2,000,000	1.11	16,218,000	9.01	18,218,000	10.12
Selected investors	23,782,000	13.21	-	-	23,782,000	13.21
Sub-total	25,782,000	14.32	16,218,000	9.01	42,000,000	23.33
Total	37,782,000	20.99	16,218,000	9.01	54,000,000	30.00

Note:

- (a) Based on the enlarged issued and paid-up share capital of 180,000,000 Shares.

3. PARTICULARS OF OUR IPO (Cont'd)

3.3.3 Share Transfer

Upon completion of our IPO, the Promoters, namely Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam will hold an aggregate of 125,999,998 Shares.

During the prescription period, which is on the eve of the launching date of the Prospectus up to a period of thirty (30) days, Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam will transfer 125,999,998 Shares to a private holding company, namely NF Capital at a consideration of RM62,999,999, to be satisfied partly by the issuance of 99,899 NF Capital Shares to be issued at par of RM1.00 each and the remaining balance consideration of RM62,900,100 will remain as an amount owing from NF Capital to Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam.

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS account of NF Capital prior to our Listing.

3.3.4 Listing on Bursa Securities

Bursa Securities had on 3 June 2015, approved the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM90,000,000 comprising 180,000,000 Shares on the Main Market.

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3. PARTICULARS OF OUR IPO (Cont'd)

3.4 Offerors

The details of the Offerors and their respective relationships with our Company since the date of our incorporation together with their shareholdings in our Company before and after the Offer for Sale and IPO are as follows:

Name	Address	Material relationship with our Company	Before our IPO		Shares offered pursuant to the Offer for Sale			After our IPO	
			No. of Shares	% ^(a)	No. of Offer Shares	% ^(a)	% ^(b)	No. of Shares	% ^(b)
Ng Aik Chuan	No. 6, Jalan Padi Huma 3 Bandar Baru Uda 81200 Johor Bahru Johor Darul Takzim	<ul style="list-style-type: none"> • Promoter; Director; and • Substantial shareholder 	42,832,000	30.12	4,884,398	3.43	2.71	37,947,602 ^(c)	21.08
Ng Yam Pin	No. 19, Jalan Bukit Kempas 2/7 Taman Bukit Kempas 81200 Johor Bahru Johor Darul Takzim	<ul style="list-style-type: none"> • Promoter; Director; and • Substantial shareholder 	42,594,000	29.95	4,857,258	3.42	2.70	37,736,742 ^(c)	20.97
Eng Peng Lam @ Ng Peng Lam	No. 146, Jalan Anggerik 56 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	<ul style="list-style-type: none"> • Promoter; and • Substantial shareholder 	56,791,998	39.93	6,476,344	4.55	3.60	50,315,654 ^(c)	27.95

Notes:

- (a) Based on the issued and paid-up share capital of 142,218,000 Shares after the Acquisitions but prior to the IPO.
- (b) Based on the enlarged issued and paid-up share capital of 180,000,000 Shares.
- (c) During the prescription period, all their respective shareholdings in our Company will be transferred to NF Capital. Please refer to Section 5.5.3 of this Prospectus for further details.

3. PARTICULARS OF OUR IPO (Cont'd)**3.5 Share Capital**

	RM
Authorised share capital	
1,000,000,000 ordinary shares of RM0.50 each	500,000,000
Issued and credited as fully paid-up share capital	
142,218,000 ordinary shares of RM0.50 each	71,109,000
To be issued pursuant to the Public Issue:	
37,782,000 ordinary shares of RM0.50 each	18,891,000
Enlarged issued and paid-up share capital upon our Listing	
180,000,000 ordinary shares of RM0.50 each	90,000,000
IPO Price	0.70
Market capitalisation upon our Listing	126,000,000

We have only one (1) class of shares, being ordinary shares of RM0.50 each. Our Public Issue Shares will upon allotment, rank *pari passu* in all respects with one another and all other existing issued and paid-up ordinary shares forming part of the share capital of our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of our Public Issue Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of any surplus if our Company undergoes liquidation, in accordance with our Articles of Association and the provisions of the Act.

At any of our general meetings, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

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3. PARTICULARS OF OUR IPO (Cont'd)

3.6 Purpose of Our IPO

The purpose of our IPO is as follows:

- (i) to enable our Group to gain access to the capital market to raise funds for future business expansion and continued growth;
- (ii) to enhance the stature and corporate profile of our Group through our listing status. This would create greater public awareness and corporate visibility through the media and publicly available documents as well as provide indirect benefits such as instilling confidence and pride amongst our business partners, employees and customers;
- (iii) to enable our Group to gain recognition and widen our Group's market share in the logistics industry in Malaysia; and
- (iv) to provide an opportunity for the eligible Directors, employees and other persons who have contributed to the success of our Group as well as the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.

3.7 Basis of Arriving at Our IPO Price

Our IPO price of RM0.70 per Share was determined and agreed upon by our Directors and PIVB as the Principal Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration the following factors:

- (i) our Group's operating and financial performance as outlined in Sections 11 and 12 of this Prospectus. Based on the pro forma financial information of our Group for the FYE 31 December 2014, we have recorded PAT attributable to owners of the Company of RM15.75 million, which translates into a net EPS of 8.75 sen based on our enlarged issued and paid-up share capital of 180,000,000 Shares. This in turn, translates into a net PE Multiple of approximately 8.00 times based on our IPO price of RM0.70;
- (ii) the future plans, strategies and prospects of our Group to construct a new warehouse and expand our fleet of vehicles will provide us the platform for continued business growth as outlined in Section 6.22 of this Prospectus;
- (iii) the competitive advantages and key strengths of our Group as an integrated logistics service provider with a sizeable fleet of vehicles, supported by our in-house manufacturing, fabrication and maintenance centre as well as our wide geographical presence across Peninsular Malaysia as outlined in Section 6.1.4 of this Prospectus; and
- (iv) the current prevailing market conditions which are relatively stable.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to vagaries of the market forces and other uncertainties, which may affect the price of our Shares being traded. You should also bear in mind the Risk Factors set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding to invest in our Shares.

3. PARTICULARS OF OUR IPO (Cont'd)**3.8 Dilution**

Dilution is the amount by which the IPO Price to be paid by Applicants / subscribers and / or purchasers of our IPO Shares in this IPO exceeds our pro forma consolidated NA per Share after our IPO.

The following table illustrates the dilution per Share as at 31 December 2014:

	RM
IPO Price	0.70
Pro forma consolidated NA per Share based on the issued and paid-up share capital of 142,218,000 Shares	0.61
Pro forma consolidated NA per Share based on the enlarged issued and paid-up share capital upon our Listing ^(a)	0.61
Dilution in NA per Share to new investors ^(b)	0.09
Dilution in NA per Share to new investors as a percentage of our IPO Price	12.86%

Notes:

- (a) After adjusting for the gross proceeds and deducting the estimated listing expenses.
- (b) The dilution in NA per Share is arrived at based on the difference between the IPO Price and the pro forma consolidated NA per Share and is computed solely for illustrative purposes.

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3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired by our Directors, Promoters, substantial shareholders and / or person connected to them, the total consideration paid by them and the average effective cash cost per Share to our Directors, Promoters, substantial shareholders and / or person connected to them of the Shares acquired by them from the date of incorporation and the new public investors who will subscribe for our IPO Shares pursuant to our IPO.

	Before our IPO No. of Shares	After our IPO* No. of Shares	Total consideration RM	Average cost per Share RM
<u>Directors, Promoters and substantial shareholders</u>				
Ng Aik Chuan	42,832,000	37,947,602	18,973,801	0.50
Ng Yam Pin	42,594,000	37,736,742	18,868,371	0.50
<u>Promoter and substantial shareholder</u>				
Eng Peng Lam @ Ng Peng Lam	56,791,998	50,315,654	25,157,827	0.50
<u>Directors</u>				
Datuk Seri Dr. Snleiman Bin Mohamed	-	100,000	70,000	0.70
Leong Kam Weng	-	100,000	70,000	0.70
Datin Rahmah Binti Mahmood	-	100,000	70,000	0.70
Liew Chek Leong	-	100,000	70,000	0.70
<u>Other shareholders</u>				
Existing shareholders [#]	2	2	1	0.50
New investors				
- Public Issue	-	37,382,000	26,447,400	0.70
- Offer for Sale	-	16,218,000	11,352,600	0.70

Notes:

* Before the Share Transfer.

Comprising two (2) Shares held by Mohd Hafiz Bin Daud.

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3. PARTICULARS OF OUR IPO (Cont'd)**3.9 Utilisation of Proceeds**

The total gross proceeds of approximately RM26.45 million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		RM'000	%	
Business expansion				
- Construction of new warehouse	(a)(i)	4,750	17.96	Within six (6) months
- Expansion of fleet of vehicles	(a)(ii)	11,355	42.93	Within twenty four (24) months
Repayment of bank borrowings	(b)	3,750	14.18	Within six (6) months
Working capital	(c)	3,081	11.65	Within twenty four (24) months
Estimated listing expenses	(d)	3,511	13.28	Within three (3) months
Total		26,447	100.00	

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

(a) Business expansion

Our Group intends to utilise approximately RM16.11 million of the proceeds arising from the Public Issue to defray the cost to be incurred for our business expansion for the next two (2) years, which includes the following:

(i) Construction of a new warehouse

We intend to utilise RM4.75 million of our proceeds from the Public Issue to fund the estimated cost of construction of a new warehouse in Pasir Gudang, Johor Darul Takzim of approximately RM19.00 million. The remaining funds required for the construction of the new warehouse will be financed through internally generated funds and bank borrowings.

The construction of the new warehouse has commenced on 18 July 2014 and it is estimated to be completed in the second (2nd) quarter of 2015. We expect to obtain the Certificate of Completion and Compliance for the warehouse and commence operations in the third (3rd) quarter of 2015. Our total warehouse space is estimated to be increased by approximately 220,000 sq. ft. upon completion of the construction of the new warehouse.

Further, we have provided an undertaking to the SC for the following:

- to update the SC on the status of the construction of the new warehouse every six (6) months from the date of approval of the Listing Exercise;
- to inform the SC upon obtaining Certificate of Completion and Compliance for the new warehouse; and
- to occupy the new warehouse after the Certificate of Completion and Compliance is obtained.

3. PARTICULARS OF OUR IPO (Cont'd)

(ii) Expansion of fleet of vehicles

We intend to utilise approximately RM11.36 million of our proceeds from the Public Issue to acquire approximately 101 units of vehicles in the next twenty four (24) months as follows:

Type of vehicles	No. of units	Average unit cost RM	Total cost RM
Trucks	10	80,000	800,000
Used prime movers			
- For trailers	44	100,000	4,400,000
- For multi axle trailers	1	200,000	200,000
Trailers			
- Trailers	43	60,000	2,580,000
- Multi axle trailers	3	1,125,000	3,375,000
Total	101	N/A	11,355,000

(b) Repayment of bank borrowings

We intend to utilise RM3.75 million to partially repay our term loan facility of RM14.84 million which was obtained from CIMB Bank Berhad to part finance the construction of the new warehouse in Pasir Gudang, Johor Darul Takzim. The term loan was obtained to enable us to meet our payment obligations in relation to the construction of the new warehouse prior to the receipt of the proceeds from the Public Issue. As at the LPD, the remaining outstanding term loan for this facility amounted to approximately RM12.36 million.

With the partial repayment of this term loan of RM3.75 million, we expect to achieve interest savings of approximately RM0.17 million per annum. This will in turn result in total interest savings of approximately RM1.47 million over the term loan repayment period of 15 years assuming effective interest rate of 4.65% per annum based on reducing balance method.

This partial repayment is also expected to reduce our Group's gearing ratio from 0.41 times as at 31 December 2014 to 0.38 times.

(c) Working capital

We expect to utilise approximately RM3.08 million of the proceeds arising from the Public Issue as working capital to finance our Group's future operations which is in line with the expected commencement of the operations of our new warehouse with an estimated increase of approximately 220,000 sq. ft. of warehouse space in the third (3rd) quarter of 2015 and the expansion of our fleet of vehicles of approximately 101 units of vehicles in the next twenty four (24) months. The allocation for working capital will be used for day-to-day operations, including but not limited to, payment of payroll expenses, defrayment of operational expenses as well as finance our advertising and marketing activities.

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

The estimated expenses and fees incidental to our Listing amounting to approximately RM3.51 million shall be borne by our Company, the details of which are as follows:

Expenses	RM'000
Professional fees	1,679
Brokerage, placement fees and underwriting commission	675
Printing of Prospectus and advertising fees	550
Issuing house and share registrar	150
Fees to the authorities	157
Miscellaneous expenses	300
Total	3,511

We will bear all expenses and fees incidental to our Listing, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees, the aggregate of which is estimated to be approximately RM3.51 million. Any difference arising from the utilisation as set out above will be adjusted accordingly with our working capital requirements.

The Offer for Sale will raise gross proceeds of approximately RM11.35 million. This amount shall accrue entirely to the Offerors and no part of the proceeds shall be receivable by us. The Offerors shall bear all expenses such as underwriting commission, placement fees, stamp duty, registration and share transfer fees relating to the Offer Shares.

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

The financial impact of the utilisation of our Listing proceeds from the Public Issue on our pro forma consolidated statements of financial position is as set out in Section 11.2 of this Prospectus.

3.10 Brokerage, Placement Fees and Underwriting Commission**3.10.1 Brokerage**

Brokerage fees are payable by us in respect of the Public Issue Shares at the rate of 1.00% on our IPO Price and are subject to GST for successful applications which bear the stamps of PIVB, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of Malaysian Investment Banking Association or the Issuing House.

3.10.2 Placement Fees

The placement fees are payable by our Company to the Sole Placement Agent at a rate of up to 2.00% of the value of the Public Issue Shares based on our IPO Price and are subject to GST.

3. PARTICULARS OF OUR IPO (Cont'd)

3.10.3 Underwriting Commission

The underwriting commission is payable by our Company at a rate of 2.00% of the IPO Price multiplied by the number of Public Issue Shares underwritten by the Sole Underwriter and is subject to GST.

3.11 Salient Terms of the Underwriting Agreement

We have entered into the Underwriting Agreement with the Sole Underwriter to underwrite up to 11,600,000 Public Issue Shares (“**Underwritten Shares**”) as set out in Sections 3.3.1 (i) and 3.3.1 (ii) above, save for the 400,000 Public Issue Shares allocated to the eligible Directors as irrevocable undertakings have been obtained from the eligible Directors to subscribe for the Public Issue Shares allocated to them in full through the Pink Form Allocation. The following is a summary of the salient terms of the Underwriting Agreement.

3.11.1 Agreement to Underwrite

- (i) The Sole Underwriter agrees to underwrite the Underwritten Shares in accordance with the terms and conditions of the Underwriting Agreement, subject to certain conditions precedent including, but not limited to:
 - (a) the delivery to the Sole Underwriter prior to the date of the registration of the Prospectus with the SC, two (2) certified extracts of all the resolutions of the board of directors of the Company:
 - (aa) approving the IPO and the Listing and the transactions contemplated by each, including the execution of the Underwriting Agreement;
 - (bb) approving the issue and allotment of the Public Issue Shares under the IPO;
 - (cc) approving and authorising the issuance of the Prospectus; and
 - (dd) confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all the information stated in the Prospectus in the form previously agreed by or on behalf of the Sole Underwriter;
 - (b) the Prospectus being in the form and substance satisfactory to the Sole Underwriter, the delivery to the Sole Underwriter such reports and confirmations from the Directors of the Company as required by the Sole Underwriter 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 on the closing date;
 - (c) the IPO not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
 - (d) the Prospectus having been issued within three (3) calendar months after the date of the Underwriting Agreement or other extended period as agreed in writing by the Sole Underwriter;

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

- (e) the approvals required in relation to the IPO, admission of the Company to the Official List and the listing of and quotation for the Company's entire issued and paid-up share capital, including but not limited to approvals from the SC, Bursa Securities and MITI having been obtained and are in full force and effect as at the closing date and all conditions of the approvals have been complied with to the satisfaction of the Sole Underwriter; and
 - (f) the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO and the lodgment of the Prospectus with the CCM on or before their release under the IPO or in accordance with the CMSA together with copies of all documents required under the CMSA.
- (ii) If the conditions precedent are not satisfied by the closing date, the Sole Underwriter is entitled to terminate the Underwriting Agreement by notice in writing and thereafter, save for the liability of the Company to pay the Underwriting Commission, costs and expenses incurred prior to the termination and any claims pursuant to Clause 3.3.1 of the Underwriting Agreement, there shall be no further claims by the Sole Underwriter against the Company and the Parties shall be released and discharged from their obligations PROVIDED THAT the Sole Underwriter may at its absolute discretion waive compliance with any conditions precedent except those required by any laws, rules, regulations and guidelines or by any regulatory or governmental authorities / bodies.

3.11.2 Underwriting Commission

- (i) The Underwriting Commission payable to the Sole Underwriter amounts to RM162,400 which is calculated at the rate of two percent (2.0%) of the IPO Price for each Underwritten Share and shall be paid by the Company to the Sole Underwriter within one (1) Market Day of the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market.
- (ii) Any Underwriting Commission payable to the Sole Underwriter shall remain payable to the Sole Underwriter even if the Underwriting Agreement is terminated or the obligations of the Sole Underwriter is cancelled or terminated or withdrawn for any reasons whatsoever after the issuance of the Prospectus unless such termination or cancellation or withdrawal is due to the wilful default of the Sole Underwriter and in which event, the Sole Underwriter shall not be entitled to the Underwriting Commission, any costs and expenses payable under the Underwriting Agreement. For the avoidance of doubt, the Underwriting Commission shall remain payable notwithstanding the Sole Underwriter is not required to underwrite any of the Underwritten Shares due to an over-subscription of the Shares.
- (iii) If any fees, costs, charges and expenses payable to the Sole Underwriter under the Underwriting Agreement remains unpaid for a period of thirty (30) days from the date of the same being due, the Company shall upon demand from the Sole Underwriter immediately make payment of all such fees, costs and expenses to the Sole Underwriter provided however that if the Company shall fail to make the necessary payments within the stipulated time period, the Company shall be liable to pay to the Sole Underwriter interest at the rate of ten per centum (10.00%) per annum on the outstanding sum to be calculated on a daily basis from the date following the expiration of the stipulated time period until the date of full payment of the outstanding sum.

3. PARTICULARS OF OUR IPO (Cont'd)

3.11.3 Termination / Lapse of the Underwriting Agreement

- (i) The Sole Underwriter may by notice in writing to the Company given at any time before the closing date, terminate, cancel or 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 which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter 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
 - (b) there is withholding of information by the Company which is required to be disclosed to the Sole Underwriter pursuant to the Underwriting Agreement, and 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 Sole 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 IPO, or the distribution or sale of the Public Issue Shares; or
 - (c) there is any material and adverse change to the business or financial condition of the Company or the Group has occurred, happened or came into effect, including:
 - (aa) changes in national or international monetary, financial, economic or political conditions or foreign exchange controls or the occurrence of any combination of any of the foregoing;
 - (bb) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter;
 - (cc) approval for the IPO is withdrawn, modified and / or subject to terms and conditions not acceptable to the Sole Underwriter;

which, (in the reasonable opinion of the Sole 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 Company, the success of the IPO, or the distribution or sale of the Public 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
 - (d) there is failure on the part of the Company to perform any of its obligations under the Underwriting Agreement;

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

- (e) if the closing date is more than three (3) calendar months from the date of the Underwriting Agreement or any later date as the Company and the Sole Underwriter may mutually agree upon in writing, the Underwriting Agreement will automatically lapse and thereafter, both Parties shall be released and discharged from their obligations under the Underwriting Agreement and no Party shall have any claims against the other, save for antecedent breaches.
- (ii) Upon such termination, the Sole Underwriter shall be released and discharged of its obligations under the Underwriting Agreement and 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 under Clause 3 of the Underwriting Agreement, the Underwriting Commission any antecedent breaches and under Clause 15 of the Underwriting Agreement for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.
- (iii) In the event that the Underwriting Agreement is terminated pursuant to events in Section 3.11.3(i)(c) above, the Sole Underwriter and the Company may confer with a view to defer the IPO by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

3.11.4 Force Majeure

- (i) It will be an event of force majeure if the Sole Underwriter is unable to perform its obligations due to events beyond reasonable control of the Sole Underwriter, including but not limited to the following:
 - (a) acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, earthquake, typhoon, outbreak of war, outbreak of disease, acts of terrorism or the declaration of a state of national emergency;
 - (b) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or foreign exchange controls or the occurrence of any combination of any of the foregoing. For the avoidance of doubt, in the event the conditions of the stock market in Malaysia deteriorates to the extent that the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day: (i) on or after the date of the Underwriting Agreement; and (ii) prior to the closing date, lower than eighty-five per centum (85.00%), of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or

3. PARTICULARS OF OUR IPO (Cont'd)

- (c) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter;
- (d) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for one (1) or more consecutive Market Days;

which 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 Company or the Group, the success of the IPO, or the distribution or sale of the Public 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.

- (ii) In the event of a force majeure pursuant to Section 3.11.4(i) above, the Sole Underwriter may, subject to prior consultation with the Company, at any time prior to or on the closing date:
 - (a) terminate the Underwriting Agreement by giving notice to the Company; or
 - (b) request for the closing date to be extended to such reasonable date as the Sole Underwriter may decide.

3.11.5 Costs and Expenses

The Company shall bear and pay all costs, charges and expenses of and incidental to the IPO including the costs, charges and expenses relating to the IPO (including the Underwriting Commission), the issuance and allotment of the Public Issue Shares to the successful applicants thereof (including, if applicable, the Underwritten Shares or any part thereof to the Sole Underwriter or its nominee(s) including but without limitation, to (i) the costs, charges and expenses incurred in the transfer of the Public Issue Shares, (ii) the charges payable to Bursa Depository, and (iii) the stamp costs, if any, incurred thereof), and the costs (including solicitors cost on solicitor and client basis), charges and expenses that may be incurred in connection with the negotiation and execution of the Underwriting Agreement and the stamping hereof and the costs, charges and expenses that may be incurred by the Sole Underwriter in splitting the share certificates in respect of the shares applied for by it pursuant to the Underwriting Agreement into such denominations as may be required by the Sole Underwriter.

4. RISK FACTORS

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

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

4.1 Risks in Relation to Our Business

4.1.1 Dependency on the Continued Services of Our Key Management

We believe that the continuing success of our Group will depend to a large extent upon the continued services of our key management. Our key management comprises amongst others, our Managing Director, Ng Aik Chuan and our Executive Director, Ng Yam Pin, both of whom have been instrumental to the growth and development of our Group over the years. The loss of any of our key management without suitable and timely replacement, or the inability to attract, hire and retain suitable candidates may adversely affect our Group's continued ability to compete and expand in our business operations and subsequently impact our financial performance. As such, our Group's future success will depend upon our ability to attract, retain and motivate our key management.

In order to ensure smooth succession planning, numerous efforts have been made by our Group to train and groom younger members of our management team to gradually take on more responsibilities. Such efforts include constantly exposing our younger management team members to various aspects of our business operations and our Group's decision making process to ensure that they are equipped with the knowledge to succeed in senior management roles. In addition, we have put in place human resource strategies which include competitive remuneration packages and a variety of on-going training and development programmes for the key management.

Notwithstanding our efforts in seeking to limit and minimise this risk, there can be no assurance that the above measures will be successful in retaining our key management or ensuring smooth management succession plan.

4.1.2 Non-Renewal or Revocation of Vehicle Permits and / or Business Licences

In the event that our vehicle permits and / or business licences are not renewed or revoked, there will be a material adverse impact on our business operations as we will not be able to carry on our business without such valid vehicle permits and / or business licences.

We recognise the importance of timely renewal of the vehicle permits and business licences and our Board shall endeavour to fulfil all conditions imposed by the relevant regulatory authorities for the aforesaid renewal. In the past, our Group has not encountered any difficulties in renewing the relevant vehicle permits and / or business licences. However, there can be no assurance that the regulatory authorities will renew our vehicle permits and / or business licences without delay or will not vary, modify or impose further conditions on our Group for the renewal of vehicle permits and / or business licences in the future.

4. RISK FACTORS (*Cont'd*)

4.1.3 Reliance on Continued Port Operations

Our internal port haulage transportation services are reliant on the continued operations of the ports that we are currently operating in, namely Johor Port, Johor Darul Takzim, Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang. The container terminals in the respective ports may undergo upgrading works from time to time and require repair and maintenance on an ad hoc basis. This may result in disruptions to the daily operations of the ports and subsequently affect the provision of our internal port haulage transportation services. In addition, we are exposed to the risk of stoppages to the operations of the respective ports due to labour disputes, labour unrest and formation of unions, which may affect our business and financial condition. Any disruption to the services of third party vendors providing marine tug boat services, pilotage services and crane services to the respective ports may also affect the operations of the ports.

As at the LPD, we are providing internal port haulage transportation services to three (3) major ports in Peninsular Malaysia and hence, we are not dependent on the continued operations of a single port. Notwithstanding that, there is no assurance that any future disruptions to the operations of the ports will not adversely affect the business and financial performance of our Group.

4.1.4 Technological Advancements and System Disruptions

The logistics industry has undergone technological advancements where a variety of technology have been developed to increase the efficiency and security of services offered by logistics service providers. Our Group depends on technology such as GPS for the monitoring and tracking of cargo to ensure smooth operations of our business and to address the technological needs of our customers.

As such, we are exposed to the risk of system disruptions and power failures which may result in interruptions to our business operations. Further, our ability to keep abreast with the technological changes in respect of changing market trends and evolving industry standards may also affect our business and results of operations.

Although our Group seeks to limit these risks through, *inter-alia*, constant updates of our software and systems, regular service and maintenance of our systems and having a backup system performing daily backup of data, there is no assurance that our Group will be able to respond to technological changes as well as system disruptions in a cost effective and timely manner.

4.1.5 Adequacy of Insurance Coverage

Our Group is mainly involved in the land transport operations and warehousing and distribution operations. As such, there is a risk of non-delivery, loss or damage of goods on consignment arising from mechanical or vehicular failures or accidents which may result in claims for damages by our customers. In addition, our warehouse is susceptible to the usual emergency and security risks in the form of breakout of fire, flood, theft and other adverse events. Such incidences may affect the operational and financial performance of our Group.

4. RISK FACTORS (*Cont'd*)

Our Group is aware of the adverse consequences arising from inadequate insurance coverage for the accidents and outbreaks that could disrupt our business operations. In order to ensure that such risks are maintained to the minimum, we regularly review and ensure adequate insurance coverage for our assets. In addition to the insurance for our fleet of vehicles, our Group has insurance coverage for our warehouse, office premises, fixed assets and consignment goods kept in our warehouse such as fire insurance, burglary insurance and inland transit insurance. However, there is no assurance that this coverage would be sufficient to cover all potential losses and indemnify us against all possible liabilities arising from our operations as well as to offset the potential financial losses arising from public liability, fire, theft and personal accidents. Our business and financial performance may be adversely affected in the event that such claims exceed the coverage of our insurance policies.

4.1.6 Land Transportation Involving Hazardous Materials

The provision of our land transportation services from time to time involves the transportation of hazardous materials such as industrial chemicals and explosive gases. As such, there is a risk of chemical spillage and contamination which may be hazardous to the handling personnel and immediate surroundings. Whilst our Group implements strict safety measures and procedures in relation to the handling of hazardous materials, there can be no assurance that accidents will not occur during the transportation of hazardous materials. If accidents do occur, our Group's reputation, business operations and financial performance may be adversely affected.

As at the LPD, there has not been any contamination or accidents involving the transportation of hazardous materials which result in disruption to our Group's business operations.

4.1.7 Non-Renewal or Termination of Existing Tenancies

Presently, our branch offices which are located in Pulau Indah, Selangor Darul Ehsan, Bukit Mertajam, Pulau Pinang and site office which is located in Johor Port, Johor Darul Takzim, as well as a warehouse which is located in Skudai, Johor Darul Takzim are rented from third parties with tenancy terms of up to three (3) years. Our site office which is strategically located in the port enables us to coordinate with port operators in a timely manner and to closely monitor the movement of container within the port for our internal port haulage transportation services.

Our Group generally commences negotiations of new tenancy terms with the respective landlords at least three (3) months before the expiry of an existing tenancy. During the negotiation process, the landlords have the absolute right to review and revise the terms and conditions of the tenancy agreements. As at the LPD, our Group has not encountered any difficulties in renewing the tenancy agreements with the respective landlords.

Notwithstanding the above, there is no assurance that the landlords will not increase the rental rates unfavourably or refuse to extend the tenure or terminate the tenancies. In the event that the tenancies are not renewed or our Group is not able to secure new tenancies at reasonable rates and at strategic locations, our business operations and profitability may be adversely affected.

4. RISK FACTORS (Cont'd)

4.1.8 Borrowings and Interest Rate Risks

As at the LPD, our total short-term and long-term borrowings amounted to approximately RM2.90 million and RM41.89 million, respectively. Therefore, we are susceptible to fluctuations in interest rates. We may also face difficulties in obtaining additional financing from the financial institutions to fund our working capital and future business expansion in the event that we are unable to meet the repayment obligations.

There can be no assurance that our gearing level will remain the same in the future and our performance would remain favourable in the event of adverse change in interest rates in respect of new financing facilities that are procured. Notwithstanding this, our Board shall evaluate and closely monitor the financial position of our Group prior to entering into any new credit facilities in order to meet the repayment obligations.

4.1.9 Credit Risk and Default in Payment by Our Customers

Generally, the credit terms granted to our customers range from ninety (90) days to one hundred twenty (120) days. Our customers have varying degrees of creditworthiness which exposes us to the risk of non-payment by them. In the event that our customers default on their payments, our operating cash flows, financial condition and results of operations could be materially and adversely affected.

We are aware of our exposure to credit risk and have put in place stringent credit management policies in our Group through the application of credit approval, credit limit and monitoring procedures on an on-going basis. Our Group only provides credit terms to recognised and creditworthy third parties and we trade with new customers solely on cash basis. We perform credit evaluations on our customers and an appropriate credit limit is then allocated to each customer based on their observed risk level. In addition, we also emphasise on close monitoring and efficient collection of accounts to minimise the risk of default.

Although there have been no material collection problems for trade receivables and material bad debts written off during the past four (4) financial years up to the LPD, there is no guarantee that our customers will be able to fulfil their debt obligations and our Group will not encounter collection problem in the future. Any default or delay in our collection of payment which lead to impairment losses on trade receivables or bad debts may have a material adverse impact on our financial performance.

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4. RISK FACTORS (*Cont'd*)

4.2 Risks in Relation to Our Industry

4.2.1 Availability of Drivers

Our Group's land transport operations are dependent on the availability of drivers. As at the LPD, we have a total of 448 drivers employed under contract for service which accounted for approximately 55.04% of our Group's total workforce. Any substantial shortage in the supply of drivers may lead to a disruption in our Group's daily land transport operations.

Our Group recruits drivers with valid driving licences under contract for service in order to mitigate the risk of high turnover rate of drivers. In addition, the drivers are recruited under contract for a period of one (1) year and renewable annually at the discretion of our Group. This is done in order to provide flexibility to our Group and allows us to build and maintain a stable pool of committed drivers. As part of our efforts to retain the drivers, our Group also provides opportunity to drivers that have been working with our Group for more than three (3) years and with satisfactory performance an option to convert to a permanent position.

We have also taken numerous efforts to attract and retain the drivers in order to ensure that there are sufficient drivers for our Group's daily land transport operations. Such efforts include the following:

- (i) offers competitive wages based on industry average;
- (ii) provides opportunities for growth and a clear career path by assigning different types of job to the drivers based on their experience;
- (iii) manages the allocation of contracts and orders to drivers to ensure that the drivers are able to generate consistent and stable income; and
- (iv) provides a variety of on-the-job training and development programmes for the drivers.

Our Group is aware that shortage of drivers is prevalent. Therefore, we recognise the importance of motivating and retaining our existing drivers to avoid any shortage of drivers which may disrupt our land transport operations.

As at the LPD, our Group has not experienced any shortages on drivers for our daily land transport operations. Notwithstanding that, there can be no assurance that such incident will not occur in the future and adversely affect our business operations and financial performance.

4.2.2 Fluctuation in Fuel Prices

Due to the nature of our business, we are exposed to the risk of fluctuation in fuel prices. The cost of fuel accounted for approximately 20.46%, 21.98%, 21.82% and 21.59% of our total cost of sales for the FYE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, respectively. As such, any increase in fuel prices may result in an increase in our cost of sales, thus adversely affecting our operations and financial results.

Fuel prices are affected by various factors which are beyond our control such as changes in the global demand and supply conditions, government trade policies and level of global economic activity. In order to mitigate the risk of fluctuations in fuel prices, the increase in cost of fuel is normally imputed in the pricing of our services. Should there be any significant increase in fuel prices and we are unable to pass on such increase in costs to our customers, our profitability and financial performance may be adversely affected.

4. RISK FACTORS *(Cont'd)*

4.2.3 Road Accidents and Traffic Interruptions

Our Group's business operations predominantly consist of the provision of land transportation services which exposes us to the risk of road accidents or traffic interruptions and thus, disrupting our business operations. According to the Department of Statistics Malaysia, up to August 2014, there are a total of 317,928 cases of road mishaps in Malaysia, of which 13,740 cases involves injuries or death.

To mitigate the possibility of road accidents, our Group ensures that our drivers attend courses focused on road safety. We also undertake to perform regular service and maintenance works on our vehicles to minimise the possibility of accidents caused by faulty vehicles. In addition, we have sufficient insurance coverage for our employees and vehicles to cover any medical and repair expenses in the event of accidents and / or claims by third-party involved in the accident. Further, our Group factors in additional time required while planning the route for our drivers in order to mitigate the risk of traffic interruptions which may result in a delay in cargo delivery.

Notwithstanding that, there can be no assurance that such incidents will not occur in the future and adversely affect the reputation of our Group which may have a material adverse effect on our business operations and financial performance.

4.2.4 Competition

Our Group operates in a fragmented and competitive industry which is characterised by industry players offering a different range of logistics services to various customers comprising, amongst others, air freight services, sea freight services and specialised warehousing services such as cold room facilities and temperature-controlled air-conditioning rooms. We face competition from both local and international logistics service providers particularly in terms of pricing, quality and reliability of services. Some of our competitors may have greater financial resources which allow them to offer a diverse range of logistics services at a lower price to our customers. Further, we may also face competition from new market entrants who seek to penetrate markets where we have established a presence as the barriers to entry for the industry are relatively low.

Intense and / or increased competition may result in a reduction in our prices and profit margins as well as loss of market share in the existing markets which could materially affect the results of operations and financial performance of our Group. We believe that our track record, experienced personnel and quality services will help us to remain competitive in the future. However, there can be no assurance that competition from existing competitors as well as potential new entrants to the industry will not have a material adverse impact on the operating results and financial position of our Group.

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4. RISK FACTORS (*Cont'd*)

4.2.5 Liberalisation of the Logistics Industry in the ASEAN Region

The logistics industry in Malaysia is one of the services sectors undergoing liberalisation among ASEAN member countries under the ASEAN Framework Agreement on Services which was signed by the ASEAN Economic Ministers on 15 December 1995.

Pursuant to the signing of the ASEAN Framework Agreement on Services, the Roadmap for the Integration of Logistics Services ("**Roadmap**") was adopted in 2007. The Roadmap aims to create an ASEAN single market by 2015 by strengthening ASEAN economic integration through liberalisation and facilitation measures in the area of logistics services and to support the establishment and enhance the competitiveness of an ASEAN production base through the creation of an integrated ASEAN logistics environment via, amongst others, removal of substantially all restrictions on trade for logistics services and allowing foreign (ASEAN) equity participation of not less than 70% by 2013 for the logistics sector.

Thus far, our Group has not experienced any adverse impact from the adoption of the Roadmap in 2007. Although our Board seeks to adopt appropriate strategies continuously in order to remain competitive, there is no assurance that our Group will be able to maintain and / or expand our market share in the logistics industry in Malaysia upon the full implementation of the Roadmap by 2015 which may result in the entry of regional market players and increase the level of competition in the logistics industry in Malaysia.

4.2.6 Political, Economic and Regulatory Considerations

Like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia could unfavourably affect our financial position and business prospects. These risks include, amongst others, changes in political leadership, risk of war, changes in economic conditions, changes in interest rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs.

Any widespread and / or prolonged economic slowdown may also negatively affect Malaysia and its key trading nations resulting in some businesses curtailing their procurement of products and services, thus affecting the demand for our land transportation and warehousing and distribution services.

Whilst we strive to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our operations, financial performance and future prospects.

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4. RISK FACTORS (Cont'd)

4.3 Risks in Relation to Our Shares and Our IPO

4.3.1 No Prior Market for Our Shares

Prior to our IPO, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. There can also be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the Main Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

Our IPO Price was determined after taking into consideration a number of factors, including but not limited to, our Group's financial, operating history and position, our future plans and the prospects for the industry in which our Group operates. As such, the price at which our Shares will trade on the Main Market would be dependent upon market forces and many other factors, such as prevailing economic, political and financial conditions in Malaysia, our operating results and the markets for similar securities. There can be no assurance that the market for our Shares, if any, will not be subject to any disruptions, evident in the markets for securities that have caused intense volatility in the prices of securities similar to our Shares. Any disruptions in such markets may have a material adverse effect on the price of our Shares.

4.3.2 Capital Market Risks and Share Price Volatility

Movements in domestic and international securities market, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for our Shares. In particular, an increase in market interest rates may have an adverse impact on the market price of our Shares if the annual yield on the price paid for our Shares gives you a lower return as compared to other investments.

Further, the market price of our Shares may be volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (i) variations in our operating results and the differences between our actual financial operating results and those expected by you and analysts;
- (ii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iii) gain or loss of any important business relationship;
- (iv) success or failure of our management team in implementing business and growth strategies;
- (v) changes in conditions affecting the industry, the general economic conditions or securities market sentiments or other events or factors;
- (vi) the liquidity of the market for our Shares;
- (vii) additions or departures of key personnel;
- (viii) changes in general market conditions and broad market fluctuations; and
- (ix) our involvement in litigation, adjudication or other forms of dispute resolution.

4. RISK FACTORS (*Cont'd*)

4.3.3 Failure or Delay in Our Listing

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

- (i) any or all of the identified investors fail for whatever reason to subscribe for / acquire our IPO Shares allocated to them; or
- (ii) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations there under; or
- (iii) we are unable to meet the public spread requirement, that is, at least 25.00% of the total number of shares for which Listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares at the point of our admission to the Main Market.

Although our Directors will endeavour to ensure our compliance with the various Listing Requirements, including, *inter-alia*, the public spread requirement imposed by Bursa Securities for our successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or non-implementation of our Listing.

However, if we are unable to meet the above requirement, you will not receive any Shares and monies paid in respect of any application accepted will be returned to you without interest within fourteen (14) days after we become liable to repay it. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, then the provisions under sub-section 243(2) of the CMSA shall apply.

If our Listing is aborted and our Shares have been allotted to you, a return of monies to you can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

4.3.4 Control by Our Substantial Shareholders

Based on the indirect shareholdings of Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam in our Company via their direct shareholdings in NF Capital, which in turn results in them being the substantial shareholders of our Company as disclosed in Section 8.1.1 of this Prospectus, they indirectly own 70.00% of the issued and paid-up capital of our Company upon completion of our IPO. With their shareholdings, Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam are able to influence certain decisions of our Group as they are able to vote on matters such as election of our Directors and any corporate proposal or transaction requiring the approval of our shareholders, save for matters in which they are interested parties and must abstain from voting under the Listing Requirements.

However, in addition to the corporate governance policies in place, the risk may be mitigated by the appointment of four (4) independent directors out of a total of six (6) Directors to our Board, who will be sitting in various committees such as audit, remuneration and nomination to ensure that all future transactions involving related parties, if any, are entered into on an arm's length basis or normal commercial terms and are in the best interests of the shareholders of our Company at large.

4. RISK FACTORS (Cont'd)

4.3.5 Payment of Dividends

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed and our Board may decide, at its absolute discretion, at any time and for any reason whatsoever, not to pay dividends. As our Company is a holding company and we conduct a substantial part of our operations through our Subsidiaries, our ability to pay dividends would depend on the receipt of funds via dividends from our Subsidiaries. Furthermore, the ability of our Company and Subsidiaries to pay dividends will depend on our Group having sufficient profits and excess funds which are not needed to finance our future operations, obligations or business plans.

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

4.3.6 Future Fund Raising Exercises May Dilute Shareholders' Equity and / or Restrict Our Operations

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

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

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

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

We practice prudent financial management to monitor our capital expenditure requirements, cash flow position and gearing at a manageable level to ensure minimal disruption to our expansion plans. If we fail to obtain additional funds to meet the requirements for our business, merger and acquisition plans or investments, we may not be able to implement future plans that are essential to our continuing growth.

4. RISK FACTORS (Cont'd)

4.3.7 Disclosure Regarding Forward-Looking Statements

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

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

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5. INFORMATION ON OUR GROUP

5.1 History of Our Group

Our Company was incorporated in Malaysia under the Act on 18 January 2013 as a private limited company under the name of Xin Hwa Holdings Sdn Bhd and was subsequently converted to a public limited company on 26 June 2013.

We are an investment holding company and are engaged in the provision of management services. Through our Subsidiaries, we are an integrated logistics service provider involved in land transport operations, warehousing and distribution operations and other services. Our land transport operations incorporate cargo transportation services and container haulage services whereas other services incorporate freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers.

The history of our business can be traced back to 1965 with the establishment of a small scale land transport operation by one of our Promoters, Eng Peng Lam @ Ng Peng Lam. In 1992, our Promoters expanded the land transport operations through the incorporation of Sinwah Trading & Transport Agency, a partnership entity which was a transport and customs forwarding agency mainly involved in the provision of cargo transportation services for manufactured products such as corrugated boards, plastic resins and home electrical appliances.

In 2002, the entire business operations of Sinwah Trading & Transport Agency were taken over by XHTT which was established by our Promoters in 1997. In 2003, we ventured into the provision of container haulage services to our customers throughout Peninsular Malaysia. Further, we established a project cargo team to handle the transportation services for over-dimensional and heavy cargo in the same year.

In 2003, we have also constructed an in-house repair and maintenance centre on our three (3) acres land in Johor Bahru, Johor Darul Takzim in order to undertake repair and maintenance works for our own fleet of vehicles. Subsequently in 2005, we have expanded the repair and maintenance centre as a manufacturing, fabrication and maintenance centre with the commencement of the business operations of XHAE. The manufacturing, fabrication and maintenance centre was relocated to a new plant in Senai, Johor Darul Takzim in 2014 to carry out all repair and maintenance works for our own fleet of vehicles as well as manufacturing and fabrication of trailers.

In 2005, our Group managed to secure a non-exclusive contract from a subsidiary of Johor Port Berhad which allowed us to offer internal port haulage transportation services in Johor Port, Johor Darul Takzim. Our Group also managed to secure contracts for the provision of internal port haulage transportation services in the Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang in 2010 and 2014, respectively. As at the LPD, we provide internal port haulage transportation services in Johor Port, Johor Darul Takzim, Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang.

In 2008, our Group expanded our presence to the central region of Peninsular Malaysia by setting up an office in Port Klang, Selangor Darul Ehsan. We had also expanded our presence to the northern region of Peninsular Malaysia with the opening of an office in Bukit Mertajam, Pulau Pinang in 2010.

In 2009, our business operations were relocated to our current premises located in Kempas Baru, Johor Bahru, Johor Darul Takzim from Taman Perling, Johor Bahru, Johor Darul Takzim. Our Group had constructed a warehouse in the current premises and this has allowed us to venture into the warehousing and distribution services sector in the same year.

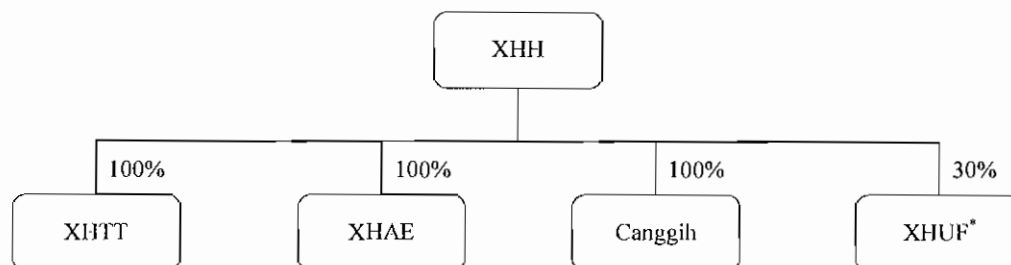
In 2011, XHUF was established to provide freight forwarding and customs brokerage services as part of our Group's continuing efforts towards becoming an integrated logistics service provider.

5. INFORMATION ON OUR GROUP (Cont'd)

In view of the rising demand for our warehousing services, we expanded our warehouse located in Johor Bahru, Johor Darul Takzim to a total warehouse space of approximately 184,000 sq. ft. in 2012. In 2013, we further expanded the capacity of our warehousing services by leasing a single-storey detached building with a total warehouse space of approximately 60,600 sq. ft. as our warehouse in Skudai, Johor Darul Takzim.

As at the LPD, our Group has a head office, three (3) branch offices, four (4) site offices, 814 employees, 1,173 vehicles and two (2) warehouses to support our business operations.

As at the LPD, our Group's corporate structure is as follows:



Note:

* XHUF is deemed as a subsidiary of XHH pursuant to Section 5 of the Act as XHH controls the composition of the board of directors of XHUF through the XHUF Shareholders' Agreement.

5.2 Share Capital and Changes in Share Capital

As at the LPD, the authorised share capital of our Company is RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each, of which RM71,109,000 comprising 142,218,000 ordinary shares of RM0.50 each have been issued and fully paid-up. Upon completion of our IPO, the issued and paid-up share capital will be increased to RM90,000,000 comprising 180,000,000 Shares.

The changes in our Company's issued and paid-up share capital since our incorporation are as follows:

Date of allotment	No. of Shares allotted	Par value RM	Consideration	Cumulative total no. of Shares	Cumulative issued and paid-up share capital RM
18.01.2013	2	1.00	Cash	2	2
09.10.2013	-	0.50	Subdivision of two (2) ordinary shares of RM1.00 each into four (4) ordinary shares of RM0.50 each	4	2
01.04.2014	2	0.50	Cash	6	3
01.04.2015	142,217,994	0.50	Otherwise than cash ^(a)	142,218,000	71,109,000

Note:

(a) Issuance of new Shares as consideration for the Acquisitions.

There were no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in XHH.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 Principal Activities of Our Subsidiaries

As at the LPD, our Group has no associated company. The principal activities of our Subsidiaries are as follows:

Subsidiaries	Date / Place of incorporation	Year of business commencement	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
XHTT	19.09.1997 / Malaysia	2002	1,000,000	100.00	Provision of cargo transportation services, container haulage services as well as warehousing and distribution services
XHAE	19.07.2004 / Malaysia	2005	100,000	100.00	Manufacturing and fabrication of trailers
Canggih	28.08.2003 / Malaysia	2004	1,000,000	100.00	Provision of cargo transportation services and rental of prime movers, trailers and trucks
XHUF*	22.08.2011 / Malaysia	2012	100,000	30.00	Provision of freight forwarding and customs brokerage services

Note:

* XHUF is deemed as a subsidiary of XHH pursuant to Section 5 of the Act as XHH controls the composition of the board of directors of XHUF through the XHUF Shareholders' Agreement.

5.4 Information on Our Subsidiaries

5.4.1 XHTT

(a) History and Business

XHTT was incorporated in Malaysia under the Act on 19 September 1997 as a private limited company under the name of Xin Hwa Trading & Transport Agency Sdn Bhd. XHTT assumed its present name on 1 March 2000 and commenced its business operations in 2002. XHTT is principally involved in the provision of cargo transportation services, container haulage services as well as warehousing and distribution services.

(b) Substantial Shareholders

As a result of the Acquisition of XHTT which was completed on 1 April 2015, XHTT is a wholly-owned subsidiary of our Company.

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

As at the LPD, XHTT has an authorised share capital of RM1,000,000 comprising 1,000,000 XHTT Shares. The issued and paid-up share capital of XHTT is RM1,000,000 comprising 1,000,000 XHTT Shares.

The change in the issued and paid-up share capital of XHTT in the past three (3) years preceding the LPD is as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
24.06.2013	280,000	1.00	Bonus issue	1,000,000

As at the LPD, XHTT does not have any outstanding warrants, options, convertible securities or uncalled capital.

(d) Subsidiary and Associated Company

As at the LPD, XHTT does not have any subsidiary or associated company.

5.4.2 XHAE**(a) History and Business**

XHAE was incorporated in Malaysia under the Act on 19 July 2004 as a private limited company and commenced its business operations in 2005. XHAE is principally involved in the manufacturing and fabrication of trailers.

(b) Substantial Shareholders

As a result of the Acquisition of XHAE which was completed on 1 April 2015, XHAE is a wholly-owned subsidiary of our Company.

(c) Share Capital

As at the LPD, XHAE has an authorised share capital of RM100,000 comprising 100,000 XHAE Shares. The issued and paid-up share capital of XHAE is RM100,000 comprising 100,000 XHAE Shares.

There are no changes in the issued and paid-up share capital of XHAE for the past three (3) years preceding the LPD.

As at the LPD, XHAE does not have any outstanding warrants, options, convertible securities or uncalled capital.

(d) Subsidiary and Associated Company

As at the LPD, XHAE does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.3 Canggih

(a) History and Business

Canggih was incorporated in Malaysia under the Act on 28 August 2003 as a private limited company and commenced its business operations in 2004. Canggih is principally involved in the provision of cargo transportation services and rental of prime movers, trailers and trucks.

(b) Substantial Shareholders

As a result of the Acquisition of Canggih which was completed on 1 April 2015, Canggih is a wholly-owned subsidiary of our Company.

(c) Share capital

As at the LPD, Canggih has an authorised share capital of RM1,000,000 comprising 1,000,000 Canggih Shares. The issued and paid-up share capital of Canggih is RM1,000,000 comprising 1,000,000 Canggih Shares.

There are no changes in the issued and paid-up share capital of Canggih for the past three (3) years preceding the LPD.

As at the LPD, Canggih does not have any outstanding warrants, options, convertible securities or uncalled capital.

(d) Subsidiary and Associated Company

As at the LPD, Canggih does not have any subsidiary or associated company.

5.4.4 XHUF

(a) History and Business

XHUF was incorporated in Malaysia under the Act on 22 August 2011 as a private limited company and commenced its business operations in 2012. XHUF is principally involved in the provision of freight forwarding and customs brokerage services.

(b) Substantial Shareholders

As a result of the Acquisition of XHUF which was completed on 1 April 2015, the substantial shareholders of XHUF are as follows:

Name	Direct	
	No. of shares held	%
XHH	30,000	30.00
Md Zaliszan Bin Ahmad Kusaini	35,000	35.00
Mohd Johari Bin Mohamed Ripin	35,000	35.00

5. INFORMATION ON OUR GROUP (Cont'd)

Notwithstanding that, XHUF is deemed as a subsidiary of XHH pursuant to Section 5 of the Act as XHH controls the composition of the board of directors of XHUF through the XHUF Shareholders' Agreement which states that the maximum number of directors of XHUF shall not exceed three (3) directors and shall consist of two (2) directors appointed by XHH and one (1) person appointed by the majority shareholders of XHUF.

The salient terms of the XHUF Shareholders' Agreement are as follows:

Conditional Agreement

The provisions of the agreement are conditional upon the completion of the sale and purchase of 30,000 XHUF Shares under the SPA dated 30 April 2014 between Ng Aik Chuan and XHH ("XHUF SPA").

Board of Directors

- (i) Unless otherwise agreed, during the currency of the agreement, the number of directors of the board shall not exceed three (3) and each of the shareholders will exercise its voting rights for the time being in the company and take such other steps as lie within its powers to procure that the maximum number of directors of the company shall not exceed three (3).
- (ii) The board shall consist of:
 - (a) the managing director, who shall be an individual elected by XHH;
 - (b) one (1) person to be appointed by XHH for the time being as director of the company; and
 - (c) one (1) person to be appointed by the majority shareholders for the time being as a director of the company.

The chairman of the board (and the chairman of any shareholders' meeting) will be the managing director.

- (iii) At each meeting of the board, each director shall have the right to one (1) vote. The directors present at such meeting must exercise their voting rights and cannot abstain from voting, except where required by law or by the agreement or the articles of association. A resolution will be deemed to have been adopted by a simple majority vote in favour of the resolution by all the directors present at the meeting, in person, or by his alternate.

5. INFORMATION ON OUR GROUP (Cont'd)

Management of the Company

- (i) The company shall be managed ultimately by the board but the day-to-day administration and management of the company shall be vested in the managing director of the company who shall be an individual elected by XHH. The chief financial officer and the chief marketing officer shall be appointed by the board provided that XHH shall have the right to nominate the chief financial officer and the chief marketing officer. The shareholders hereby agree that they shall cause their respective nominated directors to exercise their voting rights so as to ensure the election of the chief financial officer and the chief marketing officer nominated by XHH pursuant to this clause.
- (ii) XHH shall be entitled to nominate such person to act as the managing director of the company and be responsible for the day-to-day management and operations of the company. The company and the managing director shall enter into a contract for services on mutually acceptable terms setting out the remuneration and benefits of the managing director together with the scope of his duties. Such a contract must be consistent with the agreement.

Pre-Emption Rights Over Issues of New Securities

All unissued securities shall before issue be first offered for subscription to the shareholders. Any remaining unsubscribed securities shall be offered to the shareholders to subscribe for any number thereof provided always that if the number of securities subscribed for exceeds that available for subscription, then the remaining securities shall be allocated to the subscribing shareholders according to their proportionate shareholding immediately prior to the proposed issue of securities. Thereafter, all unissued securities remaining unsubscribed for may be offered to any third party as may be approved by the board.

Pre-Emption Rights Over Transfers of Shares

- (i) Any shareholder desirous of selling or disposing of all or any part of its shares or any interest therein (the “**Seller**”) may only sell or dispose of such shares or such interest therein (“**Total Offered Shares**”) after first offering the same to the other shareholders (“**Offeree**”) in the proportion of their shareholding inter-se and the Seller must serve a notice (“**Notice of Sale**”) on the Offeree.
- (ii) The Offeree may exercise its choice to purchase all the Offered Shares by giving notice to the company and the Seller within twenty one (21) days after the date of the Notice of Sale. If the Offeree exercises its choice to purchase all the Offered Shares then subject to clauses 8.4 and 8.2.6 of the XHUF Shareholders’ Agreement, the Seller must sell to the Offeree all the Offered Shares and the Offeree must purchase them on the terms as set out in the Notice of Sale or such other terms as the Seller and the Offeree may agree.
- (iii) If the number of securities accepted for purchase exceeds that on offer, the shares shall be allocated to the purchasing shareholders according to their proportionate shareholding immediately prior to the proposed sale or disposal.

5. INFORMATION ON OUR GROUP (Cont'd)

- (iv) In the event there are remaining Offered Shares not accepted by any of the Offerees, the Offer to the Offerees shall be deemed nullified and the Total Offered Shares may be sold to the Proposed Buyer at the same or higher price as that initially offered to the Offeree as may be approved by the board within thirty (30) days after the expiry of the Notice of Sale.

The Seller shall then procure the third party to enter into a Deed of Adherence with the shareholders including the Seller, if the Seller only disposed of part of his shares in the company.

Duration and Termination

The agreement shall take effect from 4 June 2014 and shall continue until terminated in accordance with the provision hereof or on the date of the listing of the company (if any) or if an effective resolution is passed to wind up the company or if a liquidator is otherwise appointed, but without prejudice to, and without derogating from, the provision of this clause, provided always that the parties may unanimously agree at any time to terminate the agreement upon terms and conditions acceptable to them.

(c) Share capital

As at the LPD, XHUF has an authorised share capital of RM100,000 comprising 100,000 XHUF Shares. The issued and paid-up share capital of XHUF is RM100,000 comprising 100,000 XHUF Shares.

There are no changes in the issued and paid-up share capital of XHUF for the past three (3) years preceding the LPD.

As at the LPD, XHUF does not have any outstanding warrants, options, convertible securities or uncalled capital.

(d) Subsidiary and Associated Company

As at the LPD, XHUF does not have any subsidiary or associated company.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5 Listing Exercise

In conjunction with and as an integral part of the Listing, we undertook the following corporate exercises:

- (i) Acquisitions;
- (ii) IPO;
- (iii) Share Transfer; and
- (iv) Listing.

5.5.1 Acquisitions

On 30 April 2014, we entered into four (4) conditional SPAs in relation to the Acquisitions, to acquire the equity interest of our Subsidiaries for a total purchase consideration of RM71,108,997, satisfied by the issuance of 142,217,994 new Shares.

5.5.1.1 Acquisition of XHTT

The Acquisition of XHTT entails the acquisition of the entire issued and paid-up share capital of XHTT comprising 1,000,000 XHTT Shares for a purchase consideration of RM65,216,997 satisfied by the issuance of 130,433,994 new Shares.

The vendors of XHTT, the number of XHTT Shares that were acquired by XHH and the number of new Shares that were issued to them pursuant to the Acquisition of XHTT are disclosed as follows:

Vendors	No. of XHTT Shares acquired by XHH	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Ng Aik Chuan	300,000	30.00	19,565,099	39,130,198
Ng Yam Pin	300,000	30.00	19,565,099	39,130,198
Eng Peng Lam @ Ng Peng Lam	400,000	40.00	26,086,799	52,173,598
	1,000,000	100.00	65,216,997	130,433,994

The purchase consideration of RM65,216,997 for the Acquisition of XHTT was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of XHTT as at 31 December 2013 of RM65,216,435.

The Acquisition of XHTT was completed on 1 April 2015.

5. INFORMATION ON OUR GROUP (Cont'd)**5.5.1.2 Acquisition of XHAE**

The Acquisition of XHAE entails the acquisition of the entire issued and paid-up share capital of XHAE comprising 100,000 XHAE Shares for a purchase consideration of RM2,364,000 satisfied by the issuance of 4,728,000 new Shares.

The vendors of XHAE, the number of XHAE Shares that were acquired by XHH and the number of new Shares that were issued to them pursuant to the Acquisition of XHAE are disclosed as follows:

Vendors	No. of XHAE Shares acquired by XHH	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Ng Aik Chuan	30,000	30.00	709,200	1,418,400
Ng Yam Pin	30,000	30.00	709,200	1,418,400
Eng Peng Lam @ Ng Peng Lam	40,000	40.00	945,600	1,891,200
	100,000	100.00	2,364,000	4,728,000

The purchase consideration of RM2,364,000 for the Acquisition of XHAE was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of XHAE as at 31 December 2013 of RM2,363,246.

The Acquisition of XHAE was completed on 1 April 2015.

5.5.1.3 Acquisition of Canggi

The Acquisition of Canggi entails the acquisition of the entire issued and paid-up share capital of Canggi comprising 1,000,000 Canggi Shares for a purchase consideration of RM3,409,000 satisfied by the issuance of 6,818,000 new Shares.

The vendors of Canggi, the number of Canggi Shares that were acquired by XHH and the number of new Shares that were issued to them pursuant to the Acquisition of Canggi are disclosed as follows:

Vendors	No. of Canggi Shares acquired by XHH	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Ng Aik Chuan	300,000	30.00	1,022,700	2,045,400
Ng Yam Pin	300,000	30.00	1,022,700	2,045,400
Eng Peng Lam @ Ng Peng Lam	400,000	40.00	1,363,600	2,727,200
	1,000,000	100.00	3,409,000	6,818,000

5. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM3,409,000 for the Acquisition of Canggih was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of Canggih as at 31 December 2013 of RM3,408,443.

The Acquisition of Canggih was completed on 1 April 2015.

5.5.1.4 Acquisition of XHUF

The Acquisition of XHUF entails the acquisition of 30.00% of the issued and paid-up share capital of XHUF comprising 30,000 XHUF Shares for a purchase consideration of RM119,000 satisfied by the issuance of 238,000 new Shares.

The vendor of XHUF, the number of XHUF Shares that were acquired by XHH and the number of new Shares that were issued to him pursuant to the Acquisition of XHUF are disclosed as follows:

Vendor	No. of XHUF Shares acquired by XHH	% of issued and paid-up share capital	Purchase consideration RM	No. of Shares issued
Ng Aik Chuan	30,000	30.00	119,000	238,000
	30,000	30.00	119,000	238,000

The purchase consideration of RM119,000 for the Acquisition of XHUF was arrived at on a “willing-buyer willing-seller” basis after taking into consideration 30.00% of the audited NA of XHUF as at 31 December 2013, which amounted to RM118,004. The total audited NA of XHUF as at 31 December 2013 is RM393,347.

The Acquisition of XHUF was completed on 1 April 2015.

5.5.2 IPO

The IPO involves the Public Issue of 37,782,000 new Shares by XHH and the Offer for Sale of 16,218,000 existing Shares held by the Offerors, the details of which are set out below.

5.5.2.1 Public Issue

The 37,782,000 new Shares to be issued at the IPO Price pursuant to the Public Issue, representing approximately 20.99% of our enlarged issued and paid-up share capital will be allocated in the following manner:

(i) Malaysian Public

9,000,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for Bumiputera Public.

5. INFORMATION ON OUR GROUP (Cont'd)

(ii) Eligible Directors, Employees and Other Persons who have Contributed to the Success of Our Group

3,000,000 Public Issue Shares, representing 1.67% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of our Group.

(iii) Bumiputera Investors Approved by MITI

2,000,000 Public Issue Shares, representing 1.11% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to Bumiputera Investors approved by the MITI.

(iv) Selected Investors by way of Private Placement

23,782,000 Public Issue Shares, representing approximately 13.21% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

5.5.2.2 Offer for Sale

The 16,218,000 Offer Shares, representing approximately 9.01% of our enlarged issued and paid-up share capital will be made available by way of placement to Bumiputera Investors approved by MITI.

5.5.3 Share Transfer

Upon completion of our IPO, the Promoters, namely Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam will hold an aggregate of 125,999,998 Shares. During the prescription period, the Promoters will transfer 125,999,998 Shares to a private holding company, namely NF Capital at a consideration of RM62,999,999, to be satisfied partly by the issuance of 99,899 new NF Capital Shares to be issued at par and the remaining balance consideration of RM62,900,100 will remain as an amount owing from NF Capital to the Promoters.

Further details of the Share Transfer are set out below:

Shareholders	Before the Share Transfer		After the Share Transfer	
	No. of Shares held after our IPO	No. of Shares to be transferred	No. of Shares held after the Share Transfer	% of the enlarged share capital
Ng Aik Chuan	37,947,602	37,947,602	-	-
Ng Yam Pin	37,736,742	37,736,742	-	-
Eng Peng Lam @ Ng Peng Lam	50,315,654	50,315,654	-	-
NF Capital	-	-	125,999,998	70.00
	125,999,998	125,999,998	125,999,998	70.00

5. INFORMATION ON OUR GROUP (Cont'd)

The existing shareholders' shareholdings in NF Capital and the indirect interest of Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam in XHH after the Share Transfer will be as follows:

Shareholders	Direct interest in NF Capital		Indirect interest in XHH	
	No. of Shares	%	No. of Shares	%
Ng Aik Chuan	30,000	30.00	125,999,998*	70.00
Ng Yam Pin	30,000	30.00	125,999,998*	70.00
Eng Peng Lam @ Ng Peng Lam	39,999	40.00	125,999,998*	70.00
Abdul Rahman Bin Omar	1	#	^	-
Total	100,000	100.00	N/A	N/A

Notes:

Negligible.

* Deemed interested by virtue of his direct interest in NF Capital pursuant to Section 6A of the Act.

^ Pursuant to Section 6A of the Act, Abdul Rahman Bin Omar is not deemed to have an interest in XHH as his shareholdings in NF Capital will be less than 15.00% after the Share Transfer.

NF Capital was incorporated in Malaysia under the Act on 7 August 2013 as a private limited company.

As at the LPD, NF Capital has an authorised share capital of RM400,000 comprising 400,000 NF Capital Shares. The present issued and paid-up share capital of NF Capital is RM101 comprising 101 NF Capital Shares.

NF Capital is an investment holding company. The current directors of NF Capital are Ng Aik Chuan, Ng Yam Pin and Eng Peng Lam @ Ng Peng Lam.

As at the LPD, NF Capital does not have any subsidiary or associated company.

The existing shareholders' shareholdings in NF Capital are as follows:

Existing shareholders	Direct interest in NF Capital	
	No. of shares held in NF Capital	%
Ng Aik Chuan	30	29.70
Ng Yam Pin	30	29.70
Eng Peng Lam @ Ng Peng Lam	40	39.60
Abdul Rahman Bin Omar	1	0.99
Total	101	100.00*

Note:

* Discrepancy between the amounts listed and the total are due to rounding.

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

5.5.4 Listing

Upon completion of the abovementioned exercises, we shall seek the listing of and quotation for our enlarged issued and paid-up share capital of RM90,000,000 comprising 180,000,000 Shares on the Main Market.

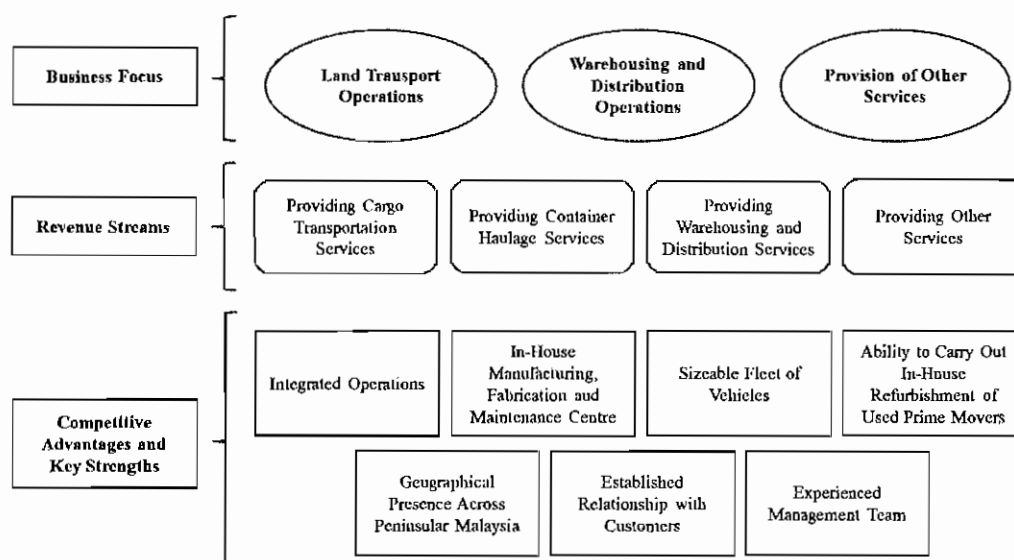
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6. BUSINESS OVERVIEW

6.1 Business Model, Competitive Advantages and Key Strengths

6.1.1 Business Model

Our business model is depicted in the figure below:



6.1.2 Business Focus

Our Group is primarily an integrated logistics service provider focused on land transport operations and warehousing and distribution operations. Our land transport operations incorporate cargo transportation services and container haulage services. In addition, we also provide other services such as freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers.

We were granted an investment tax allowance by MIDA for providing integrated logistics services with the following conditions:

- (i) at least sixty percent (60%) of the company's equity is held by Malaysians;
- (ii) the company must undertake transportation, freight forwarding and warehousing activities. In addition, the company must undertake one (1) of the value added activities such as distribution or other value added services in an integrated basis;
- (iii) the company must have the minimum infrastructure as follows:
 - (a) at least 5,000m² of warehousing facilities; and
 - (h) at least twenty (20) units of commercial vehicles; and
- (iv) the company must obtain relevant approvals and licences for the transportation, freight forwarding and warehousing operations.

We have fulfilled all the conditions above in providing integrated logistics services. As such, we are eligible for an allowance of sixty percent (60%) on the qualifying capital expenditure incurred within five (5) years from 18 March 2011, being the date the first qualifying capital expenditure is incurred and expiring on 17 March 2016. The investment tax allowance can be offset against seventy percent (70%) of XHTT's statutory income for tax purposes.

6. BUSINESS OVERVIEW (*Cont'd*)

6.1.3 Revenue Streams

Our revenue is derived mainly from land transport operations which comprise cargo transportation services and container haulage services. For the FYE 31 December 2014, revenue derived from the provision of cargo transportation services and container haulage services accounted for approximately 53.24% and 36.50% of our Group's total revenue, respectively.

In addition, the warehousing and distribution services that we offer in Skudai, Johor Darul Takzim and Johor Bahru, Johor Darul Takzim accounted for approximately 9.97% of our total revenue for the FYE 31 December 2014.

Revenue from other services, namely freight forwarding and customs brokerage services and manufacturing and fabrication of trailers accounted for approximately 0.29% of our Group's total revenue for the FYE 31 December 2014.

6.1.4 Competitive Advantages and Key Strengths

Our competitive advantages and key strengths are important in sustaining our business and providing our Group with future growth opportunities.

(i) Integrated Operations

We are an integrated logistics service provider that is able to provide multiple services across the logistics industry value chain. Such services include cargo transportation services, container haulage services and warehousing and distribution services as well as freight forwarding and customs brokerage services.

Our Group which started with the provision of cargo transportation services has undertaken several business expansion plans over the years towards developing into an integrated logistics service provider. The business expansion plans that we have undertaken, amongst others, included the following:

- provision of container haulage services;
- expansion of our warehousing and distribution facilities;
- continuously increasing our fleet of vehicles; and
- provision of freight forwarding and custom brokerage services.

As an integrated logistics service provider, we are able to provide an array of logistics services to cater to a diversified pool of customers with a variety of logistical needs and special requirements such as transportation of over-dimensional and heavy cargo which may require road survey and site planning. In addition, our Group has the ability to customise our logistics services which range from pick-up, storage and delivery based on the requirements of each customer.

Our integrated operations also increase cost effectiveness, provide convenience to customers and ensure faster turnaround whilst meeting customers' requirements. In addition, we are able to leverage on the economies of scale of our integrated operations by minimising our reliance on outsourcing services. This provides us with cost savings which will subsequently improve our profitability.

6. BUSINESS OVERVIEW (Cont'd)

Further, XHTT was granted an investment tax allowance by MIDA for providing integrated logistics services. As such, XHTT is eligible for an allowance of sixty percent (60%) on the qualifying capital expenditure incurred within five (5) years from 18 March 2011, being the date the first qualifying capital expenditure is incurred and expiring on 17 March 2016. The investment tax allowance can be offset against seventy percent (70%) of XHTT's statutory income for tax purposes.

(ii) In-House Manufacturing, Fabrication and Maintenance Centre

We have an in-house manufacturing, fabrication and maintenance centre located in Senai, Johor Darul Takzim which is operated by seventy eight (78) personnel as at the LPD. This enables our Group to carry out in-house refurbishment, fabrication, modification and component extension work on our vehicles. Our manufacturing, fabrication and maintenance centre also provides us with the flexibility to customise our logistics services for specialised cargo and large-scale projects as we are able to manufacture and fabricate our trailers to cater to customers' requirements.

Further, we are able to undertake repair and maintenance works for our vehicles at our manufacturing, fabrication and maintenance centre. This allows us to minimise our cost of maintenance while at the same time achieving a faster servicing turnaround time for the vehicles as we are less susceptible to external factors such as unavailability of mechanics, long queue times or limited servicing hours. In addition, by carrying out regular maintenance based on maintenance schedule and service intervals that are specific to our vehicles according to the number of trips and distance travelled, the useful life of our vehicles would be prolonged. This in turn minimises the need to replace our vehicles frequently and thus, reduces our capital expenditure.

Our Group predominantly relies on our in-house manufacturing, fabrication and maintenance centre to carry out manufacturing, fabrication and maintenance works for our vehicles. This is an advantage to our Group as it allows us to respond faster to customers' requirements and to address opportunities targeting various end-user markets as well as to operate more cost effectively.

(iii) Sizeable Fleet of Vehicles

As at the LPD, our Group operates a sizeable fleet of vehicles comprising 435 prime movers, 703 trailers and thirty five (35) trucks, which allows our Group to provide a diverse range of transportation services to our customers.

Our fleet of prime movers comprise solely of used prime movers which are purchased from third parties and refurbished in-house whereas approximately sixty percent (60%) of our trailers are manufactured in-house and the remaining forty percent (40%) of our trailers are purchased from third parties. Further, all our trucks with maximum loaded weight ranging from one (1) tonne to ten (10) tonnes are purchased from third parties. Our fleet of trailers also includes five (5) multi axle trailers which are used mainly for project cargo. The acquisition of the multi axle trailers reduces our reliance on third parties and improve the profit margin of project cargo as such multi axle trailers were leased from third parties previously.

6. BUSINESS OVERVIEW (Cont'd)

With a fleet of over 1,000 vehicles, our Group is able to undertake small-scale projects such as transportation services for small quantity of cargo using a truck to large-scale projects such as transportation services for over-dimensional and heavy cargo using a prime mover with multi axle trailer to meet our customers' demands. In addition, we are able to provide land transportation services to various end-user markets and to fulfil our customers' requirements by operating a diversified fleet of vehicles.

(iv) **Ability to Carry Out In-House Refurbishment of Used Prime Movers**

One of our major capital investments which recurs annually relates to the purchase of prime movers where the capital expenditure and operating expenditure required to maintain such assets may have a substantial impact on our earnings and cash flow position. Our Group seeks to minimise our cost structure by managing the capital investments in relation to the purchase of prime movers.

As part of our Group's management of capital expenditure, we acquire used prime movers and carry out in-house refurbishment of these vehicles. This allows our Group to increase our fleet of vehicles at a lower cost and achieve cost savings of approximately fifty percent (50%) to sixty five percent (65%) as compared to acquiring a new prime mover. Further, our Group also has the capability to carry out in-house maintenance for the refurbished prime movers which in turn reduces operating expenses.

(v) **Geographical Presence Across Peninsular Malaysia**

Our Group has established site offices in several major ports in Peninsular Malaysia namely, Johor Port, Johor Darul Takzim, Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang. Further, in addition to our head office in Johor Bahru, Johor Darul Takzim, we have also set up branch offices in Pasir Gudang, Johor Darul Takzim, Pulau Indah, Selangor Darul Ehsan and Bukit Mertajam, Pulau Pinang.

The presence of our Group in these major ports and branch offices in various regions allows us to respond promptly to our customers' requests at different locations. In addition, it also enables us to consolidate the cargo of our customers from multiple locations to maximise the utilisation of our vehicles and thus, achieving greater cost savings which would improve the profit margin of our Group.

(vi) **Established Relationship with Customers**

We have been in the logistics industry for more than ten (10) years since the commencement of the business operations of XHTT in 2002. Throughout the years, our Group has managed to establish and maintain good business relationships with our customers. For the FYE 31 December 2014, approximately 12.20% of our customers have been dealing with us for more than ten (10) years which is a testament to the quality of our Group's services.

Our Group emphasises on customer service as we believe that continuous communication with our customers will enable us to develop a good understanding of our customers' requirements and expectations. We ensure that customers' feedback and requests are attended to promptly in order to build and maintain a sustainable relationship with our customers.

6. BUSINESS OVERVIEW (Cont'd)

(vii) Experienced Management Team

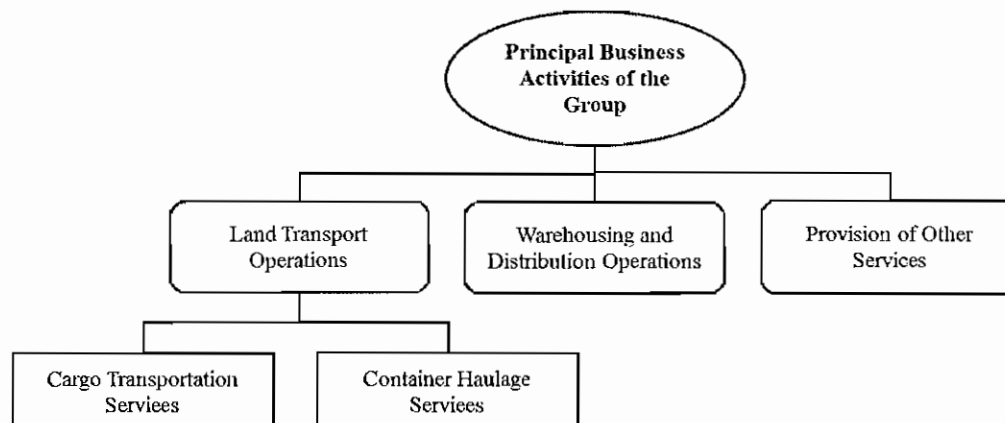
Our Group is led by an experienced management team. Our Managing Director, Ng Aik Chuan and our Executive Director, Ng Yam Pin, have led our Group since the commencement of the business operations of XHTT in 2002. Their knowledge, experience, drive and passion for our business have been instrumental to our Group's success and they have played an important role in the growth and development of our Group. They have conceptualised and executed the strategies that have led our Group to be an integrated logistics service provider.

Our Managing Director and Executive Director are supported by our key management team, comprising individuals with relevant experience in providing integrated logistics services and accounting and finance related functions. Our experienced management team has been a key strength that has contributed towards the development and success of our Group. The continuous effort of our management team will provide the basis for the business growth of our Group moving forward.

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6. BUSINESS OVERVIEW (Cont'd)

6.2 Business Activities



Our Group is principally an integrated logistics service provider involved in land transport operations, warehousing and distribution operations and other services. Our land transport operations incorporate cargo transportation services and container haulage services. For the FYE 31 December 2014, our cargo transportation services accounted for 53.24% of our Group's total revenue, followed by container haulage services of 36.50%, warehousing and distribution services of 9.97% and other services of 0.29%.

6.2.1 Land Transport Operations

(a) Cargo Transportation Services

Our Group's cargo transportation services entail the transportation of cargo from a designated pick-up point to a designated drop-off point based on our customers' requirements. Our Group is able to provide one-stop cargo transportation services throughout Peninsular Malaysia and between Malaysia and Singapore. The range of our cargo transportation services includes the following:

- (i) consolidation and distribution of less than truck load cargo throughout Peninsular Malaysia;
- (ii) inter-state cargo transportation services within Peninsular Malaysia;
- (iii) cross-border cargo transportation services from Peninsular Malaysia to Singapore or *vice versa*; and
- (iv) transportation services for over-dimensional and heavy cargo for large-scale projects, which commonly known as project cargo within Peninsular Malaysia and between Malaysia and Singapore.

In relation to project cargo, we also offer supporting services involving road survey, site planning and submission of application to the relevant authorities for road traffic control. Some of the project cargo that we have previously completed involved transportation services for boilers, cement plant structure and machinery, generators, tower cranes and railway equipment.

6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we operate with a fleet of approximately thirty one (31) trucks, 210 prime movers and 206 trailers for our cargo transportation services. Certain trucks and prime movers are equipped with GPS which allowed us to track and monitor the movements of our vehicles. We are able to constantly monitor the location of our vehicles and minimise the travelling time by deploying the vehicle nearest to the required destination via GPS.

The following images illustrate some of the cargo transportation services that are provided to our customers.



Cargo transportation services

(b) Container Haulage Services

We commenced the operations of our container haulage services in 2003 in order to provide a more comprehensive range of logistics services to our customers. The range of our container haulage services includes the following:

- (i) inter-state haulage transportation services within Peninsular Malaysia; and
- (ii) internal port haulage transportation services which involve transfer of container from a ship to quay and *vice versa* as well as from berth to storage yard and *vice versa*.

As at the LPD, we operate with a fleet of approximately 225 prime movers and 497 trailers for our container haulage services. All the prime movers used at the ports are fully equipped with two-way telecommunication equipment together with a computerised haulage system and online port system. Such equipment allows our Group to track and monitor the movements of the containers at any time within the port.

As at the LPD, we provide internal port haulage transportation services in three (3) major ports in Peninsular Malaysia namely, Johor Port, Johor Darul Takzim, Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang.

6. BUSINESS OVERVIEW (Cont'd)

We have entered into the following contracts / letter of acceptance for the provision of internal port haulage transportation services at the respective ports:

	Effective date	Expiry date	Service provided since	Renewal term	Exclusive / Non-exclusive
Port of Tanjung Pelepas, Johor Darul Takzim ^(a)	19.02.2013	18.02.2015	2010	N/A	Non-exclusive
Penang Port, Pulau Pinang	01.03.2015	28.02.2017	2014	N/A	Non-exclusive

Note:

- (a) XHTT is currently in negotiations with the port operator in relation to the renewal of the contract.

The revenue contribution from the provision of internal port haulage transportation services at the respective ports for the past four (4) financial years up to the FYE 31 December 2014 are as follows:

	<----- FYE 31 December ----->			
	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000
Johor Port, Johor Darul Takzim	5,789	5,488	5,609	4,970
Port of Tanjung Pelepas, Johor Darul Takzim	1,583	4,169	5,325	5,568
Penang Port, Pulau Pinang ^(a)	-	-	-	5,460
Total	7,372	9,657	10,934	15,998

Note:

- (a) The provision of internal port haulage transportation services at Penang Port, Pulau Pinang commenced from 1 January 2014.

The following images illustrate some of the container haulage services that are provided to our customers.



6. BUSINESS OVERVIEW (Cont'd)



Container haulage services

6.2.2 Warehousing and Distribution Operations

We offer warehousing and distribution services to meet the storage needs of our customers and to enhance supply chain efficiency. The range of our warehousing and distribution services includes the following:

- (i) general storage;
- (ii) cargo consolidation for distribution purpose; and
- (iii) inventory management services.

In addition, we also provide other value added services which include the following:

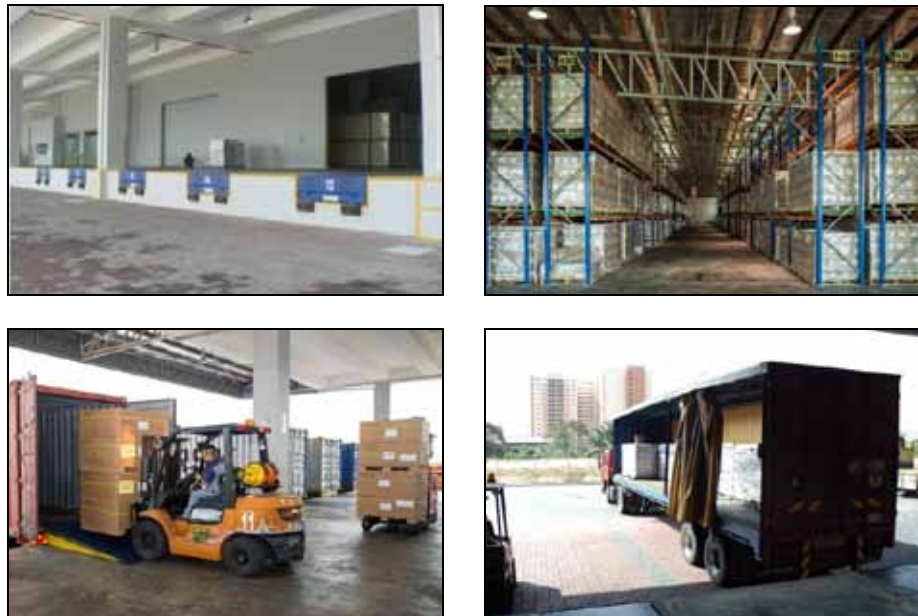
- (i) picking - selecting and collecting cargo from the warehouse in a specified quantity based on customer's order;
- (ii) packing / unitising - packaging cargo based on customer's order;
- (iii) labelling - attaching label on the cargo to indicate its owner, origin and destination; and
- (iv) palletising - storing or moving cargo by using pallet.

Our warehousing and distribution operations are fully integrated with our land transport operations. As at the LPD, our Group provides warehousing facilities at two (2) locations, namely Skudai, Johor Darul Takzim and Johor Bahru, Johor Darul Takzim with a total covered warehouse space of approximately 244,600 sq. ft. In addition, we operate with four (4) trucks for pick-up and delivery service to facilitate our warehousing and distribution operations.

Our warehouses are equipped with handling equipment such as cargo lift, forklift, pallet jack, weighing machine, wrapping machine and dock leveller. We have the capability to handle all kinds of products including, amongst others, fast-moving consumer goods, raw materials for the food and beverage industry and finished goods. Further, our warehouses are guarded twenty four (24) hours daily and all inbound and outbound movements are checked by our warehouse security team.

6. BUSINESS OVERVIEW (Cont'd)

The following images illustrate the warehousing and distribution services that are provided to our customers.



Warehousing and distribution services

6.2.3 Provision of Other Services

(a) Freight Forwarding and Customs Brokerage

We are a customs broker licensed under the Customs Act 1967 to carry out customs brokerage activities in Malaysia. The main services that are provided by our Group include the following:

- (i) preparation and submission of customs clearance documents such as goods and services tax permit and transshipment permit for both import and export activities;
- (ii) arrangement of transportation for the movement of cargo to its intended destination;
- (iii) coordinate with port operators, shipping liners, airlines, customs and other relevant authorities on matters pertaining to port arrangement, shipping and airliner schedules, vessel and airliner booking and customs procedures to ensure smooth and timely delivery of the cargo; and
- (iv) advisory services in relation to customs tariff codes, tax rates, tax exemption, duty drawback and other matters relating to freight forwarding.

In addition, we are linked to Dagang Net which allows us to submit electronic application and reduce the processing time of our customers' requests. Further, we are able to access real-time information such as customs exchange rates, shipping schedules and status of customs declaration via Dagang Net and provide our customers with the latest and updated information.

6. BUSINESS OVERVIEW (Cont'd)

(b) Manufacturing and Fabrication of Trailers

We manufacture and fabricate trailers in our in-house manufacturing, fabrication and maintenance centre located in Senai, Johor Darul Takzim. This activity provides vital support to our land transport operations as we are able to manufacture, fabricate and modify our trailers to customise our logistics services for specialised cargo based on customers' requirements.

The following images illustrate some of the trailers that are manufactured and fabricated by our Group.



Box trailer



Cargo trailer



Container trailer



Side curtain trailer



Low loader trailer



Pole trailer

As at the LPD, approximately sixty percent (60%) or 400 units of our trailers are manufactured in-house.

In addition, we predominantly rely on our in-house manufacturing, fabrication and maintenance centre to carry out repair and maintenance works for our own fleet of vehicles which will minimise repair and maintenance costs of our vehicles.

6. BUSINESS OVERVIEW (Cont'd)**6.3 Output, Capacity and Utilisation****6.3.1 Land Transport Operations**

The capacity of our land transport operations for the past four (4) financial years up to the FYE 31 December 2014 are as follows:

	Vehicles ^(a)				Maximum capacity	
	FYE 31 December				Operating hours per day	Operating days per year
	2011	2012	2013	2014	No. of hours ^(b)	No. of days ^(c)
	units	units	units	units		
Cargo transportation services						
▪ Trucks ^(d)	26	26	35	35	8	300
▪ Prime movers	142	164	186	206	8	300
Container haulage services						
▪ Prime movers						
- Within port	73	105	110	124	24	329
- External haulage	72	87	89	91	8	300

Notes:

- (a) Based on the number of vehicles as at the end of the respective financial years.
- (b) Based on the maximum working hours of drivers of eight (8) hours per day in accordance to our Company's practice.
- (c) Based on the estimated number of days that our fleet of vehicles are operational after taking into consideration 365 days a year and subtracting three (3) days per month (totalling thirty six (36) days per year) for repair and maintenance work, ten (10) days for non-operation of land transport operations due to festive periods and nineteen (19) days for bad weather. The deductions for festive periods and bad weather are not applicable for internal port haulage transportation services.
- (d) Include trucks used for pick-up and delivery services for our warehousing and distribution operations.

Based on the table above, the capacity of our Group's land transport operations is determined based on the number of vehicles, operating hours and operating days of our vehicles. Our Group's land transport operations predominantly operate eight (8) hours per day and 300 days a year.

It should be noted that the capacity of our Group's land transport operations does not take into consideration the number of trips made by each vehicle per day, distance per trip, types of cargo to be delivered and availability of drivers. These factors would vary from time to time depending on customers' orders. As such, only the maximum working hours of drivers and the number of days that each vehicle is operational as explained in the notes above are taken into consideration for the purpose of determining the capacity of our Group's land transport operations.

Based on the above, we are unable to ascertain the utilisation rate of our land transport operations based on our Group's fleet of vehicles due to the nature of our business, which vary from one order to another. Nonetheless, the utilisation rate of our land transport operations predominantly dependent on the availability of drivers and the orders received from customers.

6. BUSINESS OVERVIEW (Cont'd)

As illustrated in the table above, our fleet of vehicles has been increasing throughout the past four (4) financial years up to the FYE 31 December 2014. In terms of drivers, we would require a total of 580 drivers to operate at maximum capacity as set out in the table below. As at 31 December 2014, our Group has a total of 462 drivers which translate to a utilisation rate of 79.66% for our Group's land transport operations.

	Number of drivers required per vehicle per day	Number of vehicles as at 31 December 2014	Total number of drivers required per day
Cargo transportation services			
▪ Trucks	1	35	35
▪ Prime movers	1	206	206
Container haulage services			
▪ Prime movers			
- Within port	2	124	248
- External haulage	1	91	91
Total			580

6.3.2 Warehousing and Distribution Operations

The capacity and utilisation rate of our warehousing and distribution operations for the past four (4) financial years up to the FYE 31 December 2014 are as follows:

	As at 31 December			
	2011	2012	2013	2014
Capacity ^(a) (pallets)	3,750	11,500	15,280	17,530
Actual utilisation ^(b) (pallets)	3,695	11,411	13,668	11,998
Utilisation rate (%)	98.53	99.23	89.45	68.44

Notes:

- (a) Based on the size of the warehouse divided by the average size of the pallets of 16 sq. ft. per pallet after taking into consideration storage racks, goods stacking and the non-usable areas for warehousing purposes.
- (b) Actual utilisation is calculated based on the number of pallets stored in our warehouses as at the end of the respective financial years.

The utilisation rate of our warehouse as at 31 December 2012 had increased as compared to 31 December 2011 despite the significant increase in our warehouse space of approximately 124,000 sq. ft. which was due to our warehouse expansion project which was completed in the first quarter of 2012. This is attributed mainly to the increase in demand and take-up rate of our warehouse space.

The utilisation rate of our warehouse for the FYE 31 December 2013 had decreased as compared to the FYE 31 December 2012 due mainly to the increase in our warehouse space of approximately 60,600 sq. ft. pursuant to the leasing of a new warehouse in Skudai, Johor Darul Takzim.

6. BUSINESS OVERVIEW (Cont'd)

The utilisation rate of our warehouse for the FYE 31 December 2014 had decreased as compared to the FYE 31 December 2013 due mainly to a decrease in the warehouse space rented by one of our customer as at the end of the FYE 31 December 2014 as compared to the FYE 31 December 2013.

6.3.3 Other Services

The output, capacity and utilisation rate of our manufacturing and fabrication facility for trailers, which is solely operated by XHAE, for the four (4) financial years up to the FYE 31 December 2014 are as follows:

	FYE 31 August 2011	Sixteen (16) months FPE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014
Average output capacity ^(a) (units)	56	73 ^(b)	56	56
Actual output ^(c) (units)	36	69	31	8
Utilisation rate (%)	64.29	94.52	55.36	14.29

Notes:

- (a) Capacity is calculated based on fifteen (15) workers working eight (8) hours per day, six (6) days per week and fifty two (52) weeks per year. The average output capacity is calculated based on the average of 667 man hours required to manufacture one (1) unit of trailer according to our current manufacturing and fabrication capacity for different types of trailers as follows:
- (i) approximately 200 man hours for each container trailer;
 - (ii) approximately 600 man hours for each cargo trailer; and
 - (iii) approximately 1,200 man hours for each low loader trailer.
- (b) Capacity is calculated based on a period of sixteen (16) months or sixty eight (68) weeks.
- (c) Actual output refers to the actual number of trailers manufactured.

The utilisation rate of our Group's manufacturing and fabrication facility has been fluctuating during the financial periods under review. For the sixteen (16) months FPE 31 December 2012, the utilisation rate of 94.52% was due mainly to the increase in orders for trailers from XHTT.

The decrease in the utilisation rate of our manufacturing and fabrication facility from 55.36% for the FYE 31 December 2013 to 14.29% for the FYE 31 December 2014 was due mainly to a decrease in the demand of trailers by XHTT as XHTT has sufficient trailers to facilitate its land transportation services for the FYE 31 December 2014.

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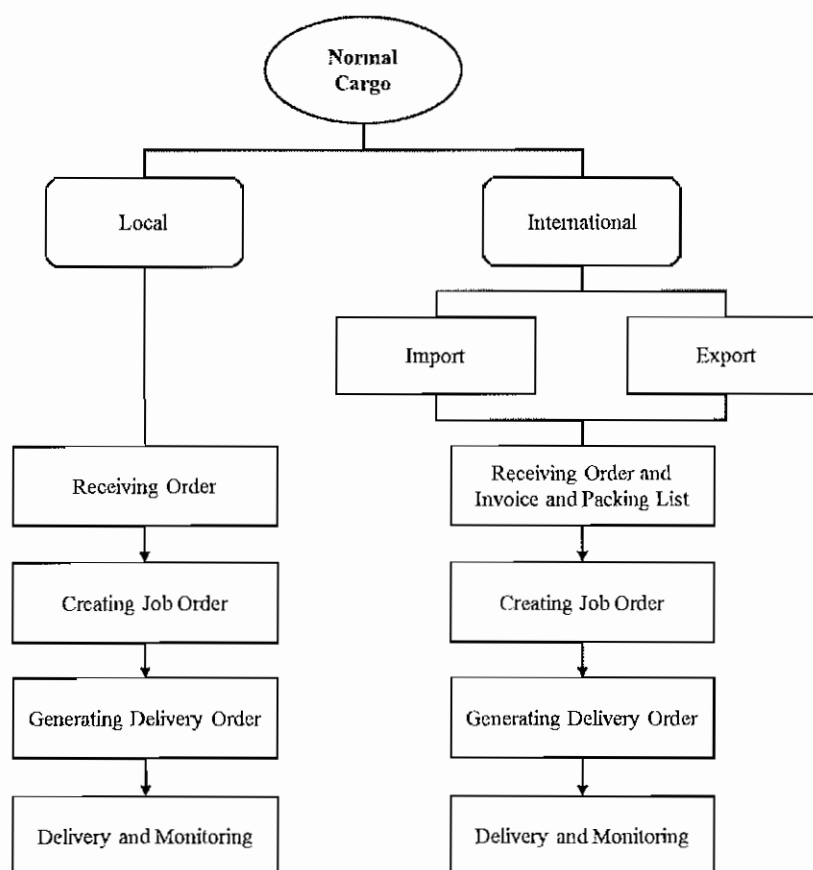
6. BUSINESS OVERVIEW (Cont'd)

6.4 Business Process

6.4.1 Cargo Transportation Services

(i) Normal Cargo

The general process flow for cargo transportation services of normal cargo which includes local cargo and international cargo are as follows:



Based on the diagram above, the general process flow for local and international cargo are similar save for the additional invoice and packing list which has to be provided by customers for international cargo.

(a) Receiving Order or Receiving Order and Invoice and Packing List

A delivery or collection order is received from our customers via telephone (for regular customers only), fax or email which will be handled by our Group's customer service personnel. The order is then assessed and segregated between local and international cargo. Subsequently, a confirmation on the acceptance of the delivery or collection order together with the confirmed quotation will then be sent to our customer via fax or email.

For international cargo, our customers are required to provide us with the invoice and packing list which contain details of the items to be delivered.

For local and international export cargo, the goods are either collected by our Group or delivered to us by our customers.

6. BUSINESS OVERVIEW (Cont'd)

(b) Creating Job Order

The customer service personnel will then enter the details of the order into our system to create a job order. Thereafter, a copy of the job order will be handed over to the Operations Department.

For international cargo, the invoice and packing list which is received from our customers will be stamped for forwarding request and thereafter, copies of the invoice and packing list will be made and handed over to the Forwarding Department for the preparation of the relevant customs forms. Subsequently, the relevant customs forms will be handed over to the Operations Department.

(c) Generating Delivery Order

Upon receiving the job order and relevant customs forms (for international cargo), the Operations Department will assign the driver for the job while the customer service personnel generate a delivery order from the system. After generation of the delivery order:

- for local cargo, the delivery order will be handed over to the driver assigned for the delivery.
- for international cargo, the delivery order will be handed over to the driver assigned for the delivery whilst the customs forms together with copy of the delivery order will be delivered to the customs checkpoint for clearance purpose.

All drivers will also be briefed on the planned route, customer's requirements and destination for cargo collection or delivery.

(d) Delivery and Monitoring

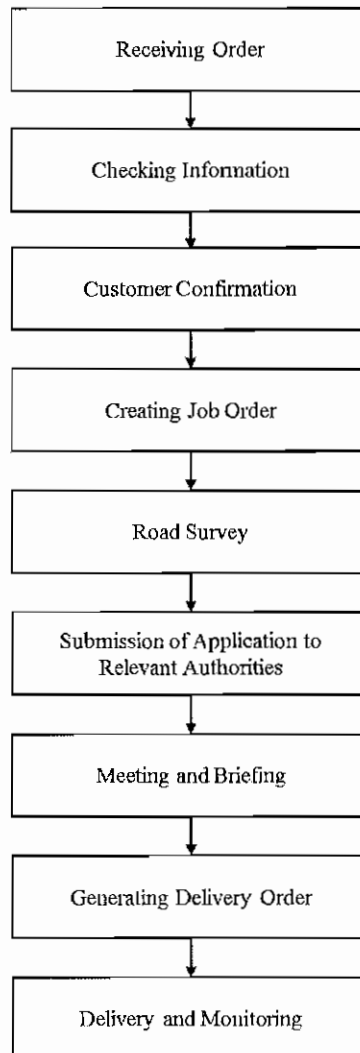
The details of the vehicle used for the delivery will be provided to our customer. During the delivery period, a follow-up may be initiated with the driver if and when necessary. In the event of unforeseen circumstances that may affect the delivery process, our Operations Department will work closely with the driver and perform the necessary troubleshooting. The delivery is considered to be completed when the cargo is safely delivered to the assigned destination and delivery order is signed accordingly as proof of delivery.

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6. BUSINESS OVERVIEW (Cont'd)

(ii) Project Cargo

The general process flow for cargo transportation services of over-dimensional and heavy cargo is as follows:



(a) Receiving Order

A delivery or collection order is received from our customers via telephone, fax or email which will be handled by our Group's customer service personnel. We would also request our customer to fax or email to us information regarding cargo dimension and type of cargo attached with drawings or photos.

(b) Checking Information

Our Operations Manager will assess the delivery or collection order based on the information provided. If required, our Operations Manager will arrange for a site visit at the customers' premises to confirm the types of equipment required to facilitate the delivery process.

6. BUSINESS OVERVIEW (Cont'd)

Thereafter, the Operations Manager will hand over the details of work to be performed and equipment required to execute the delivery to our Business Development Department for cost calculation.

The details of work to be performed, equipment required and costing for the delivery will then be sent to the customer service personnel.

(c) Customer Confirmation

Our customer service personnel will then send our customer a quotation together with information on the types of equipment to be used for our customers' confirmation and acknowledgement. We will also inform our customers on the number of days required for road survey.

(d) Creating Job Order

Upon receipt of the confirmation and acknowledgement from our customer, our customer service personnel will then enter the details of the order into our system to create a job order. Thereafter, a copy of the job order will be handed over to the Operations Department and subsequently forwarded to the project cargo team.

(e) Road Survey

Our project cargo team will perform a road survey and select the most suitable route to deliver the cargo. The criteria used for the route selection predominantly relate to road stability and maximum vehicle height.

(f) Submission of Application to Relevant Authorities

Upon completion of the road survey and the mark up of the desired route by the project cargo team, an application letter detailing the route to deliver the cargo will be sent to the relevant authorities for approval. If required, our project cargo team will also engage traffic police to request for escort services on the day of cargo delivery.

In respect of international cargo, the relevant customs form will be prepared by the Forwarding Department.

(g) Meeting and Briefing

Prior to the delivery of the cargo, our project cargo team will conduct a meeting with the customers to brief them on the delivery process, which amongst others, include lashing plans (fastening of the cargo to the trailer), route to be undertaken and manpower requirements to ensure that our customer is aware of the delivery process.

6. BUSINESS OVERVIEW (Cont'd)

(h) Generating Delivery Order

Subsequently, the Operations Department will generate a delivery order from the system. After generation of the delivery order:

- for local cargo, the delivery order will be handed over to the driver assigned for the delivery.
- for international cargo, the delivery order will be handed over to the driver assigned for the delivery whilst the customs forms together with copy of the delivery order will be delivered to the customs checkpoint for clearance purposes.

All drivers will also be briefed on the planned route, customer's requirements and destination for cargo collection or delivery.

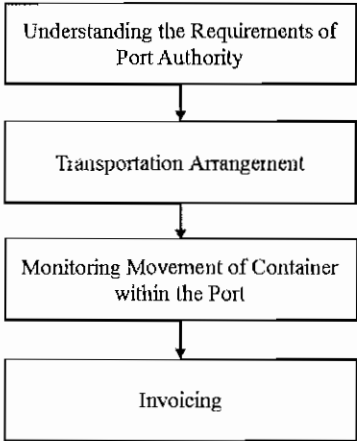
(i) Delivery and Monitoring

The details of the vehicle used for the delivery will be provided to our customer. During the delivery process, the project cargo team will escort the cargo from the pick-up point up to the assigned destination. The delivery is considered to be completed when the cargo is safely delivered to the assigned destination and the delivery order is signed accordingly as proof of delivery.

6.4.2 Container Haulage Services

(i) Within Port

Our Group enters into contracts with the respective port authorities for the provision of container haulage services within the relevant ports. The general process flow for container haulage services within port is as follows:



(a) Understanding the Requirements of Port Authority

A meeting will be conducted between our Port Operations Executive and the representatives of the port authority on a daily basis to discuss on vessel schedules, number of cranes to be supported and number of vehicles that needs to be allocated for the container haulage services within the port.

6. BUSINESS OVERVIEW (Cont'd)

(b) Transportation Arrangement

After the daily meeting, our Port Operations Executive will assign our drivers and deploy the prime movers according to the number of cranes allocated by the port authority. Our assigned drivers will also be briefed on the daily vessel schedules and targeted volume of containers to be delivered. Additional prime movers are also placed on a standby basis in the port as emergency back-up.

(c) Monitoring Movement of Container within the Port

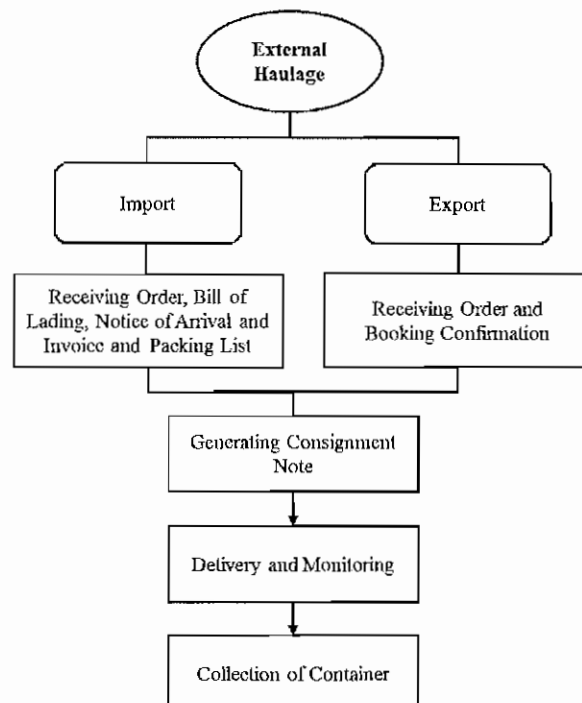
The port operations will be coordinated and supervised by our Port Operations Supervisor. Our drivers will be closely monitored to ensure that they transfer the required volume of containers as per the daily targeted volume for the port and record the movements of the containers.

(d) Invoiceing

The daily record of container movement will be checked and verified by our Port Operations Supervisor and thereafter will be recorded into our system by our Port Operations Executive. The total number of containers delivered for the month will be printed and submitted to our Billing Department to facilitate the preparation and issuance of invoices to the port authority every month end.

(ii) External Haulage

The general process flow for external container haulage services is as follows:



6. BUSINESS OVERVIEW (Cont'd)

Based on the diagram above, the general process for import and export container haulage are similar save for the initial stage of receiving the order.

(a) Receiving Order, Bill of Lading, Notice of Arrival and Invoice and Packing List or Receiving Order and Booking Confirmation

A delivery or collection order is received from our customers via telephone, fax or email which will be handled by our Group's customer service personnel. The order is then assessed and segregated between import and export cargo.

For import container haulage services, our customers are required to provide us with the bill of lading, notice of arrival and the invoice and packing list. Thereafter, our customer service personnel will present the bill of lading for exchange and copies of the invoice and packing list will be made and handed over to the Forwarding Department for the preparation of the relevant customs forms. The customs forms will then be handed over to the Operations Department.

For export container haulage services, our customers are required to provide us with the booking confirmation. Our customer service personnel will confirm the vessel schedules and the time slot available to empty the containers based on the booking confirmation.

A confirmation on the acceptance of the delivery or collection order together with the confirmed quotation will then be sent to our customer via fax or email. The customer service personnel will then enter the details of the order into our system.

(b) Generating Consignment Note

The customer service personnel will create a consignment note for both import and export container haulage services. For import container haulage services, the consignment note together with the container delivery note and customs form will be handed over to the Operations Department whereas for export container haulage services, the consignment note and booking confirmation will be handed over to the Operations Department.

Thereafter, the Operations Department will hand over the consignment note together with the relevant documents to the driver assigned for the delivery. All drivers will also be briefed on the planned route, customer's requirements and destination for container collection or delivery.

6. BUSINESS OVERVIEW *(Cont'd)*

(c) Delivery and Monitoring

The details of the vehicle used for the delivery will be provided to our customer. During the delivery period, a follow-up may be initiated with the driver if and when necessary. In the event of unforeseen circumstances that may affect the delivery process, our Operations Department will work closely with the driver and perform the necessary troubleshooting. The delivery is considered to be completed when the container is safely delivered to the assigned destination and consignment note is signed accordingly as proof of delivery.

Upon delivery of the container for both import and export container haulage services, our customer service personnel will inform our customer the number of days that the container is allowed to be placed at their premises for loading and unloading purposes. Our Operations Department will then monitor the timeline.

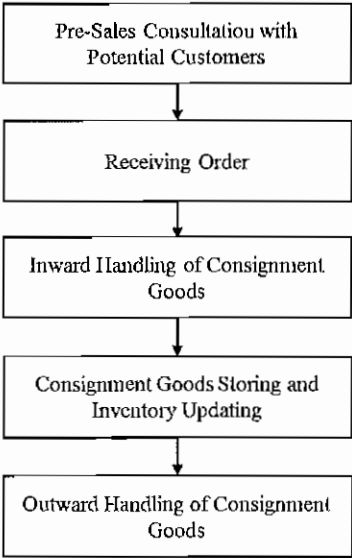
For export container haulage services, our customer service personnel will also request for the invoice and packing list from our customers which would then be handed over to the Forwarding Department for the preparation of the customs forms.

(d) Collection of Container

Our customer will contact our customer service personnel for the collection of the container after the unloading (for import) or loading (for export) is completed. Our customer service personnel will then inform the Operations Department and thereafter assign a driver for the pick-up of the container.

6.4.3 Warehousing and Distribution Services

The general process flow for warehousing and distribution services is as follows:



6. BUSINESS OVERVIEW (Cont'd)

(a) Pre-Sales Consultation with Potential Customers

Our Business Development Manager will meet with our potential customers to understand their requirements and determine the space required for the storage of their goods. Once an agreement is obtained and the quotation is successfully negotiated, our Warehouse Manager will be notified accordingly.

(b) Receiving Order

Our customer will inform our customer service executive prior to the commencement of storage of their goods at our warehouse via email. The customer service executive will then notify the Warehouse Manager accordingly. The goods are either collected by our Group or delivered to us by our customers. For goods collected by our Group, the driver will match the goods with the delivery order provided by our customer and acknowledge receipt of the goods.

(c) Inward Handling of Consignment Goods

All goods will be unloaded and arranged at the transit area of our warehouse. Our Storekeeper will match the goods against the delivery order provided by our customers. Once the matching is completed, our Storekeeper will acknowledge receipt of the consignment goods by stamping on the delivery order.

(d) Consignment Goods Storing and Inventory Updating

The details of the goods will be updated in our warehouse information system and lot identification codes will be generated to identify and allocate the required warehouse space for the goods. Our Storekeeper will store the goods at the allocated warehouse space and thereafter monitor and update the inventory list on a daily basis. A monthly report will be generated to provide all relevant warehouse information to the management.

(e) Outward Handling of Consignment Goods

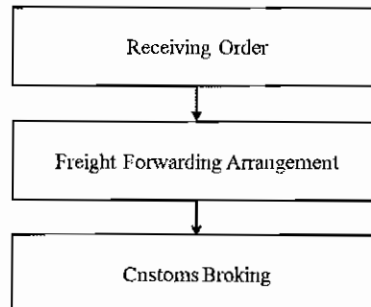
Upon receiving a release order or collection order from customers, our Warehouse Officer will retrieve the goods from our warehouse information system. Thereafter, a goods issue note will be generated and issued to the Storekeeper to pick-up the goods. We will also undertake the kitting, repacking, labelling and palletising of the goods if required.

The goods generally will be picked for delivery on first in first out basis or unless as specified by our customer. Our Storekeeper will counter-check all outgoing goods picked up for delivery or collection by customers with the goods issue note to ensure that the correct goods are retrieved. Thereafter, the goods issue note will be handed over to our Warehouse Officer. The warehouse information system will then be updated and the warehouse delivery note will be issued to our drivers to deliver the consignment goods or to be verified and acknowledge receipt by our customers during the collection of the goods.

We will monitor the movement of the outbound goods until the goods have reached the intended destination. Our customers will acknowledge receipt on the warehouse delivery note upon successful delivery.

6. BUSINESS OVERVIEW (Cont'd)**6.4.4 Freight Forwarding and Customs Brokerage Services**

The general process flow for freight forwarding and custom brokerage services is as follows:

**(a) Receiving Order**

Customers will contact us via telephone, fax or email to inform us that they would require inward customs clearance at the customs points. The request will be assessed by our forwarding personnel. Thereafter, we will provide a quotation to our customers via fax or email and inform them on import duties and tax levy (for inbound goods) or customs tariff codes, duty exemption, duty drawback and tax rates (for outbound goods), if any.

(b) Freight Forwarding Arrangement

Upon receiving confirmation from our customers, the forwarding personnel will prepare the documentation required for the purpose of customs clearance.

(c) Customs Broking

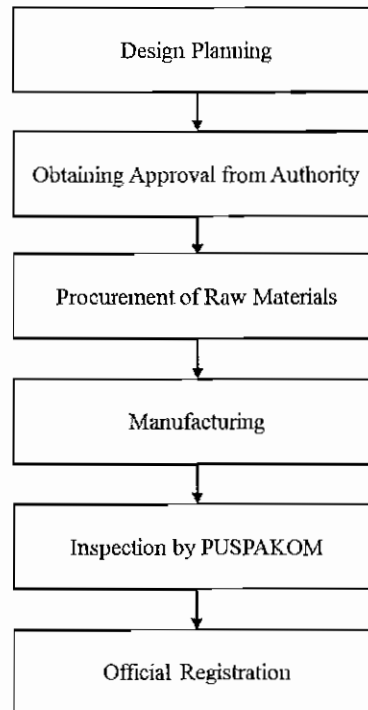
For inward bound goods, an electronic customs declaration will be submitted via Dagang Net. We will also assist our customers in settling all customs related charges such as import duties and tax levy to ensure that the cargo is released on time.

For outward bound goods, bills of lading, delivery orders, invoices and other documents relating to the cargo movement are prepared. Thereafter, an electronic customs declaration will be submitted via Dagang Net.

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6. BUSINESS OVERVIEW (Cont'd)**6.4.5 Manufacturing and Fabrication of Trailers**

The general process flow for manufacturing and fabrication of trailers is as follows:



The trailers that are currently manufactured and fabricated by XHAE are based on the designs which have been approved by RTD and PUSPAKOM previously. Therefore, the general process flow for the manufacturing and fabrication of trailers will commence from the procurement of raw materials.

(a) Design Planning

A detailed drawing of the design will be provided by external consulting engineers engaged by XHAE based on our requirements. The drawing will then be submitted to RTD and PUSPAKOM for their approval.

(b) Obtaining Approval from Authority

The design is submitted to the RTD and PUSPAKOM for approval.

(c) Procurement of Raw Materials

Once the approvals are obtained, a material planning is conducted to determine the raw materials required for the manufacture of the trailer. Subsequently, XHAE will source for all the required raw materials and obtain the quotations from our list of approved suppliers. Once the pricing is agreed, we will proceed to purchase the materials.

(d) Manufacturing

The body structure of the trailer is firstly fabricated by welding all the steel structures to shape. Parts and components of the trailers are then assembled onto the body structure. Finally, metal coatings and paint are applied to the surface of the trailer.

6. BUSINESS OVERVIEW (Cont'd)**(e) Inspection by PUSPAKOM**

Upon completion of the manufacturing process, XHAE will prepare the necessary documentation and send the trailer to PUSPAKOM for inspection.

(f) Official Registration

After inspection by PUSPAKOM, the trailer will be registered with RTD via e-Daftar portal, an online system for the registration of vehicles. The new registration number for the trailer will also be obtained.

6.5 Location of Operations

Our Group's head office is currently located at No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim.

Details of the other locations of operations as at the LPD are set out below:

Location	Address	Gross floor area / Built-up area sq. ft.	Main functions
Johor Bahru, Johor Darul Takzim	No. 2, Jalan Permatang 2 Kempas Baru 81200 Johor Bahru Johor Darul Takzim	220,483	Head office and warehouse
Skudai, Johor Darul Takzim	No. 8, Jalan Gemilang 1 Taman Perindustrian Maju Jaya 81300 Skudai Johor Darul Takzim	60,600	Warehouse
Pasir Gudang, Johor Darul Takzim	PLO 818, Jalau Keluli 9 Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim	2,400	Branch office and parking yard
Johor Bahru, Johor Darul Takzim	Johor Port 81700 Johor Bahru Johor Darul Takzim	5,538	Site office and workshop
Gelang Patah, Johor Darul Takzim	Block 1RL, Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	3,200	Site office and workshop
Pulau Indah, Selangor Darul Ehsan	No. 47-47A, Jalan Perigi Nanas 8/3 Taman Perindustrian Pulau Indah 42920 Pulau Indah Selangor Darul Ehsan	1,648	Branch office
Bukit Mertajam, Pulau Pinang	No. 10, Jalan Perda Timur Bandar Perda 14000 Bukit Mertajam Pulau Pinang	3,600	Branch office
Butterworth, Pulau Pinang	49521, Jalan Dato Haji Ahmad Said 12000 Butterworth Pulau Pinang	3,800	Site office and workshop

6. BUSINESS OVERVIEW (Cont'd)

Location	Address	Gross floor area / Built-up area sq. ft.	Main functions
Seremban, Negeri Sembilan Darul Khusus	PN 45839, Lot 2 Kawasan Perindustrian Sungai Gadut Senawang 71450 Seremban Negeri Sembilan Darul Khusus	960	Site office
Senai, Johor Darul Takzim	PTD 107511, Jalan Seelong Jaya 13 81400 Senai Johor Darul Takzim	50,494	Manufacturing, fabrication and maintenance centre

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6. BUSINESS OVERVIEW (Cont'd)

6.6 Types, Sources and Availability of Inputs

6.6.1 Purchases and Sources of Inputs

Our purchases of inputs for the past four (4) financial years up to the FYE 31 December 2014 are as follows:

	FYE 31 December							
	2011		2012		2013		2014	
Inputs	Value of purchases RM'000	Percentage of total Group purchases %	Value of purchases RM'000	Percentage of total Group purchases %	Value of purchases RM'000	Percentage of total Group purchases %	Value of purchases RM'000	Percentage of total Group purchases %
Land transport operations								
- Fuel	11,494	64.31	13,723	66.53	14,491	63.29	15,676	62.71
- Spare parts	6,251	34.97	6,407	31.06	8,041	35.12	8,752	35.02
Warehousing and distribution operations								
- Fuel	-	-	59	0.29	124	0.54	116	0.46
- Spare parts	-	-	56	0.27	117	0.51	277	1.11
Provision of other services								
- Manufacturing and fabrication of trailers								
- Steel	128	0.72	378	1.83	87	0.38	175	0.70
- Spare parts	-	-	4	0.02	36	0.16	-	-
Total	17,873	100.00	20,627	100.00	22,896	100.00	24,996	100.00

6. BUSINESS OVERVIEW (Cont'd)

Our total purchases of input for the past four (4) financial years up to the FYE 31 December 2014 were predominantly sourced locally. Our main purchases comprised mainly of fuel for our land transport operations and warehousing and distribution operations and the remaining purchases comprised of steel and spare parts utilised for the manufacturing and fabrication of trailers as well as repair and maintenance of vehicles.

For the past four (4) financial years up to the FYE 31 December 2014, fuel represented the largest proportion of our total purchases, followed by spare parts and steel. The increase in the purchases of fuel from RM11.49 million for the FYE 31 December 2011 to RM13.78 million for the FYE 31 December 2012 and a further increase of approximately RM0.84 million to RM14.62 million for the FYE 31 December 2013 and subsequent increase of approximately RM1.17 million to RM15.79 million for the FYE 31 December 2014 were due mainly to an increase in fuel consumption for land transport operations and warehousing and distribution operations. This was resulted by an increase in our fleet of vehicles to cater for increasing demand of our services.

The increase in our fleet of vehicles over the years had also resulted in the subsequent increase in the purchases of spare parts from RM6.25 million for the FYE 31 December 2011 to RM6.47 million for the FYE 31 December 2012 and thereafter, had increased to RM8.19 million for the FYE 31 December 2013 and a further increase by approximately RM0.84 million to RM9.03 million for the FYE 31 December 2014 as the spare parts were predominantly utilised to carry out repair and maintenance works for our vehicles.

Purchases of steel had increased from RM0.13 million for the FYE 31 December 2011 to RM0.38 million for the FYE 31 December 2012. This was due to an increase in the number of trailers manufactured from thirty six (36) units for the FYE 31 December 2011 to sixty nine (69) units for the FYE 31 December 2012. For the FYE 31 December 2013, the purchases of steel decreased by approximately RM0.29 million as compared to the FYE 31 December 2012 due to a decrease in the number of trailers manufactured from sixty nine (69) units for the FYE 31 December 2012 to thirty one (31) units for the FYE 31 December 2013. The purchases of steel increased by approximately RM0.09 million to RM0.18 million for the FYE 31 December 2014 as compared to the FYE 31 December 2013 due mainly to steel utilised to manufacture low loader trailers.

6.6.2 Availability of Inputs

We have not faced any shortages in the availability of inputs required by our Group over the last twelve (12) months.

6.7 Principal Markets

For the past four (4) financial years up to the FYE 31 December 2014, all our Group's revenue was derived from Malaysia and Singapore as illustrated in the table below.

	<----- FYE 31 December ----->							
	2011		2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	70,433	94.62	85,553	93.79	91,021	92.98	99,579	90.01
Singapore	4,002	5.38	5,664	6.21	6,874	7.02	11,054	9.99
Total	74,435	100.00	91,217	100.00	97,895	100.00	110,633	100.00

6. BUSINESS OVERVIEW (Cont'd)

Our Group's revenue was predominantly derived from Malaysia. We intend to continue focusing our business in Malaysia as we have been in the logistics industry in Malaysia for more than ten (10) years. We believe that our competitive advantages and key strengths as an integrated logistics service provider with geographical presence within Peninsular Malaysia and established relationship with customers will enable us to capitalise on the potential growth of the logistics industry in Malaysia which is expected to grow at a CAGR of 11.22% for the 2014 to 2019 period. Kindly refer to Section 7 of this Prospectus for further details on the potential growth of the logistics industry in Malaysia.

6.8 Marketing and Distribution Network

6.8.1 Marketing Strategy

Our Group's sales are derived from our network of customers which we have established over the years. Our Group's operating premises are located in four (4) states across Peninsular Malaysia, namely Johor Darul Takzim, Selangor Darul Ehsan, Pulau Pinang and Negeri Sembilan Darul Khusus. As at the LPD, our Group has established site offices in several major ports of Peninsular Malaysia, namely Johor Port, Johor Darul Takzim, Port of Tanjung Pelepas, Johor Darul Takzim and Penang Port, Pulau Pinang which allows us to offer personalised and prompt customer services at major cargo and container entry and exit points. We have also established a site office in Seremban, Negeri Sembilan Darul Khusus. Further, in addition to our head office in Johor Bahru, Johor Darul Takzim, we have also set up branch offices in Pasir Gudang, Johor Darul Takzim, Pulau Indah, Selangor Darul Ehsan and Bukit Mertajam, Pulau Pinang.



As at the LPD, we have a dedicated sales and marketing team comprising twenty three (23) personnel who focus on the promotion and marketing of our services, providing after-sales services as well as managing accounts assigned to them. Our sales and marketing efforts are directed at a diversified range of customers such as contractors, distributors and manufacturers from a broad range of end-user markets.

The marketing strategies undertaken by our sales and marketing team to sustain and expand our business operations are as follows:

- (i) position our Group as an integrated logistics service provider that is able to provide multiple services across the logistics industry value chain;
- (ii) visit potential and existing customers frequently in order to identify new business opportunities, maintain a close customer relationship and understand the requirements of these customers;

6. BUSINESS OVERVIEW (Cont'd)

- (iii) periodically updating our corporate website to provide information on our Group as well as our range of services;
- (iv) advertising through various mediums including trade journals, pamphlets and brochures; and
- (v) participate in exhibitions and conventions in Malaysia with the aim of expanding our market presence and creating awareness for our services.

In addition, we are also a member of the Association of Malaysian Hauliers and Johor Freight Forwarders Association since 2011 and 2012, respectively. Association of Malaysian Hauliers was established in 2002 with the objective to safeguard the common interest of the members, comprise solely of the container haulier companies and to act as the bridge between the members and the government agencies and / or authorities. Johor Freight Forwarders Association was established in 1977 which aims to, amongst others, promote and protect the common interest of the members and exchange and disseminate latest information to all members. The memberships in these associations help to increase the visibility of our Group in the logistics industry and allow us to keep abreast of new technological or industrial developments.

6.8.2 Distribution Network

We primarily market our services through the following:

- (i) direct marketing, including directly approach existing or potential customers via our in-house sales and marketing team;
- (ii) internet and corporate website to provide information on our services; and
- (iii) exhibitions and conventions in Malaysia to create awareness of our services.

Currently, majority of our sales are executed via direct distribution channels. This enables us to work closely with our customers in order to attain a better understanding of their requirements and market needs. Further, it also serves as a feedback mechanism for continuous improvement and development of new range of services to enhance our Group's competitive edge.

6.9 Key Achievements, Awards and Recognition

The following are some of our Group's key achievements, awards and recognition:

Year	Milestones
1992	Establishment of Sinwah Trading & Transport Agency, a partnership entity which was involved in the provision of cargo transportation services.
2002	XHTT commenced operations by taking over all the business of Sinwah Trading & Transport Agency.
2003	XHTT ventured into the business of container haulage services.
2005	XHAE commenced operations by operating the manufacturing, fabrication and maintenance centre which is located in Johor Bahru, Johor Darul Takzim.
2005	XHTT entered into a contract with a subsidiary of Johor Port Berhad to provide internal port haulage transportation services in Johor Port, Johor Darul Takzim.
2006	XHTT received the 4 th Asia Pacific International Honesty Enterprise – Keris Award 2005.

6. BUSINESS OVERVIEW (Cont'd)

Year	Milestones
2009	Ventured into the business of warehousing and distribution services pursuant to the completion of a newly constructed warehouse in the same location as our corporate headquarters.
2012	XHUF commenced operations and ventnred into the business of freight forwarding and customs brokerage.
2012	XHTT obtained ISO 9001:2008 Quality Management System certification from DQS Malaysia.
2013	XHTT entered into a three (3)-year contract with SPC Industries Sdn Bhd for the transportation of precast segmental box girders for the MRT project in Klang Valley.
2014	XHTT obtained BS OHSAS 18001:2007 Occupational Health and Safety Management System certification from DQS Malaysia.

6.10 Quality Control

We place strong emphasis on the quality of the services that we offered. Stringent quality control and measures are implemented in every aspect of our business operations.

Our Group has obtained ISO 9001:2008 Quality Management System certification from DQS Malaysia for the provision of logistics and transportation services on 30 March 2012. DQS Malaysia is one of the certification bodies in Malaysia that is responsible for the assessment and certification of management systems as well as providing public training activities within Malaysia, Indonesia, Singapore and Vietnam. It is a member of the DQS-UL Group based in Frankfurt, Germany offering value-adding assessment services. As part of the requirements of the ISO 9001:2008 Quality Management System certification, our Group has established a quality management system in order to ensure the provision of quality services to our customers. A quality manual is also prepared and our Group's management is committed to the execution of the procedures established in the quality manual.

The quality mission of our Group is to exceed our customers' expectations by continuously improving our services. Our Group adopts the following approaches in order to achieve our quality mission:

- (i) organise quality awareness training regularly to promote quality awareness and service excellence amongst our employees;
- (ii) establishment of a set of quality objectives and ensure that our business operations meet the objectives and goals;
- (iii) obtain feedback from our customers pertaining to the quality of our services; and
- (iv) conduct periodic internal review meeting to identify non-conformance of service requirements and provide recommendation to improve the effectiveness of our quality management system.

As at the LPD, our Group has sixteen (16) personnel in our quality management team to ensure proper implementation of our quality management system. In addition, our quality management team is responsible for identifying the resources required for the implementation of the quality management system within our Group.

6. BUSINESS OVERVIEW (Cont'd)

6.11 Technology Used

We rely on information technology system sourced from a third party to sustain our business operations. Our Group is using an integrated logistics management system that is customised to our needs. The system provides an end-to-end information technology solution to support our operations including but not limited to fleet management, quotation, billing and disbursement. In addition, our Group utilises GPS for our land transport operations which allows us to track and monitor the movement of certain of our vehicles constantly.

6.12 R&D Policy

Due to the nature of our business, our Group does not have any R&D policies in the past four (4) financial years up to the FYE 31 December 2014.

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6. BUSINESS OVERVIEW (Cont'd)**6.13 Approvals, Major Licences and Permits**

As at the LPD, save as disclosed below, there are no other approvals, major licences and permits obtained by our Group.

No.	Licence no. / Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance	Note
XHTT								
1.	447397X(LA)	Suruhanjaya Pengangkutan Awam Darat	Operator licence to provide goods vehicle services in Peninsular Malaysia	17.07.2012	21.06.2016	-	Not applicable	-
2.	08500222009	Majlis Bandaraya Johor Bahru	Business licence to operate as transportation and shipping agency at No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim	20.11.2014	01.01.2015 to 31.12.2015	-	Not applicable	-
3.	16500802013	Majlis Bandaraya Johor Bahru	Business licence to operate a warehouse at No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim	20.11.2014	01.01.2015 to 31.12.2015	-	Not applicable	-
4.	16500192014	Majlis Bandaraya Johor Bahru	Business licence to operate a warehouse at No. 8, Jalan Gemilang 1, Taman Perindustrian Maju Jaya, 81300 Skudai, Johor Darul Takzim	20.11.2014	01.01.2015 to 31.12.2015	-	Not applicable	-
5.	37666/2014	Majlis Perbandaran Pasir Gudang	Business licence to operate a transportation business office at PLO 818, Jalan Keluli 9, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	10.09.2014	11.10.2014 to 10.10.2015	-	Not applicable	-
6.	PBS(7) 24/2014 MPPG:JBGN/RKB/3-3	Majlis Perbandaran Pasir Gudang	Temporary permit for occupation for a single-storey detached cabin office and a guard house located at PLO 818, Jalan Keluli 9, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	02.09.2014	24.09.2014 to 23.09.2015	-	Not applicable	a

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence no. / Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance	Note
7.	6/53-24/15 SNI	Majlis Perbandaran Kulai	Business licence to operate as transportation and shipping agency and an office at PTID 107511, Jalan Seelong Jaya 13, 81400 Senai, Johor Darul Takzim	26.02.2015	31.12.2015	-	Not applicable	-
8.	0101112579820130	Majlis Perbandaran Klang	Business licence to operate a transportation company at 47A & 47B, Tingkat 1 & 2, Jalan Perigi Nanas 8/3, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang	30.12.2014	31.12.2015	-	Not applicable	b
9.	35/220110/22482	Majlis Perbandaran Seberang Perai	Business licence to operate an office for logistics services at No. 10, Jalan Perda Timur, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang	03.04.2015	06.06.2016	-	Not applicable	-
XHAE								
10.	6/2/2/909-01 SNI	Majlis Perbandaran Kulai	Business licence to operate in machinery components industry at PTD 107511, Jalan Seelong Jaya 13, 81400 Senai, Johor Darul Takzim	26.02.2015	31.12.2015	-	Not applicable	-
11.	(2)dln. JPJ.122/11/1(8)Jld.126	Jabatan Pengangkutan Jalan Malaysia	Certificate for Registration of Engineering Workshop (Category A) to manufacture new body structure, repair and modify all types of trucks, box / luton van and to manufacture all types of new trailers, repair and modify all types of trailers at PTD 107511, Jalan Seelong Jaya 13, 81400 Senai, Johor Darul Takzim	05.08.2014	04.08.2016	-	Not applicable	-

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence no. / Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance	Note
Canggih								
12.	626528V(LA)	Suruhanjaya Pengangkutan Awam Darat	Operator licence to provide goods vehicle services in Peninsular Malaysia	06.09.2012	14.08.2015	-	Not applicable	-
13.	08500022014	Majlis Bandaraya Johor Bahru	Business licence to operate a logistics office at No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim	20.11.2014	01.01.2015 to 31.12.2015	-	Not applicable	-
XHUF								
14.	01605002012	Majlis Bandaraya Johor Bahru	Business licence to operate an office at No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim	20.11.2014	01.01.2015 to 31.12.2015	-	Not applicable	-
15.	KEJB(80.05)001/01- 1029 JLD.3(16)	Jabatan Kastam Diraja Malaysia	Approval to operate as forwarding and shipping agent at the following locations: (i) Forwarding agent: - Bangunan Sultan Iskandar, Johor Darul Takzim - Kompleks Sultan Abu Bakar, Johor Darul Takzim - Pelabuhan Pasir Gudang, Johor Darul Takzim - Pelabuhan Tanjung Pelepas, Johor Darul Takzim - Lapangan Terbang Antarabangsa Sultan Ismail, Johor Darul Takzim - Zon Bebas Cukai, Stulang Laut, Johor Darul Takzim	20.03.2014	30.04.2016	(i) For companies registered as a forwarding and shipping agent, the Bumiputera participation in the company involving shareholdings, board of directors, management staff and support staff shall not be less than 51%.	Complied	-

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence no. / Reference no.	Issuing authority	Subject matter / Purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance	Note
			<ul style="list-style-type: none"> - Stesen Batu Pahat, Johor Darul Takzim - Stesen Muar, Johor Darul Takzim <p>(ii) Shipping agent:</p> <ul style="list-style-type: none"> - Pelabuhan Pasir Gudang, Johor Darul Takzim - Pelabuhan Tanjung Pelapas, Johor Darul Takzim - Zon Bebas Cukai, Stulang Laut, Johor Darul Takzim - Stesen Batu Pahat, Johor Darul Takzim - Stesen Muar, Johor Darul Takzim 			<p>(ii) The company shall not change its name or address, sell, transfer or hand over its shares or business to any parties without the permission of the Customs. Any changes involving the shareholdings, board of directors or employees of the company and other matters related to the Customs must be approved by Jabatan Kastam Diraja, Johor Bahru.</p> <p>(iii) If the company is locally owned and with a paid-up capital of more than RM50,000.00, the company shall offer not less than 30% of its shares to Bumiputera or offer a Bumiputera participation scheme approved by the Treasury. This condition shall be complied with within one (1) year from the date of the approval.</p>	Complied	-

Notes:

- (a) The temporary permit for occupation is granted as the single-storey detached cabin office and guard house are deemed temporary buildings. The temporary permit for occupation is subject to annual renewal and XHTT will continue to renew the temporary permit for occupation upon its expiry. In the event that XHTT is unable to obtain approval for the renewal of the temporary permit for occupation, our branch office at this location may be closed for operation. However, this will not result in a material adverse impact on the operational and financial performance of our Group as XHTT intends to relocate the branch office to the new warehouse located in Pasir Gudang, Johor Darul Takzim upon obtaining Certificate of Completion and Compliance for the new warehouse.
- (b) XHTT has submitted an application to Jabatan Pelesenan dan Penjaja Majlis Perbandaran Klang for the change of its business address to 47 & 47A, Jalan Perigi Nanas 8/3, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang.